

This document is intended to answer frequently asked questions (FAQs) from California cities and counties (also known as Participating Subdivisions) receiving allocations from the California Abatement Accounts Fund and California Subdivision Fund as part of the California Opioid Settlements. A list of eligible cities, counties, and Plaintiff Subdivisions can be found in Appendix 1 of each of the respective [California State-Subdivision Agreements](#).

Contact Information

Information about opioid litigation and settlement or bankruptcy participation can be found on the California Attorney General's Opioid Settlements [webpage](#). Questions can be directed to OpioidSettlement-LocalGovernment@doj.ca.gov.

Information about settlement allocations can be found on the [webpage](#) for the Directing Administrator, BrownGreer PLC. Questions about the settlements, including the schedule of annual allocations and recipients, can be directed to DirectingAdministrator@NationalOpioidOfficialSettlement.com.

Information about the Mallinckrodt Bankruptcy allocations can be found on the National Opioid Abatement Trust II (NOAT II) Fund [webpage](#). Questions about the Mallinckrodt Bankruptcy, including the schedule of allocations and recipients, can be directed to the NOAT II Trustees at info@NationalOpioidAbatementTrust.com.

If you are representing a special district and have questions about opioid settlements and opioid bankruptcies, please contact the Attorney General's Office directly at OpioidSettlement-LocalGovernment@doj.ca.gov.

Background Questions

» **Why is California receiving opioid settlement money?**

During the opioid epidemic, state, local, and tribal governments have brought lawsuits against pharmaceutical and drug distribution companies that have fueled the crisis. The lawsuits allege that these companies fueled the opioid crisis by marketing opioids in misleading ways, downplaying risks, exaggerating benefits, and engaging in reckless distribution practices. The lawsuits seek to recover costs associated with the opioid epidemic and remediation.

To address and prevent further crises, California has joined several lawsuits against manufacturers, distributors, pharmacies, and other entities responsible for aiding the opioid epidemic. Participating Subdivisions in California are receiving funding from settlements to be used for future opioid remediation activities. California's Participating Subdivisions are expected to receive additional funds as more settlements are finalized.

» **Why are the California Opioid Settlements paid over different time periods?**

Though often referred to collectively, the California Opioid Settlements come from separate agreements established through nationwide lawsuits against opioid manufacturers, distributors, and pharmacies. Funds from these settlements may be paid over different periods depending on the terms agreed upon in the relevant settlement.

» **Are funds from the California Opioid Settlements considered state funds or federal funds passed through California?**

Funds from the California Opioid Settlements provided to Participating Subdivisions are not considered state or federal funds. The settlement funds originate from multistate settlements with prescription opioid manufacturers, distributors, and pharmacies to resolve their liabilities in over 3,000 opioid crisis-related lawsuits nationwide. Allocations to Participating Subdivisions will be administered by the Directing Administrator, [BrownGreer PLC](#), and based on allocation percentages in Appendix 1 of the [California State-Subdivision Agreements](#).

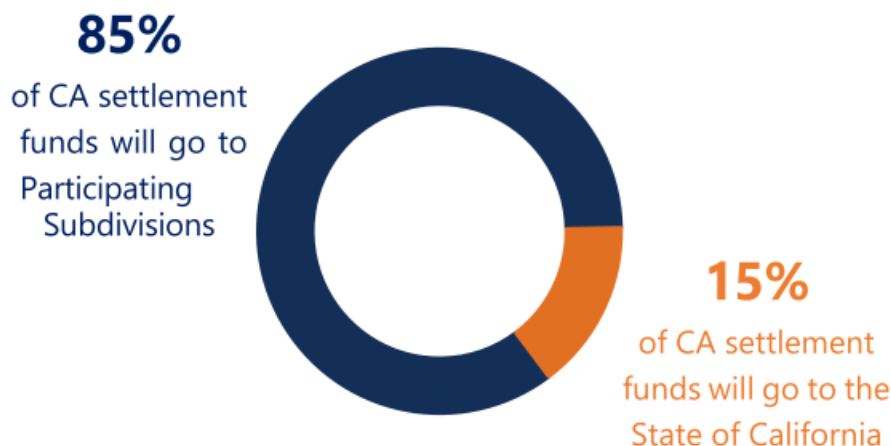
» **How do the California Opioid Settlements differ from other funding sources for opioid treatment and prevention?**

Funds from the California Opioid Settlements originate from multistate settlements with prescription opioid manufacturers, distributors, and pharmacies. Monies from these settlements are intended to provide states and eligible jurisdictions with financial support for **future** opioid remediation activities and, in some instances, to reimburse past opioid litigation expenses. California state officials, in partnership with a counsel representing Participating Subdivisions, have agreed on a proposed allocation of these

resources and certain opioid remediation activities to prioritize. These priorities can be found in the [California State-Subdivision Agreements](#).

