

What is the purpose of this resource?

Cities and counties in California are receiving funds from several opioid settlements and bankruptcies, which have varying requirements for reporting, allowable uses, and expenditure time frames. This document outlines the key differences among California's opioid settlements and bankruptcies, explains payment structures, and provides information about resources available to guide cities and counties when using these funds.

How is this document organized?

The following tables list the settlement and bankruptcy funds received by California cities and counties, along with relevant requirements for each. Table 1 lists settlements and bankruptcies that require reporting to DHCS; Table 2 lists settlements and bankruptcies that do not have DHCS reporting requirements.

Are there any other settlements or bankruptcies for California cities and counties?

The [California Attorney General's Office](#) continues to engage with opioid manufacturers, distributors, and pharmacies regarding potential settlements and bankruptcies. This document includes final or proposed settlement agreements and will continue to be updated as new settlements and bankruptcies are finalized.

Table 1. Annual Reporting to DHCS Required

- » Settlements with Allergan, CVS, Distributors, J&J, Kroger, Teva, Walgreens, and Walmart
- » Mallinckrodt Bankruptcy

Funding Source & Administrator	Reporting Required to the Settlement Administrator	Expenditure Requirement	HIAA Requirement	Can funds be used to reimburse Past Opioid Related Expenses?	Administrative Cost Maximum	Expenditure Period
CA Abatement Accounts Fund (Settlements) BrownGreer, PLC	No, all reporting is completed with DHCS.	All funds, including any interest earned, must be dedicated to Opioid Remediation (limited to the activities listed in Exhibit E).	Yes, at least 50% must be spent on activities outlined in Exhibit E AND HIAA. ¹	No	Shall not exceed 10% of the total amount allocated to the Opioid Remediation activity. See Reasonable Administrative Costs Policy .	Funds must be expended or encumbered within five years of receipt or seven years for capital outlay projects.

¹ At least 50% of funds received from the California Abatement Accounts Fund must be used for one or more HIAA. For more information about California's HIAA, reference [DHCS' BHIN 24-002](#).

Funding Source & Administrator	Reporting Required to the Settlement Administrator	Expenditure Requirement	HIAA Requirement	Can funds be used to reimburse Past Opioid Related Expenses?	Administrative Cost Maximum	Expenditure Period
CA Subdivision Fund (Settlements) <u>BrownGreer, PLC</u>	Yes, Plaintiff Subdivisions must complete annual reporting with <u>BrownGreer</u> if they have spent funds on past litigation expenses.	Opioid Remediation (not limited to the activities outlined in Exhibit E).	No	Yes, Plaintiff Subdivisions may reimburse themselves for past opioid-related expenses, including litigation fees and costs.	No explicit requirement. Plaintiff Subdivisions are encouraged to follow DHCS Reasonable Administrative Cost policy.	No explicit requirement. Encouraged to expend or encumber funds within the same timeframes as the CA Abatement Accounts Fund.
NOAT II Fund – Local Government Share (Mallinckrodt Bankruptcy) <u>National Opioid Abatement Trust II</u>	No, all reporting is completed with DHCS. DHCS manages reporting to the NOAT II Trustees.	All funds, including any interest earned, must be dedicated to Opioid Remediation (limited to the activities outlined in <u>Exhibit 4</u>).	No	No	No more than 5% may be used to fund expenses incurred in administering the distributions for the Approved Opioid Abatement Uses.	Funds should be expended as soon as possible. No additional payments are forthcoming, and expending these funds will reduce annual reporting burdens.

Table 2. Annual Reporting to DHCS Not Required²

- » Settlements with McKinsey
- » Endo Bankruptcy

Funding Source	Settlement Administrator	Reporting Required to the Settlement Administrator	Settlement Details
Endo Bankruptcy	Endo Public Opioid Trust	No, public reporting is not required for the Endo Bankruptcy.	Endo Public Opioid Trust Agreement
McKinsey Litigation	BrownGreer, PLC	No, public reporting is not required for the McKinsey Litigation.	McKinsey Subdivision Settlement Agreement

Key Definitions³

- » **California (CA) Abatement Accounts Fund:** The component of the California Settlement Fund (70%) allocated to CA Participating Subdivisions to be used for future opioid remediation.
- » **California (CA) Subdivision Fund:** 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.
- » **Plaintiff Subdivision:** 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 prior to October 1, 2020.
- » **Participating Subdivision:** A Participating Subdivision that is also (a) a Plaintiff Subdivision and/or (b) a Primary Subdivision with a population equal to or greater than 10,000.

² The Publicis Health LLC settlement is a states only settlement and does not distribute individual allocations to cities and counties.

³ A full list of definitions can be found in the [CA Abatement Accounts Fund glossary](#).

- » **Settlement Administrator:** A third-party organization responsible for overseeing and managing the distribution of funds, assets, or benefits as part of a legal settlement. This role is typically appointed in cases involving class action lawsuits, legal disputes, or settlements that require the organized allocation of monetary compensation or other benefits to multiple parties. The settlement administrator ensures that the terms of the settlement agreement are conducted properly and that all eligible parties receive the appropriate compensation in a timely and efficient manner.
- » **Opioid Remediation:** Opioid remediation activities are 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.
- » **Exhibit E:** Exhibit E of the National Opioid Settlement Agreements provides a list of approved opioid remediation uses. The same list of opioid remediation uses is referenced in the Mallinckrodt Bankruptcy (Exhibit 4) and Endo Bankruptcy (Exhibit 6). Some settlement funding is restricted to the uses listed in Exhibit E, while other funds allow broader use.
- » **High Impact Abatement Activity (HIAA):** California state officials, in partnership with counsel representing cities and counties, agreed on a list of opioid remediation activities to prioritize within the State of California. These priorities, referred to as HIAA, can be found in the respective [California State Subdivision Agreements](#) and in [BHIN-24-002](#). In addition to CA Abatement Account Funds being used for approved uses listed in Exhibit, no less than 50% of the funds received from the CA Abatement Accounts Fund must be used for one or more HIAA.
- » **Past Opioid Related Expenses:** CA Subdivision Funds allow cities and counties to reimburse themselves for past opioid-related expenses, which may include fees and expenses related to litigation against Opioid Defendants. In these cases, the relevant settlement agreements may specify requirements for reporting these funds.
- » **Administrative Cost:** DHCS considers administrative expenses not identifiable with a specific project or benefiting more than one cost objective, such as overhead, general operations, or organization-wide activities of an agency, to be indirect, or administrative costs. Allowable administrative costs range from 5% to 10%, depending on the agreement and DHCS policy. DHCS has developed a formal [Reasonable Administrative Costs](#) policy pertaining to funds from the CA Abatement Accounts Fund, and encourages cities and counties to reference this policy for CA Subdivision Funds.