

This document is intended to answer frequently asked questions (FAQs) from California Participating Subdivisions receiving allocations from the California Abatement Accounts Fund as part of the California Opioid Settlements. A Participating Subdivision is a city or county eligible to receive or is receiving funds from one or more California Opioid Settlements. A list of Participating Subdivisions can be found in Appendix 1 of the California State Subdivision Agreements. Questions about a Subdivision's status can be directed to the National Settlement Administrator, [BrownGreer PLC](#).

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

Background Questions

» Why is California receiving opioid settlement money?

During the opioid epidemic, state, local, and tribal governments have brought several 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 ensure success in addressing and preventing further crises, California has joined several lawsuits against manufacturers, distributors, and other entities responsible for aiding the opioid epidemic. In late 2022, Participating Subdivisions in California received the first round of funding from settlements to be used for future opioid abatement

activities. It is expected that Californian Subdivisions will receive additional funds as more settlements arise.

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

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

» **Are funds from the California Opioid Settlements considered State funds or federally passed through California?**

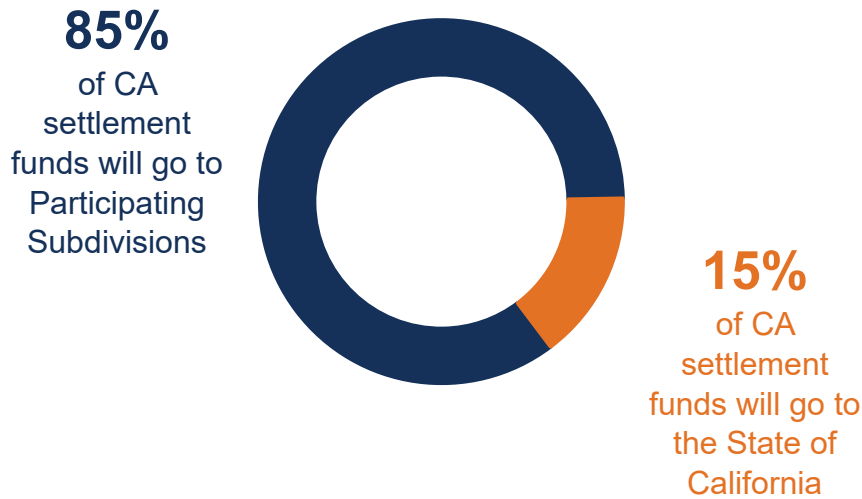
Funds from the California Opioid Settlements provided to Participating Subdivisions are not considered State or federal funds. The settlements funds originate from multistate settlements with prescription opioid manufacturers and pharmaceutical distributors to resolve their liabilities in over 3,000 opioid crisis-related lawsuits nationwide. Allocations to Participating Subdivisions will be administered by the National Settlement Administrator, [BrownGreer PLC](#), and based on allocation percentages found 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 and pharmaceutical distributors. Monies from these settlements are intended to provide states and eligible jurisdictions with financial support for **future** opioid abatement activities. California state officials, in partnership with a counsel representing Participating Subdivisions, have agreed on a proposed allocation of these resources and certain abatement 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 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. No less than 50% of the funds received in 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 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.

Use of Funds

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

Yes. All funds received by Participating Subdivisions from the California Abatement Accounts **must** be used for future Opioid Remediation. 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.

Participating Subdivisions may form joint ventures with federal, state, local, tribal, or private sector entities in pursuing 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.

» **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. Participating Subdivisions who combine funds for purchases should ensure financial information is delineated by each settlement during reporting periods.

» **Can funds be used for programming related to fentanyl?**

Participating Subdivisions may pursue strategies to address fentanyl as indicated in Exhibit E of the settlement agreements. Examples include purchasing naloxone for first responders or harm reduction programs, providing funding for syringe service programs

and other evidence-informed programs which include fentanyl checking, supporting screening for fentanyl in routine clinical toxicology testing, educating law enforcement or other first responders on appropriate practices when dealing with fentanyl, and researching the impacts of prevention efforts such as the provision of fentanyl test strips.

