



Janssen & Distributors (J&D) Settlements Allowable Expenses Webinar

Housekeeping

- » If you have a technical question, please send a direct message to Mia Nafziger from Aurrera Health Group
- » Questions can be submitted at any time via the question box in the right-hand corner of your control panel
- » Today's meeting materials will be available following the webinar

Webinar Format

DHCS will review allowable expenditures with J&D funds.

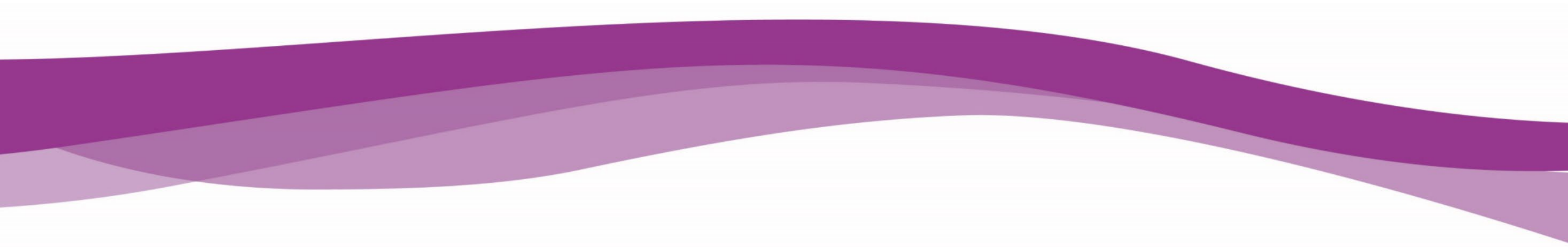
During the presentation, DHCS will:

1. Review Exhibit E of the J&D Settlements
2. Review California's High Impact Abatement Activities (HIAA)
3. Review the expenditure reporting timeline
4. Provide opportunities for audience feedback and questions

How to Ask Questions

- » Type your comments in the questions box located on your GoToWebinar control panel.
- » Today's webinar will provide an opportunity for Q&A. DHCS will focus on questions that are applicable to all Participating Subdivisions.
- » If you have questions about your specific plan for spending J&D funds, send an email to OSF@dhcs.ca.gov

Review of Janssen & Distributors (J&D) Settlements

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Overview of Opioid Settlement Funds

- » Throughout the opioid overdose epidemic, state, local, and tribal governments have brought lawsuits against pharmaceutical and drug distribution companies to recover costs associated with the epidemic and ensure that future crises are prevented.
- » On July 21, 2021, announcements were made regarding proposed settlements worth up to \$26 billion with opioid manufacturer Janssen and three Distributors (McKesson, Cardinal Health and AmerisourceBergen) to resolve investigations and litigation related to the companies' roles related to the opioid crisis.

Overview of Opioid Settlement Funds

- » California is expected to receive approximately \$2.05 billion from the J&D Settlement Agreements, which will be paid through 2038. The majority of funds will be provided to Participating Subdivisions to be used for opioid abatement activities.
- » All Janssen & Distributor payments will be made by the national settlement administrator, [BrownGreer PLC](#).

OSF Oversight Entity: DHCS

- » The Department of Health Care Services (DHCS) is tasked with overseeing Participating Subdivisions that have received funds from the J&D Settlements.
- » DHCS J&D Settlements oversight responsibilities include:
 - » Monitoring the California Participating Subdivisions for compliance;
 - » Designating additional high-impact abatement activities;
 - » Conducting related stakeholder engagement; and
 - » Preparing annual reports.

J&D Settlements

Fund Type	Allocation	Allowable Uses
California Abatement Accounts Fund (70%)	Allocated to all participating cities and counties.	Funds must be used for future Opioid Remediation in one or more of the areas described in Exhibit E of the J&D Settlement Agreements. No less than 50% of the funds received in each calendar year will be used for one or more High Impact Abatement Activities.
California Subdivision Fund (15%)	Allocated to cities and counties that were Initial Plaintiff Subdivisions in the J&D Settlements.	Funds must be used towards future Opioid Remediation and to reimburse past opioid-related expenses, which may include litigation fees and expenses.
California State Fund (15%)	Allocated to the state of California.	Funds must be used by the State for future Opioid Remediation.

Janssen & Distributors

Exhibit E

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Exhibit E of the National Settlement Agreements

- » Unlike the Big Tobacco settlements of the 1990's, the opioid settlements outline the allowable use of opioid remediation funds. Opioid remediation activities are listed in Exhibit E of the Janssen and Distributors settlements.
- » [Exhibit E](#) is included in both the Janssen and Distributor settlements and is broken into Schedule A (Core Strategies) and Schedule B (Approved Uses). Schedule B is a longer list of many types of opioid remediation activities, while Schedule A is a shorter list of core strategies that should be prioritized.

