



National Council on Problem Gambling

***Statement of Keith S. Whyte, Executive Director
National Council on Problem Gambling***

Internet Gaming: Is There a Safe Bet?

**United States House of Representatives
Energy & Commerce Committee
Commerce, Manufacturing & Trade Subcommittee**

Tuesday, October 25, 2011, at 10:30 a.m.

Dear Chairwoman Bono Mack, Ranking Member Butterfield and Members of the Committee:

Gambling has benefits but also has well documented negative consequences. And internet gambling is no exception. The most ethical and cost-effective response to problem gambling issues raised by internet gambling—regardless of legality—is a comprehensive public health approach. Problem gambling, like other diseases of addiction, will likely never be eliminated, but we can and must make better efforts to mitigate the damage. It is inconceivable that internet gambling would be legalized without dedicating a portion of revenue to reduce the social costs of gambling addiction. Unfortunately, none of the internet gambling bills introduced to date currently contain any funding for such programs.

Over the past 30 years, and particularly in the last decade, the availability and acceptability of gambling has greatly increased in our society. Consider that today:

- 48 states and a majority of Native American tribal governments have legalized gambling;
- 75% of adults gambled at least once in the past year, 15% at least once in the past week;
- \$95 billion in legal gaming revenue was generated by casinos, tracks and state lotteries last year alone, which does not include illegal sports gambling and card playing;
- \$6 billion per year in Federal revenue comes from the special withholding tax on individual gambling winnings, none of which is dedicated to reduce corresponding social costs (unlike the taxes on alcohol and tobacco);
- 6-8 million adults and 500,000 teens meet criteria for gambling addiction, approximately the same number who abuse prescription drugs; and
- Estimates of the annual social cost of gambling-related addiction, bankruptcy and crime approach \$7 billion.

Problem gambling is therefore an important national public health concern. Gambling addiction is characterized by increasing preoccupation with and loss of control over gambling, restlessness or irritability when attempting to stop gambling, and/or continued gambling despite serious negative consequences.

High-risk groups include males (prevalence of problem gambling in men has been found to be 2-3 times higher than in women) and racial/ethnic minorities including African-American, Asian and Native Americans; individuals with a family history of gambling (elevated rates of problem and pathological gambling have been found in twins of males with gambling problems); veterans and individuals with disabilities. An estimated 500,000 youth between the ages of 12-17 meet criteria for a gambling problem. These adolescents are twice as likely to binge drink and to use illegal drugs and three times more likely to be involved with gangs, fights and police. In addition, student behavior surveys have consistently shown that gambling participation is correlated to increases in all known risk factors and decreases in all known protective factors related to substance use and antisocial behaviors. In addition to those presenting with the disorder, millions of spouses, children, parents, family members, employers and neighbors are negatively impacted by gambling addiction.

Problem gambling is significantly correlated with other problematic behavior in adults and adolescents, including substance use and mental health issues. Adult problem gamblers are five times more likely to have co-occurring alcohol dependence, four times more likely to abuse drugs, three times more likely to be depressed, eight times more likely to have bipolar disorder, three times more likely to experience an anxiety disorder and have significantly elevated rates of tachycardia, angina, cirrhosis. Approximately 20% of members of Gamblers Anonymous and individuals in treatment for pathological gambling have attempted suicide. Individuals with problem and pathological gambling, compared with other gamblers and non-gamblers, had higher rates of receipt of past-year unemployment and welfare benefits, bankruptcy, arrest, incarceration, divorce, poor or fair physical health, and mental health treatment. The estimated social cost to families and communities from problem gambling-related bankruptcy, divorce, crime and job loss was almost \$7 billion last year.

It is not clear what the impact of legalization of internet gambling would be on problem gambling. The available research consistently finds internet gambling has the lowest participation rates of any form of gambling, regardless of the legality of internet gambling in the jurisdiction. In addition, those who do gamble on the Internet are extremely likely to also gamble in multiple "traditional" forums, so to some extent it appears internet gambling is mainly an adjunct for people who already gamble. It therefore seems unlikely that legalization would significantly increase participation among those who are not currently gambling. However, it is also possible that problem gamblers may exacerbate their problems by going online, given the high speed of play, perceived anonymity, social isolation, use of credit/non-cash and 24-hour availability. Many of these factors can also be found in "traditional" forms of gambling. Regardless of whether poker is predominately a game of skill or chance, it is clear that some who play will develop problems, that these problems are serious but can be mitigated through public health-based interventions.

