

The Strategic Allocation of Opioid Settlement Funds

An Evidence-Based Approach
to Preventing Deaths from
Opioid Use Disorder

Contents



3	Executive Summary
4	The Current Landscape of Opioid Settlement Funds
7	A Look Back at Tobacco Settlement Funds
8	Current Challenges and Pitfalls in Opioid Settlement Funds Allocation
12	Recommendations and Guidelines from Expert Groups
16	Existing Treatments for Opioid Use Disorder
20	An Evidence-Based Approach to Opioid Settlement Funds
22	Conclusion

Executive Summary

Background

The opioid crisis has devastated communities across the United States, growing into one of the most pressing public health emergencies in recent history. Because this crisis has roots in the reckless distribution of opioids by pharmaceutical companies, significant legal settlements have required distributors, pharmacies, and drug makers to pay more than \$50 billion to help abate the opioid epidemic they caused.

These funds create a unique opportunity to invest in life saving interventions and evidence-based treatments, but only if they are allocated and used wisely.

Overview

This white paper will explore the challenges and pitfalls facing both settlement fund administrators and the organizations receiving the funding, aiming to learn from the lessons of the tobacco settlement funds of the past and recommend a path forward that prioritizes treatment innovation and direct intervention.

1. The Current Landscape of Opioid Settlement Funds

The opioid settlement funds represent a monumental financial response to the opioid crisis, resulting from various lawsuits against opioid manufacturers and distributors. As of June 2024, settlements — between U.S. state governments, local governments, Native American tribal nations, and the major pharmaceutical opioid manufacturers, marketers, distributors, and retailers — total \$55.2 billion.

These funds provide an unprecedented opportunity for treatment innovation and intervention, crucial for curbing the opioid epidemic that claimed nearly 82,000 lives in 2022 alone.

1.1 Mapping The Trajectory of the Opioid Crisis

The opioid crisis was declared a public health emergency on October 26, 2017; the declaration was renewed on September 26, 2023 to reaffirm the ongoing impacts of opioid use.

However, the history of America's opioid crisis can be traced back to the late 1990s, when pharmaceutical companies reassured the medical community that patients would not become addicted to opioid pain relievers. This led to widespread prescription and subsequent misuse of these medications, resulting in a dramatic increase in opioid addiction and overdose deaths.

The crisis has since evolved — with synthetic opioids like fentanyl exacerbating the epidemic — to become one of the most pressing public health emergencies in recent history.