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

No. AEDs and other first aid related expenses are not considered opioid remediation and thus are not allowable expenditures pursuant to [Exhibit E](#) of the 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 purchases. Funds 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 spent 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.

» **Can funds be transferred to another Participating Subdivisions?**

Yes. Participating Subdivisions may agree to reallocate their funds, provided that all funds will be used for Opioid Remediation activities and each entity is a Participating Subdivision. Both the providing and receiving entity must agree on the exchange and report on these transfers to DHCS during reporting periods. Participating Subdivisions wishing to transfer their funds automatically during payment periods must contact the national settlement administrator, [BrownGreer PLC](#), at least 60 days prior to a payment date.

» **Can funds received from the California Opioid Settlements be used to supplant or replace other funds?**

Funds received from the settlements should not be used to supplant or replace funds from other sources. Participating Subdivisions may use monies received from the settlements to match or supplement funding for eligible opioid remediation activities (for example, HIAA #1 related to BHCIP).

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

Participating Subdivisions suspected of spending funds allocated from the settlements on unallowable activities, whether through review of reports or information from any other sources, will be required to meet and confer with DHCS to resolve the concern. If

unable to reach a resolution, DHCS may conduct an audit of the Subdivision’s use of the funds and pursue legal action.

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

Individuals seeking clarification on allowable uses or reporting requirements for the settlements can contact DHCS at OSF@dhcs.ca.gov.

California’s High Impact Abatement Activities

» **What are High Impact Abatement Activities (HIAA)?**

The National Settlement Agreements allow states and their Participating Subdivisions to establish further regulations around the allocation, distribution, and/or use of funds received from the settlements. The State of California and its Participating Subdivisions have reached an agreement that includes additional opioid abatement activities to prioritize within the state, in addition to the activities listed in [Exhibit E](#). These activities, which are referred to as High Impact Abatement Activities (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.

» **Exhibit E contains a list of activities to prioritize (Schedule A) but does not contain the list of HIAA. Which list should my subdivision prioritize?**

[Exhibit E](#) of the settlement agreements contains the complete list of allowable expenditures for funds received from the settlements. National litigation developed a list of priority activities within this exhibit, which became Schedule A of Exhibit E. The State of California, and its Participating Subdivisions, established local priorities given the opioid remediation needs within the state, which are referred to as HIAA.

Pursuant to the California State Subdivision Agreements, Participating Subdivisions must spend [at least 50% of funds received within a calendar year on HIAA](#). Many of the activities listed in Exhibit E can qualify as HIAA, depending on their focus. DHCS encourages Participating Subdivisions to prioritize HIAA in their planning, followed by the activities listed in Schedule A of Exhibit E.

» **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 activity under the 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](#)

» **How does the established Naloxone Distribution Project differ from the new 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 purchasing of naloxone as a priority expenditure for Participating Subdivisions in receipt of funds from the California Opioid Settlements.

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

Reporting Requirements of Funds

» **How will California ensure that opioid settlement funds will be spent 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 abatement activities and prepare and file annual reports regarding the use of those funds. DHCS oversees this annual reporting and ensures compliance with the allocation 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, Subdivisions accepted the terms and conditions of the California State Subdivision Agreements, which certifies that participating entities will use funds for eligible opioid abatement activities and prepare and file annual reports 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;
- Conducting related stakeholder engagement; and
- Preparing annual reports.

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

» **If my city does not elect direct payment, is it still obligated to report on the use of those funds?**

Cities which have opted-out of direct payment do not need to report to DHCS during reporting periods. Cities who do not elect direct payment must notify the national settlement administrator, [BrownGreer PLC](#), at least 60 days prior to a payment date.

Cities that received direct payment and then chose to transfer some or all their funds to another Participating Subdivision must report on the amount transferred during reporting periods.

