



Opium Settlement Funds in Tennessee

Frequently Asked Questions

December 18, 2024

Key Takeaways

- State and local governments in Tennessee are involved in settlements totaling over \$1.2 billion and counting in damages over 18 years.
 - Most of the state's settlement funds get distributed using a three-bucket approach: 70% to an Opioid Abatement Fund, 15% in direct local payments, and 15% to the state's general fund.
 - A 15-member Opioid Abatement Council oversees the Opioid Abatement Fund—65% of which goes out through a competitive grant process and 35% to county allocations.
 - Local policymakers decide how to spend both direct payments and the county allocations from the Abatement Fund, and state lawmakers decide how to use general fund allocations.
 - Tennessee does not maintain one, all-inclusive source of information on opioid settlement spending by both state and local governments.
 - The amount of oversight that settlement funds are subject to varies significantly depending on the bucket from which the dollars originated.
 - Tennessee spent or allocated an estimated \$182 million of about \$315 million in settlement receipts through 2024, in addition to an unknown amount spent from direct local payments.
 - The state's approach to coordinating opioid settlement dollars across funds and with other related activities is multipronged but largely informal.
 - Tennessee could look to other states, communities, and resources as it continues to refine its approach to effectively spending settlement dollars to curb the opioid epidemic.
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The [opioid epidemic](#) led to thousands of lawsuits nationally against manufacturers, distributors, retailers, and affiliated parties. These have culminated in settlements involving monetary damages to compensate state and local governments for the effects of widespread opioid overprescriptions—including an addiction crisis, [overdose deaths](#), and strain on public health and law enforcement. Settlement payments are largely meant to fund activities to prevent and address (i.e., abate or remediate) these effects. This report asks and answers basic questions about Tennessee's opioid settlements—including how much the state has and will receive, who decides how the dollars get spent, and how those decisions are monitored and coordinated.

Table 1. Tennessee Is Involved in Opioid Lawsuit Settlements Totaling At Least \$1.2 Billion and Counting in Damages

Status of Opioid Settlements Involving the State of Tennessee as of December 2024

Settlement	Status	Amount	Allocation Structure
McKinsey & Company	Final	\$15.2M	Abatement Fund Only*
McKinsey & Company	Final	\$32.6M	Abatement & Subdivision Funds Only
J&J/Distributors	Final	<ul style="list-style-type: none"> • Amerisource: \$154.6M over 18 yrs • Cardinal: \$154.1M over 18 yrs • Janssen: \$114.6M over 7 yrs • McKesson: \$190.0M over 18 yrs 	Three-Bucket
Second Wave National Settlements	Final	<ul style="list-style-type: none"> • Allergan: \$57.3M over 7 yrs • Teva: \$96.2M over 13 yrs • CVS: \$127.3M over 10 yrs • Walgreens: \$138.4M over 15 yrs • Walmart: \$72.1M 	Three-Bucket
Kroger	Final	\$43.0M over 11 yrs	Three-Bucket
Food City	Final	\$44.5M over 5 yrs	Three-Bucket**
Publicis Health	Final	\$9.2M	Three-Bucket
Mallinckrodt	Final	\$9.0M	Abatement Fund Only
Endo	Final <i>bankruptcy plan approved in Apr 2024</i>	TBD	TBD
Purdue	TBD <i>bankruptcy plan overturned by SCOTUS in Jun 2024</i>	TBD	TBD
Hikma	Final <i>agreement reached in Feb 2024</i>	TBD	TBD
Amneal	Final <i>agreement reached in May 2024</i>	TBD	TBD
Rite Aid	In Progress	TBD	TBD

*Because this settlement only involved the state, this settlement’s Abatement Fund allocation does not have to be disbursed to counties. **The Subdivision Fund allocation will only be distributed to select cities and counties in Middle and East Tennessee with a Food City location.