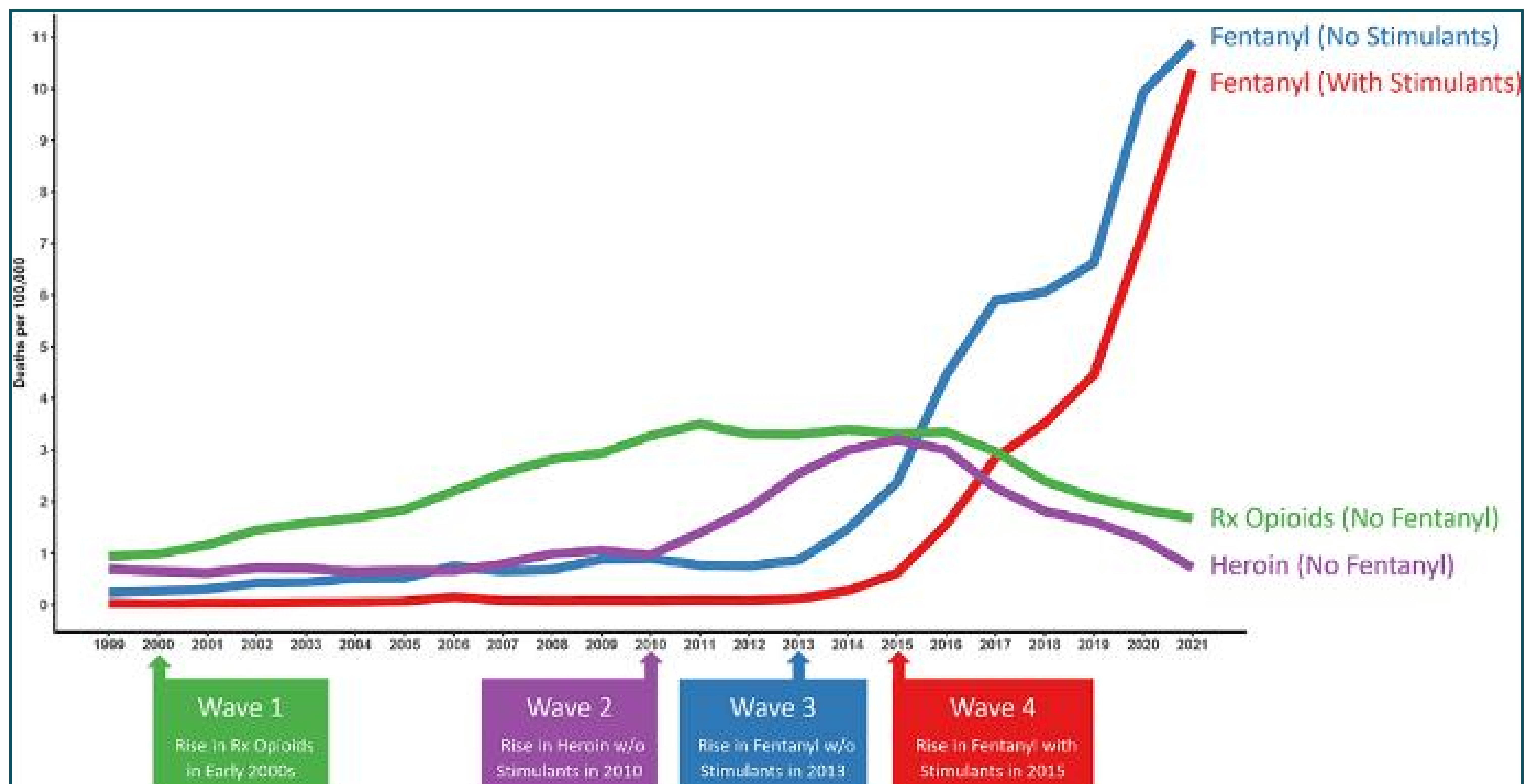


Over the past two decades, opioid misuse, addiction, and overdose deaths have surged to alarming levels.

According to the Centers for Disease Control and Prevention (CDC), from 1999 to 2019, nearly 500,000 people died from opioid overdoses, including both prescription opioids and illicit opioids like heroin and synthetic fentanyl.

To better understand the breadth of the opioid crisis, it's useful to examine the four waves of opioid use in the 21st century, as outlined in a paper by Joseph Friedman and Chelsea L. Shover:

1. Wave 1 - Starting in 2000: Rise in prescription opioid use
2. Wave 2 - Starting in 2010: Rise in use of heroin without stimulants
3. Wave 3 - Starting in 2013: Rise in use of fentanyl without stimulants
4. Wave 4 - Starting in 2015: Rise in use of fentanyl with stimulants



Addiction, Volume: 118, Issue: 12, Pages: 2477-2485, First published: 13 September 2023, DOI: (10.1111/add.16318)

The economic and social impacts of the opioid crisis are profound. The economic burden of opioid misuse in the United States alone is estimated to cost more than \$78 billion per year, including costs related to healthcare, lost productivity, addiction treatment, and criminal justice involvement. The social impact is equally devastating; a 2023 survey found that 32% of American adults have lost someone they know to a fatal drug overdose.



1.2 Context of Opioid Settlement Funds

Recognizing the urgent need for a comprehensive response, numerous lawsuits were filed against opioid manufacturers and distributors. These lawsuits culminated in significant legal settlements, with companies agreeing to pay billions of dollars in restitution. These funds are intended to support efforts to mitigate the opioid crisis, providing states and localities with the resources needed to implement effective interventions.

The opioid settlement funds, which currently exceed \$50 billion, offer a unique opportunity to address the multifaceted nature of the opioid crisis. These funds can be utilized to expand access to treatment, support harm reduction strategies, enhance prevention efforts, and address the social determinants of health that contribute to the prevalence of opioid use disorder.

32%
of American adults have lost someone they know to a fatal drug overdose, and 18.9% have lost a family member or a close friend to a drug overdose.

2. A Look Back at Tobacco Settlement Funds

Despite the substantial financial resources available, there are significant challenges and potential pitfalls in the allocation and utilization of opioid settlement funds. It is crucial to learn from past experiences, such as the misuse of tobacco settlement funds, to ensure that these resources are used effectively and efficiently.

<3%

of the \$250 billion from the Tobacco Master Settlement Agreement were used for their intended purpose.

2.1 Lessons from the 1998 Tobacco Master Settlement Agreement

The opioid settlement funds are not completely unprecedented, and in many ways parallel the agreements made between tobacco companies and the U.S. government. In 1998, the Tobacco Master Settlement Agreement (MSA) resulted in states receiving billions of dollars intended for tobacco prevention and cessation programs.

Unfortunately, less than 3% of the \$250 billion in settlement funds were used for their intended purpose, leading to a significant missed opportunity to address the leading cause of preventable death in the U.S.. A significant portion of the funds was diverted to fill budget gaps, pay off debts, and fund unrelated projects. The failure to invest adequately in prevention and cessation programs has undermined efforts to reduce smoking rates and improve public health outcomes.

To avoid repeating these mistakes with opioid settlement funds, it is essential to establish robust oversight mechanisms and accountability frameworks. Funds should be allocated based on evidence-based strategies that have been proven to reduce opioid-related harms and improve health outcomes. Transparency in the allocation and use of funds is crucial to ensure that resources are directed toward their intended purposes.



3. Current Challenges and Pitfalls in Opioid Settlement Funds Allocation

The allocation of opioid settlement funds so far has yielded a mix of positive and negative results. While some organizations are using the funds to invest in lifesaving interventions — which we'll explore in Section 5 of this paper — others are allocating the money toward less effective strategies or are neglecting evidence-based treatments out of bias towards harm reduction strategies or to fund budget gaps. In this section, we'll explore three common pitfalls for the allocation of opioid settlement funds.

In Greene County Tennessee, for example, \$2.4 million [in settlement funds] have been used to pay off the county's debt, and another \$1 million will be directed into a capital projects fund.

