Opioid Settlements Fund: Overview and Los Angeles County Approach

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Opioid Settlements Fund (OSF) Overview

OSF BACKGROUND

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

LA COUNTY TRANCHES

1	2023	**Johnson & Johnson:** **$50M** over 9 years	**Distributors:** **$200M** over 18 years	2	2025	**Mallinckrodt, Walmart, Walgreens, CVS, Allergan, Teva, McKinsey, Endo:** **$230.5M** over 13 years

Amounts are total amounts over specified period.

Forthcoming Opioid Settlement Funding

March 19, 2026

$5M one-time funding
Exact timing currently unclear

Associated Pharmacies, JM Smith Corporation, Louisiana Wholesale Drug Company, Morrison & Dickson, North Carolina Mutual Wholesale Drug Company and United Natural Foods

Purdue Settlement

$7.4B nationally
$440M to California
LA County allocation pending
Most funding is paid upfront

May 2026: $2.4B
May 2027: $500M
May 2028: $500M
May 2029: $400M

http://oag.ca.gov/news/press-releases/attorney-general-bonta-announces-74-billion-purdue-pharma-and-sackler-family

DPH Programs Funded by OSF

DPH Programs Funded by 1st Tranche Opioid Settlements, 2023
Opioid Settlement - Johnson & Johnson
DPH-SAPC Electronic Health Record Investments
Opioid Settlement - Distributors
SPA-Based Prevention Coalitions
Syringe Services Program (EOP Hub) Network
Positive Youth Development (Student Wellbeing Centers and establishing peer leadership programs for youth)
Low-Threshold Addiction Medication (MAT) Expansion / Consultation
Administrative / Oversight Expenses

http://file.lacounty.gov/SDSInter/bos/supdocs/183022.pdf

DPH Programs Funded by OSF

DPH Programs Funded by 2nd Tranche Opioid Settlements, 2025
Residential Withdrawal Management (LA General Campus – Restorative Care Village)
Student Well-Being Centers (Positive Youth Development)
Engagement and Overdose Hub Network (Harm Reduction Syringe Services Programs)
Medication for Addiction Treatment (MAT) Training and Technical Assistance Program
Low-Threshold Addiction Medication Consultation Services
Substance Use Disorder (SUD) Care Managers in Juvenile Detention Facilities

http://file.lacounty.gov/SDSInter/bos/bc/1184426_051925_SpendingPlanforOpioidSettlementFunds_bm.pdf

State Requirements and Core Strategies

Not less than 50% of OSF must be focused on **High Impact Abatement Activities**

OVERDOSE RESPONSE	Naloxone and its distribution
PREVENTION	Youth-focused substance use prevention
TREATMENT CAPACITY	New SUD treatment infrastructure
EQUITY & HOMELESSNESS	Addressing needs of minoritized people and PEH impacted by the overdose crisis and substance use
JUSTICE DIVERSION	Diversion into the SUD system from carceral systems, including harm reduction best practices
OPERATING COSTS	Operating costs for SUD facilities funded by Behavioral Health Continuum Infrastructure Program (BHCIP)

Allowable Uses of Opioid Settlement Funds **Core Strategies**

- Naloxone
- Addiction Medications (MAT)
- Pregnant & Postpartum People Services
- Neonatal Abstinence Syndrome Treatment
- Treatment
- Transition in Care / Warm Hand Off Services
- Treatment for People Who Are Incarcerated
- Prevention Programs
- Syringe Services Programs
- Other Strategies: First responders, leadership, planning, coordination, training, research

http://www.dhcs.ca.gov/providers-partners/allowable-expenditures, http://www.dhcs.ca.gov/Documents/CSD/CA-OSF-Allowable-Expenses.pdf

OSF Restrictions

OSF cannot be used for:

- Salaries and benefits of individuals not performing opioid remediation activities
- Administrative and indirect costs beyond ten (10) percent of the Participating Subdivision's total allocation per year
- Law enforcement activities related to interdiction or criminal processing
- Non-FDA-approved medications related to the treatment of substance use disorders (SUD) or mental health conditions
- Medications, medical services, or equipment not related to the treatment of SUD or mental health conditions
- Developing infrastructure or investing in equipment not directly related to prevention, treatment, harm reduction or recovery services
- Service activities not directly related to opioid remediation activities