Sources: The Sycamore Institute’s analysis of information from the Office of the Tennessee Attorney General, the National Opioid Abatement Trust, Opioid Settlement Tracker, SMART, and news reports (2) (3) (4) (5) (6) (7) (8) (9) (10) (11)

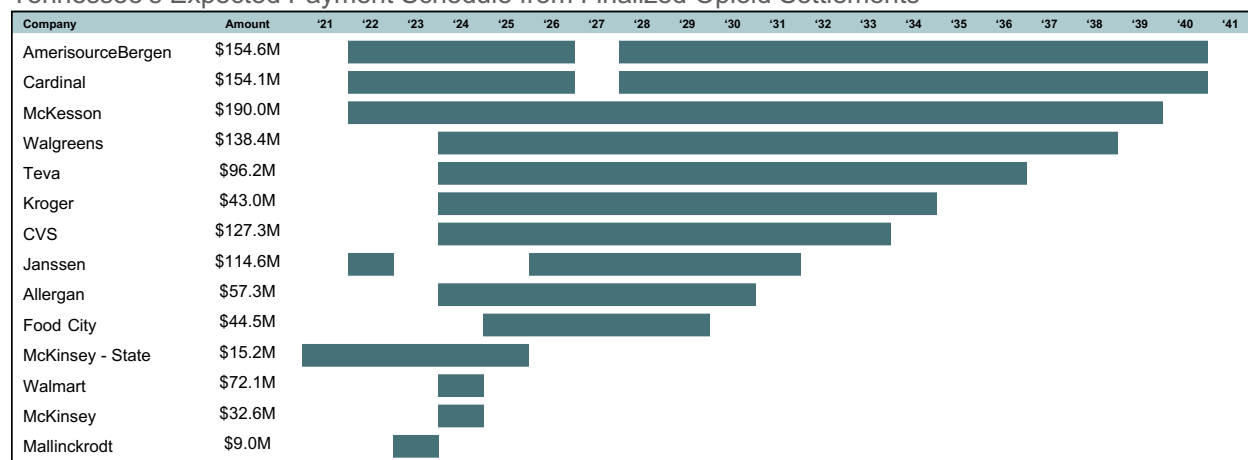
How Much Will Tennessee Receive from Opioid Settlements?

State and local governments in Tennessee are involved in settlements totaling over \$1.2 billion and counting in damages over 18 years. Table 1 outlines each of these settlement agreements. Not all outstanding cases have been finalized, and each agreement differs—from a single \$9 million payment to \$190 million over 18 years. Most of these are national settlements that many states have signed onto. Data on opioid shipments to the state, the numbers of opioid-related deaths, and individuals with opioid use disorder (OUD) determined each state’s share of national settlement dollars. (1)

Tennessee’s settlement payments are front-loaded and time-limited (Figure 1). Under the current agreements, Tennessee will not receive payments beyond 2039, and four companies have fully paid their settlements. (11) Opioid settlements have frequently been compared to the 1998 tobacco master settlement agreement; however, under the latter, payments to states continue in perpetuity as long as cigarettes are sold in the U.S. (12)

Figure 1. Tennessee’s Opioid Settlement Payments are Front-Loaded and Time-Limited

Tennessee’s Expected Payment Schedule from Finalized Opioid Settlements



Note: This information represents projected payments under only finalized agreements and not necessarily confirmed payment schedules.

Source: The Sycamore Institute’s analysis of information from SMART and the TN Attorney General (11) (9)

Where Do Settlement Dollars Go in Tennessee?

