

ENCLOSURE 2: CALIFORNIA OPIOID SETTLEMENTS GLOSSARY – CA ABATAMENT ACCOUNTS FUND

The California Department of Health Care Services (DHCS) has developed this resource for the purpose of providing additional policy guidance to California's (CA) Participating Subdivisions receiving funds from opioid settlements.¹ These terms and definitions derive from the National Opioid Settlement Agreements, California State-Subdivision Agreements, or have been defined by DHCS to provide additional clarity to California's CA Participating Subdivisions.

Allowable Expenditures means ~~one or more of the opioid remediation activities described in Exhibit E and California's High Impact Abatement Activities, and reasonable administrative costs tied to opioid remediation in communities. It also includes litigation fees and expenses for Plaintiff Subdivisions, as permitted and the California State-Subdivision Agreements~~ Opioid Remediation activities as identified in the National Opioid Settlement Agreements, and the California State-Subdivision Agreements, as follows:

- CA Abatement Accounts Fund – allowable expenditures mean activities or programs in one or more of the approved Opioid Remediation areas listed in Exhibit E. Qualifying expenditures may include reasonable related administrative expenses.

Approved Uses see **Allowable Expenditures**.

CA Participating Subdivision means a ~~city, county, or political subdivision participating in the California Opioid Settlement Agreements~~ Participating Subdivision that is either ~~identified as~~ also (a) a Plaintiff Subdivision and/or identified as (b) a Primary Subdivision with a population equal to or greater than 10,000. For the avoidance of doubt, eligible CA Participating Subdivisions are those California subdivisions listed in Exhibit C (excluding Litigating Special Districts) and/or Exhibit I to the Distributor Settlement Agreement.

¹ Opioid settlements in this instance refers to final and proposed agreements between the State of California and opioid manufacturers Janssen Pharmaceuticals and Johnson & Johnson (collectively, Janssen), Teva, and Allergan; distributors McKesson, Cardinal Health, and AmerisourceBergen (collectively, Distributors); and pharmacies Walgreens, Walmart, and CVS (collectively, Pharmacies), as well as any future opioid settlement agreements which follow the structure.

CA Subdivision refers to both CA Participating and Plaintiff Subdivisions.

California ("CA") Abatement Accounts Fund means the component of the California Settlement Fund (70%) allocated to CA Participating Subdivisions to be used for future opioid remediation.

California ("CA") State Fund means the component of the California Settlement Fund (15%) allocated to the State of California to be used by the State for future opioid remediation.

California ("CA") Subdivision Fund means the component of the California Settlement Fund (15%) allocated to Plaintiff Subdivisions to be used towards future opioid remediation and to reimburse past opioid-related expenses, which may include litigation fees and expenses.

Capital Facilities means a building secured to a foundation, which is permanently affixed to the ground and used to deliver services to individuals with a substance use disorder (SUD) and their families. CA Participating Subdivisions may use funds from opioid settlements to acquire, develop, or renovate such buildings or to purchase land in anticipation of acquiring/constructing a building. Capital Facility expenditures must result in a capital asset, which permanently increases the CA Participating Subdivision's SUD infrastructure (i.e., acquisition of buildings rather than rental or leased buildings). Acquisitions must result in expanding the capacity of/access to existing SUD services or providing new SUD services.

Capital Outlay means the purchase of land and projects involving construction ~~of new SUD facilities or renovation of existing facilities (Capital Facilities) to create new and/or accommodate SUD~~ a program or facility expansion that addresses SUD and co-occurring mental health disorders. Eligible programs for capital outlay projects include, but are not limited to, SUD treatment centers, transitional housing, and supportive services for individuals in recovery.

Cooperative Partnership / Joint Venture means a partnership formed by two or more CA Participating Subdivisions or a CA Participating Subdivision and an organization for the purpose of implementing an opioid remediation ~~project~~ activity/program.

Core Strategies ~~means the opioid remediation strategies listed in Schedule A of that shall be given priority when determining use of settlement funds. Core Strategies are identified, effective opioid remediation activities that can be~~

~~implemented to extend or expand the capacity of/access to existing SUD services or provide new SUD services.~~

Direct Costs means costs that can be explicitly identified specifically with a particular final cost objective, such as an internally or externally funded activity, or that can be directly assigned to such activities with a high degree of accuracy.

Directing Administrator means BrownGreer, PLC² or any future entity that administers the Settlement Fund and determines the amounts to be distributed into the CA Abatement Accounts Fund, CA State Fund, and CA Subdivision Fund. Allocations to CA Participating Subdivisions are administered by the Directing Administrator.

Diversion means interventions, such as prearrest, pre-arraignment, and pre-trial activities, that redirect individuals with an SUD away from formal processing in criminal justice settings and into treatment, recovery, and/or other support services as an alternative to imprisonment.

Encumbered Funds means funds in an account owned by a Participating Subdivision that are reserved, obligated, or committed for a specific future opioid remediation expense. Funds from the opioid settlements may be encumbered, as specified in the California State Subdivision Agreement are sums of money that have been formally committed to a specific, allowable future activity or expense (e.g., through an approved budget, signed contract, purchase order, or other formal process) but have not yet been spent. These amounts are not considered actual expenditures but reflect a future financial obligation.

Evidence-based means ~~the use of~~using current research and the best available data to guide policy and program decisions, ~~such that to improve~~ outcomes for individuals are improved. Evidence-based approaches involve an ongoing, critical review of research literature to determine what policies, programs, and activities would be most effective given the best available evidence and can be replicated with fidelity.