Restrictions on Law Enforcement Uses

- Conducting search and seizure activities
- Providing training not specific to opioid remediation
- Activities or equipment related to the apprehension of suspects
- Gathering evidence for prosecution of potential criminal activities
- Purchasing equipment for the identification of illicit substances that result in criminal charges in correctional facilities, such as body scanners
- Purchasing equipment: 1) To gather information for prosecution, 2) Not related to the treatment of SUD or mental health conditions
- Providing officer health/wellness services not specifically geared toward addressing secondary trauma associated with opioid-related emergency events and response

http://www.dhcs.ca.gov/Documents/CSD/CA-OSF-Guiding-Principles.pdf, http://www.dhcs.ca.gov/Documents/CSD/Law-Enforcement-Expenses-with-OSF-Fact-Sheet.pdf

Public Health, in consultation with the Department of Health Services, Justice Care and Opportunities Department, 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. Direct the CEO to prioritize and implement recommendations generated through the DPH-led stakeholder process for submission to the Board for approval.

http://file.lacounty.gov/SDSInter/bos/supdocs/212490.pdf

SAPC | Substance Abuse Prevention and Control

Los Angeles County Approach to OSF

County of Los Angeles Public Health

GUIDING PRINCIPLES

1. Public health impact first
2. Continuum balance
3. Sustainability and growth
4. Equity and access
5. Transparency and accountability

FUNDING CATEGORIES

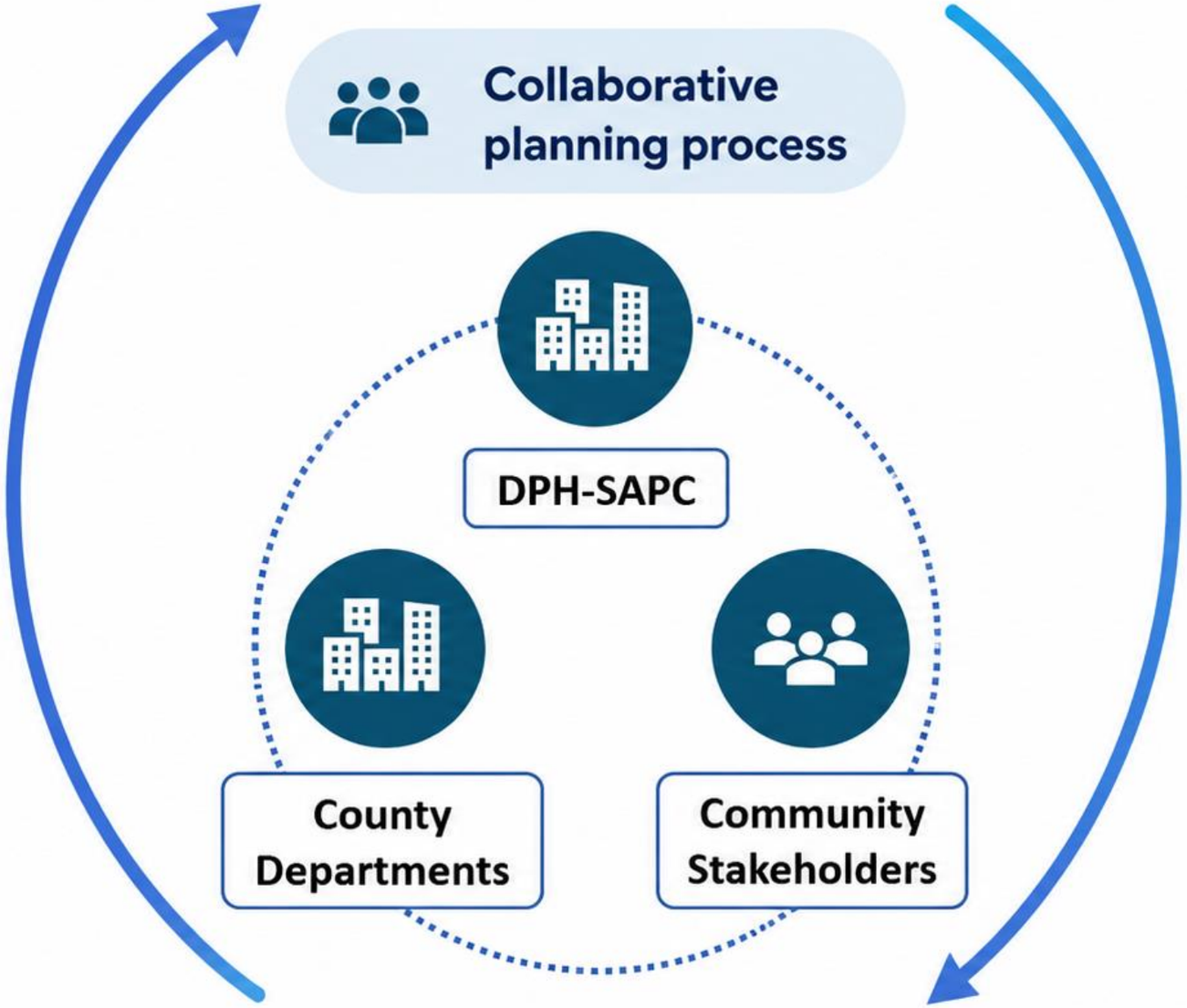
- Prevention
- Harm Reduction
- Treatment
- Recovery Supports & Recovery Housing