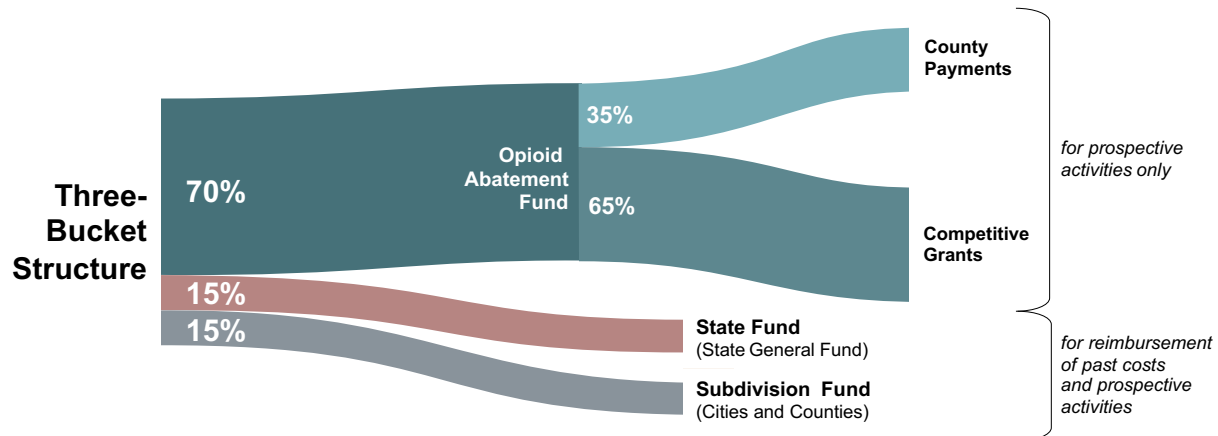
In Tennessee, settlement payments go to one or more dedicated funds for use by state and local governments. (2) (13) (14) (15) Most settlements use the “three-bucket” structure or are divided among one or more of the specific funds under that structure. Funds using the three-bucket method get allocated as follows (Figure 2):

- **Opioid Abatement Fund (70%)** — Of those dollars, 35% is distributed to each of Tennessee’s 95 counties, and the remaining 65% is dispersed through a competitive grant process. These dollars must be used on prospective activities to address the opioid crisis.

- **Subdivision Fund (15%)** — These funds are disseminated directly to all counties and municipalities that either filed suit against a company or have at least 30,000 people.
- **State Fund (15%)** — These funds go directly to the state’s General Fund.

Figure 2. Most of Tennessee’s Opioid Settlement Dollars Are Distributed Using a “Three-Bucket” Method

Allocation Method for Tennessee’s Opioid Settlements



Note: At least 85% of each state’s funds must be used for activities related to opioid remediation. This requirement applies across all payments over the life of the settlement (i.e., not by bucket or year).

Source: Tennessee Attorney General’s Office (15)

Who Decides How Dollars Get Spent?

Legal settlement agreements and state law create broad parameters for how dollars get spent, but final decisions depend on the bucket from which the funds originated. An Opioid Abatement Council manages the Opioid Abatement Fund, including competitive grants and county allocations. Local lawmakers have discretion over direct local payments from the Subdivision Fund and the county allocations from the Abatement Fund. Finally, state lawmakers decide how to spend payments to the state’s general fund.

Opioid Settlement Agreements

The largest settlement agreements dictate the three-bucket approach outlined above and restrictions on using the funds. The terms of the first major national settlement with manufacturer Janssen/Johnson & Johnson largely created the precedent for future settlements. These include:

- At least 85% of each state’s funds must be used for activities related to opioid remediation and abatement (i.e., to prevent, treat, and mitigate the effects of opioid overprescription and opioid use disorder). This requirement applies across all payments over the life of the settlement—in other words, not by bucket or year.
- Funds must be distributed using the three-bucket structure unless a state works with local governments to agree to an alternative method.
- Each state must establish an advisory council to inform the distribution of funds.

- The 70% allocated to the Abatement Fund can only be spent on forward-looking abatement activities. All other funds can be used to reimburse past expenses addressing the opioid crisis.
- Any funds not used for abatement must be reported to the national settlement administrator. Legal and litigation costs associated with these lawsuits and settlements are not eligible abatement or remediation activities. (16)

The settlement agreements also list specific opioid remediation and abatement activities. For example, the Janssen agreement includes over 120 examples of eligible abatement and remediation activities and strategies. (16) (17)

State Law

The 2021 Opioid Abatement Council Act codifies some of the terms of the settlements and creates additional parameters for the Fund. Developed by the state’s attorney general in consultation with local governments, that law created the Opioid Abatement Council (OAC) to oversee the Fund, requires 35% of Fund dollars go to counties and 65% to competitive grants, and defines the county allocation method. It also requires that the OAC consider the Tennessee Department of Mental Health and Substance Abuse Services’ (TDMHSAS) annual needs assessment and comments from stakeholders and experts. Finally, it mandates an annual report on OAC activities and Fund expenditures. (18)

