



Memorandum

TO: NEIGHBORHOOD SERVICES
AND EDUCATION COMMITTEE

FROM: Aurelia Bailey

SUBJECT: OPIOID SETTLEMENT FUNDS
STATUS REPORT

DATE: May 13, 2024

Approved

Date

6/6/24

RECOMMENDATION

Accept the Opioid Settlement Funds status report.

BACKGROUND

Nearly 12,000 Californians died from drug overdoses last year¹. In Santa Clara County, in the last five years, there have been 798 related deaths to opioids and 549 involved fentanyl. In 2023, 158 opioid deaths were recorded and 106 occurred in San José. The crisis began two decades ago and was originally linked to prescription opioids and later to heroin. Fentanyl is produced both for pharmaceutical use as a pain reliever and for illicit use. Fentanyl is 50 times more powerful than heroin and 100 times stronger than morphine. Public health experts warn of dangers posed by newer street drugs and the mixing of them with fentanyl and other substances.

States and local public entities throughout the country, including the City of San José, brought lawsuits against manufacturers, distributors, and pharmacies responsible for contributing to the opioid epidemic. In 2021, opioid manufacturer Janssen and distributors McKesson, Cardinal Health, and AmerisourceBergen settled their lawsuits. The following year, pharmacies CVS, Walgreens, and Walmart, and manufacturers Teva and Allergan settled their cases. These defendants have agreed to refrain from conduct that contributed to the opioid epidemic. For example:

- Manufacturers Janssen, Teva, Allergan will not sell or promote opioid products for a ten-year period. Lobbying limitations have also been imposed.
- Distributors McKesson, Cardinal Health, and AmerisourceBergen (“Distributors”) are required to monitor their shipments for “red flags,” including order quantities and ratios, so that suspicious opioids orders can be identified, reported, and stopped. The Distributors are also required to engage a third-party vendor to obtain data from all

¹ Centers for Disease Control “Monthly Provisional Drug Overdose Death Counts (thru December 2022)”
<https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm>

distributors, pharmacies, and other relevant data sources to provide transparency into the distribution of controlled substances.

- Pharmacies CVS, Walmart, Walgreens are required to implement oversight, compliance, and training measures, including a prescription validation process aimed at identifying potentially inappropriate prescriptions or purchases of opioids.

Additionally, each of these defendants agreed to a monetary payment to reimburse public funds that were spent on addressing the opioid epidemic. Settlement amounts are as follows:²

- McKesson, Cardinal Health, and AmerisourceBergen (collectively): Up to \$21 Billion over 18 years;
- Janssen: Up to \$5 Billion over up to 9 years;
- Teva: Up to \$3.34 Billion over 13 years;
- Allergan: Up to \$2.02 Billion over seven years;
- CVS: Up to \$4.90 Billion over 10 years;
- Walgreens: Up to \$5.52 Billion over 15 years; and
- Walmart: Up to \$2.74 Billion over six years.

Each public entity receives an allocation of settlement funds. San José also receives an additional allocation for participating as a named plaintiff in the lawsuits. Since 2023, San José has received \$1,009,314.54. It is anticipated that the City will receive \$228,735.33 from the Distributors Settlement next year. There is currently no information about the amounts the City can expect to receive from the other settlements.

Settlement funds must be spent on opioid prevention and intervention, harm reduction, treatment, and recovery services in the community.

ANALYSIS

The report outlines the City of San José's framework for the utilization of opioid remediation from the settlement funds. The City Manager's Office (CMO) is currently coordinating with Airport, Fire, Library, Parks, Recreation, and Neighborhood Services (PRNS), Human Resources, and San José Police (SJPD) departments to support efforts to decrease opioid poisoning and deaths including enhancing linkage to care for people with opioid use disorder and risk for opioid overdose, partnering with public safety, and implementing other innovative intervention and prevention activities especially targeting youth and other vulnerable population. Collaborating partners include the County of Santa Clara, Department of Behavioral Health Services to support their public awareness campaign and increase access to lifesaving naloxone (Narcan) which reverses overdoses.

² Settlement amounts depend on the number of states who participate in the settlement. The maximum amounts provided here are based on a 100% participation rate.

