

## Opium Settlement – AMC and Affiliate FAQ

### Opium Settlement – Minnesota FAQ

*In a county administered system, counties are uniquely impacted by the opioid epidemic and substance use disorder. In 2020 alone, according to the Minnesota AG's office, opioid overdose [deaths](#) nationally rose to a record 93,000, a nearly 30 percent increase over the prior year. According to the [Minnesota Department of Health Drug Overdose Dashboard](#), 4,821 Minnesotans died of opioid overdoses from 2000-19. Like many health issues, consequences of the opioid epidemic disproportionately impact Native American and Black Minnesotans. Native Americans in Minnesota are seven times more likely than white people to die of a drug overdose, and Black Minnesotans are twice as likely. The crisis is far from over with increasing opioid-involved deaths and emergency room visits for opioid involved overdoses, let alone the impact on individuals, children, families, and communities.*

### What is the National Opioid Settlement?

In response to the over 3,000 lawsuits states and jurisdictions brought against opioid manufacturers and distributors, settlements were reached with the three largest pharmaceutical distributors - McKesson, Cardinal Health, and AmerisourceBergen – and with the manufacturer Johnson & Johnson in early summer of 2021. Nationally, distributors are expected to pay out a maximum of \$21 billion over 18 years, with Johnson and Johnson expected to pay out a maximum of \$5 billion over 9 years.

### Minnesota's Agreement

Minnesota reached an [intrastate agreement](#) in late 2021 that allows Minnesota to receive over \$300 million dollars over the course of 18 years, the majority of which will go directly to local governments. The Association of Minnesota Counties, the League of Minnesota Cities, and the Coalition of Greater Minnesota Cities were instrumental in the drafting of the agreement – partnering with the Attorney General's office and other stakeholders. As a result, all 87 counties and 143 cities supported the agreement. To fully realize the terms of the agreement and be in alignment with the national settlement, Minnesota needed to pass legislation in the 2022 session. [SF 4025](#) (Rosen) passed on May 6<sup>th</sup> of 2022 and was signed into law by Governor Walz on May 11<sup>th</sup>. As a result of the legislation, local governments (counties and cities) will receive 75% of the funding, with 25% of the funding directed to the state.

### What is the role of the Opioid Epidemic Response Advisory Council (OERAC)?

In 2019, [HF 400](#), led by Rep. Dave Baker and Sen. Julie Rosen, established the Opioid Epidemic Response Advisory Council (OERAC) and corresponding Opioid Response Fund (ORF) with fees assessed on opioid manufacturers and distributors. OERAC will continue serving Minnesotans with this funding, which sunsets in 2031. [SF 4025](#) preserved the licensing and distribution fees through 2031 and established two separate accounts within OERAC – one for the licensing and distribution fees and one for national settlement dollars. The funding allocations that counties receive from the licensing and distribution fees - directed towards child protective services - were preserved in [SF 4025](#) and will continue through 2031. Not only will counties received funding through this mechanism, local governments are also eligible to apply for grant funding through OERAC's competitive process. OERAC will serve as the statewide entity that manages the distribution of the state's portion (25%) of the national settlement funds and they will continue to serve as the entity that coordinates the settlement funds between local government and the state in Minnesota.

## **What is the role of the Association of Minnesota Counties (AMC) and Affiliates?**

AMC will continue to support counties as they receive and dedicate the opioid settlement funding. AMC and affiliate organizations such as the Local Public Health Association, the Minnesota Association of County Social Services Administrators, and the Minnesota Association of Corrections Act Counties, will also engage in collaborative efforts with the Department of Human Services' Behavioral Health Division, the Minnesota Association of Resources for Recovery and Chemical Health (MARRCH), OERAC and OERAC grantees to support the work at a local level and maximize the impact and effectiveness of this funding in addressing the needs of individuals, children, and families across Minnesota.

## **Will my county receive any funds?**

In addition to continuing to receive funding directed towards child protection from the licensing and distribution fees, all counties will receive a direct allocation from the national opioid settlement. The [amount a county receives](#) is based on the Minnesota intrastate agreement, using the national formula for distribution. The amount of funding a county receives is frontloaded in the first 3 – 5 years because the Johnson and Johnson settlement is paid out over fewer years than the settlements with the distributors. While the amount of funds will differ based on county and city population, opioids prescribed and opioid related deaths, the funding is flexible and allows for regional collaboration and partnership. The national settlement funding will continue for 18 years while the funding counties receive through the licensing and distribution fees will sunset in 2031.

## **When will the funds be available?**

Counties will begin receiving their first allocation of the national opioid settlement in July of 2022, with annual payments continuing for 18 years. The funds will be directed from the office of the National Settlement.

## **How should the funds be used?**

The national settlement funding is restricted to treatment and prevention efforts across public health, human services and public safety in accordance with the terms of the [Minnesota agreement](#). The settlement dollars are an opportunity to invest in local infrastructure including strategies that both address the mental health and substance use needs, while prioritizing local, primary prevention strategies that support child and family wellbeing. The agreement directed public health departments to serve as the lead agency and chief strategist to identify, collaborate, and respond to local issues as local governments decide how to leverage and disburse Opioid Settlement Funds, working collaboratively with human services, public safety, and local stakeholders. Counties are encouraged to consider leveraging staffing resources made available through the Public Health Americorp Vista program, made available at no cost in 2022.

## **Will I have to report on how the funds are used?**

Yes, [SF 4025](#) codified the reporting requirements which include: annual reporting based on funding threshold and the name of expenditure, amount and brief description for counties receiving more than 25,000 in settlement funding per year. AMC is in conversation with the Department of Human Services regarding the reporting requirements to ensure they reflect nuances in local government such as joint power agreements.

## **Where should I direct questions?**

Please reach out to your local public health staff or [Angie Thies](#), AMC's Child Wellbeing Policy Analyst with any questions. In addition, please visit the national opioid settlement administrator's [site](#) and the Minnesota Attorney General's [site](#) for information. If you have specific questions regarding the settlement or your local allocation, please contact the AG's office at [opioids@ag.state.mn.us](mailto:opioids@ag.state.mn.us)

**Resources:**

[Opioid Settlement Tracker](#)

[John's Hopkins Reference](#)

[RAND corporation reference](#)

[First Focus on Children](#)

[Colorado Blue Print](#)