3.1 The Use of Settlement Funds to Pay Off Debt or Fill in Budgetary Gaps

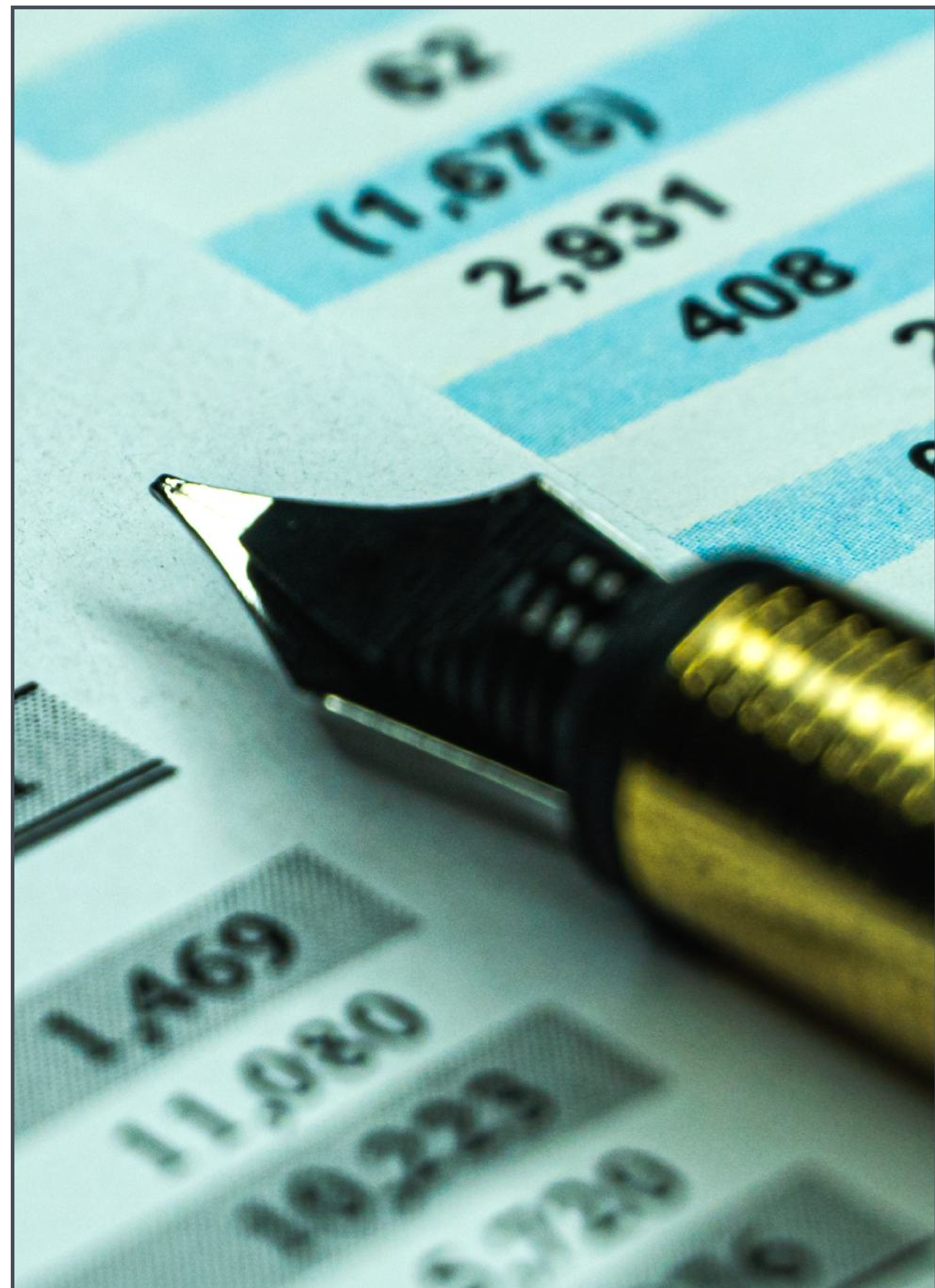
There's been a concerning trend of opioid treatment programs applying for opioid settlement funds, and then using them to pay off debts or address immediate financial issues rather than investing in life-saving treatments.

In some extreme cases, the funds are even being used for projects completed unrelated to opioid use disorder. In Greene County Tennessee, for example, \$2.4 million has been used to pay off the county's debt, and another \$1 million will be directed into a capital projects fund, which includes things like purchasing a "litter crew vehicle."

This short-term focus can undermine the long-term goal of reducing opioid-related harm and improving public health outcomes.

Opioid treatment programs play a critical role in providing medication-assisted treatment (MAT) to individuals with OUD. MAT, which includes medications like methadone and buprenorphine, has been shown to reduce opioid use, decrease overdose deaths, and improve overall health outcomes. However, many OTPs face financial challenges, including operating deficits and debt burdens.

The availability of opioid settlement funds presents an opportunity to address these financial challenges and enhance the capacity of OTPs to provide high-quality care. However, there is a risk that some programs may prioritize using the funds to



pay off debts or address immediate financial pressures rather than investing in long-term, sustainable interventions.

To mitigate this risk, it is important to establish clear guidelines and accountability measures for the use of settlement funds by OTPs. Funds should be allocated based on the demonstrated need and capacity to deliver effective treatment. Programs should be required to report on the use of funds and demonstrate how they are improving patient outcomes and reducing opioid-related harms. Furthermore, abatement councils and settlement fund administrators should put measures in place that prohibit the use of settlement funds to pay off debt.

3.2 Neglecting Harm Reduction Strategies

Settlement fund administrators often overlook harm reduction strategies, which are proven to reduce the immediate risks associated with opioid use. Harm reduction includes naloxone distribution, syringe service programs, overdose prevention sites, and fentanyl testing. These approaches not only save lives, improve community wellbeing, and reduce the transmission of chronic diseases like HIV and Hepatitis C, but also serve as a gateway to treatment and recovery services.

