



# Opioid Abatement Council Meeting

July 8, 2022

1:00pm – 3:00pm

William R. Snodgrass Tennessee Tower – Tennessee Room, 3<sup>rd</sup> Floor

# Agenda

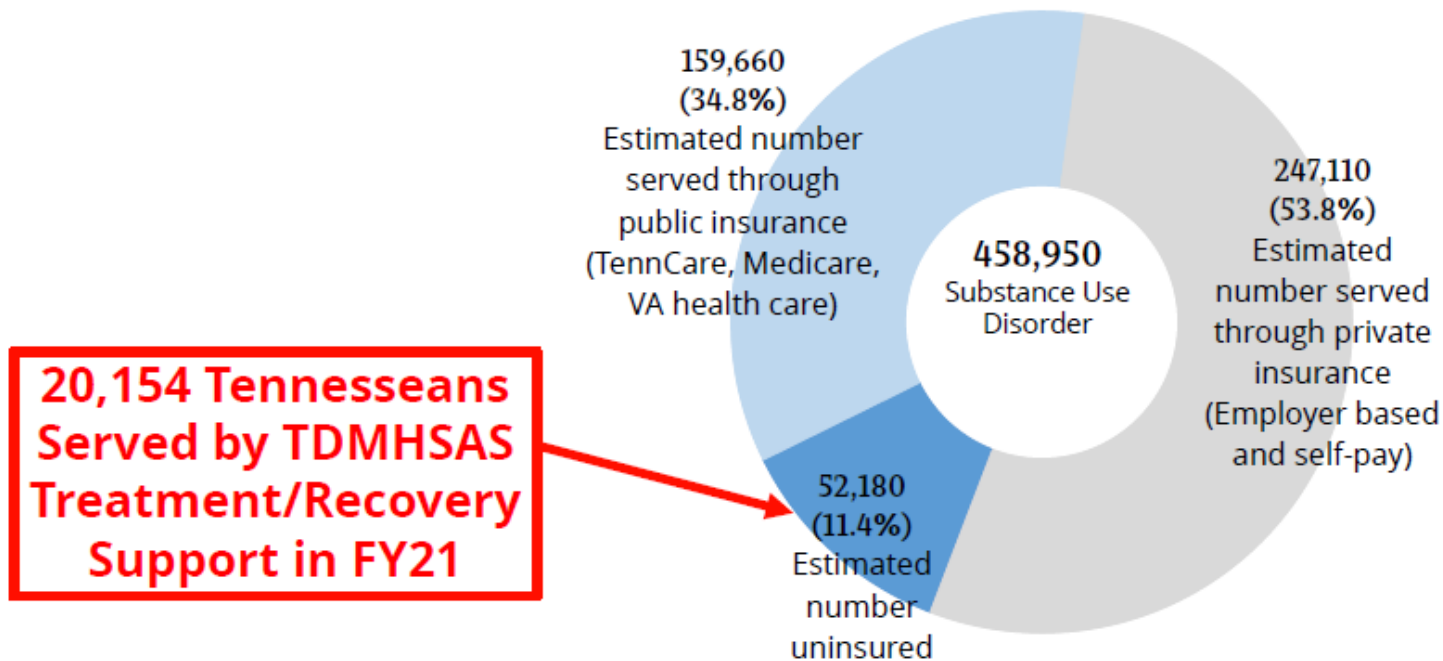
- Introductions & Gratitude
- Background, Settlement, and Legislation Information
- Responsibility of Council
- Confirmation of Executive Director
- Next Steps

# Introductions & Gratitude

- Dr. Stephen Loyd - Chair, Opioid Abatement Council
- Attorney General Herbert Slatery
- Commissioner Marie Williams

# Estimated Prevalence of Substance Use Disorder Among Adults in Tennessee

2019 Tennesseans, **ages 18+:** **458,950** were estimated to have a substance use disorder (SUD)  
(8.62% of 5,324,254 Tennesseans, rounded to nearest 10)



Sources: National Survey on Drug Use and Health 2018-2019, U.S. Census population estimates for Tennessee 2019.