» **How will funds from the California Opioid Settlements be distributed in California?**

The California (CA) Opioid Settlement Funds are allocated as follows:



Fund Type	Allocation	Allowable Uses
California Abatement Accounts Fund (70%)	Allocated to all participating cities and counties (otherwise known as Participating Subdivisions)	Funds must be used for future opioid remediation in one or more of the areas described in Exhibit E , AND No less than 50% of the funds received each calendar year will be used for one or more High Impact Abatement Activities. ¹
California Subdivision Fund (15%)	Allocated to cities and counties that were initial plaintiffs in the California Opioid Settlements (otherwise known as Plaintiff Subdivisions)	Funds must be used towards future opioid remediation and to reimburse past opioid-related expenses, which may include litigation fees and expenses.
California State Fund (15%)	Allocated to the state of California	Funds must be used for future opioid remediation.

¹ DHCS may add to this list by designating additional High Impact Abatement Activities pursuant to Government Code, Title 2, Division 3, Part 2, Chapter 6, Article 2, Section 12534(e).

» **How does the California Abatement Accounts Fund differ from the California Subdivision Fund?**

The California Abatement Accounts Fund provides monies to all Participating Subdivisions who have opted to receive direct payment for future opioid remediation activities. The California Subdivision Fund allocates monies to cities and counties that were initial plaintiffs in the California Opioid Settlements. These cities and counties, also known as Plaintiff Subdivisions, may use funds from the California Subdivision Fund towards future opioid remediation activities and to reimburse past opioid-related expenses, including litigation fees and expenses. Plaintiff Subdivisions will receive funds from both the California Subdivision Fund and the California Abatement Accounts Fund. A list of eligible cities, counties, and Plaintiff Subdivisions can be found in Appendix 1 of each of the respective [California State-Subdivision Agreements](#).

» **Where can a Participating Subdivision find payment information?**

DHCS periodically requests payment lists from the Directing Administrator, BrownGreer PLC which can be found on the [DHCS OSF website](#). Anticipated, upcoming payments can also be found on [Brown Greer PLC's website](#).

Use of Funds

» **Are there requirements for how Participating Subdivisions can expend funds received from the California Opioid Settlements?**

Yes. All funds received by Participating Subdivisions from the California Abatement Accounts Fund must be used for one or more of the areas described in Exhibit E of the settlement agreements.

Participating Subdivisions may form joint ventures with federal, state, local, tribal, or private sector entities to pursue opioid remediation activities. Participating Subdivisions can also review the California Opioid Settlement Funds: Allowable Expenditures list and the DHCS California Opioid Settlements webpage for eligible opioid remediation activities.

Pursuant to the National Opioid Settlement Agreements, opioid remediation programs should be evidence-based or, at minimum, evidence-informed. Participating Subdivisions should prioritize evidence-based strategies for prevention, treatment, harm reduction, and recovery services.

Additionally, no less than 50% of funds received from the California Abatement Accounts Fund must be used for one or more of the California High Impact Abatement Activities.

For the California Subdivision Fund, Participating Subdivisions shall use monies received for future opioid remediation activities as described above or to reimburse past opioid-related expenses, which may include litigation costs. For the purposes of this funding, Opioid Remediation is defined as the care, treatment, and other programs and expenditures designed to:

- 1) Address the misuse and abuse of opioid products;
- 2) Treat or mitigate opioid use or related disorders; or
- 3) Mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic.

» **Are Participating Subdivisions required to gather public input on expenditure plans prior to using the funds?**

Participating Subdivisions are not required to gather public input when developing expenditure plans for funds received from the opioid settlements. However, to increase the efficacy and success of opioid remediation efforts, DHCS strongly encourages Participating Subdivisions to coordinate with external entities, such as local departments of health, service and community groups, and people with lived experience, to determine the best use of their allocations. DHCS hosted a [webinar](#) on this topic, available on the [California Opioid Settlements webpage](#).

» **Can funds received from each settlement be combined to pay for one expense?**

Yes. Participating Subdivisions who receive funds from multiple settlements may combine these funds to pay for a single expense. If combining fund types, the activity must meet allowable use requirements for both fund types. Activities funded from multiple settlements must be delineated by each fund source and type during reporting periods

» **Can funds be used for automated external defibrillators (AEDs) and other first aid related materials?**

No. AEDs and other first aid tools are not considered opioid remediation expenses and thus are not allowable expenditures pursuant to [Exhibit E](#) of the National Opioid Settlement Agreements.

