

National Opioid Settlements

What Is It and Why Does It Matter?

December 2024

Introduction

From 2000 to 2021, the number of overdose deaths from any kind of drug in the U.S. increased dramatically from 17,500 to over 106,000 people. Nearly 80,000 of these deaths were attributable to opioids - a group of drugs that include prescription painkillers, such as oxycodone, codeine, fentanyl, morphine, and hydrocodone, as well as heroin.^[1] This has resulted in what many consider an opioid epidemic and crisis.^[2] This crisis has heavily impacted youth as well as adults:

“

“Prior to the emergence of COVID-19, synthetic opioid-related overdose deaths increased 2925% between 1999 and 2016 among young people. Between 2019 and 2020, overdose death rates increased 49% among 15- to 24-year-olds. Starting in 2020, adolescents experienced a greater relative increase in overdoses than adults. Furthermore, the pandemic has highlighted widening racial and ethnic disparities in overdose deaths among youth. American Indian or Alaskan Indian youth have the highest overdose death rate, and Latinx youth have the second highest. Between 2019 and 2020, the overdose death rate doubled among Black youth.”^[3]

In addition to being a serious health issue, substance use among youth is also linked to youth legal system involvement. Researchers have found that substance dependence or misuse is three to four times higher in youth determined to be involved in serious offenses than in the general population of young people.^[4]

It is against this backdrop that states and localities began suing the pharmaceutical corporations, distributors, and manufacturers several years ago. The good news is that **billions of dollars** began flowing to states and localities across the country in 2021 as pharmaceutical manufacturers reached settlements with them to resolve opioid litigation. Money is continuing to be distributed today. Advocates can work with their jurisdictions to use this money to fund much needed prevention and treatment services for youth. Funding of this magnitude can make a critical difference in providing resources to youth outside of the youth legal system. This fact sheet highlights the basics of what this settlement is, how the money can be used, and how to find out where the money is going in your state.

WHAT IS THE NATIONAL OPIOID SETTLEMENT?

All states, territories, and municipal governments have negotiated legal agreements with large pharmaceutical corporations and distributors known as the National Opioid Settlements. These agreements seek to hold these companies responsible for their contributions to the opioid crisis and to give substantial sums of money to governments to alleviate its terrible effects.

In 2021, governments reached settlements with the large distributors and manufacturers (McKesson, Cardinal Health, AmerisourceBergen, and Johnson & Johnson).^[5] The combined total of these settlements is a whopping **\$21 billion dollars** to be paid out to states and localities over 18 years, with Johnson & Johnson paying an additional \$5 billion dollars over nine years.^[6] These companies agreed to an additional \$590 million [settlement with native tribes and tribal health organizations](#) (THOs) as they have experienced some of the highest overdose rates.^[7] These payments have already begun.

Governments reached agreements with the pharmacy chains CVS, Walmart, and Walgreens, and the manufacturers Allergan and Teva in 2022.^[8] These settlements have also been finalized but they are still determining the process by which the government subdivisions will receive funding. These companies will also be paying out billions of dollars. If there is maximum participation, the Settlement will require the following:^[9]

- Allergan to pay up to \$2.02 billion over 7 years;
- CVS to pay up to \$4.90 billion within 10 years;
- Teva to pay up to \$3.34 billion over 13 years. Each state may also elect for Teva to provide them with either \$1.2 billion of its generic version of the drug Narcan over 10 years or \$240 million in cash;
- Walgreens to pay up to \$5.52 billion over 15 years; and
- Walmart to pay up to \$2.74 billion within 6 years.

Interested in the settlement agreements that your state reached? See this chart for [State Participation Status](#).

HOW CAN STATES, LOCALITIES, AND OTHERS USE THE MONEY?