Evidence-informed means a program or activity that has not been evaluated in a rigorous research study but ~~does incorporate~~incorporates all the key features found in effective evidence-based programs (component elements have been informed and based on data and empirical evidence). For example, an evidence-informed program or effort might be so new and unique that there is no evidence the program itself is effective, but each

² BrownGreer was previously referred to as the National Opioid Settlement Administrator.

program component of that program has been informed through evidence established research.

Expenditure means costs associated with implementing planning allowable and implemented Opioid Remediation activities and programs for opioid remediation.

Fiscal Year (“FY”) means the State of California Fiscal Year, which begins on July 1st and ends on June 30th of each year.

Harm Reduction is an evidence-based approach to engaging with people who use drugs and equipping them with life-saving tools and information to create positive changes in their lives, reducing the negative effects associated with using drugs and potentially saving their lives. Harm Reduction incorporates community-driven public health strategies including prevention, risk reduction, and health promotion.³

High Impact Abatement Activities (“HIAA”) means the list of opioid remediation Opioid Remediation activities the State of California has designated as priority high-impact areas for the use of funds received from opioid settlements. High Impact Abatement Activities must align with an allowable Exhibit E use and be intentionally designed to abate the effects of the opioid crisis for the referenced populations. This list of activities can be found in Section 4b. ii of the relevant California State-Subdivision Agreements⁴ and DHCS Behavioral Health Information Notice No.: 24-00225-XXX, and any revision thereto.

Indirect Costs means costs mean expenses incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to direct cost objectives.

National Settlement Fund Administrator means BrownGreer, PLC or any future entity that determines the annual payments (including calculating incentive payments and any amounts subject to suspension, offset, or reduction), annually determines the participation tier, administers the Settlement Fund, and distributes

³ Definition of Harm Reduction derived from the Substance Abuse and Mental Health Services Administration.

⁴ Pursuant to the California State-Subdivision Agreements, DHCS may add to the list of HIAA. HIAA #6 was added to include the purchase of, distribution of, or efforts to expand access to naloxone. HIAA #6 does not appear in some State-Subdivision Agreements but is considered as a HIAA for all settlement funds.

amounts into the ~~CA Abatement Accounts Fund, CA State Fund, and CA Subdivision Fund.~~

Intervention refers to evidence-based or evidence-informed programs or activities that target individuals who are at risk of transitioning from substance misuse to developing a substance use disorder by providing advocacy, education, counseling, mentoring, screening for SUD, or referral to services for individuals. Intervention programs and activities are targeted to individuals who, for a known reason, are at risk of developing substance-related problems or a service for those for whom there is not yet sufficient information to document a diagnosable SUD. The goal is to provide targeted assistance to resolve current problems and/or prevent problems in the future.

Matching Funds is in reference to HIAA #1 and means the use of opioid settlement funds for the matching fund requirement of substance use disorder facilities with an approved project within the Behavioral Health Continuum Infrastructure Program (BHCIP). Matching funds are only for facility construction.

Medications for Addiction Treatment ("MAT") is the use of medications, with the use of psychosocial therapies and supports as needed, to provide a whole-person approach to the treatment of substance use disorders. Medications used are approved by the Food and Drug Administration (FDA) and are clinically driven and tailored to meet each patient's needs. MAT includes medications for substance use disorders and medications for opioid use disorders.

Operating Costs is in reference to HIAA #1 and means the use of opioid settlement funds for the operating costs of substance use disorder facilities with an approved project within the Behavioral Health Continuum Infrastructure Program (BHCIP). Operating costs are for the operations of the substance use disorder facility after construction has been completed.

Opioid Defendant means any defendant (including, but not limited to, Allergan Finance, LLC, Allergan Limited, AmerisourceBergen Corporation, CVS Health Corporation, CVS Pharmacy, Inc., Cardinal Health, Inc., Janssen Pharmaceuticals, Inc., Johnson & Johnson, McKesson Corporation, Purdue Pharma L.P., Teva Pharmaceuticals Industries Ltd., Walgreen Co., and Walmart Inc.) named in a lawsuit seeking damages, abatement, or other remedies related to or caused by the opioid public health crisis in any lawsuit brought by any state or local government on or before October 1, 2020.

Opioid Remediation / ~~Opioid Remediation~~ Activities means 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 crisis.

Opioid Settlements Fund (“OSF”) means the fund created by the California State Treasury to allocate monies to the State of California for state-directed opioid remediation, pursuant to Government Code, Title 2, Division 3, Part 2, Chapter 6, Article 2, Section 12534.

Plaintiff Subdivision means a Subdivision located in California, other than a CA Litigating Special District, that filed a lawsuit, on behalf of the Subdivision and/or through an official of the Subdivision on behalf of the People of the State of California, against one or more ~~opioid defendants~~Opioid Defendants prior to October 1, 2020.

Reallocation means the amount of funds a CA Participating Subdivision distributes to another CA Participating Subdivision or receives from another CA Participating Subdivision after receiving their allocation from the national settlement administrator (i.e., the annual payment date).~~Directing Administrator.~~ Reallocations do not include funds automatically transferred to a county due to a local city opting out of direct payment with the national settlement administrator.~~Directing Administrator.~~ DHCS is not involved in the reallocation process. Both CA Subdivisions will need to report reallocations received and reallocated during the reporting period of the SFY during which the reallocation of funds occurred.

State Fiscal Year (“SFY”) means the State of California Fiscal Year, which begins on July 1 and ends on June 30 each year.

State-Subdivision Agreement (“SSA”) means the agreement that California reached with CA Participating Subdivisions regarding the allocation, distribution, and/or use of funds received from opioid settlements.

Unencumbered Funds refer to sums of money that were formally committed to a particular purpose (e.g., through an approved budget, signed contract, purchase order, or other formal encumbrance) but have now been unobligated, resulting in the funds no longer committed to the initial specified activity.