Opioid Abatement Council

A 15-member Opioid Abatement Council oversees the Opioid Abatement Fund. A total of 15 volunteer council members comprise the OAC. Each member must have at least a decade of experience working in behavioral health or with individuals with substance use disorder. The governor, the state House and Senate speakers, the Tennessee County Services Association, and the Tennessee Municipal League appoint the members. The TDMHSAS commissioner also sits on the Council but does not vote. Since the OAC began meeting in July 2022, it has developed an application process, awarded one round of competitive grants, and launched the process for a second round. (19)

The OAC has also adopted a list of approved strategies and uses for county allocations and competitive community grants. The OAC agreed to the list of 121 activities in the Janssen settlement agreement, added several more, and categorized them into six strategy areas. The strategies and examples of specific approved activities include: (17) (20)

- **Treatment** — e.g., residential treatment, outpatient treatment, recovery housing, provider training on medication-assisted treatment (MAT), addiction medicine fellowships, navigators for hospital emergency departments
- **Recovery Support** — e.g., wraparound services for individuals with OUD, housing, childcare, transportation, recovery support for babies with neonatal abstinence syndrome, case management, peer support
- **Primary Prevention** — e.g., school-based programs, community prevention coalitions, Screening, Brief Intervention, and Referral to Treatment ("SBIRT") services

- **Education and Training** — e.g., first responder training, stigma reduction efforts, continuing medical education on opioid prescribing
- **Harm Reduction** — e.g., expansion of naloxone distribution to targeted groups, public education on emergency responses to overdoses, syringe service programs
- **Research and Evaluation** — e.g., data dashboards to track outcomes, strategies, and expenditures

Local Policymakers

The three-bucket approach funnels settlement dollars to local governments in two ways—the Subdivision Fund’s direct payments and the Abatement Fund’s county allocations. Subdivision Fund payments are dispersed to local governments directly from the national settlement fund administrator using percentages laid out in the agreements based on opioid shipments, opioid-related deaths, and OUD. (21) The Abatement Fund allocations get distributed to all 95 counties using a weighted formula based on population (50%) and three years of data on opioid sales (25%), drug overdose deaths (12.5%), and non-fatal overdoses (12.5%). The OAC will recalculate the formula every four years. (15) (18)

Depending on the source, local policymakers decide how to spend those funds within the requirements of the settlement agreement and the OAC. Localities can use Subdivision Fund dollars to reimburse for past expenses related to opioid misuse, while OAF allocations can only be used on forward-looking activities. (14) Counties sign a letter of agreement with the OAC to spend funds only on the approved activities list and report on their spending. (19)

State Policymakers

State-level policymakers decide how State Fund dollars get spent. Because these payments go to Tennessee’s General Fund, legislators make decisions about these dollars during the regular state budget process.

How Have Settlement Dollars Been Spent So Far in Tennessee?

Tennessee does not maintain one, all-inclusive source of information about opioid settlement spending by state and local governments. Under the settlement agreements, state and local governments must only report funding amounts used for non-remediation purposes (including litigation costs) and not in detail. All other reporting by states is voluntary. In Tennessee, the OAC is required to detail all Abatement Fund spending in its annual reports. The state has chosen to outline some—but not all—uses of the general fund allocation in state budget documents, and no one currently collects and compiles information on local spending from the Subdivision Fund.

Based on what is available, Tennessee spent or allocated at least \$182 million of about \$315 million in settlement receipts through 2024, in addition to an unknown amount of Subdivision Fund spending. (22) (23) (24) **Table 2** displays an estimate of Tennessee’s opioid settlement payments and obligations through FY 2024 by fund. This estimate draws from the OAC’s annual reports, state budget documents, and state reporting to the national settlement fund administrator but includes no

information about spending from the Subdivision Fund. The sections that follow provide additional information on some of this spending.

