



PennState

PENNSYLVANIA OFFICE OF  
RURAL HEALTH

*The Opioid  
Settlement Funding*

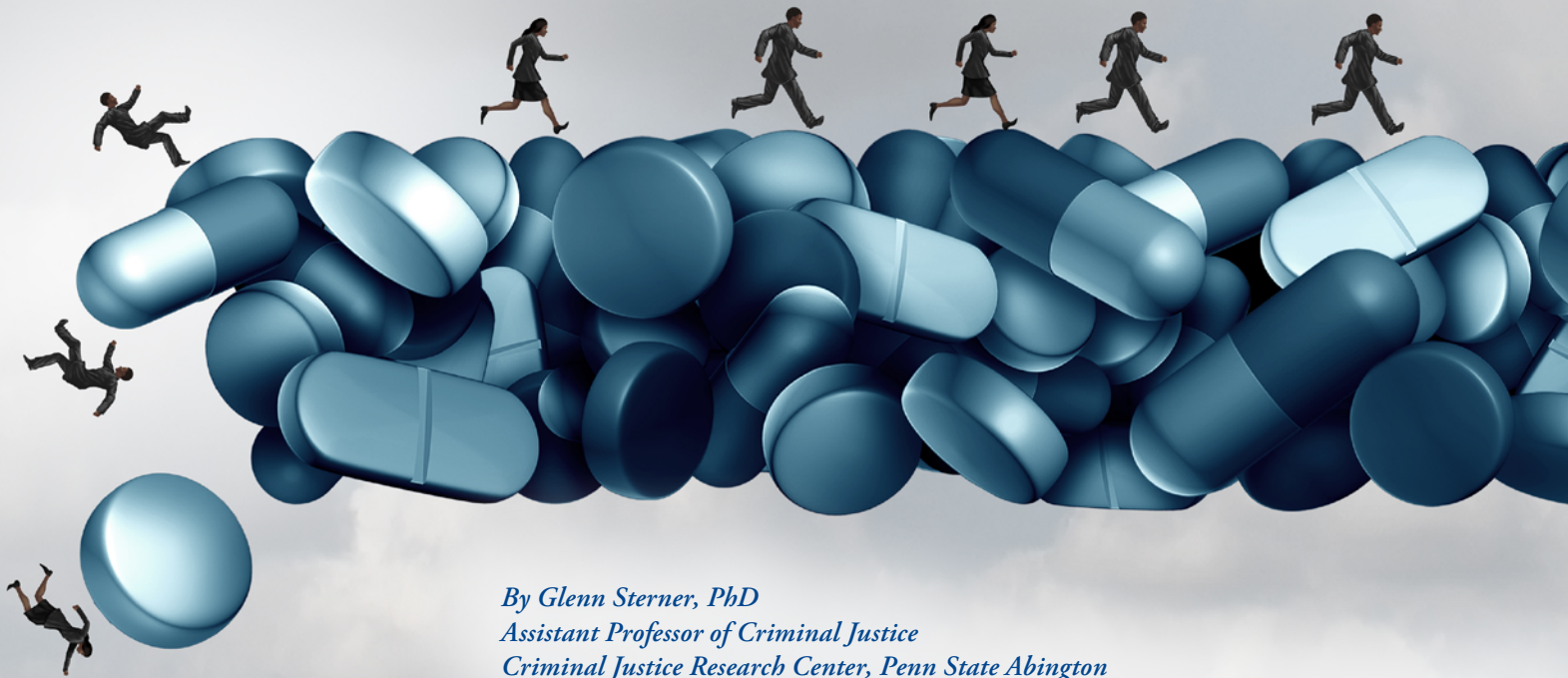
...AND WHAT IT MEANS FOR RURAL  
PENNSYLVANIA COMMUNITIES

PENNSYLVANIA RURAL HEALTH

*Insights*

# The Opioid Settlement Funding

## AND WHAT IT MEANS FOR RURAL PENNSYLVANIA COMMUNITIES



*By Glenn Sterner, PhD  
Assistant Professor of Criminal Justice  
Criminal Justice Research Center, Penn State Abington*

In 2021, a landmark settlement awarded \$26 billion to a multi-state collective from one opioid manufacturer (Johnson & Johnson; \$5 billion) and three opioid distributors (AmerisourceBergen, Cardinal Health, and McKesson; \$21 billion) for their role in fueling the opioid crisis across the United States. This will be the first of many lawsuits likely to be settled in the near future, as there is current pending litigation with other manufacturers (e.g., Allergan, Teva, and Purdue) and pharmacies (e.g., CVS, Walgreens and Walmart) that also contributed to conditions negatively impacting the substance related issues our communities currently face. The current estimate of the outcome of these settlements is expected to reach over \$54 billion, to be allocated across states that have participated in the litigation, with likely individual settlements and further litigation that could increase the amounts of funds to be distributed. Pennsylvania is one of the states that will receive funding as part of these settlements.