» **Can funds be encumbered or carried over to the next year?**

Yes. Participating Subdivisions may roll over funds from the previous year and/or encumber funds for future eligible expenditures. Pursuant to the [California State-Subdivision Agreements](#), funds from the California Abatement Accounts Fund must be expended or encumbered within five (5) years of receipt or seven (7) years for capital outlay projects. For example, funds received during 2022 must be expended or encumbered by 2027 (five (5) years) for non-capital outlay projects or 2029 (seven (7)

years) for capital outlay projects. Funds not expended or encumbered within these timeframes must be returned to the state. Participating Subdivisions may not encumber funds until they have been received. Funds from the California Subdivision Fund and the NOAT II Fund (Mallinckrodt Bankruptcy) do not have expenditure timeframe requirements. Cities and counties are encouraged to follow similar five-year and seven- year expenditure timeframes for these funds.

» **Do funds from the California Subdivision Fund have to be expended during a specific timeframe?**

No, the California Subdivision Fund does not have explicit expenditure timeframes designated in the opioid settlement agreements. However, it is recommended that cities and counties follow similar expenditure timeframes as described for the California Abatement Accounts Fund.

» **Do funds from the NOAT II Fund (Mallinckrodt Bankruptcy) have to be expended during a specific timeframe?**

No, the NOAT II Fund (Mallinckrodt Bankruptcy) does not have explicit expenditure timeframes designated in the opioid bankruptcy agreement. However, it is recommended that cities and counties follow similar expenditure timeframes as described for the California Abatement Accounts Fund.

» **Can funds be reallocated to another Participating Subdivision?**

Yes. Participating Subdivisions may agree to reallocate their funds, provided that all funds will be used for eligible opioid remediation activities and each city or county is a Participating Subdivision. Both the providing and receiving Participating Subdivision must agree on the exchange and report on these reallocations to DHCS during reporting periods. Participating Subdivisions can contact Brown Greer PLC at any time to opt out of receiving funds. Participating Subdivisions wishing to opt out of receiving funds during allocation periods must contact the Directing Administrator, [BrownGreer PLC](#), at least 60 days prior to an allocation date. Participating Subdivisions who receive funds after the 60-day mark must report this payment activity to DHCS.

» **What is the difference between the Schedule A and Schedule B lists within Exhibit E? Can Participating Subdivisions choose opioid remediation activities from either schedule?**

[Exhibit E](#) of the National Opioid Settlement Agreements provides a list of opioid remediation activities for Participating Subdivisions to pursue using funds received from the opioid settlements. Exhibit E is divided into two sections, Schedule A and Schedule

B. Schedule A provides a list of core opioid remediation strategies that should be prioritized, while Schedule B provides a longer list of potential opioid remediation strategies. Participating Subdivisions may choose to pursue any of the opioid remediation activities listed in Exhibit E, but are recommended to pursue the priority opioid remediation activities listed in Schedule A.

Participating Subdivisions who receive funds from the California Abatement Accounts Fund must expend funds on future opioid remediation in one or more of the areas described in Exhibit E. Furthermore, Participating Subdivisions must also spend at least 50% of funds received within the calendar year on one or more of California's High Impact Abatement Activities (HIAA). DHCS encourages Participating Subdivisions using funds received from the California Abatement Accounts Fund to prioritize HIAA in their planning, followed by the opioid remediation activities as listed in Schedule A of Exhibit E.

» **What happens if Participating Subdivisions expend funds on unallowable activities?**

If DHCS determines that a CA Participating Subdivision's use of California Abatement Accounts Funds is inconsistent with eligible uses, records may be requested as part of a meet and confer, an audit, or legal action.

» **Can I use my opioid settlement funds on non-opioid remediation uses?**

No, Participating Subdivisions cannot use California Abatement Accounts Funds or Subdivision Funds for non-opioid remediation uses. However, if using Subdivision Funds to reimburse past opioid-related litigation expenses, the Participating Subdivision must file a [Non-Opioid Remediation Use Report](#) with BrownGreer. Although the National Settlement Agreements allow flexibility in expenditures from the CA Subdivision Fund, the State Subdivision Agreements supersede these settlements and require that all funds must be used for opioid-related expenses. BrownGreer PLC considers past opioid-related litigation expenses to be a Non-Opioid Remediation Use, therefore requiring California Participating Subdivisions to submit a Non-Opioid Remediation Use Report for past opioid-related litigation expenses.

