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# **Compulsive Gambling Annual Report**

## **A Report to the Minnesota Legislature**

February 2014

## Compulsive Gambling Annual Report

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## I. Executive Summary

This report is in response to Minnesota Statutes, section 245.981 which states: *Each year by February 15, 2014, and thereafter, the commissioner of human services shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over compulsive gambling on the percentage of gambling revenues that come from gamblers identified as problem gamblers, or a similarly defined term, as defined by the National Council on Problem Gambling. The report must disaggregate the revenue by the various types of gambling, including, but not limited to: lottery; electronic and paper pull-tabs; bingo; linked bingo; and pari-mutuel betting.*

The Department of Human Services is responsible for the Compulsive Gambling Program in Minnesota which has been in place since 1990, when the State Lottery began operations. The program includes a Helpline, public awareness and educational activities and treatment services.

Funding administered by the Department of Human Services is available to individuals who have no other source of payment or insurance coverage for gambling treatment. Counseling services include a combination of individual counseling and/or group counseling, depending upon what the individual needed. Follow-up services, such as Gamblers Anonymous and other support groups are often recommended to help maintain the new skills learned during treatment and support a healthy lifestyle.

Minnesota's gambling program funds also support a free, confidential 24-hour service that is available by calling the Minnesota Problem Gambling Helpline at (800) 333-HOPE.

In addition to a gambling crisis hotline, the state also conducts public awareness efforts to prevent problem gambling behavior. Public awareness efforts have focused on a range of prevention and intervention strategies. The state compulsive gambling program website ([www.nojudgment.com](http://www.nojudgment.com)) provides a list of Minnesota approved gambling treatment providers by county. The website also has downloadable brochures for communities and treatment counselors to use to educate the public.

The Department of Human Services currently provides the ***Governor's Report on Compulsive Gambling*** biennially (most recently February 2013) and reports the state's progress in addressing problem gambling including available data and current research of problem and compulsive gambling in Minnesota. This report includes resources available to educate, prevent and treat gambling addiction, and recommendations for future policy direction.

The specific information requested in this report: *the percentage of gambling revenues that come from gamblers identified as problem gamblers* is a question that has been posed in jurisdictions when gambling opportunities expand and government's reliance on revenues increase. The question is raised to ensure that the negative consequences of problem gambling do not outweigh the social and economic benefits to the specific jurisdiction. The purpose is to inform policymakers and appropriate an adequate portion of gambling revenue to ensure problem gambling programs are established and maintained to address the harmful effects of problem gambling.

The state receives revenue from three state-authorized forms of gambling: pari-mutuel horse racing, charitable gambling, and the state lottery. The state also receives a nominal sum from Indian tribes that operate casinos; that money partly defrays state expenses in supervising state gaming compacts (House Research, 2013). Gambling revenue collected by the state is not collected or identified with patron level detail. Thus, reporting the percentage of revenue generated by problem gamblers is data that is not easily available; the criteria for participating in any form of gambling does not intersect with any mode of identity.

The Department of Human Services researched alternative methods to gather the data needed for this report and found several research studies attempting to identify the proportion of gambling revenue generated by problem gamblers. Research studies published between 1998 and 2012 demonstrate increasingly sophisticated methods used to estimate the proportion of revenue generated by problem gamblers in jurisdictions in the United States, as well as Canada, Great Britain, New Zealand and Australia. The studies also identify a variety of challenges regarding methods to estimate the share of total gaming revenue from problem gamblers and the considerable resources required for the report.

The Department of Human Services consulted with the National Council on Problem Gambling and other international experts regarding this report. The consensus from these experts was that gathering the specific data requested would be costly and not likely to produce helpful information for policy direction.

As a result of the literature review and consultation with national experts, the Department of Human Services determined that reliable data does not exist for the purpose of this report nor would it be advisable to pursue this data in the near future.

The Department of Human Services Compulsive Gambling program continues to work with the Problem Gambling Advisory Committee seeking recommendations for short and long range goals and strategies for Minnesota's compulsive gambling program.