» **If my county or city received funds from another Participating Subdivision, is it required to report the use of these funds during a reporting period?**

Yes, funds received from another Participating Subdivision will need to be reported by the Participating Subdivision that received the funds. Participating Subdivisions who transferred their funds must also indicate this transaction during reporting periods with

DHCS, unless the Subdivision opted-out of direct payment with the national settlement administrator, [BrownGreer PLC](#).

» **Do Participating Subdivisions need to complete the reporting form if they have not spent or committed their allocations during a reporting period?**

Yes, Participating Subdivisions must indicate funds carried or rolled over year-to-year during reporting periods.

» **How do Participating Subdivisions report on their allocation expenditures?**

DHCS is currently creating an online reporting tool for Participating Subdivisions to report the use and expenditure of their funds. DHCS will alert the primary contacts of each Participating Subdivision once that form is available.

» **What documentation is needed from Participating Subdivisions during reporting periods?**

Participating Subdivisions will be able to report their use and expenditures via an online reporting tool from DHCS. Documentation required to complete this form will include, but is not limited to:

- An account of expenditures by program/activity for each settlement (e.g., Janssen Settlement or the Distributors Settlement) and the specific fund (e.g., California Subdivision Fund or the California Abatement Accounts Fund);
- An indication of how each program/activity correlates to the priorities listed in the [California State Subdivision Agreements](#) as well as Exhibit E;
- A narrative summary to provide background on the purpose of each program/activity;
- An account of interest earned on the settlement fund allocations; and
- An account of amounts transferred to, or received from, other participating entities, if applicable.

In the case that DHCS has questions or needs to verify appropriate use of individual allocations, Participating Subdivisions should maintain books, records, documents, and other evidence, accounting procedures and practices to properly reflect direct and indirect costs related to their opioid abatement activities funded by the settlements. In addition, subdivisions should retain records relevant to their participation in the settlements, including correspondence with the national settlement administrator, BrownGreer, PLC. Records shall be subject at all reasonable times to inspection, audit, and reproduction. Participating Subdivisions should preserve and make available their records until all funds from the settlements are fully expended and for one year thereafter.

» **What is the reporting schedule for the California Opioid Settlements?**

Participating Subdivisions will be asked to provide a narrative summary of their activities and financial information on their expenditures from the California Opioid Settlements at least once a year until the relevant funds are fully expended, and one year thereafter.

Initial reporting periods are anticipated to occur as follows:

Month/Year	Milestone
December 2022	First payments to Subdivisions
September 30, 2023	*Expenditure reports for SFY 2022-2023 due *Planned expenditures for SFY 2023-24 due
September 30, 2024	*Expenditure reports for SFY 2023-2024 due *Planned expenditures for SFY 2023-24 due

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

**California Opioid Settlement payments are expected to be made to Subdivisions annually, starting in 2023.

***All settlement payments will be made by the national settlement administrator, BrownGreer PLC.

To ensure compliance with the settlement expenditure requirements, DHCS offers technical assistance to all Participating Subdivisions. Interested individuals can visit the [California Opioid Settlements](#) website to request assistance.

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

DHCS offers technical assistance to Participating Subdivisions interested in reviewing eligible opioid remediation activities, and 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](#) website to request assistance.

» **What happens if Participating Subdivisions do not complete their annual reporting?**

CA Participating Subdivisions receiving settlement funds must prepare and file reports annually regarding the use of those funds. It is the responsibility of the Participating Subdivision to ensure annual reports are provided to DHCS until all funds from the relevant settlement(s) are fully expended and for one year thereafter. Failure to submit a timely report may result in an audit, meet and confer with DHCS, or legal action. Participating Subdivisions who do not submit their reports by the prescribed deadlines will receive an electronic notice via email from DHCS regarding the missing report. The

electronic notice will be sent to the Participating Subdivision's primary contact. It is the responsibility of the Participating Subdivision to ensure their primary contact's information is correctly listed with DHCS.

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

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