The bulk of the funds from the National Opioid Settlement– 85 percent– must be used by states and localities to abate the opioid epidemic.^[10] There are many approved uses and core strategies listed in [Exhibit E](#) to the 2022 settlements, with additional limitations or variances that may be found in your [state's settlement agreements](#). In general, states are given a wide berth to use the funds for an extensive list of treatment, prevention, and other strategies. Below are just some of the ways that these funds can be used, many of which are specifically for youth: ^[11]

- Expanding Opioid Use Disorder (OUD) treatment and co-occurring substance use and mental health conditions, including by expanding telehealth services.
- Supporting mobile intervention, treatment, and recovery services.
- Trauma treatment for individuals with OUD and their family members that have suffered from trauma, such as violence, sexual assault, human trafficking, or adverse childhood experiences, and training health care workers to identify and address such trauma.
- Providing a full continuum of care for those undergoing treatment and recovery services for OUD and any co-occurring substance use and mental health conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
- Providing community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring substance use and mental health conditions.
- Engaging non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and their family members who are supporting them.
- Creating or supporting school-based contacts for parents who need immediate treatment services for their child; and supporting prevention, intervention, treatment, and recovery programs focused on young people.
- Supporting pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring substance use and mental health conditions.
- Providing training on best practices for addressing the needs of individuals with OUD and any co-occurring substance use and mental health conditions to law enforcement, correctional, or judicial personnel.
- Funding evidence-informed school and community prevention education programs and campaigns for students, families, school employees, and others.
- Supporting greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that may increase the risk of opioid or other drug misuse.
- Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.

WHAT PROCESS DO STATES USE TO DETERMINE HOW TO ALLOCATE THE FUNDS?

Each state is responsible for establishing an Opioid Settlement Remediation Advisory Committee, or similar entity, to provide recommendations for remediation spending from the state's Abatement Accounts Fund.^[12] The settlement further specifies that these entities must do the following: develop formal guidelines regarding their composition and the process they will use to make determinations; have equal state and local representation; develop a process for receiving input both from subdivisions and from the public; and develop a process through which the appropriate state agencies will consider their recommendations.^[13]

Thirty-three states have designated advisory committees to make spending recommendations. Of these, nineteen states have advisory committees that provide non-binding recommendations on spending to the state agency with spending authority, which can be the head of human services, the legislature, the attorney general, or the governor (Alabama, Alaska, Colorado, Georgia, Hawaii, Idaho, Illinois, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New York, Rhode Island, Utah, and Vermont).^[14] Fourteen states have advisory committees that directly disburse grants (Connecticut, Delaware, Kansas, Kentucky, Maine, Montana, Ohio, Oklahoma, Oregon, South Carolina, Tennessee, Texas, Virginia, and West Virginia).^[15]

DOES ANY MONEY GO DIRECTLY TO LOCALITIES?

Some of the settlement funds will go directly to localities, referred to as "subdivisions," which can include county, municipal, and township governments, as well as a limited number of "Special Districts," such as school districts, fire districts, and hospital districts. However, subdivisions and Special Districts that separately resolved claims with the companies cannot participate.^[16]

How the settlement proceeds are allocated depends on the qualifying agreement, statute, or statutory trust between the state and its subdivisions or Special Districts. If there is no qualifying agreement or statute, then the settlement proceeds are allocated according to default allocation terms as follows: 15 percent to a State Fund; 70 percent to an Abatement Accounts Fund; and 15 percent to a subdivision Fund.^[17] If a default allocation is used, then states above a certain population must annually spend at least 50 percent of the Abatement Accounts Fund at the regional level. Finally, some large subdivisions will be eligible for block grants from the Abatement Accounts Fund.

Note that the state's strategy for spending the funds may be different from that of a subdivision or locality. For example, some cities and localities are pooling their money into a county-wide fund, but not all. And some smaller localities are having trouble figuring out how to spend the money.

HOW CAN I FIND OUT WHERE THE MONEY IS GOING IN MY STATE OR LOCALITY?

There are various ways to find out how your state is using the settlement funds and how to weigh in on that process to ensure the money is spent appropriately. Below is a chart with links to information on each state's opioid settlements and distribution of opioid funds, including the entity in your state responsible for distributing the settlement funds:[18]

