

REVISED MOTION BY SUPERVISOR HOLLY J. MITCHELL

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Reimagining the Distribution of Opioid Settlement Funds in Los Angeles County

On July 21, 2021, opioid manufacturer Janssen Pharmaceuticals/Johnson & Johnson, along with distributors McKesson, AmerisourceBergen and Cardinal Health (collectively, “the Entities”), agreed to a \$26 billion nationwide settlement to resolve more than 3,000 opioid-related lawsuits. The State of California (State) is expected to receive approximately \$2.05 billion over an 18-year period, with the State Department of Health Care Services responsible for administering the funds to counties. Each county implements and manages these funds according to its own procedures.

On August 8, 2023, the Los Angeles County (County) Board of Supervisors (Board) approved the County’s Opioid Settlement Funds Spending Plan¹ and delegated authority to the Chief Executive Officer (CEO) to oversee its implementation in consultation with relevant County departments. The Board further directed the Department of Public Health (DPH) to submit annual reports detailing the impact of programs supported by these funds.

At times, the County receives less opioid settlement funding than originally projected due to the terms and conditions of the settlement agreements. The CEO accounted for this potential variability in the development of the Phase 1 and Phase 2 spending plans. BrownGreer, the settlement administrator, has established a portal that

¹ <https://file.lacounty.gov/SDSInter/bos/supdocs/183022.pdf>

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provides detailed information regarding projected settlement information by entity and the anticipated duration of each settlement. This portal has enhanced the County's visibility into expected payment amounts and timelines, thereby improving the County's ability to operationalize and refine spending plans for the Board's consideration.

Despite the increased transparency provided through the portal, several factors continue to contribute to variability in the County's receipt of opioid settlement funds. These factors include: 1) entities entering bankruptcy proceedings, which may result in one-time or time-limited payments that are difficult to predict; 2) annual decisions by cities to opt-in or opt-out of receiving their direct allocations, with opt-outs redirecting their funds to the County; 3) state-specific formulas that allocate funds among states, counties, and cities which vary by year and settlement amount; and 4) BrownGreer's reliance on multi-year assumptions that, if unmet, may impact the amounts actually paid. Given these uncertainties, careful review and consideration of potential variability is warranted when preparing future spending plan recommendations for the Board's consideration.

At a time of uncertainty regarding federal and State revenue streams, opioid settlement funds present a rare opportunity to strategically invest in the County's substance use disorder (SUD) prevention and treatment system and to strengthen the health and resilience of neighborhoods and communities. DPH's Bureau of Substance Abuse Prevention and Control (DPH-SAPC) has long served as a leader in advancing innovation in SUD services. In partnership with its provider network, and in collaboration with numerous County partners and community stakeholder organizations, DPH-SAPC delivers prevention, harm reduction, and treatment programs through a comprehensive system uniquely structured to meet the County's needs. The County's SUD system has achieved groundbreaking progress in expanding access to treatment across all levels of care. Between 2023 and 2024, the County recorded the most substantial decline in drug-related overdose deaths and poisonings in its history, due to expanded prevention and harm reduction initiatives implemented under DPH-SAPC's leadership. DPH-SAPC'S approach to opioid settlement investments emphasizes building a continuum of SUD services capable of addressing the full spectrum of SUD needs.

As the County prepares to receive future opioid settlement funding, thoughtful and

transparent funding allocation by public health experts remains essential. This need is heightened by proposed federal reductions to drug prevention and treatment funding, as well as recent challenges to evidence-based harm reduction strategies. Opioid use continues to constitute a severe public health crisis both nationally and locally. In 2023, more than 105,000 people in the United States died from drug overdoses, with nearly 80,000 involving opioids. Within the County there were 11,128 opioid-related emergency department visits and 15,623 hospitalizations in 2022, followed by 2,085 deaths in 2023. Of these deaths, 792 occurred among Latinx residents and 435 among Black/African American residents.² According to the County's overdose prevention program, overdose rates among Black, Latino, and Indigenous residents are increasing rapidly, underscoring the urgent need for equity-driven investments.

Other jurisdictions have adopted proactive strategies to guide the allocation and expenditure of opioid settlement funds. For example, The Johns Hopkins Bloomberg School of Public Health (Johns Hopkins) has issued nationally recognized guidance for local governments on the effective use of these funds. In developing this guidance, Johns Hopkins collaborated with a coalition of 60 substance use expert organizations, including physicians, addiction medicine specialists, and leaders in recovery, treatment, and harm reduction. The resulting principles have been incorporated into opioid settlement planning in more than 25 states, including Wisconsin, Connecticut, Tennessee and Arizona.³ The recommended principles include: 1) Spending money to save lives; 2) Using evidence to guide spending; 3) Investing in youth prevention; 4) Focusing on racial equity; and 5) Developing a fair and transparent process for deciding where to spend the funding.

In the current political and fiscal environment, it is more important than ever that the County use a public health-driven and expert-informed approach when allocating opioid settlement funds. Currently, the CEO has delegated authority to develop new spending plans and adjust existing plans, with notice provided to the Board. DPH manages the day-to-day operations, including tracking expenditure of funds and

² [Opioid Deaths – LA County Alcohol and Other Drug Surveillance Dashboard](#)

³ [Develop a Fair and Transparent Process for Deciding Where to Spend the Funding | Opioid Principles](#)

preparing the annual reports required by the State.

The County should transition to a collaborative process for the development of spending plans, in which DPH-SAPC partners with relevant departments and convenes stakeholders to inform funding priorities. This collaborative process should occur throughout the year, or at multiple points during the year, to ensure that DPH-SAPC maintains up-to-date recommendations on potential projects, and that the implementation of any new process does not delay the timely distribution of opioid settlement funds received by the County. This shift will align with national best practices, while promoting efficacy, transparency, accountability, equity and fulfillment of community needs through a collaborative process that involves subject matter expert input, without impacting spending plans previously approved by the Board.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Direct the Chief Executive Officer (CEO), in collaboration with the Director of the Department of Public Health (DPH), to determine the total amount of existing unallocated opioid settlement funding available, and to develop a proposed approach for estimating future funding that accounts for the variability associated with this funding source. Prospectively, the departments should meet no less than quarterly to review available opioid settlement funds and anticipated future allocations, including carryover funds, that may be available for future programming.
2. Direct the Director of DPH, in consultation with the Directors of the Department of Health Services, the Justice Care and Opportunities Department, the Department of Youth Development, the Department of Mental Health, and other relevant County departments, to convene community stakeholders, including individuals with lived experience and subject matter experts in addiction and substance use, to provide guidance and recommendations to inform the development of proposed spending plans. These recommendations shall be submitted to the CEO to inform their recommendations to the Board related to the use of unallocated and future opioid settlement funding.
3. Direct the Director of DPH, in coordination with the CEO, to manage a smooth transition to a collaborative spending-plan development process and to prevent any unintended disruptions in services.

4. Direct the CEO to prioritize and implement recommendations generated through the DPH-led stakeholder process for submission to the Board for approval, and to identify any additional staffing needs within DPH necessary to support implementation of these new processes.
5. Direct the Director of DPH and the CEO to report back to the Board in writing in 90 days on progress made, and to provide an annual report one year following, that evaluates the effectiveness and impact of the collaborative stakeholder process and recommendations on the actual funding distribution and outcomes.

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