Table 2. Tennessee Allocated At Least \$182 Million of About \$315 Million in Opioid Settlement Receipts Through FY 2024

Est. Tennessee Opioid Settlement Payments and Obligations Through FY 2024 (in millions)

	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Payments to TN	\$12 million	\$1 million	~\$134 million	~\$168 million	~\$315 million
<i>Abatement Fund</i>	12	1	95	119	227
<i>State Fund*</i>	-	-	~19	~23	~44
<i>Subdivision Fund*</i>	-	-	~19	~24	~44
Spending & Obligations					
Abatement Fund Subtotal	-	-	\$31 million	\$115 million	\$147 million
<i>County Payments</i>	-	-	31	31	63
<i>Grants (3 yrs)**</i>	-	-	-	81	81
<i>Administration</i>	-	-	-	1***	1
<i>Data Contract (3 yrs)**</i>	-	-	-	2	2
State Fund Subtotal	-	-	\$21 million	\$14 million	\$35 million
<i>Litigation Costs</i>	-	-	8	5	13
<i>Treatment Beds</i>	-	-	12	-	12
<i>Recovery Support (4 yrs)**</i>	-	-	-	8	8
<i>Naloxone Pilot (3 yrs)**</i>	-	-	1	-	1
Subdivision Fund Subtotal	-	-	unavailable	unavailable	unavailable

Note: Not all numbers add up to totals due to rounding. *State and Subdivision Fund payments are Sycamore's estimates based on payments to the Abatement Fund that must use the three-bucket strategy. **Total funding over the entire period. ***Cumulative total across all years.

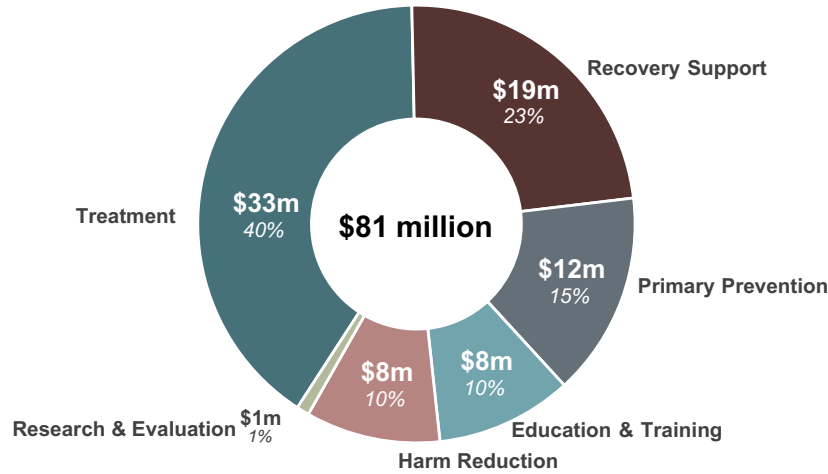
Source: The Sycamore Institute's analysis of information from the Opioid Abatement Council, the Tennessee Department of Finance and Administration, and BrownGreer (22) (23) (24)

Abatement Fund Competitive Grants

The OAC has allocated almost \$81 million from the Abatement Fund for one cycle of community grants. A four-member subcommittee of the OAC created the parameters for the first round of community grants, including the six strategy areas outlined above and the application evaluation criteria discussed later. (19) In March 2024, the OAC announced 116 community grants to 85 organizations across the state. The grants were awarded for one- to three-year projects across the six strategy areas (Figure 3).

Figure 3. Tennessee’s Opioid Abatement Council Awarded \$81 Million in Community Grants in 2024