Schedule A: Core Strategies

- » Naloxone or Other FDA-Approved Drug to Reverse Opioid Overdoses
- » Medication-Assisted Treatment (MAT) Distribution and Other Opioid-Related Treatment
- » Pregnant and Postpartum Women
- » Expanding Treatment for Neonatal Abstinence Syndrome (NAS)
- » Expansion Of Warm Hand-Off Programs and Recovery Services
- » Treatment for Incarcerated Population
- » Prevention Programs
- » Expanding Syringe Service Programs
- » Evidence-Based Data Collection and Research Analyzing the Effectiveness of the Abatement Strategies Within the State

California's High Impact Abatement Activities

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High Impact Abatement Activities

- » In addition to the opioid remediation activities outlined within the settlement agreements, California has designated a set of five High Impact Abatement Activities (HIAA).
- » No less than fifty percent (50%) of the funds received by a California Participating Subdivision from the Abatement Accounts Fund in each calendar year will be used for one or more of the HIAA.
- » Many activities outlined within [Exhibit E](#) can qualify as HIAA depending on their focus.

High Impact Abatement Activities

No.	Activity
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

HIAA #1: Behavioral Health Continuum Infrastructure Program

- » DHCS was authorized through [2021 legislation](#) to establish the [Behavioral Health Continuum Infrastructure Program \(BHCIP\)](#) with \$2.2 billion to construct, acquire, and rehabilitate real estate assets or to invest in needed mobile crisis infrastructure to expand the community continuum of behavioral health treatment resources.
- » DHCS is releasing BHCIP grant funds through six rounds that target various gaps in the state's behavioral health facility infrastructure. The BHCIP data dashboard with more information about how funding has been used can be accessed [here](#).
- » Cities and counties can use OSF dollars for matching funds or operating costs for substance use disorder facilities with an approved BHCIP project.

BHCIP Funding Rounds 1-3

- » Round 1: Crisis Care Mobile Units (CCMU) Program Grant
 - » Provides funding for California county, city, or tribal entity behavioral health authorities to implement new and enhanced CCMUs
- » Round 2: Behavioral Health County and Tribal Planning Grant
 - » Provides an opportunity for counties and tribal entities to expand planning efforts in their communities or regions for the acquisition and expansion of behavioral health infrastructure statewide.
- » Round 3: Launch Ready Grant
 - » Supports preparation activities to plan for the acquisition and expansion of behavioral health infrastructure throughout the state.

BHCIP Funding Rounds 4-6

- » Round 4: Children and Youth
 - » Expands the behavioral health continuum of treatment and service resources in settings that serve Californians ages 25 and younger, including pregnant and postpartum women and their children, and transition-age youth, along with their families.
- » Round 5: Crisis and Behavioral Health Continuum
 - » Addresses significant crisis care gaps in California's behavioral health (mental health and substance use disorder) infrastructure, with consideration for funding priority to those that provide crisis services to individuals in need.
- » Round 6: Outstanding Needs Remaining After Rounds 3 Through 5

Modifying HIAA to Add Naloxone

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DHCS Authority to Modify HIAA

- » DHCS can add HIAA but not remove HIAA. The California J&D State-Subdivision Agreements state:
 - » “The California Department of Health Care Services (“DHCS”) may add to this list (but not delete from it) by designating additional High Impact Abatement Activities. DHCS will make reasonable efforts to consult with stakeholders, including the CA Participating Subdivisions, before adding additional High Impact Abatement Activities to this list.”
- » DHCS would like your input on whether to add purchasing naloxone to California’s HIAA.

What is Naloxone?

- » Naloxone is a **life-saving medication** that reverses an opioid overdose. It works by blocking the opioid receptor sites and reversing the toxic effects of an overdose. It can be administered by intranasal spray, intramuscular (into the muscle), subcutaneous (under the skin), or by intravenous injection.
- » There is little to no effect on an individual if opioids are not present in their system. Naloxone has few known adverse effects and no potential for abuse.

Why is Naloxone Important?

- » Opioid overdoses are on the rise, and fentanyl is increasingly involved.
 - » Fentanyl is a synthetic opioid that is up to 50 times stronger than heroin
 - » There were 7,175 opioid-related overdose deaths in California in 2021; 5,961 (or 83%) of these deaths were related to fentanyl
 - » By comparison, 48% of opioid overdose deaths in 2019 were fentanyl related
- » Having naloxone available when encountering a suspected overdose can save a life.

Poll Question

» Should purchasing naloxone be added to California's High Impact Abatement Activities?

- » A **yes** vote means: I support adding naloxone to the list of California's HIAA. This means that Participating Subdivisions would be able to spend up to 100% of their J&D allocation on purchasing naloxone.
- » A **no** vote means: I do not support adding naloxone to the list of California's HIAA. This means that Participating Subdivisions would only be able to spend up to 50% of their J&D allocation on purchasing naloxone.

Audience Response Question

- » **Do you have concerns about adding naloxone to California's High Impact Abatement Activities?**
- » Please type your response in the question box.

