

## **Unintended Consequences: Medicaid and the Opioid Epidemic**

Good morning. My name is Otto Schalk, and I am the Prosecuting Attorney for Harrison County, Indiana. We are a community in Southern Indiana that in many ways is representative of much of our nation. I am honored to serve my county and state as a Prosecutor, and I'm humbled to be before you this morning. I embrace this opportunity to share what many of us in law enforcement see and deal with on a daily basis.

Every time a hard working American pays their taxes, they are inadvertently funding drug dealers with a new supply of high powered opioids that are poisoning our schools and our streets. That's a bold claim; however, as a Prosecutor, it's something that I see routinely. It's no secret that our Medicaid program is ripe for fraudulent activity. Prosecutors know this, doctors know this, and the reality is that drug dealers know this as well. An individual need not only traffic illegal street drugs to qualify as a drug dealer; a Medicaid beneficiary that is selling their prescription pills is no different in the eyes of the law.

It bears mentioning that those who are impoverished are far more susceptible to end up in the criminal justice system. Anyone who has spent a day in a criminal courtroom across America knows this to be true. In my role as Prosecuting Attorney, I have prosecuted at an extreme disproportionate rate those that are Medicaid recipients. I see the disparity each and every time I walk into court. For a reference point, just looking at the reported data in our county from clients that are on probation that are in an alcohol and drug rehabilitation program, more than half make less than \$10,000 per year.

In the simplest of terms, whether it is labeled as Medicaid fraud or drug dealing, it exists for the same reason that bank robberies occur. There is a pile of cash and those with ill intentions will let greed lead them to commit crimes. Common sense dictates that when we give someone making less than \$10,000 per year, that is struggling to keep the lights on, and put food in the refrigerator, that we give a 90 count bottle of hydrocodone each and every month, and those pills are going for \$15 a piece on the street, tax free, they are going to see the opportunity for financial gain. If we believe otherwise, we are naïve.

Unlike other street drugs such as heroin or meth, a dealer in opioids doesn't need to know someone that's well connected in the drug culture to funnel their supply, a dealer in opioids simply need to know a doctor and claim to have an ailment. And if the opioid dealer is on Medicaid, they receive their supply of high powered narcotics for free or nearly free. Simply polling our jail and probation officers, I found that most of our inmates and probation clients with drug related charges are taking pursuant to a prescription, 2 to 4 high powered opioids each day. That's 60 to 120 pills they are being prescribed each month. Conservatively, many of these pills are going for \$30 a piece on the street. The incentive to opt out of Medicaid, to better one's lot in life, is drastically reduced for individuals that are making \$3,600 a month tax free in selling their prescription pills that they are getting at no cost.

To that extent, the abuse that we see among Medicaid beneficiaries as it relates to misuse and/or selling their prescriptions is rampant, and that is just based upon what we are seeing and filing. And those of us in law enforcement know that we are only catching and prosecuting a very small percentage of those committing these crimes. A reactive justice system, coupled with a shortage of resources, often leads to a small percentage of the bad actors being caught. A true number of those that are abusing the system would likely be staggering.

To be clear, I'm not here this morning saying that Medicaid isn't a tremendous asset for our nation, but I am speaking from own personal experiences as a county prosecutor. A prosecutor in the trenches. I see firsthand what is devastating our communities. I see day in and day out individuals that are Medicaid recipients dealing and abusing the prescription pills that are government funded. It's simply a fact. I see individuals getting arrested for selling their prescriptions, and yet they test clean for them when drug tested during the jail booking process. I see suboxone being dealt and trafficked. The same drug being used to treat opiate addiction is sold on the street is as prevalent or more prevalent than hardened street drugs. I'm not an expert on addiction treatment, and I'm not going to testify to treatment options, but as a prosecutor, as a tax payer, I'm appalled that my taxes help fund a drug that is so heavily trafficked amongst my community, especially where the opportunities for abuse far outweigh the intended benefits.

So is the opioid epidemic an unintended consequence of Medicaid? Certainly, with the increased amount of the impoverished having access to medical care, there is a greater likelihood that those who are impoverished are going to see the opportunity for turning a profit, albeit illegal, on the street. One obvious solution would be to create more rigorous checks and balances of the medical bills being submitted through Medicaid for payment. Are the prescriptions necessary? Is the opiate prescriptions in line with the treatment plan? I've never understood why many of those people that I prosecute are getting prescription after prescription of high powered opiates when a simple over the counter drug would be just as effective.

The opioid epidemic has brought devastation to our schools and our communities. The opioid epidemic is far too complex to narrow its causation to one specific issue. And while the issues are complex and many, there is one reoccurring theme, and that is poverty. Until we take affirmative steps to create jobs, grow businesses, and slowly diminish the gap between the impoverished and the middle class, any changes that are made will be a band-aid fix to the underlying problem.

I want to sincerely thank you for the opportunity to be a part of the solution of this gripping epidemic. I look forward to answering any questions that you may have.