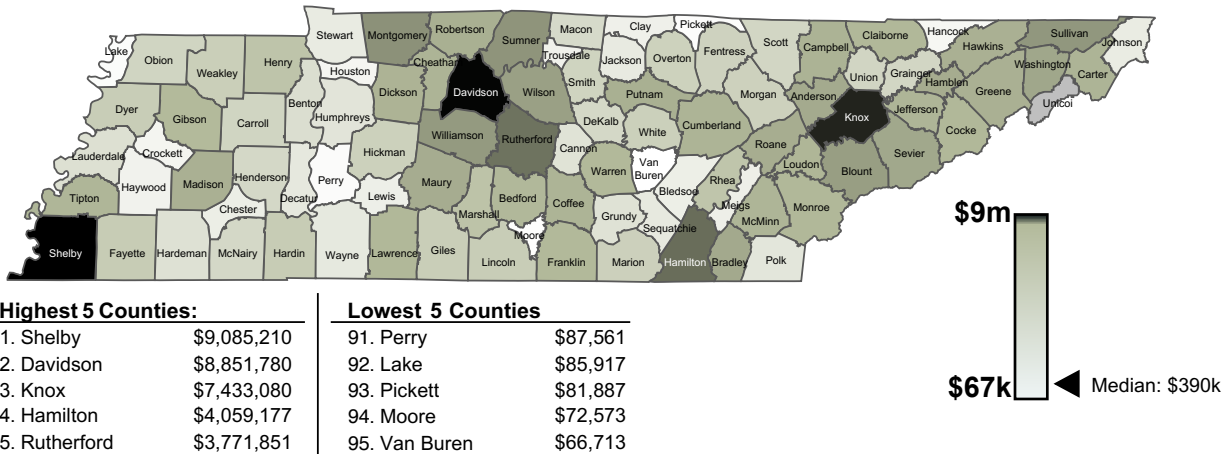
Tennessee Opioid Abatement Fund Cycle 1 Community Grants by Strategy (2024)



Source: Tennessee Opioid Abatement Council (25)

Figure 4. Tennessee’s Local Governments Received a Total of \$85 Million From Opioid Settlements Through May 2024

Total Opioid Settlement Payments by County (2022-May 2024)

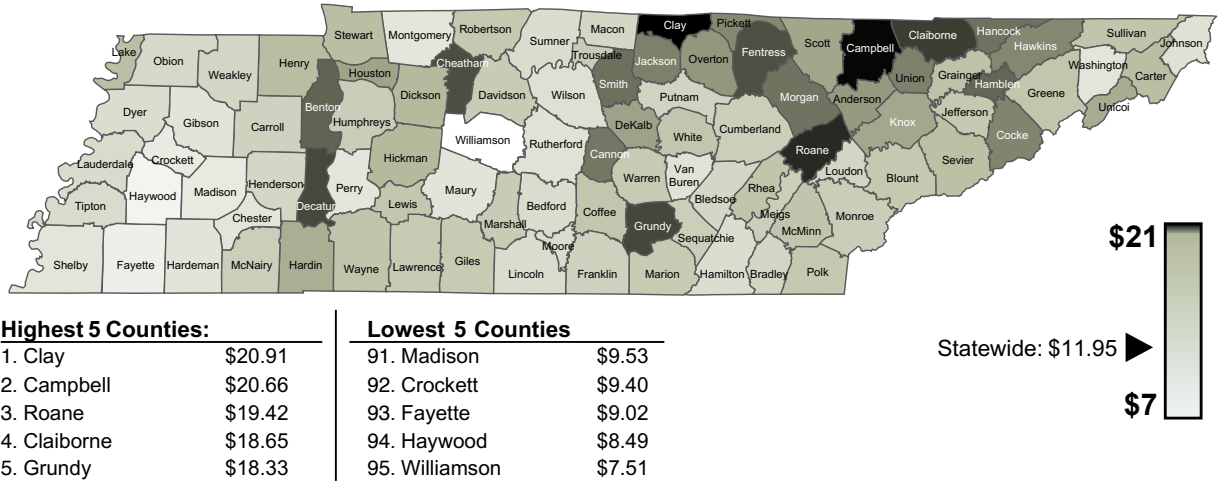


Note: Includes payments to both municipalities and counties from the Subdivision Fund and the Opioid Abatement Fund. For the six municipalities located in multiple counties, these calculations allocate their payments equally among the counties where each is located.