City departments such as PRNS and Airport have partnered with the County of Santa Clara, Department of Behavioral Health Services, to provide voluntary onsite naloxone (Narcan) training. Naloxone is a life-saving medication used to reverse an opioid overdose, from heroin, fentanyl, and prescribed opioid medications. Staff was also trained on the State of California's Good Samaritan law which protects those giving emergency medical care at the scene of a medical emergency, including administering naloxone. There has been a total of 287 staff trained. Starting this summer, naloxone dispensers will be stored in all Automated External Defibrillators (AED) at the Airport. Staff is also working with the City's Safety Officer in the Human Resources Department to add guidelines for Naloxone Policy and Procedure when training staff.

On February 13, 2024, City Council accepted the 2023-2024 Mid-Year Budget Review Report which included budget actions in the newly created San José Opioid Response Fund. The City Council authorized expenditures from the funding received for remediation strategies and planned activities proposed by departments. The funds will go towards staff training, prevention and intervention programs, and community awareness and education on opioids. City staff has been developing the framework for the implementation that includes outcome metrics and establishing work plans. Departments have made progress on the remediation strategy outlined below:

1) Staff Training

- The Library Department will offer voluntary Naloxone training for staff. Training on Naloxone will be provided by a City-approved vendor as they will include First Aid and CPR. (\$25,000)

2) Opioid Overdose Prevention Grant Program

- PRNS awarded four (4) nonprofit partners through a newly formed grant program, Opioid Overdose Prevention Program. The nonprofit partners were selected from San Jose Youth Empowerment Alliance's funding arm, Bringing Everyone's Strengths Together (BEST) Eligible Service Provider list. Nonprofit partners will provide services to discourage or prevent misuse of opioids and reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies. (\$350,000)
- In addition, staff has been coordinating a series of capacity building training through a Community of Learning program that will include knowledge and skills needed to address the opioid crisis within BEST and Opioid Overdose Prevention providers. (\$50,000)
- PRNS also hired a temporary staffing through June 2024 to oversee the Opioid Overdose Prevention Grant Program and planning and coordinating the capacity-building training and workshops. (\$75,000)

3) Community Awareness and Education on Opioid Addiction Prevention

- The City Manager's Office funds a portion of a position to coordinate and oversee the City's use of the opioid settlement funds. Staff has been coordinating with City departments to develop, scope, and implement programs that utilize the funding for opioid remediation activities, as well as organize stakeholder engagement activities and prepare annual expenditure reports regarding the use of opioid settlement funds to California's Department of Health Care Services. (\$60,000)
- Staff is currently working on purchasing Naloxone (Narcan) and staff training coordination, plus adding guidelines for the usage of Naloxone. Funding will also support the Santa Clara County Opioid Campaign Plan for translation of materials and the International Overdose Awareness Day event on August 29, 2024. (\$120,000)
- SJPD is conducting education and training sessions for residents in English, Spanish, and Vietnamese, focusing on the prevention and intervention of opioid-related issues. The training also includes the proper use of Naloxone. Classes have been scheduled based on requests and strategic locations. SJPD has done a total of 81 presentations for a total of 3,350 participants. Additionally, a total of 250 Naloxone has been given to residents. Outreach efforts target high-impact areas, as identified by our Crime Analysis Unit statistics indicating frequent opioid overdoses. Potential sites for these sessions include community centers, schools, libraries, and places of worship. SJPD will provide at least two classes per week, for a total of eight classes per month. (\$60,000)
- The Fire Department is currently recruiting a Graduate Intern to work for the upcoming school year 2024-2025 to create and disseminate public education materials related to the mitigation of opioid misuse, drug disposal, Good Samaritan laws, and treatment services. The Fire Department Emergency Medical Services Division will create an education outreach plan to work with schools and youth-based organizations to be implemented for the school year 2024-2025. (\$29,000)

Implementation of the Opioid funds has posed challenges due to the funding requirements plus the staff resource allocation to get this work started. Consequently, a total of \$277,000 will be carried over into the fiscal year 2024-2025 plus the program oversight will shift from CMO to PRNS. While funding from the settlement for the next fiscal year 2024-2025 has not been confirmed, staff will continue to analyze data to take action to include preventing overdoses, saving lives, and implementing other innovative prevention activities to support public outreach and education.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, City Manager's Budget Office, Fire Department, Library Department, Parks, Recreation, and Neighborhood Services Department, and San José Police Department.

NEIGHBORHOOD SERVICES AND EDUCATION COMMITTEE

June 13, 2024

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/s/

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