

WRITTEN STATEMENT OF

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**Michigan Sports Betting – House Bill
Tuesday, September 16, 2019**

Chair Webber and Members of the Committee:

On behalf of the National Council on Problem Gambling (NCPG) and the seven million plus Americans—including the estimated 171,000 citizens of Michigan - with gambling problems, we would like to make you all aware of several concerns that the Michigan Association on Problem Gambling and NCPG has about the current gaming climate.

Today we represent those who are at-risk for gambling problems, those who suffer from a gambling addiction, and for those in recovery who must remain anonymous. We speak for both young, old, men and women who will be harmed in the future from expanded gaming. We bear witness to the devastating impacts of a gambling addiction on individuals and their families and to the effectiveness of services that provide help and hope for those who struggle.

Problem gambling or gambling addiction is an important public health concern and includes all gambling behavior patterns that compromise, disrupt or damage personal, family or vocational pursuits. The essential features are 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.

The estimated annual social cost to Michigan families and communities from gambling-related bankruptcy, divorce, crime and job loss is \$133 million, mainly in criminal justice and healthcare costs. Problem gamblers also have high rates of co-occurring substance abuse and mental health disorders, including smoking, alcohol use and abuse, drug use and abuse, depression, and suicidal behavior.

To help with these problems, The National Council on Problem Gambling operates the National Problem Gambling Helpline Network (1-800-522-4700). The network is a single national access point to local resources for those seeking help for a gambling problem. The network consists of 28 call centers which provide resources and referrals for all 50 states, Canada, and the US Virgin Islands. Help is available 24/7 and is 100% confidential. The NCPG Helpline Network also includes text and chat services. These features enable those who are gambling online or on their mobile phone to access help the same way that they play. One call, text or chat will get you to problem gambling help anywhere in the U.S. 24/7/365. In 2018, the NCPG Helpline received 3,526 calls, 47 texts, and 66 chats from residents of Michigan. Thus far, 2019 has already brought in over 1876 calls, 30 texts, and 46 chats from your state.

Michigan operates its own helpline, 1- 800-270-7117. In 2018, the 1- 800-270-7117 helpline received 3,639 calls in addition to the calls received by the NCPG Helpline Network.

The Michigan Association of Problem Gambling (MAPG) serves as the state affiliate to the National Council on Problem Gambling. MAPG is an all-volunteer operation that currently does not receive any state funding. The presence of a state advocate for problem gamblers is essential as most individuals with gambling problems do not seek help due to the intense shame and stigma surrounding this hidden addiction.

We can never eliminate the disease of gambling addiction, but we can and must make better efforts to prevent and treat it.

I would like to caution the members of this committee about a collision of three trends with expansion of sports betting:

1. vast increases in gaming advertising, especially exhortations to gamble during the game;
2. advances in technology, including mobile phone gambling,
3. and a virtually unlimited menu of betting opportunities far beyond game outcome or even player performance.

This amalgamation of advertising, access, and action is unprecedented in the United States, and indeed anywhere else in the world. As a result, Americans will experience an unprecedented blitz of marketing; urging them to bet instantly from their phone on every action by every player on every play in every game in every sport.

Michigan will be no exception. The expansion of legalized sports gambling in Michigan will likely increase gambling participation and simultaneously increase problems. The dangers of this trend of advertising, access, and action posed to Michiganders can be mitigated though, with a few measures:

1. Dedicate at least one percent of revenue to prevent and treat gambling addiction.
2. Develop robust and enforceable responsible gaming programs for sports betting licensees and all gambling operators.
3. Conduct surveys of the prevalence of gambling addiction prior to expansion and at regular periods thereafter to assess problems.
4. Establish a consistent minimum age for gambling.

Everyone who profits from sports betting bears responsibility for gambling problems. Dedicating a portion of profits from gambling to mitigate gambling harm is an ethical imperative and an economic necessity. The only way to maximize benefits from sports betting is to minimize problem gambling.

NCPG and MAPG are neutral on legalized gambling, and therefore we will not take a position for or against any Michigan gambling bills. My primary goal is to advocate for services to prevent Michiganders from developing gambling problems and to ensure services are available to treat those who develop this devastating disorder. Comprehensive problem gambling and responsible gaming programs are critical if Michigan wishes to reduce criminal justice and healthcare costs of gambling addiction. Throughout the remainder of our testimony we hope to shed light on issues that are often overlooked when considering gaming expansion.