» **Who do I contact for questions about allowable uses or reporting requirements for the California Opioid Settlements?**

Participating Subdivisions seeking clarification on allowable uses or reporting requirements can contact DHCS at OSF@dhcs.ca.gov.

California's High Impact Abatement Activities

» What are High Impact Abatement Activities (HIAA)?

[Government Code, Title 2, Division 3, Part 2, Chapter 6, Article 2, Section 12534](#) allows states and their Participating Subdivisions to establish further requirements around the allocation, distribution, and/or use of funds received from the settlements. The State of California and its Participating Subdivisions agreed to include additional opioid remediation activities to prioritize when using funds received from the California Abatement Accounts Fund. These opioid remediation activities are referred to as High Impact Abatement Activities (HIAA).

Pursuant to the [California State-Subdivision Agreements](#), Participating Subdivisions receiving funds from the California Abatement Accounts Fund must spend at least 50% of funds received within a calendar year on one or more HIAA. DHCS may add additional HIAA in consultation with Participating Subdivisions but cannot amend or remove existing activities from the established HIAA list.

As of November 2023, the California HIAA include:

No.	Activity
1	Provision of matching funds or operating costs for substance use disorder facilities with an approved project within the Behavioral Health Continuum Infrastructure Program (BHCIP)
2	Creating new or expanded substance use disorder (SUD) treatment infrastructure ²
3	Addressing the needs of communities of color and vulnerable populations (including sheltered and unsheltered homeless populations) that are disproportionately impacted by SUD
4	Diversion of people with SUD from the justice system into treatment, including by providing training and resources to first and early responders (sworn and non-sworn) and implementing best practices for outreach, diversion and deflection, employability, restorative justice, and harm reduction
5	Interventions to prevent drug addiction in vulnerable youth
6	The purchase of naloxone for distribution and efforts to expand access to naloxone for opioid overdose reversals

² May include cost overrun for BHCIP programs as needed.

» **Does the High Impact Abatement Activity (HIAA) #4 include law enforcement activities?**

HIAA #4 is about diversion and deflection programs that decrease the number of people with substance use disorders (SUD) entering the justice system and increase their entry into treatment. Though diversion and deflection programs may involve law enforcement, not all law enforcement activities qualify as an allowable opioid remediation activity under HIAA #4 or [Exhibit E](#). For more information about law enforcement diversion efforts, review the below resources:

- National Council on Mental Wellbeing: [Deflection and Pre-arrest Diversion to Prevent Opioid Overdose](#) (Tools and Resources)
- AddictionFreeCA.org: Information about Opioid Treatment in [California's Jails and Drug Courts](#)

» **What are allowable law enforcement activities?**

Settlement funds are intended to be used for remediation of the opioid crisis, and efforts should be focused on community-based public health approaches, prevention, treatment, recovery, and/or harm reduction. For more information about allowable law enforcement activities, review the [Law Enforcement Expenses with Opioid Settlement Funds Fact Sheet](#).

» **How does the established Naloxone Distribution Project differ from the Naloxone High Impact Abatement Activity (HIAA)?**

The [Naloxone Distribution Project](#) (NDP) is a separate program through DHCS that provides naloxone to eligible organizations. The naloxone HIAA establishes the purchase of naloxone as a priority expenditure for Participating Subdivisions receiving funds from the California Opioid Settlements. DHCS encourages Participating Subdivisions with allocations from the opioid settlements to use those funds to purchase Naloxone in lieu of applying to the NDP.

More information about naloxone and naloxone training options is available on the DHCS Naloxone Distribution Project [webpage](#) and the California Department of Public Health (CDPH) Naloxone [webpage](#).

» **How does the encumbrance of funds interact with the 50% HIAA spending requirement over payment years?**

The 50% HIAA spending rule for the California Abatement Accounts Fund will be tracked through payments received by each settlement. A running total of the funds a city or county receives from each settlement will be accounted for, including how much of the total for each settlement was spent on HIAA. If a city or county encumbers funds, they must confirm that 50% of the amount encumbered is used on an approved HIAA in the

years following the encumbrance. For example, if each year for five years, a city received \$5,000 from the Distributors Settlement (\$25,000 total) and \$2,000 from the Janssen Settlement (\$10,000 total), and the city encumbered all of those funds in the fifth year, the total amount encumbered would be \$35,000. To meet the 50% HIAA requirement, the encumbrance must include HIAA approved activities that equal \$17,500 (i.e., 50%). The intended activity of encumbered funds should not be altered, or those funds are at risk of being past the five (5) or seven (7) year timeframe and must be returned to the state. Once a city or county encumbers funds for a specific activity, those funds should not be used for other activities. Because of this requirement, cities and counties are encouraged to carefully track payments, expenditures, and encumbrances of funds received from each settlement.