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# Background Settlement & Legislation Information

# Opioid Investigations and Litigation

- Opioid crisis led to extensive investigations and litigation by states, local governments and other public entities, leading to thousands of lawsuits being filed nationwide.
- More than five years ago, serious efforts began to resolve claims and begin adding resources to efforts to abate the crisis.
- Now have agreements with some companies while litigation and other efforts continue with others.

# Current Sources of Abatement Funds

- Settlements:
  - McKinsey
  - “Distributor settlement” with three national pharmaceutical distributors: AmerisourceBergen Corporation, Cardinal Health, Inc. and McKesson Corporation.
  - “J&J settlement” with Johnson & Johnson and its subsidiaries, including Janssen
- Bankruptcy plans:
  - Mallinckrodt
  - Purdue (status on appeal)

# Use of Abatement Funds

- Tennessee statutes and the trust agreement for the TN Opioid Abatement Trust Fund
- Settlement agreements
- Bankruptcy plans
- TN State-Subdivision Opioid Abatement Agreement:
  - Agreement between State and its local governments
  - Replaces default provisions concerning disbursement of funds in settlement agreements and bankruptcy plans



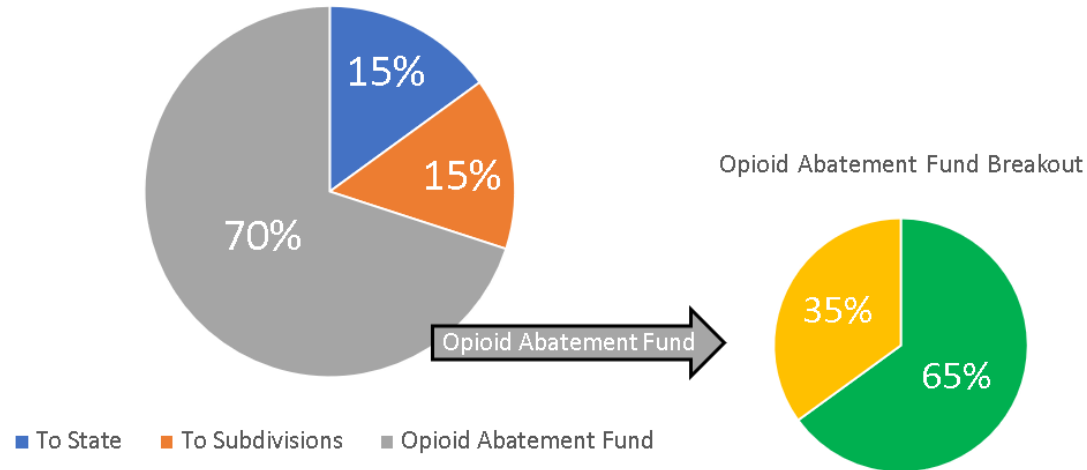
# Use of Funds: General Requirements

- Funds going into the Opioid Abatement Fund must be used on future opioid abatement.
- Detailed list of potential programs and expenditures
  - Exhibit to settlement agreements
  - Exhibit to bankruptcy plans
- Reporting

# Disbursement of Funds Based on Public Chapter 491 of 2021

- Distributor and J&J Settlements:
  - 15% paid directly to State of Tennessee's General Fund
  - 15% paid directly to qualifying Subdivisions based on settlement agreement.
  - 70% paid into the Opioid Abatement Fund
    - By statute, 35% of the 70% of the Abatement Funds from these two settlements are directed to the counties to use on programs approved by the Council.
    - The **Council** has discretion concerning the remaining 65% of the 70% of the funds.

- Bankruptcy plans:
  - State-Subdivision Agreement adopts same approach for bankruptcy funds paid into Opioid Abatement Fund.
  - No direct payments to State or Subdivisions



# Opioid Abatement Funds – 2022

- Please Note: All funds currently rest with the Treasury in a Trust Fund Account. We will hear more during the September meeting. *Please be patient* during this process as there is a lot of administrative processes to be sorted out.
- Current Available Funds: ~\$13.2 million (McKinsey)
- Expected Funds to be available September, *or there after:*
  - 1<sup>st</sup> Distributor payment: ~ \$14.9 million
  - 2<sup>nd</sup> Distributor payment
  - 1<sup>st</sup> & 2<sup>nd</sup> J&J payments
- Additional payments expected by end of 2022, *or there after:*
  - J&J accelerated payments for years 2-5
  - Mallinckrodt initial payment

