

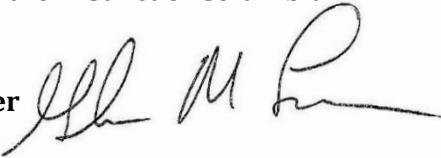
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: November 21, 2022

SUBJECT: Fiscal Impact Statement – Opioid Litigation Proceeds Amendment Act of 2022

REFERENCE: Bill 24-952, Draft Committee Print as provided to the Office of Revenue Analysis on November 4, 2022

Conclusion

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The balance of the Opioid Abatement Fund at the Department of Health must be reprogrammed to the Opioid Abatement Fund at the Department of Behavioral Health before the bill can be implemented.

Background

The District recently settled with several of the opioid producing companies accused of exacerbating and profiting from the opioid crisis. Under the settlement agreements, the District will receive more than \$49 million over the next 18 years. These settlement funds will be deposited into the Opioid Abatement Fund and will be used to support efforts to curb the epidemic and mitigate its effects.

The bill establishes an Opioid Abatement Advisory Commission (Commission) which will make recommendations to the Mayor on how to use the Opioid Abatement Fund (Fund) to support opioid abuse prevention, treatment, recovery, and harm-reduction programs. The Commission will be composed of 21 members including representative from the Department of Behavioral Health (DBH), Department of Health (DC Health), Department of Health Care Finance, Deputy Mayor for Health and Human Services, Deputy Mayor for Public Safety and Justice, Chief Medical Examiner, Attorney General, Council Committee on Health, members from the public that are experts in medicine and opioid addiction, and community organizations. The Commission must hold quarterly public meetings and vote on its actions through an affirmative vote by a majority of its members.

The Commission is required to do the following:

- Establish procedures for its operations;
- Make recommendations to Mayor and Council of District-wide goals, objectives, and performance indicators relating to opioid use disorder prevention, treatment, harm reduction, and recovery;
- Establish governing principles, policies, and procedures for the application and awarding of grants from the Fund; and
- Manage the Fund and award grants from the Fund.

The bill establishes the Office of Opioid Abatement (Office) within the DBH to support the work of the Commission and oversee the grant process for opioid abatement programs. The Office will be led by a Director and must:

- Conduct a District-wide needs assessment to identify structural gaps and needs related to opioid use disorder and co-occurring substance use and mental health disorders;
- Support the Commission's activities by providing staffing, research and policy expertise, facilities, technical assistance, and other resources;
- Assist the Commission in preparing its recommendations regarding goals, objectives, and performance indicators;
- Integrate the work of the Office and Commission, including Fund expenditures, with existing District strategic planning related to opioid use disorders;
- Develop governing principles, policies, and procedures for the application and award of monies and grants from the Fund;
- Oversee expenditures from the Fund, including preparing a quarterly accounting of expenditures from the Fund and the Fund balance;
- Issue, manage, and oversee awards and grants from the Fund;
- Prepare annual reports; and
- Create and maintain a public website.

The bill makes clarifying changes¹ to the Opioid Abatement Fund. Specifically, the bill:

- Establishes DBH as the agency responsible for administering the Fund;
- Adds an additional settlement agreement as a funding source;
- Adds funding received by the District from any pre- or post-suit settlement, judgment, or consent decree as a funding source;
- Establishes the permissible use of money in the Fund including:
 - Supporting the Commission and Office operations and personnel;
 - Providing grant awards;
 - Establishing infrastructure for prevention, recovery, treatment, or harm reduction activities;
 - Evaluating the effectiveness and outcomes;
 - Developing publicly available data interfaces; and
 - Funding auditing expenses;
- Allows the Office of the Attorney General to deposit 15 percent of any settlement payment received by the District prior to October 1, 2022 and 10 percent of any settlement thereafter into the Litigation Support Fund;

¹ By amending Section 5012 of the Opioid Abatement Fund Establishment Act of 2022, effective September 21, 2022 (D.C. Law 24-167; D.C. Official Code § 1-325.441).

The Honorable Phil Mendelson

FIS: Bill 24-952, "Opioid Litigation Proceeds Amendment Act of 2022," Draft Committee Print as provided to the Office of Revenue Analysis on November 4, 2022

- Requires DBH to report annually on the Fund spending; and
- Requires the District of Columbia Auditor to audit the Fund every five years.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2023 through fiscal year 2026 budget and financial plan to implement the bill. The balance of the Opioid Abatement Fund at DC Health must be reprogrammed to DBH before the bill can be implemented.

The National Opioid Settlement Agreement payments are structured in a way that the District will receive annual funding transfers from the National Opioid Settlement Fund to use for opioid abatement programs. The District has received \$8.68 million which has been deposited into the Opioid Abatement Fund at DC Health. This funding must be reprogrammed to DBH in order for the agency to implement the requirements in the bill.

Once the funding is moved to DBH, the agency will use a portion of the funding to establish the Office of Opioid Abatement. DBH will hire a Director, Grants Manager, Program Analyst, and Staff Assistant to carry out the duties of the Office and to support the functions of the Commission. DBH will also need to purchase computers and office supplies. The total cost of establishing the Office of Opioid Abatement is \$268,000 in fiscal year 2023 and \$1.95 million over the financial plan.

Opioid Litigation Proceeds Amendment Act of 2022					
Office of Opioid Abatement					
	FY 2023	FY 2024	FY 2025	FY 2026	Total
Salary ^(a)	\$204,000	\$416,000	\$423,000	\$430,000	\$1,474,000
Fringe ^(b)	\$54,000	\$112,000	\$116,000	\$121,000	\$402,000
Office Supplies ^(c)	\$10,000	\$20,000	\$20,000	\$20,000	\$70,000
Total Costs	\$268,000	\$547,000	\$559,000	\$572,000	\$1,946,000

Table Notes:

- (a) Assumes one Grade 14 Director, one Grade 13 Grants Manager, one Grade 12 Program Analyst, and one Grade 9 Staff Assistant. Assumes an April 1, 2023 start date and salary growth of 1.75 percent.
- (b) Assumes fringe benefit rate of 26.2 percent and fringe cost growth of 2.375 percent.
- (c) Includes the cost of cell phones, laptops, and other supplies.