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Studies Related to Economic Cost of Opioid Crisis

Multiple studies and analyses have reviewed the overall societal and economic cost of the opioid crisis, including studies by the White House’s own Council of Economic Advisers. These studies vary somewhat in their approaches, specific questions, and overall findings but reviewing them together shows: (1) the cost of the opioid crisis has increased exponentially over the years; and (2) the economic cost to the United States is tens of billions of dollars annually with some estimates exceeding \$500 billion annually.

- National Level Analyses and Studies
 - In 2011, a well-known and oft-cited study by Birnbaum et al. reviewed 2007 data and estimated total US societal cost of prescription opioid abuse to be \$55.7 billion by evaluating workplace costs (46%), health care costs (45%), and criminal justice costs (9%).¹
 - In 2016, a well-known study by Florence et al. reviewed 2013 data and estimated the total economic burden to be \$78.5 billion for that year.²
 - 73% of this cost was attributed to health care costs, criminal justice costs, and lost productivity costs. The remaining 27% was attributed to fatality costs consisting almost entirely of lost potential earnings.
 - In 2017, the White House Council of Economic Advisers published its study finding that “previous estimates of the economic cost of the opioid crisis greatly understate it by undervaluing the most important component of the loss—fatalities resulting from overdoses.”
 - That study estimated that in 2015 alone, “the economic cost of the opioid crisis was \$504 billion.”³

¹ Birnbaum et al. “Societal Costs of Prescription Opioid Abuse, Dependence, and Misuse in the United States.” *Pain Medicine* (<https://academic.oup.com/painmedicine/article/12/4/657/1869828>).

² Florence et al. “The Economic Burden of Prescription Opioid Overdose, Abuse, and Dependence in the United States, 2013.” *Medical Care*, 54, no. 901.

³ “The Underestimated Cost of the Opioid Crisis” (November 2017), Council of Economic Advisers at p.1 (<https://www.whitehouse.gov/sites/whitehouse.gov/files/images/The%20Underestimated%20Cost%20of%20the%20Opioid%20Crisis.pdf>).

- In 2017, *Altarum* published estimates that relied on 2016 data and found that “the magnitude of the economic and quantifiable societal harms” and “the potential benefit of preventing opioid overdoses, deaths and substance use disorders in 2016 would have exceeded \$95 billion dollars and preliminary data for 2017 predict this estimate will increase.”⁴
- In 2019, the Society of Actuaries published results of an analysis regarding the total economic burden of the opioid crisis in the United States from 2015-2018.⁵
 - They estimate “the total economic burden” to be “at least \$631 billion” for that time period.
 - This includes costs associated with additional health care services for those impacted by OUD, premature mortality, criminal justice activities, child and family assistance programs, education programs and lost productivity
- In 2019, the White House Council of Economic Advisers provided an update of their analysis stating that the full cost of the opioid crisis over four years (from 2015-2018) was estimated to be \$2.5 trillion.⁶
 - The Council explained that their estimates are higher because they account for the “value of a statistical life” to determine the impact of premature death.
 - According to the Council, “VSLs” (value of a statistical life) “are commonly used by regulators for benefit-cost analyses and regulatory impact analyses. CEA prefers this comprehensive measure because the opioid crisis not only increases costs and lowers productivity throughout the economy, it also prematurely ends lives, which have value beyond their effect on economic output.”

⁴ Rhyan, C. “The Potential Societal Benefit of Eliminating Opioid Overdoses, Deaths, and Substance Use Disorders Exceeds \$95 Billion per Year.” *Altarum*, November 16, 2017 (https://altarum.org/sites/default/files/uploaded-publication-files/Research-Brief_Opioid-Epidemic-Economic-Burden.pdf).

⁵ Davenport et al. “Economic Impact of Non-Medical Opioid Use in the United States” *Society of Actuaries* October 2019 (<https://www.soa.org/globalassets/assets/files/resources/research-report/2019/econ-impact-non-medical-opioid-use.pdf>)

⁶ “The Full Cost of the Opioid Crisis: \$2.5 Trillion Over Four Years (October 2019), Council of Economic Advisers (<https://www.whitehouse.gov/articles/full-cost-opioid-crisis-2-5-trillion-four-years/>).