

STORAGE NAME: h0707.hcs

DATE: March 31, 1999

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE SERVICES
ANALYSIS**

BILL #: HB 707

RELATING TO: Compulsive Gambling

SPONSOR(S): Rep. Morroni and others

COMPANION BILL(S): SB 962(I), HB 1453©

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH CARE SERVICES
 - (2) REGULATED SERVICES
 - (3) HEALTH & HUMAN SERVICES APPROPRIATIONS
 - (4)
 - (5)
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I. SUMMARY:

HB 707 directs the Alcohol, Drug Abuse, and Mental Health Program Office within the Department of Children and Family Services to establish a program for public education, training and prevention, and treatment for compulsive gambling. The bill requires the department to develop and contract for statewide telephone information and referral services for problem and compulsive gambling, to be provided by an advocacy organization. The bill also directs the program to develop a public awareness campaign for problem or compulsive gambling.

The statement: "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 1-800-426-7711" must be printed on all lottery tickets, advertising, and marketing materials published by the Department of the Lottery. All retailers of lottery tickets must post this statement on advertising and marketing materials and on all lottery tickets. Additionally, pari-mutuel facilities and bingo organizations must post signs with this language at entrances and exits of their facilities, as well as on advertising and marketing materials. All department personnel and vendors are required to receive training and education on problem and compulsive gambling provided by an advocacy organization.

An appropriation of \$2.5 million from General Revenue establishes a non-reverting fund for the Department of Children and Family Services to implement the program, \$500,000 of this amount must be distributed to the advocacy organization implementing the problem gambling hotline. The bill also directs the Division of Pari-Mutuel Wagering to expend \$250,000 from the Pari-Mutuel Wagering Trust Fund for the compulsive gambling program.

The bill provides for an effective date of July 1, 1999.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

General Background:

The *Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition*, published by the American Psychological Association, identifies that the essential feature of Pathological Gambling is persistent and recurrent maladaptive gambling behavior that disrupts personal, family, or vocational pursuits. Characteristic problems associated with pathological gambling behavior include extensive indebtedness and consequent default on debts and financial responsibilities, disrupted family relationships, inattention to work, and financially motivated illegal activities to pay for gambling. Further, the *DSM-IV* distinguishes Pathological Gambling from social gambling which typically occurs with friends or colleagues and lasts for a limited period of time, with predetermined acceptable losses.

The Florida Council on Compulsive Gambling, Inc., was established and incorporated in 1988 as an advocacy organization. The organization: maintains a hotline for problem gamblers and other interested persons or groups; gathers statistics relating to problem gambling; educates the public regarding problems associated with gambling; facilitates training for professionals; and encourages treatment programs in Florida. The agency currently receives \$100,000 from the Department of the Lottery expressly for the administration of the problem gambling hotline.

Current legislation in the Florida House of Representatives includes HB 1453 that would establish Video Lottery Terminals at licensed pari-mutuel facilities. The bill appropriates 1/4 of 1 percent of a video lottery retailer's net terminal income to the Department of Children and Family Services and requires the department's Alcohol, Drug Abuse, and Mental Health Program Office to establish a program for public education, awareness and training for treatment and prevention of problem and compulsive gambling, including assistance programs for family members. The Consensus Revenue Estimating Conference anticipates this percentage would generate approximately \$1 million for FY 1999-2000, and approximately \$2 million in FY 2000-2001.

Current Statistics on Problem Gambling in Florida:

The Department of Children and Family Services does not currently have data to reasonably estimate the number of persons who have a problem with gambling or who have been diagnosed by a mental health professional as having a compulsive gambling disorder.

According to the Florida Council on Compulsive Gambling, since the Gambling Hotline's inception in June 1992, there have been 50,000 calls received and data extrapolated from the calls demonstrate:

- Almost ½ are minor children.
- 17.5% are unemployed.
- 35% admit to committing illegal acts to fund gambling.
- Gambler Anonymous support groups have increased over 150% in the past 10 years.
- 1 out of 5 compulsive gamblers have attempted suicide.
- Median debt of compulsive gamblers in Florida:
 - Under age 55: cash \$15,000/credit card \$14,000
 - 55+ cash \$35,000/credit card \$20,000

The Florida Council on Compulsive Gambling estimates that there are approximately 500,000 Floridians that can be classified as "problem gamblers." In addition, there are 4-7 persons associated with the gambler who are negatively impacted by the gambling behavior. These include family members and friends, employers, and other persons in the community.