Harm reduction is a set of practical strategies and ideas aimed at reducing the negative consequences associated with drug use. It is based on the recognition that while some individuals may not be ready or able to stop using drugs, there are measures that can be taken to minimize the risks and harms associated with drug use.

Naloxone is a life-saving medication that can reverse opioid overdoses. Widely distributing naloxone and training individuals on its use are essential components of any effective opioid response strategy. Syringe service programs (SSPs) provide sterile needles and syringes to people who inject drugs, reducing the risk of HIV and hepatitis C transmission. Fentanyl testing allows individuals to test their drugs for the presence of fentanyl, a potent synthetic opioid that is responsible for a significant proportion of overdose deaths.

Harm reduction strategies are supported by a strong body of evidence demonstrating

their effectiveness in reducing opioid-related harms and connecting individuals to treatment and support services. However, these strategies are often overlooked or underfunded due to stigma and misconceptions about addiction and the people who experience it. For example, those who oppose harm reduction believe that harm reduction enables drug use, despite ample evidence to the contrary.

To ensure that settlement funds are used effectively, it is important to prioritize harm reduction strategies and integrate them into a comprehensive approach to addressing the opioid crisis. This includes expanding access to naloxone, supporting SSPs, and providing resources for fentanyl testing.



3.3 Fragmentation Across States, Tribes, and Local Governments

While localized response is needed to address the clinical, cultural, and spiritual needs of specific communities, the fragmentation in policies and approaches across states presents another significant challenge for individuals applying for opioid settlement funds. Each state has different guidelines and priorities — as do the local governments, Tribes, and Tribal Health Organizations — making it difficult to maintain a consistent and effective national response to the opioid crisis. Keeping up with the specificities of these policies can be burdensome and may lead to inconsistent and/or discriminatory application of funds.

The opioid crisis affects every part of the U.S., but the nature and extent of the crisis vary widely. Each entity receiving settlement funds has its own unique set of challenges, resources, and priorities, which can influence how settlement funds are allocated and used.



4. Recommendations and Guidelines from Expert Groups

To address the challenges and pitfalls associated with the allocation of opioid settlement funds, several expert groups have developed recommendations and guidelines. These recommendations emphasize the importance of evidence-based strategies, transparency, and accountability in the use of settlement funds.

4.1 Coalition of Health Groups Recommendations

A coalition of 31 professional and advocacy organizations, including the American Medical Association (AMA), came together in 2021 to provide recommendations on the allocation of opioid settlement funds. Their guidelines emphasize using evidence-based treatments, focusing on prevention, ensuring transparency, and addressing the needs of affected communities. One key recommendation is to "spend money to save lives" by prioritizing funding for programs with immediate and direct impacts on reducing opioid-related harms.

The coalition's recommendations are based on the recognition that the opioid crisis is a complex and multifaceted public health issue that requires a comprehensive and coordinated response. The coalition emphasizes the need for evidence-based strategies that have been proven to reduce opioid-related harms and improve health outcomes.



Key recommendations from the coalition of health groups include:

Expand Access to Medication-Assisted Treatment (MAT): MAT, including medications like methadone, buprenorphine, and naltrexone, is the gold standard for treating opioid use disorder. The coalition recommends expanding access to MAT and integrating it into primary care and other healthcare settings. dosing window?

Support Harm Reduction Strategies: Harm reduction strategies, such as naloxone distribution, syringe service programs, and fentanyl testing, are essential for reducing the immediate risks associated with opioid use. The coalition recommends prioritizing funding for these strategies.

Enhance Prevention Efforts: Prevention efforts, including public education campaigns, school-based programs, and community-based initiatives, are critical for reducing the incidence of opioid use and addiction. The coalition recommends investing in evidence-based prevention programs.

Address the Social Determinants of Health: The social determinants of health, such as housing, employment, and mental health services, play a significant role in substance use and addiction. The coalition recommends addressing these determinants through comprehensive support services.

Ensure Transparency and Accountability: Transparency in the allocation and use of settlement funds is crucial for ensuring that resources are directed toward their intended purposes. The coalition recommends establishing robust oversight mechanisms and accountability frameworks.

The coalition's recommendations provide a roadmap for the effective and equitable allocation of opioid settlement funds. By prioritizing evidence-based strategies and addressing the needs of affected communities, we can make meaningful progress in combating the opioid crisis.



4.2 Importance of Transparency

Transparency is vital for ensuring that opioid settlement funds are used effectively. The www.opioidsettlementtracker.com initiative is an excellent example of this, monitoring the use of settlement funds and providing public access to information about how money is allocated and spent. This transparency helps prevent misuse and ensures that funds are directed toward effective interventions.

Transparency is vital for ensuring that opioid settlement funds are used effectively.

4.3 Tribal Principles Project: Guidelines for the Use of Opioid Settlement Funds

In response to the news that federally recognized Tribes within the U.S. would receive more than \$1.5 billion in opioid settlements, a Tribal Principles Project Team came together to develop a set of principles to guide the application of opioid settlement dollars. These principles are:

- Culture First: Support Cultural and Traditional Healing in Your Community
- Invest in Opportunities for Reciprocal Learning and Partnerships Across Tribes
- Healing Support for Families: Invest in Parent, Caregiver and Elder Resources
- Sustain and Enhance Substance Use Services for Youth
- Create Opportunities for Holistic Well-Being

4.4 Opioid Settlement Accountability Act

The Opioid Settlement Accountability Act is an example of legislative action aimed at ensuring the responsible use of settlement funds. This act mandates transparent reporting and accountability measures, requiring states to report on how funds are used and their impact on reducing opioid-related harms.