## Opioid Abatement Funds – Anticipated Payment Timeline After 2022

- Expected timeline of funds to be made available after 2022:
  - McKinsey: 3 more annual payments (~\$651,000 each);
  - Distributors: 16 more annual payments through 2038
  - J&J: Payment acceleration means no additional payments through 2025, then annual payment resume from 2026-2031
  - Mallinckrodt: Annual payments 2023-2030 unless prepayment

The logo consists of a red square with the letters 'TN' in white, serif font. Below the square is a thin white horizontal line, and below that is a thin dark blue horizontal line. A registered trademark symbol (®) is located at the bottom right corner of the dark blue line.

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# Opioid Abatement Council Member Terms

# Member Terms

Voting members must be residents of Tennessee and have expertise and a minimum of ten (10) years of experience in public health policy, medicine, substance use disorder and addiction treatment, mental health services, drug misuse prevention programs, or drug court diversion or other programs in which people with substance use disorders interact with first responders, law enforcement, or the criminal justice system.

*Section 6(b) Public Chapter 491 of 2021*

# Appointing Authorities & Serving Terms

- 15 Voting Members & 1 Nonvoting Member
  - Commissioner of TDMHSAS - Nonvoting Member
  - Governor – Four (4) Appointees
  - Speaker of Senate – Four (4) Appointees
  - Speaker of the House of Representatives - Four (4) Appointees
  - Tennessee County Services Association – Two (2) Appointees
  - Tennessee Municipal League – One (1) Appointee

## Serving Terms:

- Appointments by the Governor, Speakers of the Senate and House of Representatives to serve an initial four-year term.
- Appointments by the TN County Services Association and Municipal League to serve an initial five-year term.

## Quarterly Meetings

- To be held on a rotating basis in each Grand Division.

# Responsibility of Council

The Council upholds the responsibility to ensure the disbursements of these funds go toward funding programs, strategies, expenditures, and other actions designed to prevent and address the misuse and abuse of opioid products and treat or mitigate opioid use or related disorders or other effects of the opioid epidemic.

Public Chapter 491 of 2021





# Responsibility of Council Continued

- Opioid Abatement Funds can be spent for the following purposes:
  - Prospective opioid abatement and remediation;
  - Expenses incurred in administering and operating the opioid abatement council;
  - Related expenses associated with administering, investing, and disbursing funds held in the abatement fund;
  - Executive director and support staff for the Opioid Abatement Council.

# Disbursement Directives

- Funding or supporting opioid abatement and remediation purposes and related administrative costs.
- Input from TDMHSAS Statewide Planning and Policy Council's Need Assessment Process.
- Develop process for stakeholder input.
- Annual report of prior fiscal year detailing total funds deposited, strategies funded, and disbursements made.

# Opioid Abatement Council

## Executive Director Confirmation

### Mary Shelton



Ms. Shelton is currently the Director of Behavioral Health Services at the Division of TennCare where she provided end-to-end oversight of all mental health and substance use disorder Medicaid benefits for 1.4 million TennCare beneficiaries, including annual expense management of \$500 million. She directs the design, implementation, and operations of TennCare's statewide buprenorphine and methadone Medication Assisted Treatment programs which serves 12,000 TennCare beneficiaries annually. Ms. Shelton oversees behavioral health and primary care integration efforts and the value-based payment programs for multiple provider-level programs. Ms. Shelton has worked for the State of Tennessee for over 26 years, serving Tennesseans at both the Division of TennCare and the Department of Mental Health and Substance Abuse Services. She has her undergraduate degree from Tennessee Technological University, graduate degree from Trevecca Nazarene University and is currently pursuing a Master of Public Health at East Tennessee State University.

# Next Steps

- TDMHSAS to onboard Executive Director and Support Staff.
- Executive Director will work with TDMHSAS to assemble data and information on current programs and information related to the opioid crisis.
- Executive Director to coordinate with the Chair on scheduling the next quarterly meeting to be held in September 2022 location to be determined by Council.

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Questions