<u>Alabama</u>	<u>Alaska</u>	<u>Arizona</u>	<u>Arkansas</u>	<u>California</u>	<u>Colorado</u>	<u>Connecticut</u>		
<u>Delaware</u>	<u>D.C.</u>	<u>Florida</u>	<u>Georgia</u>	<u>Hawaii</u>	<u>Idaho</u>	<u>Illinois</u>	<u>Indiana</u>	<u>Iowa</u>
<u>Kansas</u>	<u>Kentucky</u>	<u>Louisiana</u>	<u>Maine</u>	<u>Maryland</u>	<u>Massachusetts</u>	<u>Michigan</u>		
<u>Minnesota</u>	<u>Mississippi</u>	<u>Missouri</u>	<u>Montana</u>	<u>Nebraska</u>	<u>Nevada</u>	<u>New Hampshire</u>		
<u>New Jersey</u>	<u>New Mexico</u>	<u>New York</u>	<u>North Carolina</u>	<u>North Dakota</u>	<u>Ohio</u>			
<u>Oklahoma</u>	<u>Oregon</u>	<u>Pennsylvania</u>	<u>Rhode Island</u>	<u>South Carolina</u>	<u>South Dakota</u>			
<u>Tennessee</u>	<u>Texas</u>	<u>Utah</u>	<u>Vermont</u>	<u>Virginia</u>	<u>Washington</u>	<u>West Virginia</u>		
<u>Wisconsin</u>	<u>Wyoming</u>							

Below are additional resources with information on various aspects of your state's settlement distribution and spending:

- The [National Academy for State Health Policy State Tracker](#) can be used to monitor your state's settlement spending, including whether or not your state announced spending priorities or recommendations, implemented structures on how the settlement funds will be awarded, disbursed funding, or enacted legislation regarding the funds, as well as state and political subdivision splits.
- [Payback: Tracking the Opioid Settlement Cash - KFF Health News](#) tracks the settlement payouts to state and localities as well as the size and structure of the council that is charged with awarding the funds.
- The [Opioid Settlement Community Grant Portals](#) provides a map with information on how states have been distributing funds, including to community-based organizations and whether they have been specifically invited to apply.[19]

Unfortunately, states are not required to publicly report how they are spending their money and not all states are being transparent regarding their distribution of funds. This [state tracker](#) can tell you where your state stands on public reporting.

How Have Jurisdictions Used the Money?

Baltimore, Maryland

The city of Baltimore opted to sue independently instead of joining their suit with other Maryland jurisdictions. Mayor Brandon Scott announced in September 2024 that Baltimore won \$322.5 million in settlement funds.[\[20\]](#)

The vast majority of the funds will be held in a trust fund. The trust will be spent over the next fifteen years, with a minimum of 5 percent of the trust required to be spent per year. Scott issued an Executive Order establishing a Restitution Advisory Board to advise how the trust can be spent, which will report to the mayor's Overdose Cabinet. Through the trust, the City hopes to spend the funds in a transparent and sustainable manner.[\[21\]](#) The remainder of the funds will be awarded to various community health organizations and projects. Baltimore City will allocate \$5 million for education and outreach efforts about the 988 system, \$3 million to Penn North Recovery Center, and \$2 million to BMore Power.[\[22\]](#)

Macomb County, Michigan [\[23\]](#)

Macomb County is using the settlement funds to invest in a variety of community-based initiatives focusing on recovery and mental support. Macomb County offers [residential treatment centers](#) for both adults and adolescents. These residential centers offer peer services to build community support while offering MAT (medication-assisted treatment) to help mitigate the risks of substance use. The residential treatment centers also provide employment services such as job training and career services to provide an economic safety net for those who suffer from opioid addiction. The treatment centers can also be used as a diversion from incarceration.

Macomb County also uses settlement funds to support reentry planning, including substance use disorder services, mental health treatment, peer recovery services, and transitional housing. Additionally, funds are being used to expand the Mobile Mental Health Crisis Units which provide community-based crisis resolution services to individuals experiencing a mental health crisis.