The Opioid Settlement Accountability Act would establish several key requirements for the use of settlement funds:

Transparent Reporting: States are required to report on the allocation and use of settlement funds, including detailed information about how funds are spent and the outcomes achieved. This reporting must be made publicly available to ensure transparency and accountability.

Evidence-Based Strategies: States are required to allocate settlement funds based on evidence-based strategies that have been proven to reduce opioid-related harms and improve health outcomes. This includes expanding access to MAT, supporting harm reduction strategies, and investing in prevention efforts.

Oversight and Accountability: The act establishes robust oversight mechanisms and accountability frameworks to ensure that funds are used effectively and efficiently. This includes independent audits and evaluations to assess the impact of funded programs.

Community Engagement: The act emphasizes the importance of engaging with community stakeholders in the allocation and use of settlement funds. This includes involving individuals with lived experience of opioid use and addiction, as well as community-based organizations and healthcare providers.



5. Existing Treatments for Opioid Use Disorder

To address the opioid crisis effectively, it is essential to evaluate and implement a range of evidence-based solutions for treating opioid addiction. This includes expanding access to medication-assisted treatment (MAT), supporting harm reduction strategies, and investing in comprehensive social and community interventions.

In this section, we'll explore these treatment methods:

1. Methadone
2. Buprenorphine
3. Naloxone
4. Social and Community Interventions
5. Culturally Relevant and Appropriate Treatments

5.1 Methadone

Methadone is a long-standing, effective treatment for opioid use disorder (OUD). It reduces withdrawal symptoms and cravings, helping individuals maintain recovery and reducing the risk of overdose.

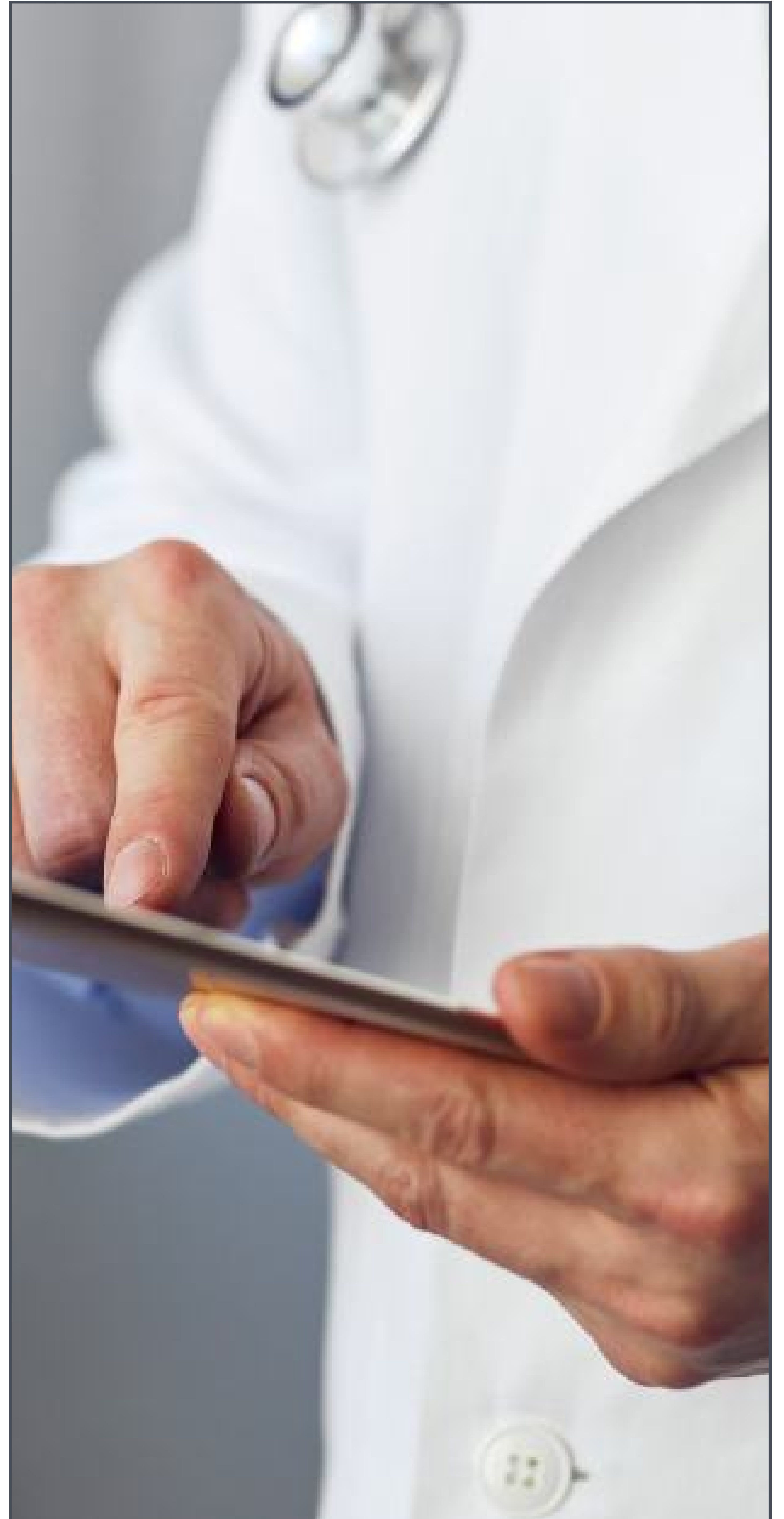
Methadone is an opioid agonist that binds to the same receptors in the brain as other opioids, reducing withdrawal symptoms and cravings. It has been used for decades as a treatment for OUD and has a strong evidence base supporting its effectiveness. Methadone treatment is provided through OTPs, often through daily, in-person visits where a patient comes to take their dose in a supervised setting.