Reporting Requirements

For more information about reporting requirements and using the DHCS annual expenditure reporting form, review the [Expenditure Reporting Q&A](#).

» **How will California confirm that opioid settlement funds are expended on strategies to address the epidemic?**

To participate in the settlements, Participating Subdivisions accepted the terms and conditions of the [California State-Subdivision Agreements](#), which certify that participating entities will use funds for eligible opioid remediation activities and prepare and file reports at least annually regarding the use of those funds to DHCS. If DHCS determines that a Participating Subdivision's use of California Abatement Accounts Funds is inconsistent with eligible uses, records may be requested as part of a meet and confer, an audit, or legal action.

» **Are Participating Subdivisions required to submit proposals for the use of funds received from the opioid settlements?**

Pursuant to the [California State-Subdivision Agreements](#), Participating Subdivisions are not required but may submit expenditure plans or proposals to DHCS for review. DHCS strongly recommends that Participating Subdivisions connect with the Department regarding their expenditure plans to verify compliance with the National Opioid Settlement Agreements.

» **Why do cities and counties need to report on the use of funds if the settlements are with private companies?**

To participate in the settlements, Participating Subdivisions accepted the terms and conditions of the [California State-Subdivision Agreements](#), which certify that participating entities will use funds for eligible opioid remediation activities and prepare and file reports at least annually regarding the use of those funds. DHCS is tasked with

overseeing Participating Subdivisions that receive funds from the settlements. DHCS oversight responsibilities include:

- Monitoring the California Participating Subdivisions for compliance;
- Designating additional High-Impact Abatement Activities (HIAA);
- Conducting related stakeholder engagement; and
- Preparing annual reports.

More information is available on the [California Opioid Settlements webpage](#).

» **How do we request technical assistance?**

DHCS offers technical assistance to Participating Subdivisions interested in reviewing eligible opioid remediation activities, expense tracking, and reporting requirements under the California Opioid Settlements. Participating Subdivisions interested in receiving guidance from DHCS must follow the process listed on the [California Opioid Settlements webpage](#) to request assistance.

» **How can I find out how Participating Subdivisions are expending their funds?**

DHCS will prepare an annual report regarding the State and Participating Subdivisions' use of settlement funds until those funds are fully expended and for one year thereafter. These reports will be made publicly available on the [California Opioid Settlements website](#).

» **What are the reporting requirements for California Subdivision Funds used for litigation expenses?**

Participating Subdivisions that use their California Subdivision Funds to reimburse past opioid-related litigation expenses must report those expenditures to DHCS on the annual reporting form. Additionally, the Participating Subdivisions must file a [Non-Opioid Remediation Use Report](#) to BrownGreer. For more information on Non-Opioid Remediation Use Reports, please contact the Directing Administrator, BrownGreer PLC, at DirectingAdministrator@NationalOpioidOfficialSettlement.com.

» **Are there reporting requirements for backstop amounts withheld from the California Subdivision Fund payments?**

Participating Subdivisions may enter into backstop agreements to pay their contingency-fee attorneys from monies they received from the California Subdivision Fund, as provided in Section 5 of the California State-Subdivision Agreements and Exhibit R to each of the Settlement Agreements. DHCS does not collect information pertaining to the backstop amounts withheld from the California Subdivision Fund in the annual expenditure reports. You may reach out to your city, county, or outside

counsel handling your opioid-related matters, for additional guidance.

» **Are there reporting requirements for the McKinsey Settlement and Endo Bankruptcy funds that have been received?**

The McKinsey Subdivision Settlement is separate and distinct from the National Opioid Settlements. The Endo Bankruptcy matter is also separate and distinct from the Mallinckrodt Bankruptcy. Subsequently, DHCS does not collect expenditure reporting on these funds and should not be included in annual reports. You may reach out to your city, county, or outside counsel handling your opioid-related matters, for additional guidance.

Information about the McKinsey Subdivision Settlement may be found on the settlement website at <https://www.mckinseysubdivisionclassaction.com/>.

Information about the Endo Trust, including copies of its governing documents, is accessible at www.endotrust.com. Should you have any additional questions, you may contact administrator@endotrust.com.