

**State of Indiana Recommendations for Spending National Opioid Settlement Funds**  
*Adopted by the Indiana Commission to Combat Substance Use Disorder on 11/14/2024*

Guidance For Fund #2257 Opioid Settlement Restricted ONLY

The State of Indiana has reached multiple settlements with major pharmaceutical companies, distributors, and related firms as part of the State's ongoing commitment to accountability in addressing substance use. The settlements will provide Indiana with more than \$980 million over an 18-year period.

The settlements are governed by [Ind. Code §4-6-15](#), which defines the following distribution structure (unless a settlement specifically prohibits or limits unrestricted use):

- **Fifteen percent (15%)** for unrestricted use for the benefit of the state.
- **Thirty-five percent (35%)** restricted for statewide treatment, education, and prevention programs for opioid use disorder and any co-occurring substance use disorder or mental health issues, as defined or required by the settlement documents or court order.
- **Fifteen percent (15%)** for unrestricted use, distributed to cities, counties, and towns based on a weighted distribution formula reflecting opioid impacts in communities.
- **Thirty-five percent (35%)** distributed to cities, counties, and towns based on a weighted distribution formula reflecting opioid impacts in communities, restricted for programs of treatment, prevention, and care that are best practices as designed or required by the settlement documents or court order (*restricted/abatement*)
  - If a city or town's annual distribution is less than \$5,000, their annual distribution must instead be distributed to the county in which the city or town is located.

This resource aims to assist Indiana subdivisions in strategically allocating their **35% restricted distribution** of opioid settlement funds received under [Ind. Code §4-6-15](#). By utilizing this resource, communities can develop targeted plans of action to effectively address substance use disorder.

Development of this resource comes in response to questions from local units of government about allowable uses and following the [2024 report](#) on spending of opioid settlement funds by local units of government. This resource is to be used in conjunction with [Exhibit E](#) of the National Opioid Settlement agreement, which outlines the allowable uses for abatement. It is our intention to develop a more detailed resource to guide spending, especially for communities that may not be receiving a significant amount of funds.

While this resource addresses restricted funds, many communities around the state have decided to use 100% of their settlement funds both restricted and unrestricted for abatement purposes.

*Disclaimer: Information in this document is not intended to take the place of state statute, regulations, or settlement documents. The information in this document is subject to change and is not legal advice, therefore, please consult with your own legal counsel for assistance with your legal matters.*

## Getting Started

- 1. Create a Local Advisory Committee:** Forming a committee of internal and external stakeholders to assess community data and existing infrastructure, guide discussions around the use of funds, and propose potential solutions or strategies for investment is critical to creating a fair distribution process. It is important to ensure this group understands the allowable uses of abatement funds, outlined in [Exhibit E](#), and includes partners from various sectors, including but not limited to:

- Persons with lived experience
- Community Mental Health Centers
- Schools
- Substance use and mental health treatment providers
- Prevention providers
- Recovery Community Organizations
- Local Coordinating Council
- Local Health Department
- Sheriff's Department
- Local Justice Reinvestment Advisory Council
- Community-based organizations
- Faith-based organizations
- Social service organizations
- Community foundation or other health foundations
- First responders

The committee's focus should include understanding the problem, identifying the needs of the community, exploring activities and evidence-informed initiatives that like-communities have implemented, and gathering local input. The committee should consider capping administrative and indirect costs, including but not limited to consulting, grant writing, compliance, staff salary and benefits, and office equipment, positions that are able to bill directly to insurance or Medicaid for services, and how to utilize unrestricted funds to supplement abatement funds.

- 2. Conduct a Local Needs Assessment:** To start, it is crucial to understand the approved uses for settlement funds, found in [Exhibit E](#) of the National Opioid Settlement. However, it is recommended to prioritize local needs assessments to begin. By utilizing publicly accessible data such as data on overdose deaths and emergency department visits and understanding the resources currently available in a community, communities can identify areas of greatest need and use this data to pinpoint specific strategies to consider.

### Where to locate data:

- [Next Level Recovery Data Dashboard](#)
- [Indiana Department of Health Drug Overdose Dashboard](#)
- [Indiana Mental Health-Related Events Dashboard](#)
- [Indiana Fatal Drug Overdose Touchpoints Dashboard](#)