Though methadone is safe and effective, it is also difficult to access, especially for patients who don't live near an OTP or don't have the time to attend daily, in-person appointments. One promising innovation in methadone treatment is the use of a remote dosing solution like the Sonara Health Virtual Dosing Window™, which allows patients to record take-home doses on their phone or computer for their care teams to review.

5.2 Buprenorphine

Buprenorphine, another medication-assisted treatment (MAT), is effective in reducing opioid use and preventing overdose deaths. Its partial opioid agonist properties make it safer and more accessible, allowing for use in various settings, including primary care.

Buprenorphine is a partial opioid agonist that binds to opioid receptors in the brain



but produces a weaker response compared to full agonists like methadone and heroin. This makes buprenorphine safer, as it has a lower risk of overdose. Buprenorphine is also available in combination with naloxone (as Suboxone), which further reduces the risk of misuse.

5.3 Naloxone

Naloxone is a critical tool in reversing opioid overdoses and saving lives. It should be widely distributed and easily accessible to individuals at risk of overdose, their families, first responders, and community organizations.

Naloxone is an opioid antagonist that can rapidly reverse the effects of an opioid overdose. It works by binding to opioid receptors in the brain, displacing the opioid and reversing its effects. Naloxone can be administered by injection or nasal spray, and it is highly effective in reversing overdoses and preventing deaths.

Expanding access to naloxone is a critical component of a comprehensive response to the opioid crisis. By making this life-saving medication widely available, we can prevent overdose deaths and save lives.

5.4 Social and Community Interventions

Addressing the social determinants of health is crucial for a comprehensive response to the opioid crisis.

This is one area that's been largely underexplored in the allocation of settlement funds. However, OTPs have a unique opportunity to provide their patients with resources — or partner with other organizations that provide these resources — in several key areas:

Housing is a critical need for individuals with OUD. Stable housing can provide a safe and supportive environment for recovery, reduce the risk of relapse, and improve overall health outcomes. Housing support can include emergency shelters, transitional housing, and permanent supportive housing.

Employment support is another important component of recovery. Employment can

provide individuals with a sense of purpose, financial stability, and social connections, all of which are important for long-term recovery. Employment support can include job training, vocational rehabilitation, and support for finding and maintaining employment.

Mental health services are also crucial for addressing the co-occurring mental health conditions that often accompany OUD. Providing access to mental health care, including counseling, therapy, and psychiatric services, can help individuals manage their mental health and support their recovery.

Community-Based Interventions like peer support groups, and recovery community organizations can provide individuals with the support they need to achieve and maintain recovery.

By providing comprehensive support services, we can address the root causes of substance use disorders.

5.5 Culturally Relevant and Appropriate Treatments

A one-size-fits-all approach is not an equitable way to deliver care. Disparities persist within OUD treatment, and research has shown White people are more likely to be prescribed the low barrier buprenorphine and Black people are more likely to be prescribed the high barrier methadone. Additionally, Black and Hispanic patients were less likely than White patients to receive medications for OUD even though they had frequent healthcare encounters after an addiction-related event.

Further, the data shows widening disparities between different population groups, with overdose death rates increasing 44% for Black people and 39% for American Indian and Alaska Native people. It's vital to address the broad failures and persistent structural racism within our healthcare delivery system, and it's imperative to understand the cultural contexts of patients in treatment for OUD.

In this section, we'll examine two examples of culturally-informed opportunities that complement existing treatment programs.

a. Mi'kmaq Nation

After receiving more than \$150,000 in opioid settlements, the Mi'kmaq Nation used some of the funding to build a sweat lodge in Presque Isle, Maine, dedicated to people in treatment for addiction. Sweat lodges play a key role in the tribe's beliefs and tradition, but because they are not covered by insurance, the Mi'kmaq health department was not able to build one until receiving settlement funds.

Andrea Medley, a member of the group that created the Johns Hopkins Tribal Principles, explained that helping connect indigenous people with their cultural traditions can have a powerful impact on healing and recovery.