Considerations & Resources

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Considerations for Use of J&D Funds

- » Prioritize California's HIAA and 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 efforts in your community. Rather than creating new programs or supplanting efforts, look for organizations that are already doing this work in your jurisdiction. Connect with them to learn about their needs.
- » Include people with lived experience and individuals working in the community when planning for use of the funds.
- » If you have questions about the use of funds, reach out to DHCS at OSF@dhcs.ca.gov with a request for technical assistance.

Resources for Use of J&D Funds

- » [DHCS Licensed/Certified SUD facilities](#)
- » [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](#)
- » [SAMHSA Treatment Locator](#)
- » [Johns Hopkins' Principles for the Use of Funds from the Opioid Litigation](#)

Feedback from Participating Subdivisions

- » DHCS received feedback from Participating Subdivisions during and after the December 2022 Listening Session requesting DHCS to review planned local opioid settlement expenditures.
- » According to the settlements, DHCS is not required to approve planned expenditures; however, DHCS is willing to provide feedback for interested Participating Subdivisions.

Poll Question

» **Would your Subdivision like the opportunity to submit spending plans for DHCS review and feedback?**

» A **yes** vote means: Your Subdivision would like the opportunity (but would not be required) to submit a spending plan to DHCS for review and feedback.

» A **no** vote means: Your Subdivision would not be interested in submitting a spending plan to DHCS for review and feedback.

Expenditure Reporting Review

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Feedback from Previous Listening Session on J&D Reporting Requirements

- » Slides and recording from the previous December 7th Listening Session on J&D Reporting Requirements are available on the [DHCS OSF webpage](#).
- » After receiving feedback in support of extending the reporting deadline, DHCS has changed the reporting deadline from **August 31st to September 30th**.

Expenditure Reporting

- » DHCS is working to develop an online data portal for prospective and retrospective expenditure reporting. Participating Subdivisions will be required to enter the data into the online portal once a year.
- » The online data portal will be available to Participating Subdivisions prior to the first reporting period. Training on how to utilize the online data portal will be available prior to the reporting date.
- » The reporting will provide DHCS with the information needed for the required annual report in addition to the monitoring and compliance requirements.

Expenditure Reporting Timeline

Month/Year	Milestone
November 2022	First payments to Subdivisions
Sept 29, 2023	*Expenditure reports for SFY 2022-2023 due *Planned expenditures for SFY 2023-24 due
Sept 30, 2024	*Expenditure reports for SFY 2023-2024 due *Planned expenditures for SFY 2024-25 due

State Fiscal Year (SFY) runs from July 1st – June 30th every year.

Janssen & Distributor payments are expected to be made to Subdivisions annually in June and July, respectively, starting in 2023.

All Janssen & Distributor payments will be made by the national settlement administrator, [BrownGreer PLC](#).

Expenditure Reporting

- » Participating Subdivisions will be required to report:
 - » Amount of settlement funds received and expenditures for the prior State Fiscal Year (SFY) – individually by Janssen Settlement Funds and Distributors Settlement Funds and by fund type (e.g., Abatement Accounts Fund, Subdivision Fund)
 - » A brief descriptions of funded activities
 - » Corresponding to Exhibit E of the National Settlement Agreements and California's HIAA
 - » Interest earned on settlement funds
 - » Transfers to/from other Subdivisions
 - » Legal expenses, if the subdivision is both a Plaintiff Subdivision and an Initial Participating Subdivision

Failure to Report

- » Participating Subdivisions who do not submit their reports by the prescribed deadlines will receive an electronic notice via email from a member of the DHCS oversight team regarding the missing report.*
- » Recurring failure to submit a timely report may result in a meet and confer with DHCS, an audit, or legal action.

*It is under the responsibility of the Participating Subdivision to ensure their primary contact's information is correctly listed with DHCS.

Misspent Funds

- » If DHCS determines that a CA Participating Subdivision's use of CA Abatement Accounts Funds is inconsistent with the J&D provisions, the **parties shall meet and confer in an effort to resolve the concern.**
- » If the parties are unable to reach a resolution, **DHCS may conduct an audit of the Subdivision's use of the CA Abatement Accounts Funds**
- » If the concern still cannot be resolved, **the State may bring a motion or action in the court**

Q&A

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Questions?

- » Please type your questions into the question box in the right-hand corner of your control panel.

Next Steps on Janssen & Distributors Settlements

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Upcoming Webinars

- » Spring 2023
 - » Considerations for Allocating J&D Funds
 - » Preview of J&D Expenditure Reporting Form
- » Summer 2023:
 - » Examples of City and County J&D Funded Activities
 - » Expenditure Reporting Form Training
- » If there are topics your Subdivision would like to see discussed, please submit ideas to the question box or the OSF inbox: OSF@dhcs.ca.gov.

Next Steps

- » DHCS will compile feedback and questions provided through this session.
- » Technical assistance and guidance documents will be provided to clarify information related to oversight of the J&D Settlements.

Resources & Additional Feedback

For more information on opioid settlement funds, visit the [DHCS OSF webpage](#).

For additional questions email OSF@dhcs.ca.gov.