3. **Consider adopting the [Johns Hopkins Five Guiding Principles for the Use of Funds from the Opioid Litigation](#)** to guide local spending of the national settlements. The principles were developed by a coalition of organizations across the spectrum of the substance use field including physicians, addiction medicine specialists, recovery, treatment, and harm reduction. They are intended to provide planning and process level guidance for state and local policymakers on how to effectively spend money from the opioid settlements.
4. **Commit to Transparency:** Transparency in the distribution and management of funds is crucial for building trust with stakeholders and ensuring accountability. To ensure transparency, local units of government are encouraged to:
  - Create a webpage and share relevant information and updates, including but not limited to identification of committee members and points of contact, publication of proposed plans, etc.
  - Host town halls or listening sessions to solicit public input
  - Accept written feedback on the developed plan, giving those with particular insights—such as families and other members of the recovery community—an opportunity to weigh in.
5. **Consider Existing Infrastructure:** As part of this process, it is important to understand the infrastructure that currently exists in the community and the surrounding region and how your community can better integrate and connect services with another.
  - [DMHA-certified treatment providers](#)
  - [Regional recovery hubs](#)
  - [Certified Recovery Community Organizations \(RCOs\)](#)
  - [Recovery Works](#)
  - [Prevention of Substance Misuse and Mental Health Promotion](#)
  - [Naloxone](#)
  - [Local Health Departments](#)
  - [Local Coordinating Council](#)
6. **Spend Dollars in Accordance with:**
  - **Exhibit E:** As part of the settlement agreement, [Exhibit E](#) was developed to govern spending of funds restricted for abatement use only.
    - Abatement funds may not be used to supplant existing state or local government funding.
  - **Department of Local Government Finance regulations**
  - **Established procurement procedures and purchasing guidelines of the local unit of government spending funds and the uniform standards published by the State Board of Accounts.**

### **Items Not Included in Allowable Expenses Under Exhibit E:**

*This list was developed in consultation with other states and settlement negotiators in alignment with [Exhibit E](#).*

- Activities that are not evidence-based or promising practices for opioid abatement
- Activities that are funded through other program grants or activities
- Law enforcement activities related to interdiction or criminal processing
- Law Enforcement equipment (e.g. vests, guns, body cameras, radios, radio batteries, batons, rifle suppressors, uniforms, K-9, tasers, vehicles, parking ticket books and tow away signage, fuel for drug incinerators, cell phone extraction software and equipment, fingerprint scanners, pill counters)
- Mass spectrometers of any kind, are not allowable for interdiction purposes
- Non-FDA-approved medications related to the treatment of substance use disorders
- Medications, medical services or equipment not related to the treatment of SUD or mental health conditions (e.g., automated external defibrillators [AEDs], first aid kits, gloves, electrodes etc.)
- Drug testing
- Vape Sensors
- Developing infrastructure or investing in equipment or capital projects not directly related to prevention, treatment, harm reduction, or recovery services (e.g. sheds, garage doors, etc.)
- Automated External Defibrillators AEDs
- Promotional materials, including items with logo embroidery or screen printing.
- Capital expenses unrelated to SUD treatment

### **Strategy Considerations for Subdivisions Receiving Lower Payment Amounts**

While your local subdivision may not be receiving a large amount of funding year to year, there are still approaches you may take to make upstream changes to combat substance use. One solution to consider is partnering with neighboring counties, municipalities, and towns to help support local efforts. Collaboration creates an opportunity for a pooling of resources that can lead to a wider range of community benefit.

Subdivisions receiving lower amounts of funding may also consider focusing on one priority area at a time rather than attempting to address all priority areas and spreading funds too thin. For example, this may look like addressing the need to bring a Medication for Opioid Use Disorder (MOUD) provider into your community if that is identified as a gap in the community. Another example may be to work with a local community-based organization to implement education via school-based or after school programming. The subdivision may also consider letting the funding build up over time to invest in larger strategic approaches once funding has accumulated. Subdivisions may also consider applying for grant opportunities through the

Indiana Family and Social Services Administration (FSSA) - Division of Mental Health and Addiction (DMHA) as available. Information can be found [here](#).

If you are interested in pooling your funds or combining efforts with other subdivisions in your community, below are resources to assist in this effort:

- [National Association of Counties](#) and [National League of Cities](#): Building on a strong history of collaboration, including the National City-County Task Force on Opioids, NACo and the National League of Cities examined preliminary data on the distribution of opioid settlement funds across cities, counties, and states. This brief highlights how cities and counties are working together to address the drug epidemic, including pooling opioid settlement funds to create a more comprehensive system of care for people with substance use disorder.
  - [Download the brief](#) to learn about the allocation of opioid settlement funds between cities, counties, and states, and how cities and counties are coordinating to maximize the impact of these funds.
- [Accelerate Indiana Municipalities \(AIM\)](#): AIM serves as the official voice of municipal government in Indiana, with more than 460 cities and towns as members. In addition to its annual conference, the association hosts regular training sessions and workshops throughout the year, including educational opportunities related to the National Opioid Settlement.
- [Counties in Action](#) provides examples of what counties are doing across the nation to assist with your initial brainstorming of strategy allocations.

Questions may be directed to the Office of Drug Prevention, Treatment and Enforcement at [drugpte@gov.in.gov](mailto:drugpte@gov.in.gov).