States that participate in the large, global settlements with manufacturers, distributors, and pharmacies will receive an allocation of each settlement according to a formula that estimates the impact of the opioid crisis including opioid overdose deaths, amounts of prescription opioids dispensed, prevalence

of pain reliever use disorder, and population. The payments to states will occur over the course of approximately eighteen years, with schedules of payments varying according to each settlement. Payments are frontloaded, meaning that there will be larger payments at the beginning of the schedule which will

taper off over those eighteen years until the full settlement amount is reached.

Pennsylvania will receive approximately \$1.07 billion over the next eighteen years from the first wave of settlements (from Johnson & Johnson, AmerisourceBergen,

Cardinal Health, and McKesson). I was fortunate to participate as part of a team of Penn State researchers called upon to assist the Pennsylvania Office of Attorney General to provide technical assistance as they worked with Commonwealth stakeholders to develop a plan to distribute those funds in an equitable manner.

In Pennsylvania, the oversight of settlement funding is through the Pennsylvania Opioid Misuse and Addiction Abatement Trust (Trust), a specially developed public entity comprised of thirteen appointed individuals. This entity distributes the funds according to the following breakdown: 15 percent is provided to the Pennsylvania State Legislature to allocate according to established budgeting processes; 15 percent is targeted to a group of local stakeholders known as ‘litigating sub-entities,’ those who initially leveraged separate lawsuits against companies; and 70 percent is provided to each county, overseen by county commissioners. As a result, most of the control of the opioid settlement funds (85 percent) is controlled by local stakeholders. For the 70 percent of funding allocated to Pennsylvania counties, a formula is used for distributing the funds to each county that takes into account opioid overdose deaths, the amount of prescription opioid painkillers dispensed, opioid use disorder-related hospitalizations, and emergency medical services-administered naloxone. However, this process places some of our most rural counties at a significant disadvantage, due to population distribution across the Commonwealth. We therefore advised that a floor distribution should be established to ensure that even the most rural counties were provided with a meaningful sum of funding to address substance-related issues. A \$1 million base-line allocation was established through stakeholder negotiations. As a result, each county in Pennsylvania will receive at least \$1 million over the next eighteen years to address opioid and other substance use-related issues in their communities.

The settlement funds must be used according to a predeveloped list of abatement strategies, known as Exhibit E, that primarily addresses opioid use, but may be used to support other substance use and co-occurring mental health-related issues. The interpretation of

Exhibit E and approved strategies is based on each state’s opioid settlement governing body, and in Pennsylvania that is the Trust. As counties, litigating sub-entities, and the state develop plans for the use of settlement funds, they are required to report their expenditures to the Trust to ensure compliance with approved uses.

No amount of money will ever replace those we have lost during the opioid epidemic, nor will it fully compensate communities for the expenditures incurred as a result of efforts to address substance-related issues. My colleagues and I worked to identify these costs, and even these now outdated figures point to billions of dollars across multiple sectors. These settlements were negotiated not to make up for past losses, but to abate future anticipated needs to address opioid and other substance-related issues in communities. This is a different mindset for the settlement. We must use these funds to address the opioid epidemic as it continues to change and morph according to community identified needs and issues. We must find ways to honor our friends, family members, and neighbors who we have lost, ensure we meet the needs of those who are continuing to live with the effects of the opioid crisis, and find ways to prevent the next generations from being impacted.

As we consider rural communities, \$1 million may sound like a lot of money on paper. However, when spread across eighteen years, and with the notation that the funds will have a greater allocation in the first several years then begin to decrease over time, it becomes very apparent that these funds will not cover all of the needs communities may have to address current and emerging opioid and other substance-related issues. For some rural counties, this may be a smaller resource than what is already provided by state or county governments. It is important that we consider how to use these funds in ways that can maximize their impact and assess two parallel strategies.

First, use this as an opportunity to take stock. This is an excellent opportunity to examine and evaluate previous efforts and plans to address substance use issues in your community. It is also a great time to explore data that are important indicators of the

health and safety of your community, data that include overdose deaths, youth and adult substance use behaviors, treatment and health care utilization, naloxone administrations and access, neonatal abstinence syndrome prevalence, recovery support service utilization, prescription opioid painkiller dispensation, and criminal incidents. This is also a great opportunity to look around our decision-making table, explore who may need to be invited and re-engaged to develop a pathway forward, consider those whose needs are not currently being met, and find ways to integrate strategies for reaching those who are most vulnerable and underserved.

Second, find ways to supplement existing funding sources to increase impact. Settlement funds are more flexible than other funding sources. This may be an opportunity to identify initiatives that other funds have not yet been able to support. It may also be an opportunity to use these funds for building infrastructure for locations for treatment, recovery support or other needs. Importantly, the funded interventions should be evidence-based and research informed, to ensure that settlement funding is not used on practices shown to have no effects or worse, harmful effects.

Third, share your knowledge. As communities implement interventions and initiatives, it is important to share “what works” with others. As part of an effort to evaluate the impacts of the opioid settlement funding in Pennsylvania, I am leading an effort called Elevate Pennsylvania in conjunction with a great team of researchers at Penn State, the University of Pittsburgh, and Temple University to share this knowledge across the Commonwealth and beyond. We hope that through connection with communities across the state, we can share positive impacts of strategies to maximize the impacts of the settlement funding.