Kansas

Kansas passed the Kansas Fights Addiction Act (KFA) in 2021 in response to the National Opioid Settlement. Pursuant to the Act, 75 percent of the funds from the settlement are held in the Kansas Fights Addiction Fund (KFAF) for state use, with the remaining 25 percent are held in the Municipalities Fights Addiction Fund (MFAF).[\[24\]](#) The KFAF is managed by the Kansas Fights Addiction (KFA) Grant Review Board, which approves the appropriations of funds for state agencies, local governments, non-profits, and for profit companies (for the 2024 fiscal year).[\[25\]](#)

The KFA board awarded \$10,123,071 for 59 grant projects in the areas of treatment and prevention in 2023.[\[26\]](#) The funding will expand access to those who suffer from opioid

addiction but either do not possess insurance or are underinsured. The KFA awards included funding for many programs and services, including the following:[\[27\]](#)

- The Adolescents/ Transitional Age Youth Dual Diagnosis Treatment Program – provides evidence-based substance use treatment for adolescents/transitional age youth in Douglas County, Kansas, who have been identified as having mental health and/or substance use issues.
- Cornerstones of Care – a behavioral health organization that provides prevention, treatment and support services to children and their families. It is a certified trauma-informed organization by The Sanctuary Institute.
- Expansion of naloxone distribution efforts.
- Telehealth technology to expand access in rural and frontier communities and telehealth

Louisiana

Louisiana's Distribution of Settlement Funds is Concerning: Louisiana was awarded a total of \$325 million from their legal settlements with opioid manufacturers and distributors. Pursuant to the Louisiana State-Local Government Opioid Litigation Memorandum of Understanding, of the portion that the state allocates to localities, they must provide 20 percent directly to sheriff departments.[\[28\]](#) Additionally, the Opioid Abatement Administration Corporation (OAAC) advises localities on overdose crisis abatement priorities and reviews how they spend their funds, but they do not provide oversight of the sheriffs.[\[29\]](#) Localities must also annually report their expenditures to the state and Opioid Abatement Taskforce. However, the sheriffs have no public expenditure reporting requirements.[\[30\]](#)

HOW CAN COMMUNITY ADVOCATES ACCESS THE FUNDS?

Community organizations have been approved to apply for funding through community grant portals in 36 states. Four states have yet to establish a grantmaking program, while the remaining ten have not given access to community organizations to apply for funding. In the approved states, community organizations have the opportunity to win funds from their state's opioid settlements through a competitive application process.[\[31\]](#) The specifics of the grant award uses vary by state, but most require that they must be used to fund approved opioid remediation efforts.[\[32\]](#)

For example, Maryland approved community grants through the Maryland Department of Health's Opioid Restitution Fund RFA in 2019. Community organizations that prioritize recommendations from Maryland's Advisory Council, such as medication-assisted treatment distribution or needle exchange programs, will receive higher priority in the application process. The funding will be awarded for a minimum of two years, with a possible additional year based on funding.[\[33\]](#) To know if your state has a grant application portal and the process to apply for your state's grants you can visit the [Opioid Settlement Tracker](#).

WHAT ARE SOME USES OF COMMUNITY GRANTS?

Of the several community organizations that have been awarded grants from their state's community grant portal, all focus on connecting with the community directly and providing a safety net to those with substance use disorders.

For instance, 43 nonprofit organizations in Philadelphia were awarded community grants from the city's Overdose Prevention and Community Healing Fund. One of the organizations, North Philly Project, was awarded \$20,000 - \$100,000 to support their grassroots efforts on advancing opioid remediation efforts. The NPP was established to address the 46 percent poverty rate in North Philly, and has been using the community grant to provide healing arts and peer support for those who are struggling with substance abuse.^[34]

Additional Resources

- [Opioid Settlement Community Grant Portal](#)
- [Overdose Prevention Network: State Level Guides](#)
- [Five Guiding Principles for Opioid Litigation Fund Adoption](#)
- [Center for Policing Equity: Community Toolkit](#)

End Notes

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ACKNOWLEDGMENTS

The principle author of this report is Melissa Coretz Goemann with contributions from Michelle Weemhoff and interns Virginia Roth, Nora Jameson, and Olabisi Omoniyi-Alake.

ABOUT NYJN

The National Youth Justice Network (NYJN) builds the movement for anti-racist, healing-centered youth justice. We unite a diverse network of advocates and organizers to shift youth justice away from policing and prisons toward community-based, trauma-informed and healing-centered responses to youth needs. Our work centers the needs of the most marginalized, and we seek a reimagined future where Black, Brown, Indigenous, LGBTQIA+ youth, and youth with disabilities have the freedom, resources, and opportunities necessary to thrive.