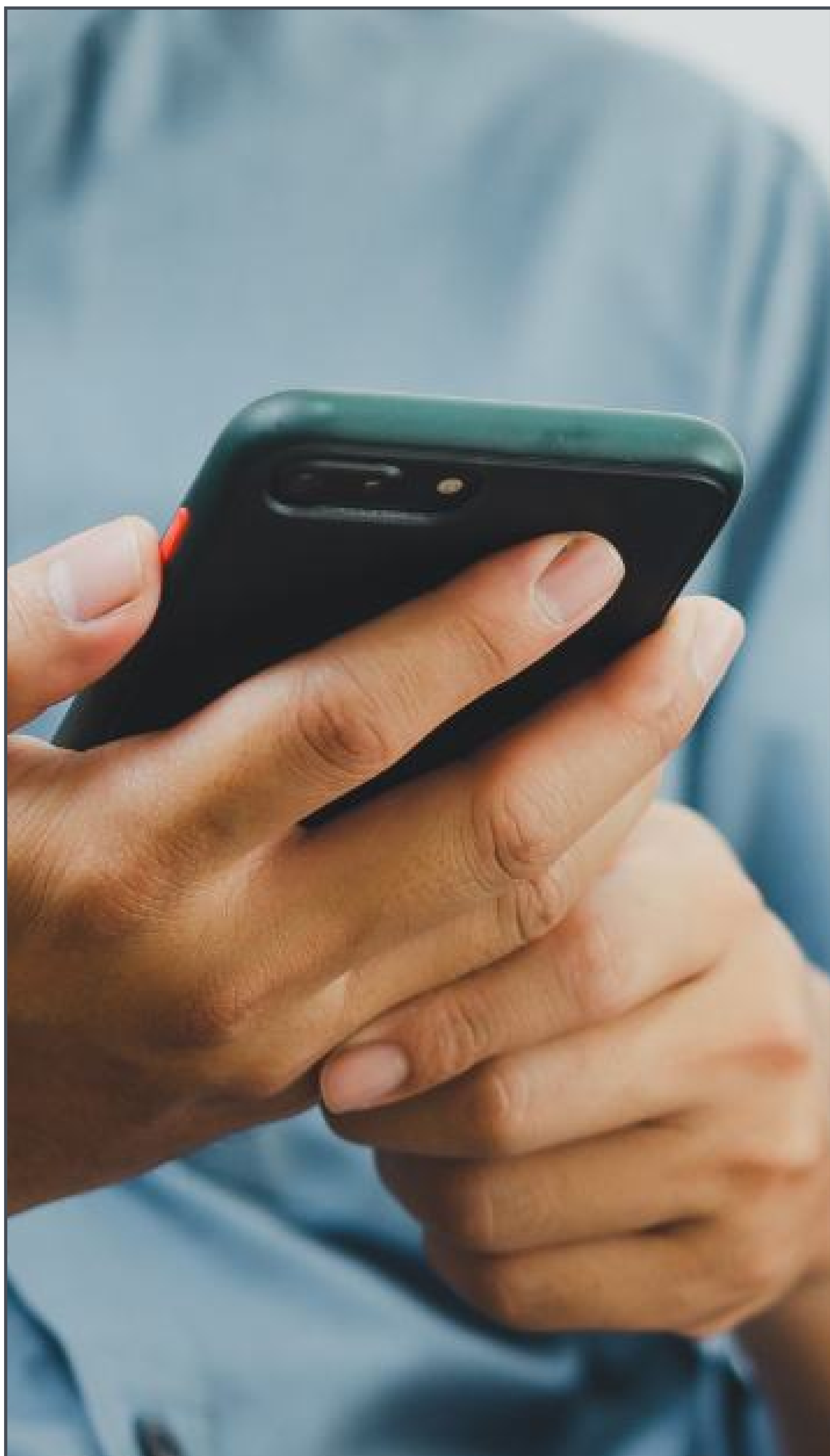
b. Portland, Oregon

For some people with OUD, a lack of culturally-informed care can be a major barrier to seeking or continuing to engage with treatment. The Imani Center in Portland, Oregon is working to overcome this barrier with mental health and addiction treatment specifically for the Black and African American community. The center offers counseling, peer groups, case management, housing support, and more, all rooted in a commitment to cultural safety.

“At the Imani Center, you'll have the opportunity to build community with folks who look like you, with the support of staff members who have lived knowledge of Black culture and the African American experience,” the center's website says.

6. An Evidence-Based Approach to Opioid Settlement Funds

To effectively address the opioid crisis, it is essential to take an evidence-based approach to the allocation and use of opioid settlement funds. This includes understanding the root causes of the crisis, selecting evidence-based and innovative opportunities to address the crisis, and tailoring strategies accordingly.



6.1 Understanding the Root Causes of the Opioid Crisis

The opioid crisis is multifaceted, stemming from intersecting factors such as prescriber practices, socioeconomic disparities, and pharmaceutical industry marketing strategies. Addressing the root causes requires a comprehensive understanding of systemic barriers like racism that impacts treatment access, stigma surrounding addiction, and structural inequities perpetuating health disparities.

6.2 Selecting Evidence-Based, Innovative Interventions

Investing in evidence-based interventions that align with best practices and clinical guidelines is essential for optimizing the impact of opioid settlement funds. Effective interventions include expanding access to MAT, integrating behavioral health services, and enhancing coordination between healthcare providers and community-based organizations. Innovation in telehealth services, digital health technologies, and peer-led support models further enhances treatment accessibility and engagement.

6.3 Prioritizing Treatment Innovation

Innovation typically outpaces the needed regulatory changes that enable its widespread adoption, and it is not uncommon that care delivery innovation and nascent evidence-based practices are hindered by lack of payment and reimbursement reform. When payment does not incentivize or enable changes to the care delivery model, we see care delivery innovation remain stagnant and/or adoption is slow.