In December, 2013, the Department of Human Services, in partnership with Northstar Gambling Alliance, co-sponsored a shared vision summit on compulsive gambling. The summit attracted 50 people representing a range of stakeholders including individuals in recovery from gambling addiction, treatment providers, federal prison in Waseca, enforcement, the lottery, Northstar Problem Gambling Alliance board members, Department of Human Services Advisory Committee representatives, representatives from Chicano Latino and Southeast Asian Communities, Minnesota Department of Health, Gambling Control Board, Higher Education, Chemical and Mental Health Services Administration staff from the American Indian desk, Canvas Health (helpline provider), and Russell Herder (the marketing vendor that develops public awareness initiatives). This broad representation of stakeholders provided an opportunity to share and exchange ideas, hear each other's perspectives and inform the Department as to priority needs for the program.

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The following themes emerged from the summit:

- Expand and improve public awareness and access to treatment;
- Identify barriers to accessing the continuum of care;
- Develop and implement a collaborative effort with stakeholders;
- Increase breadth and depth of research to improve treatment/ awareness;
- Foster improved education and outreach to relevant professionals and service providers.

Response to this work is in progress. The Department of Human Services, in collaboration with the Advisory Committee on Compulsive Gambling and Northstar Problem Gambling Alliance, continue to meet with stakeholders to identify action steps and potential partners in response to the critical issues identified at the summit. State agencies such as the State Lottery, the Gambling Control Board, the Department of Revenue, Public Safety and Higher Education each have roles in the needed activities.

In addition to various state agencies that respond to problem gambling, community organizations and health care provider agencies are valuable partners who contribute to the action steps identified in response to the themes that emerged. For example, *expanding and improving public awareness and access to treatment* requires culturally relevant outreach and education activities that are informed at the community level. *Research to improve treatment/ awareness* can be accomplished with small focus groups which are co-hosted by community organizations, surveys to family members, or analysis of website and helpline activities.

The Department of Human Services Compulsive Gambling program continues to develop a strategic plan which is responsive to the input received from stakeholders for policy development and includes evaluating the effectiveness of programmatic activities sponsored by the problem gambling program. The Department will report on this progress in the *Governor's Report on Compulsive Gambling to be provided February 2015*.

## II. Legislation

This report is submitted pursuant to: Minnesota Statutes, section 245.981. (a) *Each year by February 15, 2014, and thereafter, the commissioner of human services shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over compulsive gambling on the percentage of gambling revenues that come from gamblers identified as problem gamblers, or a similarly defined term, as defined by the National Council on Problem Gambling. The report must disaggregate the revenue by the various types of gambling, including, but not limited to: lottery; electronic and paper pull-tabs; bingo; linked bingo; and pari-mutuel betting.*

This report is in addition to **Governor's Report on Compulsive Gambling**, required in Minnesota Statute, section 4.47 Report on Compulsive Gambling:

*The governor shall report to the legislature by February 1 of each odd-numbered year on the state's progress in addressing the problem of compulsive gambling. The report must include:*

- (1) A summary of available data describing the extent of the problem in Minnesota;*
- (2) A summary of programs, both governmental and private, that*
  - (i) provide diagnosis and treatment for compulsive gambling;*
  - (ii) Enhance public awareness of the problem and the availability of compulsive gambling services;*
  - (iii) Are designed to prevent compulsive gambling and other problem gambling by elementary and secondary school students and vulnerable adults; and*
  - (iv) Offer professional training in the identification, referral, and treatment of compulsive gamblers;*
- (3) The likely impact on compulsive gambling of each form of gambling; and*
- (4) Budget recommendations for state-level compulsive gambling programs and activities.*

### III. Introduction

The Department of Human Services currently provides the *Governor's Report on Compulsive Gambling* biennially (most recently on Feb 1, 2013) and reports the state's progress in addressing the problem of compulsive gambling which includes the nature and extent of problem and compulsive gambling behavior in Minnesota, resources available to educate, prevent and treat gambling addiction, and recommendations for future policy direction.

