

The California Department of Health Care Services (DHCS) is tasked with oversight of California's Opioid Settlement funds<sup>1</sup> including monitoring use and expenditure compliance by Participating Subdivisions. DHCS has developed this resource to help Participating Subdivisions consider potential uses of opioid settlement funds and to promote the uptake of high-impact opioid remediation activities.

## Opioid Settlement Funds are for Opioid Remediation

Current national opioid litigation is frequently contrasted against the Tobacco Master Settlement Agreement (MSA) of the 1990s, an approximately \$200-\$250 billion settlement between 46 states and several of the biggest tobacco manufacturers in the US. Critics of the Tobacco MSA note that while states continue to collect billions of dollars from the tobacco settlements, only a small fraction of those funds are expended on smoking prevention and cessation programs.<sup>2</sup>

The structure of California's Opioid Settlements is intended to avoid such problems by requiring Participating Subdivisions receiving opioid settlement funds to expend those funds on specific opioid remediation activities listed in [Exhibit E](#) of the National Settlement Agreements. These settlement agreements define Opioid Remediation as "care, treatment, and other programs and expenditures designed to (1) address the misuses and abuse of opioid products, (2) treat or mitigate opioid use or related

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<sup>1</sup> Opioid settlement funds in this instance refers to final and proposed agreements between California and opioid distributors and manufacturers: McKesson, Cardinal Health and AmerisourceBergen (collectively, the Distributors); Janssen Pharmaceuticals, Inc.; Teva; Allergan; and pharmacies Walmart, Walgreens, and CVS (collectively, the Pharmacies), and any future opioid settlements that follow a similar structure.

<sup>2</sup> Campaign for Tobacco Free Kids, January 2023, "A State-by-State Look at the 1998 Tobacco Settlement 24 Years Later." Available at <https://www.tobaccofreekids.org/what-we-do/us/statereport/>.

disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic.”

## Allowable Activities with Opioid Settlement Funds

Allowable opioid remediation activities can be found in [Exhibit E](#) of the settlement agreements. Exhibit E is divided into Schedule A (Core Strategies) and Schedule B (Approved Uses). Schedule A is a preferred list of evidence-based uses that Subdivisions are encouraged to prioritize. Schedule B is a full list of all approved uses.

Additionally, California set its own list of High Impact Abatement Activities (HIAAs), and Participating Subdivisions must expend no less than 50% of their funds on HIAAs. Opioid remediation activities outlined within Exhibit E can qualify as an HIAA if they focus on one or more of the identified high-impact activities. California’s HIAAs are listed in Table 1 below.

**Table 1: High Impact Abatement Activities (HIAA)**

No.	Activity
1	The provision of matching funds or operating costs for substance use disorder (SUD) facilities within the <a href="#">Behavioral Health Continuum Infrastructure Program (BHCIP)</a> <sup>3</sup>
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
6	The purchase of naloxone for distribution and efforts to expand access to naloxone for opioid overdose reversals.

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<sup>3</sup> Project must be an approved SUD facility within BHCIP.

## Considerations for Allocating Opioid Settlement Funds:

- » Ensure that 50% of funds are expended on California’s High Impact Abatement Activities (HIAA). Participating Subdivisions should prioritize evidence-based activities within prevention, treatment, harm reduction and recovery.
- » Use funds to supplement current successful efforts in your community. Rather than creating new programs or supplanting efforts, look for organizations already doing this work in your jurisdiction. Connect with them to learn about their needs.
- » Have a transparent process for determining where to expend the funds. When planning, include people with lived experience and individuals working in prevention, treatment, harm reduction, and recovery. Processes may include:<sup>4</sup>
  - Using data to identify areas where additional funds can be most impactful; refer to existing local strategic plans where possible.
  - Inviting individuals with lived experience to participate in planning discussions, and/or allocating a set number of seats on planning councils for individuals with lived experience.
  - Seeking out input from a wide variety of groups during planning, including experts in SUD treatment, organizations working directly with youth and people who use drugs, opioid focused coalitions, law enforcement personnel, recovery community organizations, and social service organizations. In addition, include any city or county departments that may provide services in accordance with the opioid remediation activities outlined in Exhibit E and if applicable California’s HIAA.
    - Most opioid remediation activities in Exhibit E and, if applicable California’s HIAA, pertain to public health or behavioral health services. California counties have a local [public health department](#) and [behavioral health department](#), which oversee local services and programs. It is important that counties include local public health and behavioral health agency partners in planning discussions related to opioid settlement funds.
  - Soliciting and using input from the public to help raise the profile of the plans and give those community members with unique perspectives the opportunity to provide feedback.

