

# Challenges and Opportunities for Distributing State-Level Opioid Settlement Funds

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# About NASHP



The National Academy for State Health Policy (NASHP) is a not-for-profit nonpartisan organization committed to developing and advancing state health policy innovations and solutions.

NASHP provides a unique forum for the productive exchange of strategies across state government, including the executive and legislative branches.



-  To improve the health and well-being of all people across every state.  
To be of, by, and for all states by providing nonpartisan support for the development of policies that promote and sustain healthy people and communities, advance high quality and affordable health care, and address health equity.
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# How NASHP Supports State Leaders in Addressing the Opioid and Substance Use Crisis

## How NASHP works with states



Track state policies and identify innovations at the state level



Facilitate forums for state-to-state exchange and problem solving



Identify best practices and disseminate key learnings to state and policy audiences



Provide technical assistance and direct support for state leaders

## Concurrent challenges at the state level



State budget challenges and funding uncertainty



Adapting to an evolving crisis and emerging threats (fentanyl, xylazine, etc.)



Rising disparities in overdose deaths by race and ethnicity



Ongoing challenges to the behavioral health workforce



Need to advance an integrated approach to behavioral health



Coordination across health and social service agencies and multiple priorities



[nashp.org](https://nashp.org)

# National Context for State Opioid Settlements



**The National Picture:** An estimated **\$55 billion** expected to be awarded to states, localities, and tribes from various opioid settlements over 18 years.

**Within each state:** Legislation and/or MOAs between states and sub-jurisdictions outline state/local funding split, mechanisms for coordination, guardrails around spending and reporting processes **for all settlement-related funding**