State Funded Resources

Our 2016 National Survey of Problem Gambling Services found that Michigan had a problem gambling treatment fund with a supported budget of \$2,279,184. This led to Michigan's ranking of 21 out of the 50 states in terms of per capita public funds dedicated for problem gambling services. The average per capita allocation of public

funds for problem gambling services in the 40 states reporting publicly funded services was 37 cents; Michigan's per capita public investment was 23 cents.

Best practices for state health agencies include the provisions below and we encourage the Michigan Department of Health and Human Services (MDHHS) to identify where its programs meet or exceed them, where there are gaps and identify necessary funds and plans to ensure its problem gambling programs meet them prior to any additional expansion of gambling.

- designate a senior staffer to be solely responsible for problem gambling issues;
- add brief gambling screens to intake/assessment and data tracking systems;
- add gambling participation & problem symptom questions to existing surveillance, monitoring and survey efforts;
- develop state- and culturally specific basic materials on gambling addiction;
- develop a plan to train all MDHHS behavioral health counselors in basic screening, assessment, treatment & referral;
- identify counselors with prerequisite education and certification to receive advanced training with goal to achieve national certification and become trainers.

Failure to adequately address this issue, costs the state of Michigan and hurts its most vulnerable citizens.

Research/Surveying

When considering new and expanded gambling legislation, regulations, policy or programs, the regulator should consider the precautionary principle, that there is a social responsibility to protect the public from exposure to harm, when scientific investigation has found a plausible risk. Few jurisdictions have conducted adequate prevalence research pre- and post-gambling expansion. Maryland and Massachusetts have conducted baseline studies, and Massachusetts certainly has the most thorough research effort in place. The Expanded Gaming Act requires that the Commission establish an "annual research agenda" in order to understand the sociological and economic effects of expanded gaming in the Commonwealth. The Commission engaged a university research team to oversee, evaluate and perform a multi-year, multi-method, multi-disciplinary, multi-phase comprehensive research project. We believe Massachusetts is a model of excellence and highly recommend their approach.

It's crucial that Michigan fund research PRIOR to the expansion of sports betting and periodic monitoring be conducted thereafter to support evidence-based, data-driven responsive measures. It's not about being first into the market, it's about doing this right. Take your time, study the market and best opportunities, and get the necessary information and baseline information on problem gambling.

Vulnerable Populations

NCPG and MAPG have additional concerns about the impact of sports betting on the health of athletes, as research indicates that athletes are more likely to be at risk for addictions. Preventing and treating gambling addiction among players protects their health and the integrity of the game. Therefore, leagues and teams should establish specific gambling addiction prevention and education programs for youth athletes prior to high school all the way through college and into professional sports. They should also ensure that athletes and personnel have a safe harbor to seek help for gambling related problems, and qualified personnel available to aid. Sporting organizations should provide mandatory educational briefings to players and team personnel on team/league policy regarding gambling and where to get help for gambling problems. They could also utilize

their high-profile opportunities in the media to help send responsible gaming messages to their fans and the public at large.

The media should promote the National Problem Gambling Helpline (1- 800-522-4700) as a public service in every newspaper and media outlet which prints or publicizes betting lines or odds. We are pleased to report we are in discussions with ESPN around this issue and call on their competitors to follow their lead. We are also pleased to announce our Safer Sports Betting Initiative (SSBI). The initial SSBI goal is to raise awareness of potential gambling addiction-related problems and suggested responsible gambling solutions among states, leagues, gambling operators, and other stakeholders.

Sports betting legislation that allows internet, mobile and online gambling options may further increase risk factors for gambling addiction, but this technology also allows additional opportunities to enhance the responsible gaming features described above including setting limits and exclusion programs. Therefore, NCPG urges legislators and regulators to utilize NCPG's best practice Internet Responsible Gambling Standards (IRGS) as the basis for any internet or mobile gaming. Gaming vendors and operators are encouraged to pursue NCPG's Internet Compliance Assessment Program (iCAP) to receive an independent audit confirming they meet the IRG Standards. Not only will this make it easier for all stakeholders to have a consistent responsible gambling program across various jurisdictions, systems and license holders but most importantly it will provide those who gamble with continuity of protection.

Internet Responsible Gambling Standards (IRGS)

The National Council on Problem Gambling has developed the Internet Responsible Gambling Standards to help guide discussions among all stakeholders on internet gambling, including legislators, operators, regulators, advocates, and the public.

The standards contain specific recommendations in the areas of policy, staff training, informed decision-making, assisting players, self-exclusion, advertising and promotion, game and site features, and working with research.