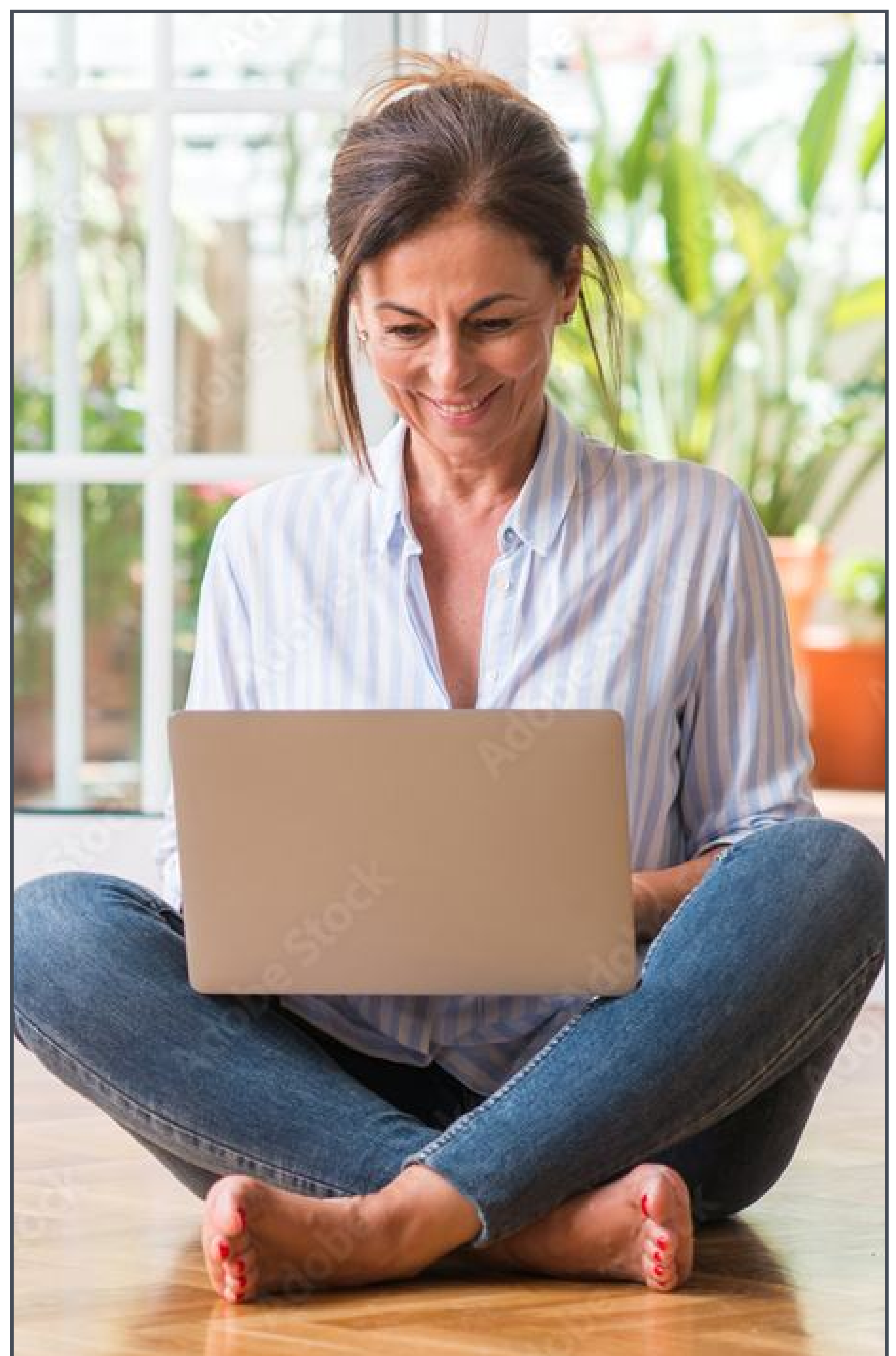
Opioid Settlement Funds can help fund innovative treatment models and modalities like culturally centered and integrated MOUD or remote observation of take-home methadone that are not currently reimbursed by health insurance. This can act as a catalyst to support long-term reimbursement, bridging the gap until programs like Medicaid begin to support reimbursement for these treatment modalities.

For example, the South Carolina Opioid Recovery Fund (SCORF) approved an application for opioid settlement funds submitted by the opioid treatment center Behavioral Health Group (BHG) to fund the use of Sonara Health's Virtual Dosing Window™ at three BHG locations in South Carolina.

In a peer reviewed research study with funding from the National Institute on Drug Abuse, Sonara Health found that a remote dosing application can address many of the challenges patients and providers face, bridging the gap between in-person,

observed dosing and take-home methadone dosing, which was historically unsupervised. Sonara's goal is to increase trust between provider and patient, and that is evident with a third of Sonara participants who are new to take-homes.

Participating patients described Sonara's app as "easy to use," and 92% agreed or strongly agreed that they would like to use the app frequently. Satisfaction ratings showed that web-app dosing interferes less with daily life than clinic dosing, and some patients even preferred Sonara's web-app dosing to unsupervised take-home dosing.



Conclusion

The strategic allocation of opioid settlement funds represents a pivotal opportunity to mitigate the devastating impact of the opioid crisis and promote public health resilience. By leveraging evidence-based interventions, enhancing transparency and accountability, and prioritizing community-driven solutions, stakeholders can collectively address systemic challenges and foster sustainable recovery pathways for individuals and families affected by OUD. Continued collaboration, advocacy for policy reforms, and investments in public health infrastructure are essential for achieving equitable access to comprehensive treatment and support services nationwide.

Contact Sonara to learn
how we can work together
to ensure effective use of
opioid settlement funds

sonarahealth.com

partners@sonarahealth.com