Current Statistics on Problem Gambling in the Nation:

A research program initiated on behalf of the National Gambling Impact Study Commission and the National Opinion Research Center at the University of Chicago published the *Gambling Impact and Behavior Study* on March 18, 1999, and identified national characteristics regarding gambling behavior, including the following:

- ▶ Based on criteria developed by the American Psychiatric Association, the study indicates that about 2.5 million adults are pathological gamblers.
- ▶ 3 million adults should be considered problem gamblers.
- ▶ 15 million adults are at risk for problem gambling and about 148 million are low-risk gamblers (approximately 29 million adults have never gambled).
- ▶ Pathological and problem gamblers are more likely than other gamblers or nongamblers to have been on welfare, declared bankruptcy, and to have been arrested or incarcerated.
- ▶ Pathological and problem gamblers are much more likely than low-risk gamblers to gamble for the excitement, to have been troubled by mental or emotional problems including manic symptoms and depressive episodes, and to have received mental health care in the past year.
- ▶ Pathological and problem gamblers in the United States cost society approximately \$5 billion per year and an additional \$40 billion in lifetime costs for productivity reduction, social services, and creditor losses.
- ▶ Adjusting for the smaller amounts of money at stake, the rates of pathological and problem gambling among 16 and 17 year olds are similar to those for adults, and the rate of at-risk gambling among youth is about double the rate for adults.

Treatment:

Treatment for problem and compulsive gambling is developed through the Department of Children and Family Services, Alcohol, Drug Abuse, and Mental Health Program Office. Current problem gambling resources consist of: 36 Gamblers Anonymous rooms scattered throughout Florida; 19 GamAnon rooms to provide support for family and friends; 9 Certified Gambling Counselors throughout Florida; 38 professionals with partial training towards certification; and 1 treatment facility. There are also Request for Proposals available from the Alcohol, Drug Abuse, and Mental Health Program Office to establish programs and a network of qualified providers.

According to the Department of Children and Family Services, individuals with a gambling problem or addiction may also seek services of private practicing mental health or counseling providers through their insurance or personal income. Individuals without such resources may seek church or lay counseling, or may seek services from public mental health centers and be served based upon relative need and available resources. The Department of Insurance maintains that private insurance coverage for treating persons with a compulsive gambling disorder is seldom available. According to the Alcohol, Drug Abuse, and Mental Health Program Office, very few if any public mental health or substance abuse providers have funds to serve persons who are diagnosed with only a compulsive gambling disorder. Further, persons with compulsive gambling behavior are not considered to be a priority group to receive public mental health or substance abuse services specified in s. 394.75(4), F.S., unless he/she also suffers with an acute or chronic mental illness defined in s. 394.455(18), F.S., or a serious abuse problem specified in s. 397.311(16), F.S.

B. EFFECT OF PROPOSED CHANGES:

A comprehensive compulsive gambling program will be established within the Alcohol, Drug Abuse, and Mental Health Program Office in the Department of Children and Family Services. Specifically, this program will address public education, awareness, training, prevention, and treatment of problem and compulsive gambling. The components of the program include publication of a toll-free telephone number to a compulsive gambling advocacy organization that provides counseling and referral services to problem gamblers and family members experiencing difficulties as a result of problem or compulsive gambling. Additionally, studies to identify adults and juveniles in Florida who are at risk of becoming problem or compulsive gamblers will be conducted and disseminated.

The toll-free hotline number for problem gambling help will appear on all lottery tickets, advertising, and marketing materials. Requirements for these must be included in all contracts entered into with vendors pursuant to s. 24.111, F.S. All personnel and vendors of the Department of the Lottery will be required to receive training and education by an advocacy group for problem and compulsive gambling.

Every retailer will be required to post the statement "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 1-800-426-7711." This statement must also be printed on all advertising and marketing materials provided or conducted by the licensee and on all lottery tickets.