Internet gamblers who spend significant amounts of time and money online, while relatively rare, are more likely to meet problem gambling criteria. Indeed, studies throughout the world find relatively high rates of gambling problems among those who gamble online, though it is not clear if internet gambling is a cause or effect of problem gambling. Regardless, since online gamblers are known to have problems, it is important to adopt extensive, evidence-based responsible gaming policies.

The graphical and interactive structure of the internet provides an opportunity to create informed consumers with access to a variety of information designed to encourage safe choices and discourage unsafe behavior. The technology also exists to allow players and operators to set limits on time, wagers, deposits, etc...as well as to exclude themselves. A number of studies have found such programs to be effective. These programs can be improved by utilizing the data collected by these websites to develop profiles of general online wagering behavior. From this information medians and benchmarks could be created to allow the development of predictive programs for abnormal usage as well as publicized norms, an important prevention tool. Operators should, as a condition of licensure, provide public access to de-identified data on player behavior for research purposes. Overall, the amount of online information and possible interventions are essentially unlimited. Responsible gaming regulations must be mandatory and enforceable.

Strong regulation is important, but it cannot be effective at reducing harm unless accompanied by equally robust prevention, education, treatment and research services. A portion of gaming revenue, not less than \$50 million annually, must be set aside for such programs. Although a comprehensive budget justification and needs assessment is beyond the scope of this hearing, NCPG estimates the minimum annual cost to provide every adolescent with a gambling prevention message is approximately \$20 million. Current state spending is estimated at less than \$10 million per year, leaving a gap of at least \$10 million. Given the conservative estimates that 1% of adults meet criteria for pathological gambling in a given year (2.17 million), and that only 2% (43,000) of these gamblers seek outpatient treatment at an annual cost of \$1,000, the lowest estimated treatment need (43,000 x \$1,000) is \$43 million. Current total state treatment spending is approximately \$23 million, leaving a gap of at least \$20 million. An additional \$10 million each for responsible gaming education and research provides an essential foundation. The need is magnified by the disparity in services among the states, as almost 1/3 of states provide absolutely no public funds. Thus, \$50 million is the bare minimum needed to fill the gaps in state services and establish a rudimentary safety net. The funding needed to meaningfully address problem gambling is likely several times greater.

An important and cost-free first step to cut social costs is to designate a lead agency on problem gambling. I call the Committee's attention to H.R. 2334, the Comprehensive Problem Gambling Act, which would formalize the authority of the Substance Abuse and Mental Health Services Administration (SAMHSA) to combat problem gambling. We thank Representatives Barton, Pitts, Whitfield, Campbell, Frank, Capps, Schkowsky and over 100 Members are current or previous co-sponsors of the bill and urge all Members to support this important legislation. H.R. 2334 lays the groundwork for SAMHSA to allocate problem gambling funds through competitive grants to state health agencies and

non-profits. This would help individuals, families, companies and communities reduce the social cost of gambling addiction.

Regardless of the legality of internet gambling, millions of Americans today are experiencing gambling problems, devastating individuals, families and communities. People like Mike R., whose betting on sports over the internet spiraled out of control three years ago. His losses—beyond the \$250,000 he gambled away—included his job, house and marriage. He contemplated suicide. Fortunately he was able to get treatment and today he advocates for services to ensure that hope and help are available to problem gamblers and their families. Simply put, treatment works. It is an investment that pays for itself many times over. Early intervention and prevention are even more cost-effective.

The National Council on Problem Gambling (NCPG) is the national advocate for programs and services to assist problem gamblers and their families. As the advocate for problem gamblers, NCPG does not take a position for or against legalized gambling. We were founded in 1972 and our 39-year history of independence and neutrality makes the National Council the most credible voice on problem gambling issues. We are a 501(c)(3) not-for-profit charitable corporation. NCPG does not accept any restrictions on contributions.

Major NCPG programs include the National Problem Gambling Helpline Network (800.522.4700) a single national point of access for problem gambling information that received over 288,000 calls in 2010; National Problem Gambling Awareness Week; Risk Education Program for Athletes; the National Conference on Problem Gambling, now in its 26th year; and an information clearinghouse. In addition, the majority of problem gambling services are provided on the state level by the 35 state affiliate chapters of NCPG.

I have been Executive Director of NCPG since October 1998. My prior public policy experience includes positions at the American Gaming Association, American Bar Association and the U.S. Department of Health and Human Services. I am a graduate of Hampden-Sydney College. Neither I nor NCPG have received any Federal grants or contracts related to gambling issues since October 2008.

I would like to thank the Chair, Ranking Member and the Committee for the opportunity to submit my remarks for the record and I would be happy to respond to any questions.