

DSS Opioid Settlement Update

During the 2022 Legislative Session, HB 1038 established the Opioid Abatement and Remediation Fund to collect payments received from the national opioid settlement. This fund will be used for purposes relating to opioid abuse treatment, prevention, and recovery programs. The Department of Social Services (DSS) was appropriated \$3 million in ongoing other fund expenditure authority to support opioid abatement and remediation efforts with this funding.

As outlined in the South Dakota Opioid Settlement Memorandum of Agreement (MOA), all Opioid Funds will be divided with 70% allocated to the State and 30% allocated to participating local governments. The Year One allocation for the State is \$1,203,948.92 and the Year One allocation for local governments is \$515,978. This update covers the state share of the settlement funding. Local governments are still developing their settlement funding plans.

The MOA also dictated that Opioid Funds must be used in a manner consistent with the Approved Uses definition as defined by the settlement and no opioid funds will be used as restitution for past expenditures.

The MOA specifies terms for developing plans for expenditure of the funds, including:

- The Statewide Share must be used only for:
 - Approved Uses within the State of SD, or
 - Grants for Approved Uses within the State of South Dakota
- DSS will serve as the lead agency responsible for distributing and using the Statewide Share to best address the opioid crisis within the state.
- An Advisory Committee shall meet twice annually to receive input from South Dakota's communities, provider organizations, cities, and counties to understand how the opioid crisis is affecting communities as well as abatement needs. The committee will also consider proposals for opioid abatement strategies and responses.
- The Advisory Committee shall make formal recommendations to the Secretary of DSS on the use of the Statewide Share.
 - The Secretary shall review and consider the recommendations and shall make a good faith effort to incorporate the recommendations into the annual budget process.
 - If the Secretary substantially deviates from the recommendations, the Secretary shall provide the Advisory Committee with a written explanation, that will be made public, of any substantial deviations.

Based on the above guidance, the Advisory Committee met on January 6, 2023, and recommended the following expenditures based on the year one fund distribution for the State:

1. **Support the Prescription Drug Monitoring Program (PDMP) and Controlled Substance Registry**
 - a. Annual Funding Amounts:
 - **PDMP - \$186,336 per year ongoing starting FY2023**
 - **Controlled Substance Registry - \$21,250 one-time FY2023 funds and \$12,000 per year ongoing starting in FY2023**

2. **Fund the implementation of an opioid overdose follow-up program** with the goal of increasing linkages between survivors of an opioid overdose and their loved ones. This program will also seek to ensure that the survivor receives appropriate care in their community to break the cycle of addiction some individuals experience if they are in crisis and not connected to treatment or recovery services.
 - a. A Request for Proposal (RFP) would be released with eligible organizations being non-profit and/or governmental entity that provides direct services to individuals impacted by opioid use.
 - b. The provider selected would establish a pilot demonstration of innovative approaches that accomplish the above goals including focusing on vulnerable populations, such as pregnant women.
 - c. **25% of the available funding or approximately \$300,987 per year ongoing**

3. **Make 25% of the funding available to communities, provider organizations, cities, and counties** for consideration of funding upon approval of the Advisory Committee and DSS.
 - a. An application process and timeline would be established following the guidance provided within the MOA, as well as parameters the Advisory Committee may recommend.
 - b. This option provides for compliance with the MOA to support establishing a process for the Committee to receive input and consideration of proposals.
 - c. **Estimated amount - \$300,987 per year ongoing**

4. The remaining amount would be **retained in the fund to establish reserves** that would be available to support state-level efforts if federal funding related to opioids would end.
 - a. The current federal funding cycle that supports the bulk of the state efforts runs on a 2- to 3-year funding cycle with no guarantee that the federal funding will continue.
 - b. If federal funds are reduced or eliminated, the state would have limited ability to support the key elements of the strategic plan outlined by DSS and the Department of Health (DOH), including prevention, treatment, and recovery services.
 - c. Funding would be prioritized to support areas that are identified as critical to the state opioid efforts, such as access to Opioid Use Disorder treatment.
 - d. In FY2023, \$6,422,603 in opioid-related efforts will be supported through federal grants received by DSS and DOH.
 - e. **Estimated amount to be retained- \$382,388 per year**

For more information on the Opioid Advisory Committee please see:

<https://doh.sd.gov/news/Opioid.aspx>