The *Compulsive Gambling Annual Report* is an additional report, required by Minnesota Statutes, section 245.98, regarding the proportion of gambling revenues generated by problem gamblers in Minnesota. The state receives revenues from three state-authorized forms of gambling: pari-mutuel horse racing, charitable gambling, and the state lottery. The state also receives a nominal sum from Indian tribes that operate casinos; that money partly defrays state expenses in supervising state gaming compacts (House Research, 2013). Gambling revenue collected by the state is not collected or identified with patron level detail. Thus, reporting the percentage of revenue generated by problem gamblers is data that is not currently available.

The Department of Human Services reviewed research studies that demonstrate how to estimate the proportion of gambling revenues generated by problem gamblers and consulted with national and international experts for this report.

This report includes:

- a review of estimates of prevalence of problem gambling in Minnesota;
- a review of research studying the proportion of gambling revenue derived from problem gamblers;
- a summary of consultation with the National Council on Problem Gambling and other international experts; and
- recommendations to ensure that the legislature and policy makers have access to necessary data, current research and other resources needed to inform policy to minimize the harmful effects of problem gambling in Minnesota.

#### **IV. Prevalence**

The National Council on Problem Gambling, defines problem gambling as the “condition known as ‘pathological’, or ‘compulsive’ gambling, a progressive addiction characterized by increasing preoccupation with gambling, a need to bet more money more frequently, restlessness or irritability when attempting to stop, ‘chasing’ losses, and loss of control manifested by continuation of the gambling behavior in spite of mounting, serious, negative consequences. In extreme cases, problem gambling can result in financial ruin, legal problems, loss of career and family, or even suicide.” It is estimated that approximately two million or 1% of the adults in the United States meet criteria for pathological gambling in a given year (National Council on Problem Gambling, 2013). Further, there are approximately four to six million adults who do not meet the full diagnostic criteria for pathological gambling, but are experiencing problems due to their gambling behavior.

The term “problem gambling” encompasses a range of problems and issues related to gambling that span a continuum from mild to severe. The American Psychiatric Association’s Diagnostic and Statistical Manual (DSM-5) categorizes pathological or compulsive gambling as an “addictive disorder,” along with substance addiction such as alcoholism and drug addiction. This reflects the increasing and consistent evidence that some behaviors, such as gambling, also activate the same reward system with effects similar to those of drugs of abuse. Current prevalence rates are between 0.2%-0.3percent in the general population(American Psychiatric Association 2013).

Northstar Problem Gambling Alliance, the Minnesota affiliate to the National Council on Problem Gambling, cites that approximately .5 to 1.5 percent of the public has serious compulsive gambling issues. An additional 1.5 to 4.0 percent has varying levels of gambling problems and equates this to about 220,000 Minnesotans and for each person affected, so too are spouses, family members, employers and others in the community.

Some states report higher than the national average for numbers of individuals with gambling problems, such as California. California has approximately 89 card clubs, about 100 tribal casinos, the state lottery and racetracks, in addition to its state proximity to Las Vegas and Reno, Nevada. State estimates are that the rate is close to 4 percent, approximately one in every 25 Californians (Fong, 2011).

## V. Literature Review

The specific information required and requested for this report: *the percentage of gambling revenues that come from gamblers identified as problem gamblers* is a question that has been posed in jurisdictions when gambling opportunities expand and government’s reliance on revenues increase. The question is raised to analyze whether the harmful effects of problem gambling outweigh the social and economic benefits to the specific jurisdiction.

Research studies published between 1998 and 2012 demonstrate increasingly sophisticated methods used to estimate the proportion of revenue generated by problem gamblers in jurisdictions in the United States, as well as Canada, Great Britain, New Zealand and Australia. The studies also identify a variety of challenges regarding methods used to make the estimates and the validity of the results, as well as demonstrate the considerable resources required to gather accurate data

In a study prepared for the Ontario Problem Gambling Research Center, (Williams and Wood, 2004) several previous studies were analyzed. The four studies examined estimated proportion of revenue from problem gamblers ranging from 15% to 33%. This range of results was attributed to the range of methodologies used to complete each study.