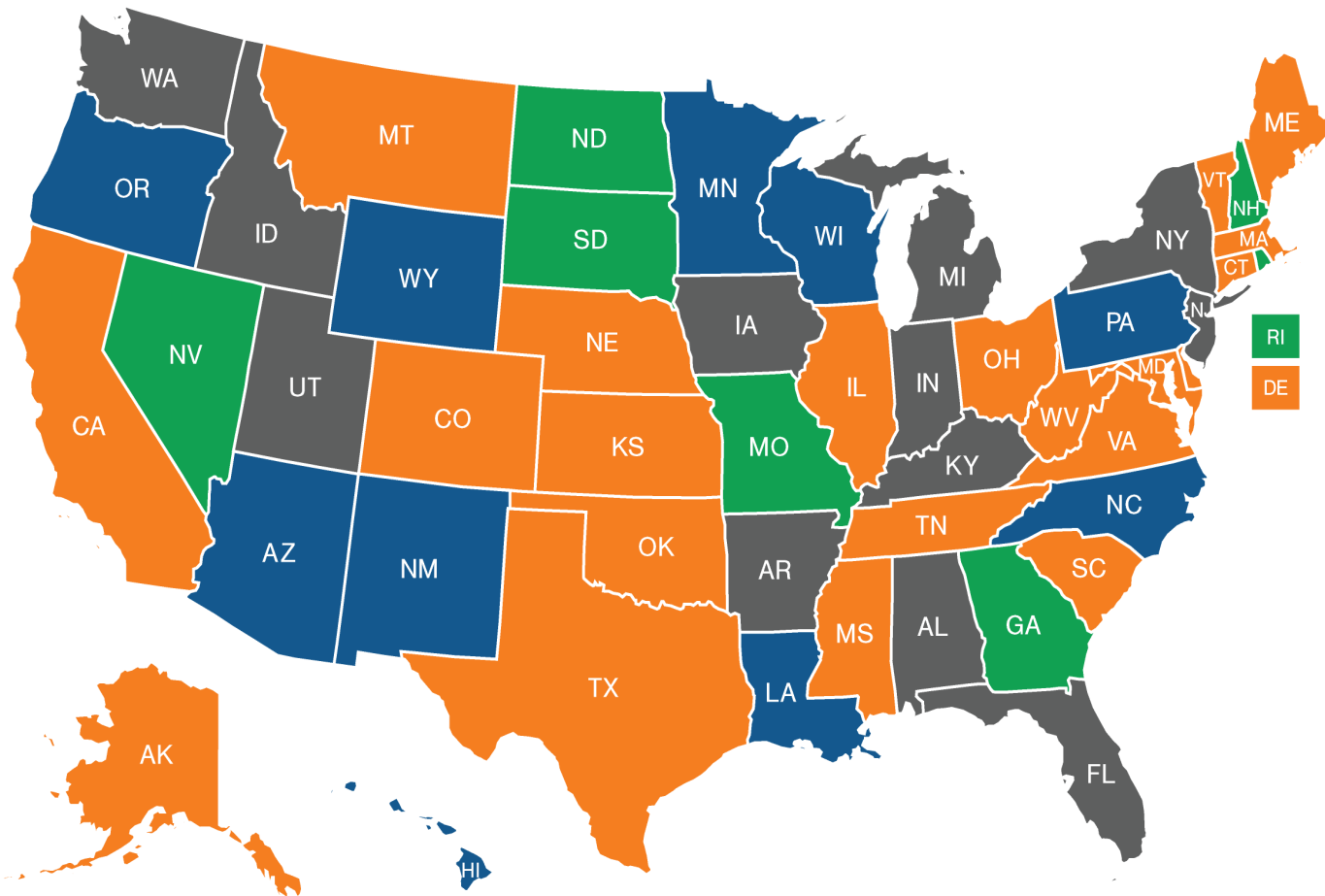
## **Legacy of tobacco settlement:**

- Significant percentage awarded directly to cities and counties
- At least 70% of National Settlement funding must be spent on future **opioid remediation efforts**, with core strategies and allowable activities outlined in the settlement (Exhibit E)
- High public pressure to spend funding **quickly, transparently, and well**

## **Exhibit E List of Opioid Remediation Uses - Core Strategies**

- Naloxone/overdose reversal medication
- MAT and other opioid treatment
- Services and supports for pregnant and post-partum women
- Treatment for Neonatal Abstinence Syndrome
- Treatment for incarcerated populations
- Prevention programs
- Syringe service programs
- Data collection, research, and evaluation