While the settlement funding is not a magic wand that will meet every need of each community as it addresses substance use issues, this is an incredible opportunity that the opioid crisis has yet to see. Nearly every county in every state across the entire country, not just here in Pennsylvania, is at an inflection point. We are each discussing

the opioid crisis, the settlement funding, and how we chart a pathway into the future. This moment in time is the catalyst we need to think about how we will shape our communities' futures and address, in a cohesive manner, substance use across prevention, treatment, recovery support, harm reduction, stigma reduction, and criminal justice. This funding will help us, but it will require continued commitment by all residents to address the changing nature of the opioid epidemic. Work with your county commissioners to explore ways to maximize the impacts of these funds in your community. Some counties are accepting applications for use of the funds, while others are allocating funds based on constituent feedback.

It is up to you to do your homework and find ways to have your voice heard as these funds continue to be available over the next eighteen years.



## REFERENCES

Deaths, Dollars, and Diverted Resources: Examining the Heavy Price of the Opioid Epidemic. (2019). *American Journal of Managed Care*, 25(13). Available at [ajmc.com/publications/supplement/deaths-dollars-diverted-resources-opioid-epidemic?year=2019](https://ajmc.com/publications/supplement/deaths-dollars-diverted-resources-opioid-epidemic?year=2019).

Evidence-based Prevention and Intervention Support. (2023). What does it mean when we say a program is "evidence-based"? Available at [epis.psu.edu/sites/default/files/2023-02/What%20does%20it%20mean%20when%20we%20say%20a%20program%20is%20evidence%20based%20-%20rev%202023-02-14.pdf](https://epis.psu.edu/sites/default/files/2023-02/What%20does%20it%20mean%20when%20we%20say%20a%20program%20is%20evidence%20based%20-%20rev%202023-02-14.pdf).

Minhee, C. (2023). Opioid settlement pot exceeds \$50 billion. Available at [opioidsettlementtracker.com/globalsettlementtracker/#pot](https://opioidsettlementtracker.com/globalsettlementtracker/#pot).

Pennsylvania Opioid Misuse and Addiction Abatement Trust. (2023). *Exhibit e: List of opioid remediation uses*. Available at [paopioidtrust.org/getmedia/4877e10e-cb3f-44b7-acbc-465affc880e4/Exhibit-E-List-of-Opioid-Remediation-Uses.pdf](https://paopioidtrust.org/getmedia/4877e10e-cb3f-44b7-acbc-465affc880e4/Exhibit-E-List-of-Opioid-Remediation-Uses.pdf).

Plaintiff's Executive Committee. (2023). *National opioids settlement*. Available at [nationalopioidsettlement.com/](https://nationalopioidsettlement.com/).

Rhubart, D., Chen, Q., Sterner, G., Newton, R., Shaw, B., Scanlon, D. (2022) Conceptualizing and measuring abatement from the opioid epidemic: A case study from Pennsylvania. *Milbank Quarterly*, 100(4): 991-1005. doi: 10.1111/1468-0009.12589.

*To learn about the details of the opioid use funds distribution process, please see [pubmed.ncbi.nlm.nih.gov/36441694/](https://pubmed.ncbi.nlm.nih.gov/36441694/).*

*To learn more about the Pennsylvania Opioid Misuse and Addiction Abatement Trust, visit [paopioidtrust.org/](https://paopioidtrust.org/).*

*For more information, please visit the Penn State Consortium on Substance Use and Addiction's website at [csua.ssri.psu.edu/](https://csua.ssri.psu.edu/).*



### PENNSYLVANIA OFFICE OF RURAL HEALTH

Pennsylvania State University  
118 Keller Building  
University Park, PA 16802-2315

 814-863-8214

 814-865-4688 (fax)

 [porh@psu.edu](mailto:porh@psu.edu)

 [porh.psu.edu](https://porh.psu.edu)

### STAFF

**Kelly Braun**, Rural Primary Care and Integration Coordinator

**Karen Burke**, Outreach Coordinator

**Chris Calkins**, Faculty Associate

**Joni Davis**, Pennsylvania Rural Health Farm Worker Protection Safety Specialist

**Lisa Davis**, Director and Outreach Associate Professor of Health Policy and Administration

**Lannette Fetzer**, Quality Improvement Coordinator and AgriSafe Nurse Scholar

**Rachel Foster**, COVID-19 Program Manager

**Sandee Kyler**, Rural Health Systems Manager and Deputy Director

**Laura Zimmerman**, Budget/Staff Assistant

This publication is available in alternative media on request. Penn State is an equal opportunity, affirmative action employer, and is committed to providing employment opportunities to all qualified applicants without regard to race, color, religion, age, sex, sexual orientation, gender identity, national origin, disability or protected veteran status. U.Ed. HHD 24-656 MPC S165166