

ENCLOSURE 1: CALIFORNIA OPIOID SETTLEMENTS GLOSSARY – CA SUBDIVISION 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 Plaintiff 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 Plaintiff Subdivisions.

Allowable Expenditures means Opioid Remediation activities as identified in the National Opioid Settlement Agreements, and the California State-Subdivision Agreements as follows:

- CA Subdivision Fund – allowable expenditures mean future Opioid Remediation activities, reasonable related administrative expenses, and reimbursements for past opioid-related expenses, which may include fees and expenses related to litigation against any Opioid Defendant.

Approved Uses see ***Allowable Expenditures***.

Backstop Funds means an agreement for Plaintiff Subdivisions to have the Directing Administrator withhold funds from their CA Subdivision Fund payments to pay their contingency-fee counsel, as provided in Section 5 of the California State-Subdivision Agreements and Exhibit R to each of the Settlement Agreements.

CA Participating Subdivision means 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. For the avoidance of doubt, eligible CA Participating Subdivisions are those

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.

California subdivisions listed in Exhibit C (excluding Litigation Special Districts) and/or Exhibit I to the Distributor Settlement Agreement.

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. Plaintiff 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 or renovation of facilities to accommodate 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 Plaintiff Subdivisions or a Plaintiff Subdivision and an organization for the purpose of implementing an Opioid Remediation activity/program.

Direct Costs means costs that can be explicitly identified 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 calculates the amounts to be distributed into the CA Abatement Accounts Fund, CA State Fund, and CA Subdivision Fund. Payments to CA Plaintiff Subdivisions are administered by the Directing Administrator.

Diversion means interventions and strategies, 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.

Evidence-based means using current research and the best available data to guide policy and program decisions to improve outcomes for individuals. 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 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 program component has been informed through established research.

Expenditure means costs associated with allowable and implemented Opioid Remediation activities and reimbursement for past-opioid related expenses, which may include fees and expenses related to litigation against any Opioid defendant.

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

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

strategies including prevention, risk reduction, and health promotion.³

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

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 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.

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.

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 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

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

remediation, pursuant to Government Code 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 prior to October 1, 2020.

Reallocation means the amount of funds a Plaintiff Subdivision distributes to another Plaintiff Subdivision or receives from another Plaintiff Subdivision after receiving its allocation from the 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 in which the reallocation of funds occurred.

Special Master Award of Subdivision Costs means the Plaintiff Subdivisions' allocation received pursuant to Appendix 2, Cost Reimbursement Procedure, of the California State-Subdivision Agreements and Exhibit R to each of the Settlement Agreements. Costs means the reasonable amounts paid for the attorney and other City Attorney and County Counsel staff time for individuals employed by a Plaintiff Subdivision in litigation against any Opioid Defendant. The allocated amount received by a CA Participating Subdivision for Special Master Award of Subdivision Costs must be reported to DHCS annually. Additionally, the amount received is also required to be reported to the directing administrator, BrownGreer.

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

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