Each pari-mutual facility to post the statement "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 1-800-426-7711" on signs within 50 feet of each entrance and exit, within 50 feet of each credit location within the pari-mutuel facility, and within 50 feet of any facility at which an intertrack wager is placed. Each pari-mutuel facility licensee must print the statement on all advertising and marketing materials.

In addition, the statement must be displayed by each organization conducting bingo that is open to the public and on all advertising and marketing materials provided or conducted by the licensee.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The Department of Children and Family Services, Alcohol, Drug Abuse, and Mental Health Program Office currently grants Requests for Proposals and provides a certain amount of problem gambling resources. The bill increases the duties in the program office and mandates the creation of a Compulsive Gambling Program. It further requires the department to establish a program of services and a network of providers to furnish gambling addiction treatment.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

This bill does not eliminate or reduce an agency or program.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

The bill does not directly provide services to families or children; however, the family is recognized as being affected by the problem gambler and resources for incorporating the family into treatment is addressed.

- (1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

Yes. The department is required to disseminate information regarding providers of effective treatment programs.

(4) Are families required to participate in a program?

No.

(5) Are families penalized for not participating in a program?

No.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

No.

(2) service providers?

No.

(3) government employees/agencies?

The Department of Children and Family Services, Alcohol, Drug Abuse, and Mental Health Program Office is vested to control the Compulsive Gambling Program. The program office will work in conjunction with an advocacy organization.

D. STATUTE(S) AFFECTED:

Amends s. 24.105, s. 24.112, s. 550.054, and s. 849.0931, Florida Statutes.

E. SECTION-BY-SECTION ANALYSIS:

Section 1. Creates a compulsive gambling program within the Alcohol, Drug Abuse, and Mental Health Program Office in the Department of Children and Family Services. The program consists of public education, awareness, treatment, prevention, and training regarding problem and compulsive gambling.

Section 2. Amends s. 24.105, F.S., 1998 Supplement, requiring the statement "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 1-800-426-7711" on all lottery tickets, advertising, and marketing materials developed by the Department of the Lottery. In addition, all personnel and vendors are required to receive training and education on problem and compulsive gambling.

Section 3. Amends s. 24.112, F.S., requiring that lottery retailers must post and display the above-referenced statement on the premises. The statement must also be printed on all lottery tickets and on advertising and marketing materials.

Section 4. Amends s. 550.054, F.S., requiring pari-mutuel facilities to post the above-referenced statement within 50 feet of each entrance and exit, within 50 feet of each credit location, and within 50 feet of any facility at which an intertrack wager may be placed. Pari-mutuel facilities are also required to print the statement in all advertising and marketing materials.

Section 5. Amends s. 849.0931, F.S., requiring organizations conducting bingo to post the above-referenced statement within 50 feet of each entrance and exit to the premises. The statement must also be printed in all advertising and marketing materials.

Section 6. Provides an appropriation of \$500,000 from the General Revenue Fund to the Alcohol, Drug Abuse, and Mental Health Program Office for distribution to an advocacy organization for problem and compulsive gambling to maintain a toll-free statewide problem gambling referral hotline, promote public awareness, and conduct specific training. An additional appropriation of \$2 million from the General Revenue Fund is provided to the Alcohol, Drug Abuse, and Mental Health Program Office for treatment programs for problem and compulsive gamblers. Further, the Division of Pari-Mutuel Wagering is directed to expend \$250,000 for education, awareness, prevention, and treatment programs for problem and compulsive gamblers.

Section 7. Provides an effective date of July 1, 1999.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

According to the Department of Children and Family Services, there is a Start-Up cost of \$11,955 for FY 1999-2000 (Year 1).

2. Recurring Effects:

	<u>Year 1</u>	<u>Year 2</u>
Annualized Continuation Effects	\$133,455	\$169,368
Debt Management (expenses & staff)	\$145,410	
Contract to Advocacy Organization	\$500,000	
Purchase of Treatment	\$2,000,000	
Pari-Mutuel Contract	\$25,000	

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

The bill appropriates \$2,500,000 from General Revenue to the Alcohol, Drug Abuse, and Mental Health Program Office for FY 1999-2000 (Year 1). The bill requires that the program office direct \$500,000 to an advocacy organization for maintenance of a statewide problem gambling hotline, public awareness promotion, and in-service training. The remaining \$2 million is for conducting treatment programs for problem and compulsive gamblers.