# Settlement structures across states: who controls spending decisions?



**9**  
STATES

**Local Controlled**  
>50% of funding controlled  
by localities

**8**  
STATES

**State Controlled**  
>50% of funding controlled  
by the state

**21**  
STATES

**Abatement Fund  
Controlled**  
>50% of funding controlled  
by an abatement fund

**12**  
STATES

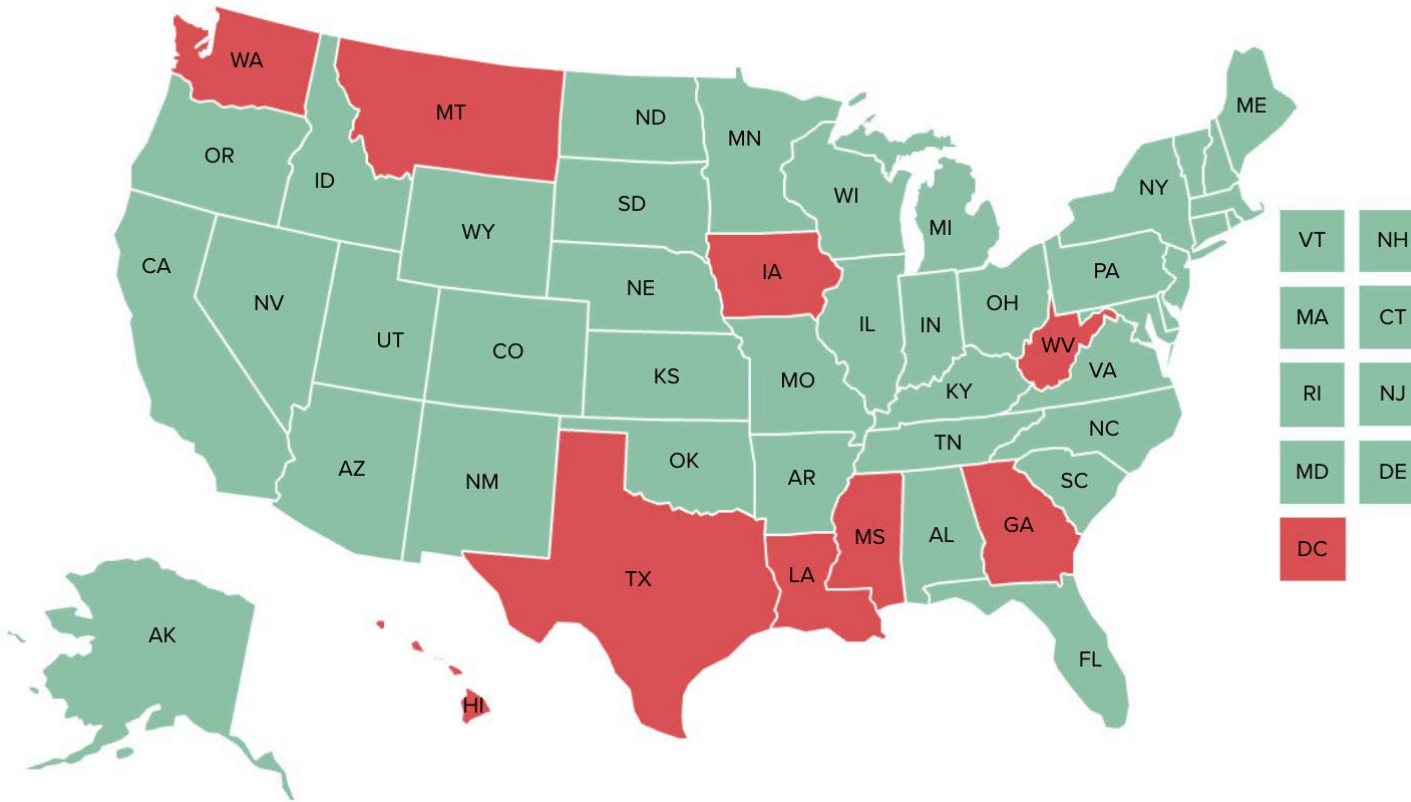
**Split**  
No one entity controls  
>50% of funding

*Every state opioid  
settlement structure  
is unique.*

*Understanding how  
funding is allocated  
across the  
state/local level and  
how decisions are  
made is key to  
effectively engaging  
in the settlement  
decision-making  
process.*

# Where are we now? The current landscape of state settlement spending

## States Announcing Settlement Awards



## Trends in Early Opioid Settlement Investments








Broad commitment across the continuum of prevention, treatment, recovery, harm reduction

Harm reduction

Expanding access to treatment and wrap-round services

Long-term infrastructure investments

MOUD in correctional settings and reentry

SOURCE	 <b>MEDICAID</b>	 <b>SUBSTANCE ABUSE PREVENTION, TREATMENT, AND RECOVERY SERVICES BLOCK GRANTS</b>	 <b>STATE OPIOID RESPONSE (SOR) GRANTS</b>	 <b>LEGAL SETTLEMENTS</b>
<b>Administrator of Funds</b> 	Jointly financed by states and the federal government and administered through states within broader federal rules	Substance Abuse and Mental Health Services Administration (SAMHSA)	Substance Abuse and Mental Health Services Administration (SAMHSA)	Varies by state
<b>Funds are required or recommended to be used for:</b> 	Federal law requires Medicaid coverage of certain SUD treatment and supportive services for certain populations  Requires coverage of all FDA-approved forms of MOUD	SUD treatment and prevention planning, implementation, and evaluation  Treatment for people who are un- or under-insured	SUD prevention, treatment, and recovery services  Providers receiving funds must obtain buprenorphine waiver	Will vary by state; can fund activities and infrastructure that federal grants cannot  Core strategies of treatment, prevention, harm reduction, and coordination
<b>Funds cannot be used for:</b> 	Services for people who are not eligible for Medicaid  Services in behavioral health facilities with 16+ beds  Services that other available insurance will cover	Inpatient hospitalization  Treatment for people who are incarcerated  No more than 5% for administration  No less than 20% for primary prevention	No more than 5% for administration  Programs that deny services for people on MOUD	Must be used to address opioid and SUD related needs; states can impose further limitations