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<sup>4</sup> From [Johns Hopkins Opioid Principles](#)

## Questions to Ask Before Allocating Funds

- » How does this activity contribute to opioid remediation in my community? Is there a different activity that would meet the goal of opioid remediation more directly?
- » Does this activity correspond to an Exhibit E use?
- » Have 50% of funds received been used for an expenditure that is a High Impact Abatement Activity?
- » Does this activity supplement current efforts in the community related to prevention, treatment, recovery, or harm reduction?
- » Is the strategy evidence-based, and how robust is the research supporting it?

## Unallowable Uses for Opioid Settlement Funds

Activities that are not allowable under Exhibit E of the settlement agreements include the use of settlement funds to:

- » Paying the salaries and benefits of individuals not performing eligible opioid remediation activities;
- » Covering administrative and indirect costs beyond ten (10) percent of the amount allocated to the implemented opioid remediation activity;
- » Paying for law enforcement activities or equipment (e.g., vehicles, apprehension or restraint devices, drug checking devices, etc.) related to interdiction or criminal processing;
- » Paying for non-FDA-approved medications;
- » Paying for treatments not related to the treatment of substance use disorders (SUD) or mental health conditions;
- » Paying for medications, medical services, or equipment not related to the treatment of SUD or mental health conditions (e.g., automated external defibrillators (AEDs), first aid kits, extrication equipment, protective equipment);
- » Developing infrastructure or investing in equipment not directly related to prevention, treatment, harm reduction, or recovery services;
- » Paying for, investing in, or implementing activities not included in Exhibit E or other expenses not directly related to opioid remediation activities.

## Questions?

If you are unsure if your planned use of funds is allowable, please complete the [California Opioid Settlement/Bankruptcy Technical Assistance Request Form](#) and submit it to [OSF@dhcs.ca.gov](mailto:OSF@dhcs.ca.gov).

## Additional Resources

### Nationally Recognized Principles for Use of Opioid Funds

The Johns Hopkins Bloomberg School of Public Health, in partnership with the Bloomberg Overdose Prevention Initiative, developed the [Principles for the Use of Funds from the Opioid Litigation](#), a set of nationally recognized approaches for planning and implementation of opioid remediation activities at the local level. These principles encourage localities to target funds to work that saves lives, implement evidence-based practices, invest in prevention for youth, focus on racial equity, and develop fair and transparent processes for deciding where to expend opioid-related funds. The Johns Hopkins Opioid Principles webpage provides a national perspective on the use of opioid-related funds, as well as an [in-depth overview of these principles](#). The site also compiles [resources](#) and [updates](#) on harm reduction, state legislation and opioid remediation activities, and examples of how local entities are expending funds.

### Treatment Locators

- » [SAMHSA Treatment Locator](#)
- » [Google Recovery Programs Locator](#)

### Evidence-Based Practice Resources

- » [SAMHSA Evidence-Based Practices Resource Center](#)
- » [Evidence Based Strategies for the Abatement of Harms from the Opioid Epidemic](#)
- » [Substance Use Prevention Evidence-Based Resource](#)

### California Programs and Resources

- » [California Opioid Response Website](#)
- » [Choose Change California Treatment Locator](#)
- » [California County Departments of Behavioral Health](#)
- » [California City and County Departments of Public Health](#)
- » [DHCS Licensed/Certified SUD facilities](#)
- » [Substance Use Prevention, Treatment and Recovery Services Block Grant](#)
- » [Friday Night Live/Club Live](#)
- » [Song for Charlie: Fentanyl Awareness and Drug Education Program](#)
- » [CDPH Syringe Service Program Directory](#)
- » [CA Bridge: Hospitals with Substance Use Navigator Programs](#)
- » [California Opioid Coalitions: Local Prevention & Opioid Response Organizations](#)