Source: The Sycamore Institute’s analysis of data from the Tennessee Opioid Abatement Council and KFF Health News (26) (27) (28)

Figure 5. Opioid Settlement Payments Made to Local Governments Through May 2024 Amount to About \$12 per Tennessean

Total Opioid Settlement Payments Per Capita by County (2022-May 2024)

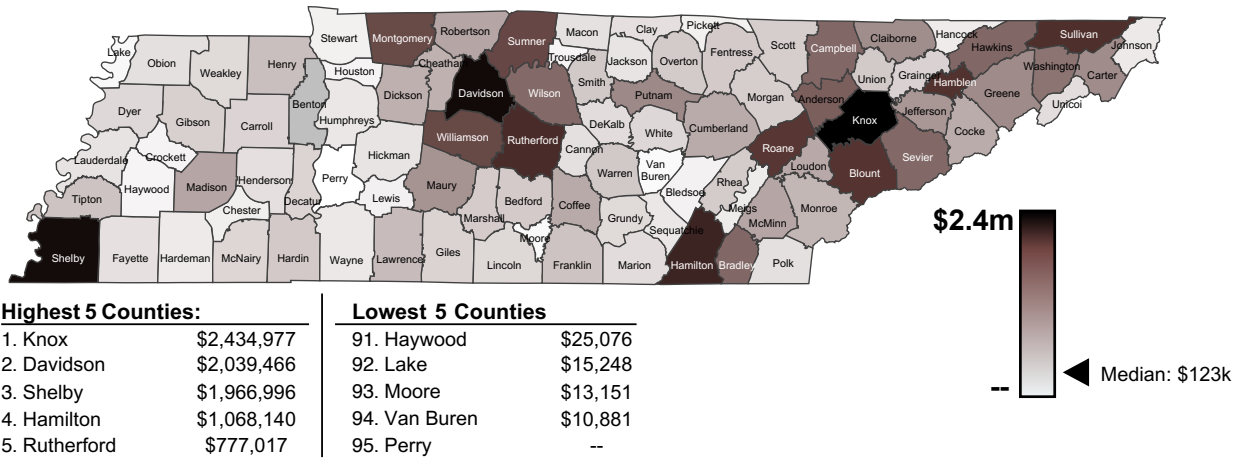


Note: Includes payments to both municipalities and counties from the Subdivision Fund and the Opioid Abatement Fund. For the six municipalities located in multiple counties, these calculations allocate their payments equally among the counties where each is located.

Source: The Sycamore Institute's analysis of data from the Tennessee Opioid Abatement Council, KFF Health News, and 2023 Census population estimates (26) (27) (28) (29)

Figure 6. Tennessee's Local Governments Received \$23 Million From Opioid Settlements' Subdivision Fund Through March 2024

Subdivision Fund Payments by County (2022-March 2024)

