



Janssen & Distributors Settlements: Reporting Listening Session

Housekeeping

- » If you have a technical question, please send a direct message to Kate Roberts from the Aurrera team
- » Questions and feedback can be submitted at any time via the question box on your control panel
- » Today's meeting materials will be available following the webinar

Listening Session Format

DHCS is requesting feedback on the reporting process for Janssen & Distributors (J&D) Settlement funds.

DHCS will:

1. Provide a series of prompts to specify the types of feedback that would be helpful.
2. Solicit stakeholder feedback on each prompt.
3. DHCS will not respond to feedback during the Listening Session.
4. DHCS will aggregate feedback and make it available after the Listening Session on the [DHCS OSF webpage](#).

How to Provide Feedback

» Ways to submit your feedback:

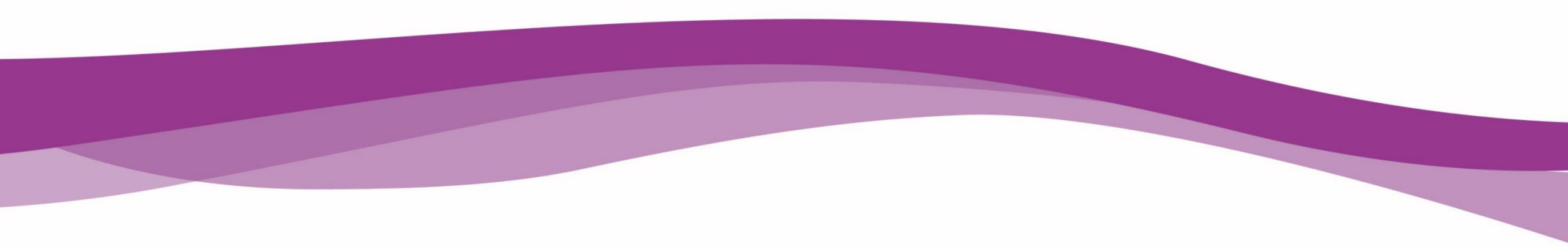
» Type your comments in the questions box located on your GoToWebinar control panel; or,

» Send an email to OSF@dhcs.ca.gov – Feedback on the topics addressed in this session will be accepted through January 13, 2023.

Agenda

- » Overview of Janssen & Distributors Settlements
- » Janssen & Distributors Settlements Expenditure Reporting
- » Next Steps
 - » Feedback due January 13, 2023
 - » Next Listening Session on J&D Allowable Expenditures on January 26, 2023, 12:00pm – 1:00pm

Overview of Janssen & Distributors (J&D) Settlements

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Presenter: Marlies Perez
Department of Health Care Services

Overview of J&D Settlements

- » During the course of the opioid overdose epidemic, state, local, and tribal governments have brought lawsuits against pharmaceutical and drug distribution companies to recover costs associated with the epidemic and ensure that future crises are prevented.
- » On July 21, 2021, announcements were made regarding proposed settlements worth up to \$26 billion with opioid manufacturer Janssen and three Distributors (McKesson, Cardinal Health and AmerisourceBergen) to resolve investigations and litigation related to the companies' roles related to the opioid crisis.

Overview of J&D Settlements

- » California is expected to receive approximately \$2.05 billion from the J&D Settlement Agreements, which will be paid through 2038. The majority of funds will be provided to Participating Subdivisions to be used for opioid abatement activities.
- » All Janssen & Distributor payments will be made by the national settlement administrator, [BrownGreer PLC](#).

J&D Settlements Oversight Entity: DHCS

- » The Department of Health Care Services (DHCS) is tasked with overseeing Participating Subdivisions that have received funds from the J&D Settlements.
- » This Listening Session fulfills the requirement outlined in the CA State Subdivision Agreements that mandates DHCS to confer with representatives of the Plaintiff Subdivisions.
- » DHCS J&D Settlements oversight responsibilities include:
 - » Monitoring the California Participating Subdivisions for compliance;
 - » Designating additional high-impact abatement activities;
 - » Conducting related stakeholder engagement; and
 - » Preparing annual reports.

Janssen & Distributors Allowable Expenditures

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J&D Settlements Expenditures

- » Section 1: No less than fifty percent (50%) of the funds received by a California Participating Subdivision from the Abatement Accounts Fund in each calendar year, will be used for one or more of the High Impact Abatement Activities (HIAA).
- » Section 2: Participating Subdivisions must choose from among the abatement strategies listed in Schedule B of Exhibit E from the J&D Settlement Agreements. However, priority should be given to the core abatement strategies ("Core Strategies" Schedule A), which is a subset of Schedule B.