NCPG reviewed current internet responsible gaming codes and regulations from around the world to guide the development of these standards. The final recommendations flow from our 40 years plus of experience in problem gambling issues, existing international codes, empirical evidence and feedback from experts in the field including operators, regulators, researchers, clinicians and advocates. We also considered Federal laws governing the online purchase of age-controlled products like alcohol and tobacco. The NCPG standards are ever evolving as internet and mobile gambling-related legislation, regulation and technology also continue to evolve. 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.

It is strongly recommended that operators and regulators consult with experts in the problem gambling field during the development and implementation of internet and expanded gambling. NCPG believes the following requirements should be included in any gambling/gaming legislation:

Policy commitment to responsible gambling: Requiring in legislation that all licensed operators develop a corporate policy reinforces a clear commitment to responsible gambling and identifies expectations for corporate leadership. The responsible gambling policy should be publicly available.

Strategy for responsible gambling: The operator should be required to have a responsible gambling strategy with defined goals and a clear plan of action. This metric based responsible gaming plan should be audited by a 3rd party periodically and made public. Findings of this audit should be a condition of licensure and renewal.

STAFF TRAINING

Corporate policy: A senior staff member should be made responsible for implementation of problem responsible gambling policies and procedures. Regular reminders should be sent to all directors, managers and staff who have direct contact with players about responsible and problem gambling.

Training: All staff who have contact with players, including customer service agents, as well as administrative and corporate staff members, should be required to be trained in responsible gambling at their hiring and re-trained regularly. These staff members would be taught skills and procedures specific to their position. Empowering them to be able to respond to situations where a player contacts the site, requests information, and discloses that they may have a gambling problem. Training is tested or reviewed annually with staff and evaluated by a third party.

INFORMED DECISION MAKING

Information about gambling: Operators should be required to provide a variety of information to assist players in making informed decisions about their gambling. The responsible gambling information should include:

- Practical tips on how to keep gambling within safe limits.
- Common myths associated with the applicable games.
- Information on how individual games work, including randomness and house edge where applicable and odds of winning and payout ratios where applicable.
- Preventing underage gambling.
- How to use key responsible gambling tools such as limit setting and timeouts.
- Risks associated with gambling.
- Signs of a potential gambling problem.
- Self-exclusion.
- A direct link to at least one organization dedicated to helping people with potential gambling problems.
- Regular functionality testing of the links to help services.

Personalized information: Operators should be required to provide players information on their play. Players should have access to their gambling history including time and money spent, games played, net wins/losses as well as session information. Players should have access to their account details including all deposits amounts, withdrawal amounts, movement of funds between products, bonus information, restrictions such as exclusion events and limits.

Players should receive live updates during play about time and money spent (e.g., running counter) and account balances in cash, not credits.

Limit setting: Players should be encouraged to set weekly or monthly deposit, loss or time limits through information provided by the operator online or with a customer service agent.

- Players have the option of setting daily, weekly or monthly limits on the size of deposits.
- Players have the option of setting a system-wide loss or time limit.
- Players have the option of setting individual loss or time limits of for each type of game offered by the site.
- Players may lower a limit at any time from their account or with a customer service agent. This will take effect immediately.

- **Players may request increases in or removal of their limits. After a delay of 24 hours, the player must reconfirm their request for the limit to be changed.**

Play is stopped when any limit is reached. Players may view the status of their limits on the account details page at any time.

Time Out: Players should have the option of setting time limits (time-outs). Time-outs are defined as instant stops in play that are at least 1 hour but less than 30 continuous days. Longer stops in play are available under the self-exclusion procedure.

ASSISTING PLAYERS

Policies: Clear policies must be in place for assessing and handling situations where a player indicates they are in distress or experiencing problems. There is a procedure in place to address third party (e.g., spouse, relative) concerns about players gambling behavior.

Responding to information requests: Customer service agents are knowledgeable about the helpline, self-exclusion/timeout, responsible gambling, and local help resources and able to provide that information upon request.

SELF-EXCLUSION

Self-Exclusion: Self-exclusion is a player-initiated restriction on their ability to play on the site. Players who wish to exclude themselves from sports betting should have options via online through the player account, with the operator or with an outside service recognized by NCPG. Family members should be able to request a gambler be banned through a process adjudicated by the regulator. Excluded players should receive information about available help services upon application; and subsequently should not receive any direct marketing or promotional offers to continue gambling. Regulators should hold harmless operators who make reasonable efforts to comply with exclusion requests; but should pursue actions against operators who fail to do so.

Restriction length: The ban length in a self-exclusion program can be variable but should be a minimum of 30 days and includes a lifetime option. Players should have options to select the length and all bans, no matter what length, are irrevocable. Bans stay in effect indefinitely and accounts are not automatically re-opened until players go through the reinstatement process.