The department reports that \$145,410 is needed in FY 1999-2000 (Year 1) for expenses and three management positions in the Alcohol, Drug Abuse, and Mental Health Program Office to implement the provisions of this bill.

The Pari-Mutuel Wagering Trust Fund is directed to use \$250,000 of existing funds for education, awareness, prevention, and treatment programs for problem and compulsive gamblers.

According to the Department of Children and Family Services, the total appropriation consequences to the department is \$2,895,410.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Retailers of lottery tickets, pari-mutuel facilities, and operators of bingo facilities are required to train their personnel and vendors on problem and compulsive gambling. All of these entities are also required to display signs and print hotline information in all advertising and publications. According to the Department of the Lottery, there is a cost to these businesses but the amount is unknown.

2. Direct Private Sector Benefits:

Unknown.

3. Effects on Competition, Private Enterprise and Employment Markets:

Unknown.

D. FISCAL COMMENTS:

According to the Department of Children and Family Services, the \$2.5 million appropriation from General Revenue funds appears to be a one-time appropriation as the bill does not create a permanent trust fund with an identified funding source.

Additionally, the department does not have the data available to reasonably estimate the number of persons who have a problem with gambling. The department asserts that the appropriation in this bill may not be sufficient to meet the full demand for services. Further, the department indicates that transferring existing General Revenue funds from the alcohol, drug abuse, and mental health budget to serve the problem gambling population may not be feasible due to the scarcity of public funds available for mental health and substance abuse treatment services.

According to the Department of the Lottery, the bill appears to eliminate the \$100,000 annual appropriation for funding the problem gambling hotline since supporting a duplicate hotline at the Department of Children and Family Services would not be cost effective. However, the bill does not mandate that the Department of Children and Family Services maintain a duplicate hotline, but that the department distribute the \$500,000 appropriation to an advocacy organization for compulsive gambling for the gambling hotline.

The Department of the Lottery identifies that the bill does not directly appropriate lottery funds for any of the bill's purposes; however, the cost of implementing the lottery provisions would have a fiscal impact. This cost has not been estimated, but could be significant.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds of to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the authority that municipalities or counties have to raise revenues.

V. COMMENTS:

According to the Department of Children and Family Services, the Compulsive Gambling Program would provide a readily identifiable avenue for obtaining state supported assistance for problem gamblers and their families that does not currently exist. The department also identifies that the requirement for an established program of services and a network of providers to furnish gambling addiction treatment, as well as the requirement to study gambling behavior does not exist in Florida by the public sector. The addition of these duties is a logical extension of the department's current mission.

The Department of Children and Family Services notes that it is unclear if the bill establishes an actual trust fund without specific authorization for a named trust fund that can carry over funds as intended. In the absence of such authorization, the department requests that special categories be established to prevent the commingling of funds.

The Department of the Lottery asserts that as written, section 2 of this bill is broad and the inclusion of the specified statement on all tickets, advertising, and marketing materials in all vendor contracts does not appear necessary, may be redundant, and is potentially costly.

Additionally, the Department of the Lottery identifies that there are approximately 11,000 private lottery retailers and employee turn-over rates in these businesses are high. The training requirement may pose an undue burden and expense, ultimately making the costs of being a lottery retailer unattractive for many private businesses. Small businesses could be adversely impacted and lottery revenue could drop.

The Department of the Lottery also points out that requiring the statement be posted on premises places the lottery in a potentially adversarial relationship with businesses. The Department of the Lottery recommends that the statement be posted at lottery playstations, placing the onus on the lottery, not the retailer.

Further, lottery retailers cannot fulfill the requirement to print the statement on all lottery tickets since tickets are produced and printed by the Department of the Lottery. The Department of the Lottery also identifies a technical problem with the use of "licensees". This language appears incongruent with the lottery statute language which uses "retailers" and a change is needed to conform with the statute.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

STORAGE NAME: h0707.hcs

DATE: March 31, 1999

PAGE 10

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

Prepared by:

Staff Director:

C. Marielle Harvey

Phil E. Williams