Table 1: High Impact Abatement Activities

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
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

Schedule A: Core Strategies

- » Naloxone or Other FDA-Approved Drug to Reverse Opioid Overdoses
- » Medication-Assisted Treatment (MAT) Distribution and Other Opioid-Related Treatment
- » Pregnant and Postpartum Women (screening, referral, treatment, etc.)
- » Expanding Treatment for Neonatal Abstinence Syndrome (NAS)
- » Expansion Of Warm Hand-Off Programs and Recovery Services
- » Treatment for Incarcerated Population
- » Prevention Programs
- » Expanding Syringe Service Programs
- » Evidence-Based Data Collection and Research Analyzing the Effectiveness of the Abatement Strategies Within the State

Janssen & Distributors Expenditure Reporting Process

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Expenditure Reporting

- » While developing the J&D Settlements reporting requirements, DHCS will ensure that the:
 - » Reporting requirements are within the J&D Settlements as a basis for the information requested.
 - » Data requested is transparent for the general public and demonstrates that the funding is being used according to the terms in the settlement.
 - » Requirements incorporate stakeholder feedback.
 - » Reporting requirements are designed to be utilized for future settlement reporting.

Expenditure Reporting

- » DHCS is working to develop an online data portal for expenditure reporting.
- » Participating Subdivisions will be required to enter the data into the online portal once a year.
- » Subdivisions that opt-out of direct payment are not required to report.
- » Subdivisions that receive direct payments and choose to transfer the funds to another Subdivision will be required to report.

Expenditure Reporting

- » The online data portal will be available to Participating Subdivisions prior to the first reporting period. Training on how to utilize the online data portal will be available prior to reporting date.
- » Participating Subdivisions will provide planned expenditures for the coming fiscal year. Participating Subdivisions will also provide an annual report of prior year expenditures at the same time.
- » The reporting will provide DHCS with the information needed for the required annual report in addition to the monitoring and compliance requirements.

Expenditure Reporting Timeline

Month/Year	Milestone
November 2022	First payments to Subdivisions
Aug 31, 2023	*Expenditure reports for SFY 2022-2023 due *Planned expenditures for SFY 2023-24 due
Aug 31, 2024	*Expenditure reports for SFY 2023-2024 due *Planned expenditures for SFY 2024-25 due

State Fiscal Year (SFY) runs from July 1st – June 30th every year.

Janssen & Distributor payments are expected to be made to Subdivisions annually in June and July, respectively, starting in 2023.

All Janssen & Distributor payments will be made by the national settlement administrator, [BrownGreer PLC](#).

Feedback

- » Is the timeline for annual expenditure reporting feasible for your subdivision considering your budgeting and contracting processes?
- » Would you prefer to report expenditures on a more frequent basis than annually?

Expenditure Reporting

- » Participating Subdivisions will be required to report:
 - » Amount of settlement funds received and expenditures for the prior State Fiscal Year (SFY) – each Settlement and fund type (e.g., Abatement Accounts Fund, Subdivision Fund)
 - » Brief descriptions of funded activities
 - » Corresponding to Exhibit E of the National Settlement Agreements and California’s High Impact Abatement Activities (HIAA)
 - » Interest earned on settlement funds
 - » Transfers to/from other Subdivisions
 - » Legal expenses, if the subdivision is both a Plaintiff Subdivision and an Initial Participating Subdivision

Other Expenditure Information:

- » Funds must be expended or encumbered within 5 years
- » Funds for capital outlay projects have up to 7 years to be expended or encumbered
- » Funds may be rolled over between years as long as they are spent in accordance with the 5-year (or 7-year) requirements
- » Expenditures must be reported annually until they are fully expended
- » Funds not spent within these requirements will be sent back to the state
- » If there are no expenditures for the reporting year, the report needs to reflect the '0' expenditures and the rollover funding needs to be accounted for in the planned expenditures

Feedback

- » Do you have any concerns with the required reporting items?
- » Are there any reporting items that are missing from the list?

Failure to Report

- » Participating Subdivisions who do not submit their reports by the prescribed deadlines will receive an electronic notice via email from a member of the DHCS oversight team regarding the missing report.*
- » Recurring failure to submit a timely report may result in a meet and confer with DHCS, an audit, or legal action.

*It is under the responsibility of the Participating Subdivision to ensure their primary contact's information is correctly listed with DHCS.

Feedback

- » What other methods would you like DHCS to employ to ensure compliance with reporting submissions?
- » How can DHCS assist with ensuring the timely submissions of reports?

Next Steps on Janssen & Distributors Settlement

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Next Steps

- » DHCS will compile feedback and questions provided through this session.
- » Technical assistance and guidance documents will be provided to clarify information related to oversight of the J&D Settlements.
- » DHCS will host the next listening session on Allowable Expenditures on January 26, 2023, 12:00pm – 1:00pm.

Resources & Additional Feedback

For more information on opioid settlement funds,
visit the [DHCS OSF webpage](#).

To provide additional feedback:
Email OSF@dhcs.ca.gov by January 13, 2023.