Communication with players: Self-excluded players should never receive any promotional materials.

Access to Help: Players who exclude should also receive information about available help services (e.g., helpline number, counseling, Gamblers Anonymous)

Conditions of Restriction: Players must receive clearly worded information that outlines the conditions of the exclusion. Players must receive an outline of the conditions of the ban during registration and by email following registration, which includes:

- Full self-ban/time-out agreement.
- Length of ban.
- The closure process for any accounts opened by the same person during the ban.
- Requirements for reinstatement and renewal upon expiration of the ban.

- How reward points and remaining balances are handled.
- Payments that are scheduled to be withdrawn from the player's account at a future date are cancelled.

Enforcement: The player's account must be closed or suspended so that no deposits or bets can be placed. Any new accounts detected following entry into a self-exclusion/timeout will be closed so that no deposits or bets can be placed.

Reinstatement: There must be a process in place for players to resume play. If a player requests reinstatement, this information is provided to the player along with help resources (e.g. tips on how to keep gambling within safe limits and encouragement to use the site's responsible gambling features).

Renewal: Players should be able to renew their ban by contacting a customer service agent by email, telephone or live online chat. Players who renew their ban receive information concerning problem gambling and help resources.

ADVERTISING AND PROMOTION

Advertising policy statement: All operators should be required to have a clearly articulated commitment to advertising that does not mislead or target people with gambling problems or minors. Advertising and promotions are not on any online pages that are geared towards responsible gambling. Advertising is not misleading about outcomes of gambling and does not misrepresent the odds of winning/losing. In general, any kind of gambling advertising should not be placed before any audience where most of the audience is ordinarily expected to be below the legal age to participate in gambling activity. ALL advertising should contain a responsible gaming message and the National Problem Gambling Helpline (1-800-522-4700) number.

GAME AND SITE FEATURES

Passage of Time: It should be required for there to be a clock visible at all times.

Display Cash: Games should always display bets, wins, losses and account balances as cash.

Game Features: The site should not allow players to play games automatically using an auto play feature. The site should avoid reinforcing myths (e.g., stop buttons are removed to avoid giving players the illusion of control or reinforcing the near miss).

New Features: All potential new games and site technology are reviewed for possible impacts on problem gambling utilizing a risk assessment protocol.

Registration: Players should receive responsible gambling information during registration, agree to the terms before starting to play and receive this information by email following registration. Terms are provided to players upon registration, including information about bonuses, deposits, withdrawal and the disposition of player funds. Self-exclusion lists are checked during the registration process and excluded players are denied access.

Multiple Accounts: Players should not be allowed to have multiple accounts on the same site.

Free Games: Free or demonstration games should have the same payout percentages and odds as paying games. Free games should not permit play by underage players. Free and demonstration sites should provide information about responsible gambling.

Encouragement to Continue: The site should not induce players to continue gambling when play is in session, when the player attempts to end a session, or wins or loses a bet. Communications with players do not intentionally encourage players to: (a) increase the amount they play with, (b) gamble continuously, (c) re-gamble winnings, and (d) chase losses.

Underage Gambling: Sites have an affirmative obligation to put in place technical and operational measures to prevent access by those who are underage. The age verification process should be required as a part of registration. Such measures include requiring the site to use a reputable independent third party that is commonly in the business of verifying an individual's personal identity information. The site policy should describe repercussions when an underage player is identified including immediate stoppage of play, account closure and confiscation of winnings.

Credit: Players should not be able to obtain a line of credit from the site.

Data/Research

Transparency: Play data from regulated internet gambling sites should be publicly available through the regulatory agency to qualified researchers. Data must be de-identified to remove personally identifying information, consistent with Federal and state privacy, intellectual property and freedom of information laws

Minimum Age

A minimum age to bet on sports and fantasy games should be determined and enforced. Operators should have an affirmative obligation to put in place technical and operational measures to prevent access by those who are underage, especially in online or mobile betting.

We know illegal gambling including sports betting occurs across Michigan. Legalization will likely increase availability and acceptability of sports gambling and thus increase participation, which may lead to more gambling problems.

These recommendations, if implemented, will provide badly needed help to bolster the existing problem gambling safety net prior to the onset of expanded gaming. There will be a small but significant portion of gamblers who experience negative consequences as a result of sports betting. Together with all stakeholders who will profit from sports betting our challenge is to implement measures to reduce that harm as much as possible even as sports gambling expands across the nation.

We would like to thank the Chair for the opportunity to submit our remarks for the record and we would be happy to respond to any questions.