

Summary: Opioid Settlement Funds in California – Impact on Jails and Medication Assisted Treatment (MAT)

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*The information in this document is summarized and/or pulled from DHCS' California's Opioid Settlements webpage for county teams in the **MAT in Jails and Drug Courts Learning Collaborative**. For the most up-to-date information on opioid settlement funds in California, please visit: <https://www.dhcs.ca.gov/provgovpart/Pages/California-Opioid-Settlements.aspx>*

General Information

California anticipates receiving \$2.05B through 2038, with additional settlements with three pharmacies and two manufacturers still pending. Throughout this document the term opioid remediation is used. Opioid remediation is defined as “care, treatment, and other programs and expenditures ... designed to:

- Address the misuse and abuse of opioid products,
- Treat or mitigate opioid use or related disorders, and
- Mitigate other alleged effects of, including on those injured as a result of the opioid epidemic.”¹

Funds received from the California Opioid Settlements will be distributed as follows:²

- 15% allocated to the State of California to use for future opioid remediation activities (California State Fund)
- 15% allocated to Plaintiff Subdivisions to use for future opioid remediation activities and to reimburse past opioid-related expenses (California Subdivision Fund)
- 70% allocated to Participating Subdivisions to use for opioid remediation activities (Abatement Accounts Fund)
 - Must be used to fund **future** opioid remediation in one or more areas as described in [Exhibit E](#)
 - At least 50% of these funds received each calendar year must be used for one or more **High Impact Abatement Activities**
- There are at least 273 entities that will be receiving opioid settlement payments in California. The list of [participating subdivisions](#) (cities and counties receiving settlement funds) is maintained by DHCS. Each of these subdivisions can make independent funding decisions or can choose to roll all or a portion of their funds up to another accepting subdivision. Therefore, a city can decide to roll a portion of their funds up to their county, or another city in their county, for that entity to spend. The goal of this provision is to enhance collaboration between subdivisions.
- Each subdivision will establish its own decision-making process for spending the funds.
- Funds received each year may be rolled over but must be spent within five years of receipt or returned to the state. This period is extended to seven years for spending on capital resources.

Allowable Expenses

All funds must be used for activities detailed in [Exhibit E](#) of the settlement agreement. The list of allowable expenditures from DHCS can be found [here](#). Below is an abbreviated list of Core Strategies from Schedule A in [Exhibit E](#) that are most applicable to jails and justice-involved entities.

¹ <https://www.dhcs.ca.gov/Documents/CSD/DHCS-Considerations-for-Allocatin-OSF.pdf>

² <https://www.dhcs.ca.gov/provgovpart/Pages/California-Opioid-Settlements.aspx>

Core Strategies

DHCS recommends that funds be prioritized to *Core Strategies* (Emphasis is added as appropriate):

1. NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES
2. **MEDICATION-ASSISTED TREATMENT (“MAT”) DISTRIBUTION AND OTHER OPIOID RELATED TREATMENT**
 - a. **Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;**
 - b. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders;
3. EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES
 - a. Expand warm hand-off services to transition to recovery services;
 - b. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;
 - c. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and
 - d. Hire additional social workers or other behavioral health workers to facilitate expansions above.
4. **TREATMENT FOR INCARCERATED POPULATION**
 - a. **Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system;**
 - b. **Increase funding for jails to provide treatment to inmates with OUD.**

Additional Uses

In addition to the Core Strategies, additional *Approved Uses* of funds are listed in [Exhibit E](#), Schedule B. Listed below are those most applicable to justice-involved populations.

A. TREAT OPIOID USE DISORDER (OUD): Support treatment of Opioid Use Disorder (“OUD”) and any co-occurring Substance Use Disorder or Mental Health (“SUD/MH”) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (“MAT”) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (“ASAM”) continuum of care for OUD and any cooccurring SUD/MH conditions.
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including MAT, as well as counseling, psychiatric support, and other treatment and recovery support services.
5. Provide treatment of trauma for individuals with OUD (e.g., violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (e.g., surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
6. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including tele-mentoring to assist community-based providers in rural or underserved areas.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS: Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
 - a. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (“PAARI”);
 - b. Active outreach strategies such as the Drug Abuse Response Team (“DART”) model;
 - c. “Naloxone Plus” strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
 - d. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (“LEAD”) model;
 - e. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
 - f. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. **Support pre-trial services that connect individuals with OUD and any cooccurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.**
 - a. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.
3. **Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any cooccurring SUD/MH conditions who are incarcerated in jail or prison.**
4. **Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any cooccurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.**
5. Support critical time interventions (“CTI”), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.
6. Provide training on best practices for addressing the needs of criminal justice involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

Some questions have been raised about unallowable law enforcement uses of settlement funds. DHCS has established a list that is not exhaustive but does identify some unallowable law enforcement activities for funding with settlement funds³:

1. Search and seizure or testing of illicit substances
2. Equipment or personnel costs for gathering evidence for prosecution of potential criminal activities
3. Officer health/wellness services if not specifically geared toward opioid related harms

³ <https://www.dhcs.ca.gov/Documents/CSD/DHCS-Considerations-for-Allocatin-OSF.pdf> Slide 42

4. Training unrelated to opioid remediation

High Impact Abatement Activities

California has developed a list of High Impact Abatement Activities. At least 50% of all settlement funds expended each year must fit into one of these six categories. These are not separate from those described in [Exhibit E](#); in other words, all spending needs to be on activities identified in [Exhibit E](#), but at least 50% of spending must fit into one of these six categories:

1. Provision of matching funds or operating costs for substance use disorder facilities with an approved project within the Behavioral Health Continuum Infrastructure Program (BHCIP)
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 (This HIAA was added in 2023)