# What's next? Priorities for maximizing settlement funds

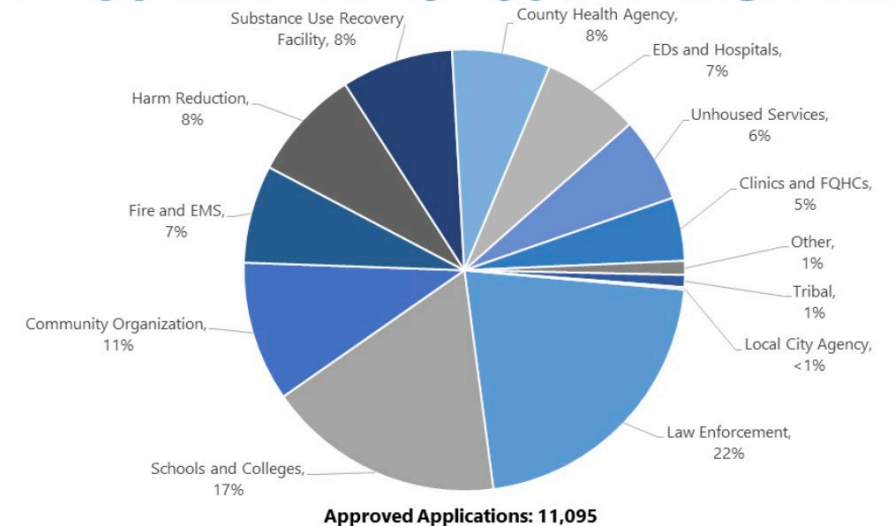
- Invest in **data and workforce infrastructure**
- **Leveraging momentum** on existing state priorities (CCBHCs, BH integration, housing)
- Coordination with Medicaid 1115 SDOH and reentry waivers
- Fill **gaps in across the continuum of care**, including community/social supports or other costs not covered by federal funding
- **Sustaining vs. supplanting** amid tightening state budgets



# State Example: Blending and braiding funding (CA)

- In 2018, the California Department of Healthcare Services (DHCS) created the [Naloxone Distribution Project \(NDP\)](#) to distribute naloxone directly to approved organizations across the state
- The NDP has been funded by a variety of sources, including state targeted and state opioid response grants, substance abuse prevention and treatment block grants, and settlement funding
- The NDP received \$15 million dollars in opioid settlement funding in 2022-2023 (appropriated through the state legislature)

## NDP Applications by Type of Organization



**NOTE:** Approved applications as of March 18, 2024.  
Other category includes: Telehealth, DHCS, and other State Agencies.



# State Example: Addressing Gaps in Access to Services (VT)

- Through overdose [reporting](#) in Vermont, it was found that overdose deaths primarily occurred in people with no prior connection to the SUD treatment system
- To reach communities with limited access to resources, the state has invested in a variety of approaches to help remove barriers
- Some investments include community and mail order naloxone distribution, mobile opioid medication units, outreach workers, fentanyl test strips, and wound care telehealth consultation

## Naloxone Distribution by the Vermont Department of Health

The following table contains data on naloxone-related kits and materials distributed to community partners by the Vermont Department of Health. This includes **Narcan® kits** provided to the OOPRP community naloxone distribution sites, **harm reduction packs** (HRP) given to distribution sites, and **leave behind kits** given to first responder agencies.

Distribution of Naloxone Doses from the Vermont Department of Health – 2023 (Preliminary)					
	Q1	Q2	Q3	Q4	Total
<b>Narcan® kit program:</b> Number of doses distributed to community sites	6,480	9,398	11,031	8,258	35,167
<b>Harm reduction packs:</b> Number of doses distributed to HRP sites	6,110	9,866	8,972	5,594	30,542
<b>Leave behind kits:</b> Number of doses provided to first responder agencies (2 doses/kit)	528	498	1,244	848	3,118
<b>Total doses of naloxone distributed by the Vermont Department of Health</b>	<b>13,118</b>	<b>19,762</b>	<b>21,247</b>	<b>14,700</b>	<b>68,827</b>

# State Example: Building Infrastructure for Reentry (NV)

- 11 states have been approved for **Medicaid 1115 pre-release waivers**, which allow states to provide a set of Medicaid-covered services to individuals during the 90 days before they are released from incarceration.
- A number of states have **used settlement funding to support implementation of reentry waivers**, which provide critical services for people with SUD reentering the community.
- Nevada leveraged settlement funding to **support the development and implementation of an 1115 reentry waiver**. Nevada also funded a study to understand the baseline capacity of jails to deliver services.

