

The California Department of Health Care Services (DHCS) is tasked with oversight of California's opioid settlement funds¹ and 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 spent on smoking prevention and cessation programs.²

The structure of California's opioid settlements is intended to avoid such problems by requiring Participating Subdivisions receiving opioid settlement funds to spend these funds on opioid remediation activities. Funds are specifically intended to provide for remediation of the opioid crisis, and efforts funded through settlement allocations should be geared toward prevention, treatment, recovery, and/or harm reduction. Opioid remediation activities include those listed in [Exhibit E](#) of the settlement agreements, and primarily include treatment and prevention, as well as additional

¹ 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).

² 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/>

strategies such as planning, coordination, and research. The settlement agreements define opioid remediation as “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.”

Allowable Activities with Opioid Settlement Funds

Allowable activities can be found in Exhibit E of the settlement agreements. Exhibit E is broken into Schedule A (Core Strategies) and Schedule B (Approved Uses). Schedule A is a preferred list of evidence-based strategies 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 spend no less than 50% of their funds on HIAAs. Many activities outlined within Exhibit E can qualify if they focus on one or more of the HIAA. California’s HIAA are listed in Table 1 below.

Table 1: High Impact Abatement Activities (HIAA)

No.	Activity
1	Provision of matching funds or operating costs for substance use disorder facilities within the Behavioral Health Continuum Infrastructure Program
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.

DHCS has created an [allowable expenses document](#), which lists all opioid remediation activities included in Exhibit E, as well as California’s HIAA.

Considerations for allocating opioid settlement funds:

- » Ensure 50% of funds are spent on California's High Impact Abatement Activities (HIAA) and prioritize strategies listed in Schedule A "Core Strategies" of Exhibit E. Participating Subdivisions should prioritize evidence-based strategies for 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 that are doing this work already in your jurisdiction. Connect with them to learn about their needs.
- » Have a transparent process for determining where to spend the funds. Include people with lived experience and individuals working in prevention, treatment, harm reduction and recovery when planning. Processes may include:³
 - 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 who may provide services in accordance with the opioid remediation activities outlined in Exhibit E and California's HIAA.
 - Most of the activities in Exhibit E or 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 their 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.

³ 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 a High Impact Abatement Activity since 50% of funding must be spent on one of these?
- » Does this activity correspond to one of the Core Strategies in Schedule A of Exhibit E?
- » 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 base on the strategy? One example of a list of evidence-based strategies can be found [in this guide](#) from public health researchers across the county.

Unallowable Uses for Opioid Settlement Funds

Activities that are not allowable under Exhibit E of the settlement agreements include but are not limited to:

- » Paying the salaries and benefits of individuals not performing opioid remediation activities;
- » Covering administrative and indirect costs beyond ten (10) percent of the Participating Subdivision's total allocation per year;
- » Paying for law enforcement activities related to interdiction or criminal processing;
- » Paying for non-FDA-approved medications 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, gloves);
- » Developing infrastructure or investing in equipment not directly related to prevention, treatment, harm reduction or recovery services;
- » Paying for, investing in, or implementing service 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, reach out to DHCS at OSF@dhcs.ca.gov with a request for [technical assistance](#).

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 spend 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](#) related to harm reduction, state legislation and activities, and examples of how local entities are spending settlement 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](#)

California Programs and Resources

- » [California MAT 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](#)
- » [DHCS Substance Abuse Prevention and Treatment Block Grant](#)
 - [Friday Night Live/Club Live](#)
 - [Perinatal Set-Aside](#)
 - [Adolescent and Youth Treatment Program](#)
 - [Prevention Set-Aside](#)
 - [SABG Discretionary](#)
- » [CDPH Syringe Service Program Directory](#)
- » [CA Bridge: Hospitals with Substance Use Navigator Programs](#)
- » [California Opioid Coalitions: Local Prevention & Opioid Response Organizations](#)