<b>Jurisdiction</b>	<b>Proportion of Revenue from Problem Gamblers</b>
Australia (Productivity Commission, 1999)	33%
4 U S and 3 Canadian Provinces (Lesieur, 1998)	30% (range 23-41%)
New Zealand (Abbott and Volberg, 2000)	19%
United States (Gerstein et al, 1999)	15%

A 2007 study(Williams and Wood, 2007)attempted to answer questions that are consistent with this legislative report:

- 1.) *What proportion of gambling revenue in Ontario derives from problem gamblers?*
- 2.) *Which forms of gambling derive the greatest proportion of revenue from problem gamblers?*

This study used more sophisticated methods to secure accurate data regarding gambling expenditures including both telephone survey methods over a nine month period as well as four week self-report diaries to track gambling expenses. The results of this study indicated that “*about 36% of Ontario gambling revenue is derived from moderate and severe problem gamblers*”and the proportions varied as a function of gambling type. The policy implications concluded that “*what is primarily needed is the implementation of effective policies to minimize the negative impacts of gambling and substantially reduce the disproportionate financial draw from problem gamblers.*”

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In a more recent study, the Australian Government requested the Australian Productivity Commission to undertake a public inquiry into gambling, the extensive report was released in 2010. The Australian Productivity Commission's report used data from several Australian state surveys conducted from 2003 to 2009, and applied multiple methods to estimate the proportion of spending share from those with problem gambling (Australian Productivity Commission, 2010). The results based on the Commission's analysis of Australian prevalence survey showed a range of estimates of spending share from 22% to 60% and a median of 39%. Although the results show high risk groups have high spending shares, the Commission's report also cautions of the significant conceptual and methodological difficulties in calculating the revenue shares from problem gamblers (Australian Productivity Commission, 2010). The report cites that numerous studies have found people have poor memory and minimized recall of spending on gambling overall, although individuals may be more readily able to recall winnings but understate losses (Australian Productivity Commission, 2010).

Although this literature review demonstrates both challenges to methods used as well as a rather broad range of study estimates regarding revenue generated by problem gamblers, there is general consensus that problem gamblers contribute a disproportionate amount to gambling revenues in the jurisdictions studied. Policy implications include the need to set aside adequate resources for research, prevention and treatment of problem gambling.

## VI. Expert Consultation

The Department of Human Services consulted with national and international experts regarding the data required for this report: *the percentage of Minnesota gambling revenues that come from gamblers identified as problem gamblers*. Several themes emerged through these discussions including:

- (1) Measuring gambling expenses is at best problematic and narrowing the study to focus on revenue from problem gamblers is extremely problematic.
- (2) To attempt this measure would require a survey with an extremely large sample size, as you would need to ensure adequate representation of problem gamblers among forms of gambling that relatively few people participate in (like horse racing), making the project extremely expensive.
- (3) That even if accurate information could be compiled, it would be at best not terribly useful (as we don't vary treatment by gambling type) and would provide little useful information for policy as problem gamblers tend to bet on multiple games.

Dr. Mark Griffiths, Director, International Gaming Research Unit referred to a recently published report to demonstrate poor accuracy of self-report with gambling revenues and other problems associated with revenue studies. (*What proportion of gambling is problem gambling? Estimates from the 2010 British Gambling Prevalence Survey, International Gambling Studies*, Jim Orford, Heather Wardle & Mark Griffiths (2013)). In his words, “we recently tried to do this more generally and there were so many caveats and assumptions that getting a real fix on this is fraught with problems.” Additionally, he had recently published an opinion paper citing why game type is irrelevant in problem gambling (*The Irrelevancy of Game-Type in the Acquisition, Development and Maintenance of Problem Gambling*, Mark D Griffiths and Michael Auer, Opinion Article, Published January 17, 2013.)

Kahlil S. Philander, Ph.D., Director of Research, International Gaming Institute explained, “Finding a large enough ‘*random sample*’ of problem gamblers is also challenging, since they are such a small part of the population. This leads to convenience sampling, which is a bit dubious to extrapolate out to the general population. The “best practice” is to have participants keep a gambling diary for several weeks, which is much more expensive than survey tools. Only one study by Rob Williams and Rob Wood has used this approach. The share of revenue from problem gamblers is much more of a headline grabber than a useful policy tool. Knowing relative spending volumes does not necessarily help us target responsible gambling programs, and the study would need to be repeated quite often to evaluate effectiveness.”