Los Angeles County OSF Guiding Principles

- **Public health impact first:** Fund interventions with strong or emerging evidence of reducing overdose, morbidity, and inequities.
- **Continuum balance:** Allocate across prevention, harm reduction, treatment, and recovery—as opposed to narrow-strategy solutions.
- **Sustainability & growth:** Favor investments that build lasting capacity beyond one-time spending, and use of funds to supplement and extend, rather than supplant, existing funding so they are used to support the expansion of programs and investments focused on overdose and substance use.
- **Equity and access:** Prioritize communities disproportionately harmed (e.g., people experiencing homelessness, communities of color, people leaving incarceration).
- **Transparency and accountability:** Establish clear criteria, public reporting, and measurable outcomes.

http://file.lacounty.gov/SDSInter/bos/supdocs/212490.pdf, Adapted from the JHU Principles for the Use of Funds From the Opioid Litigation: https://opioidprinciples.jhsph.edu/the-principles/

OSF Planning Process



- Up-to-date recommendations on potential projects
- Implementation does not delay distribution of OSF
- Aligns with national best practices
- Promotes accountability, equity, and fulfillment of community needs
- Does not impact previously approved board spending plans

OSF Working Groups and Feedback

WORKING GROUPS

Community Working Groups

People with lived experience, caregivers, people who use drugs, participants of harm reduction and treatment services, residents of recovery housing

County Department Working Group

CEO, DHS, JCOD, DYD, DMH, ME, DHSH, DCFS, LACoFD

Provider Working Groups

Prevention, Treatment, Harm Reduction, Recovery Support and Recovery Housing Sub-Groups

Data Working Group

FEEDBACK EXAMPLE: HARM REDUCTION STEERING COMMITTEE LISTENING SESSION

- Support growth of harm reduction housing
- Expand access to drug checking
- Sustain / Expand access to naloxone
- Sustain / Expand Syringe Services Programs
- Support development of safe consumption spaces/ overdose prevention spaces
- Capacity building for harm reduction in housing, reentry, and SUD service sectors
- Capacity building for harm reduction organizations
- Grow workforce development
- Grow wellness supports for those working in harm reduction
- Expand non-abstinence-based substance use services
  - Low threshold addiction medications
  - Increase access to methadone
- Support restitution/ justice money for people who use drugs, e.g. stipends, HR workforce support, advocacy work led by PWUD
- Connect state systems of care to harm reduction programs in the county
- Provide cash-based incentives for people who use drugs who participate in community-based planning
- Expand harm reduction services in high need, underserved locations in LA County
- Enhance harm reduction services to support people who use stimulants
- Support Culturally responsive harm reduction approaches for BIPOC communities
- Support culturally responsive harm reduction approaches for TGI communities

http://file.lacounty.gov/SDSInter/bos/supdocs/212490.pdf

Questions?