## Reducing OD Risk for Individuals Impacted by Incarceration

- Despite high levels of need for OUD treatment in carceral settings, only an [estimated 32 percent](#) of jails offer any form of medication for opioid use disorder (MOUD).
- People leaving prison are [129 times more likely](#) to die of an overdose than the general population

Check out NASHP's blog:

[A Braided Funding Approach: Leveraging Opioid Settlement Funds to Strengthen Supports for Justice-Involved Populations](#)

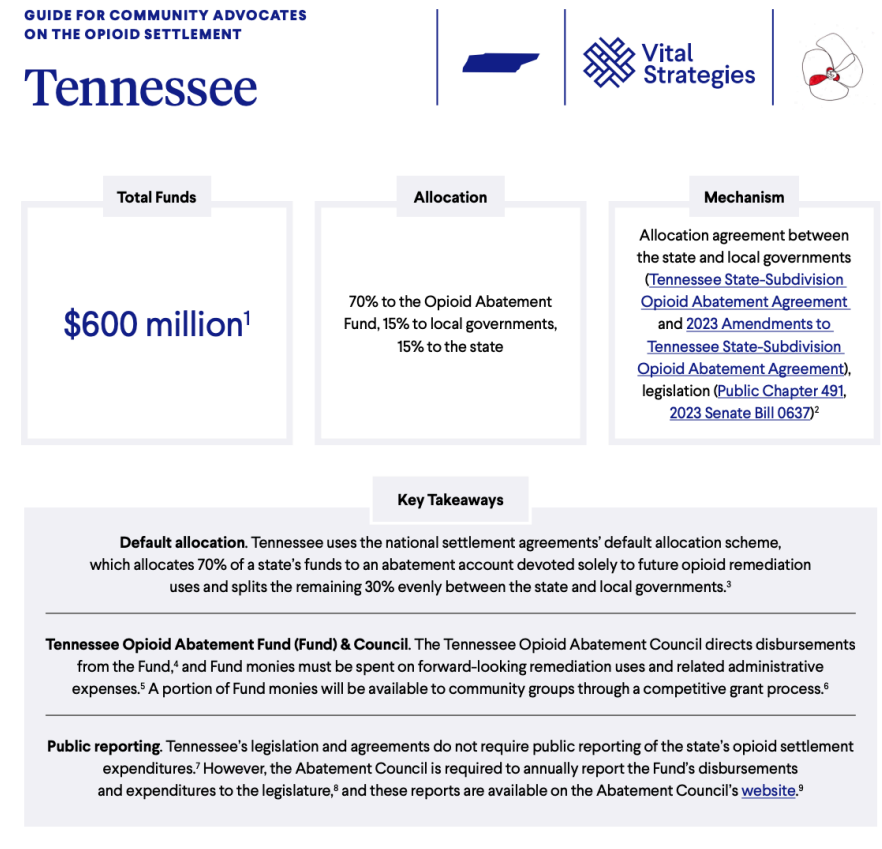
# Tips for engaging in the settlement process

## For experts and advocates:

- Know how settlement funding decisions are made in your state
  - Key players and processes
  - Do advisory councils advise state agencies or directly distributed funding? How is the legislature involved?
  - Are there opportunities to influence local decision-making?
- Identify opportunities to educate local decision-makers on best practices

## For policymakers:

- Facilitate coordination across agencies funding naloxone and harm reduction (BH, PH, Medicaid)
- Review existing and anticipated funding to support strategic goals
- Consider role of Medicaid in funding sustainability



# Thank You!

Check out recent NASHP Publications related to opioid settlement funding & SUD:



[Responding to the Evolving Substance Use Crisis: Key Takeaways from NASHP's Annual Conference](#)



[Case Studies: State-Level Strategies for Supporting Community-Level Harm Reduction](#)



[Prevention 101: State Strategies for Preventing Substance Use and Overdose Among Youth and Adolescents](#)