Dr. Nigel E. Turner, Social and Epidemiological Research Department at Centre for Addiction and Mental Health stated, “There is probably enough information in surveys available to make a pretty good estimate of the relative contribution from problem gamblers vs. non-problem gamblers, but the absolute numbers will not be perfect because basic problems with the concept of “spend” when it comes to gambling surveys.”

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Finally, Keith S. Whyte, Executive Director, the National Council on Problem Gambling questioned “the practical or policy use” of such a study.

The feedback received from noted experts reinforces the Department’s assessment of the literature review. These experts did not support the use of data about the proportion of revenue generated by problem gamblers because of the methods required to conduct the studies, potential challenges about the validity of the results and finally, and most significantly, the value of such research in regards to policy formation.

## V.) Recommendations:

This report supports the need for ongoing and possibly additional funds for problem gambling research, education, prevention and intervention strategies to reduce the harmful effects of problem gambling for individuals, family members, employers and others in the community. The Department of Human Services currently provides the *Governor's Report on Compulsive Gambling* which is prepared on a biennial basis as established in Minnesota Statute 4.47. The Governor's Report reviews the state's progress in addressing problem gambling and includes the nature and extent of problem and compulsive gambling behavior in Minnesota, resources available to prevent and treat gambling addiction, and recommendations for future policy direction.

- 1.) Minnesota should continue to invest in the problem gambling program for purposes of research, prevention and treatment of problem gambling.
- 2.) The Compulsive Gambling program strategic plan which is responsive to the input received from Stakeholders for policy development and should include evaluation of the effectiveness of programmatic activities sponsored by the problem gambling program.
- 3.) The Department should report on this progress in the *Governor's Report on Compulsive Gambling* to be provided February 2015. The Department of Human Services does not believe that conducting a research study to estimate the proportion of Minnesota's gambling revenue derived from individuals with problem gambling would be an efficient use of resources to inform state policy regarding prevention and treatment of problem gambling in Minnesota, nor would it add value for the Compulsive Gambling Program.
- 4.) The following study is referenced in this report because it provides evaluation information regarding Minnesota's Compulsive Gambling program and provides recommendations for future research including developing methods to improve screening, referral, and client retention and build empirical evidence of effective treatment to identify "best practices" for compulsive gambling treatment.

### Evaluation of State-Supported Pathological Gambling Treatment in Minnesota

The University of Minnesota Medical School, Department of Psychiatry, was awarded a contract to conduct an evaluation of the State approved inpatient and outpatient gambling treatment services. In July 2008, University of Minnesota researchers, Randy Stinchfield, Ph.D. and Ken C. Winters, Ph.D, evaluated the treatment outcomes of eleven state-supported gambling treatment providers. The report describes the treatment outcome evaluation of eleven state-supported (ten outpatient and one residential) gambling treatment programs/providers treating Minnesota residents. The eleven providers offer multiple treatment methods including individual and family counseling, group counseling, education, and Gamblers Anonymous support groups. The research design included clients recruited from the eleven providers between January 2006 and September 2007. The study employed a pretreatment-post treatment design with multidimensional assessments administered at admission, discharge, six-months and twelve-

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months post-discharge. The results of the study show relatively high rates of improvement among clients for the multiple outcome measures employed, including gambling frequency, gambling problem severity, mental health, financial problems, and illegal activity. In spite of showing greater gambling and mental health problem severity, residential clients had better treatment completion rates and similar outcomes to outpatient clients. Responses from family members and significant others of the individual served, included a desire for more communication between the treatment provider and family; extend treatment duration; a desire for individual treatment options; and the need for specific types of help, such as financial counseling. The report recommendations for future research include developing methods to improve screening, referral, and client retention and build empirical evidence of effective treatment to identify “best practices” for compulsive gambling treatment.

## VII. References:

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