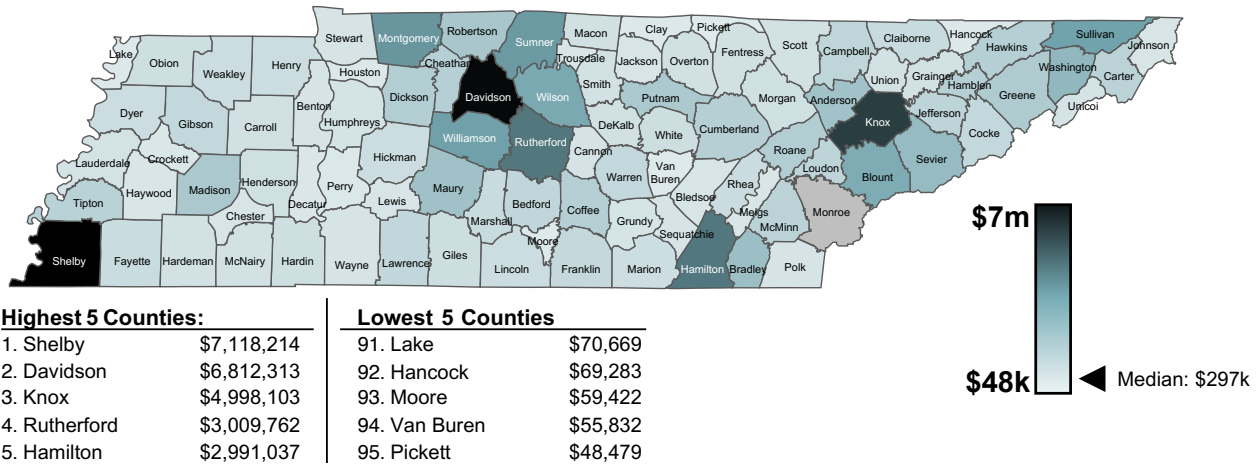


Note: Includes payments to both municipalities and counties. For the six municipalities located in multiple counties, these calculations allocate their payments equally among the counties where each is located.

Source: The Sycamore Institute's analysis of data from KFF Health News (28)

Figure 7. Tennessee Counties Received a Total of \$64 Million From the Opioid Abatement Fund Through May 2024

Opioid Abatement Fund Payments to Counties (2023-May 2024)



Source: Tennessee Opioid Abatement Council (26) (27)

Local Payments and Allocations

Tennessee's local governments received over \$85 million from the Abatement and Subdivision Funds combined through May 2024¹, with hundreds of millions more on the way (Figures 4 and 5). These payouts represent less than one-fifth of the nearly \$500 million expected to be distributed through both funds over 18 years from already finalized settlements. (11)

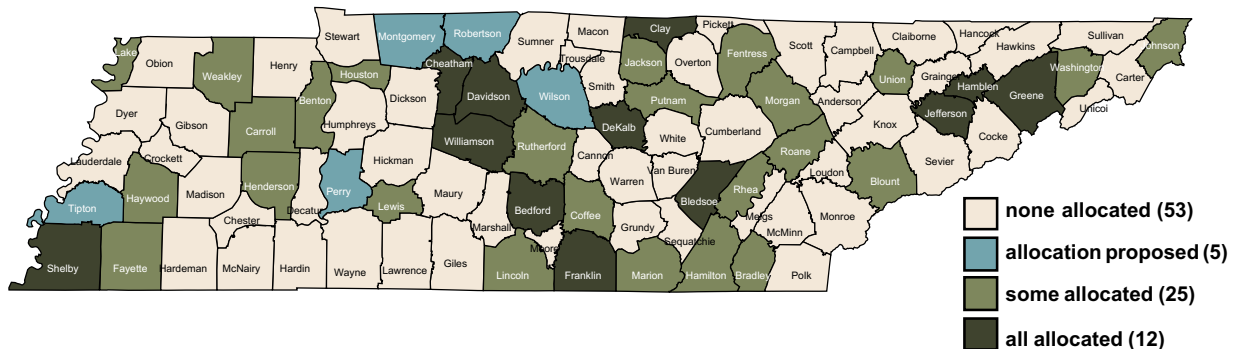
As of March 2024¹, 149 localities across Tennessee—including 94 counties and 55 municipalities—had received \$23 million from Subdivision Fund payments. Total county-level payments varied from about \$10,000 total for Van Buren County—including the municipality of Spencer—to \$2.4 million combined for Knoxville and Knox County (Figure 6). (28) These funds can be used for prospective abatement activities or to reimburse for past remediation expenses. Due to minimal reporting requirements, little is known about these dollars. The [Appalachian Opioid Remediation Database](#) attempts to track the decisions of local governments in 13 Appalachian States, but it does not always capture information about the specific funding sources.

All 95 counties have also received a combined \$64 million from the Opioid Abatement Fund for prospective abatement activities. Total payments varied from \$7 million for Shelby County to \$48,500 for Pickett County (Figure 7). As of March 2024¹, most counties had not allocated any of their funds from the first \$31 million round of payments made in February 2023 (Figure 8), and among those that had, only \$3 million had been spent. At that time, recovery support and primary prevention activities were the most popular strategies among counties that had allocated and spent some or all their Abatement Fund payments (Figure 9). (30)

¹ Represents the latest available information as of the publishing of this report.

Figure 8. As of March 2024, Most Counties Had Not Allocated Any of the \$31 Million Paid from the State’s Abatement Fund

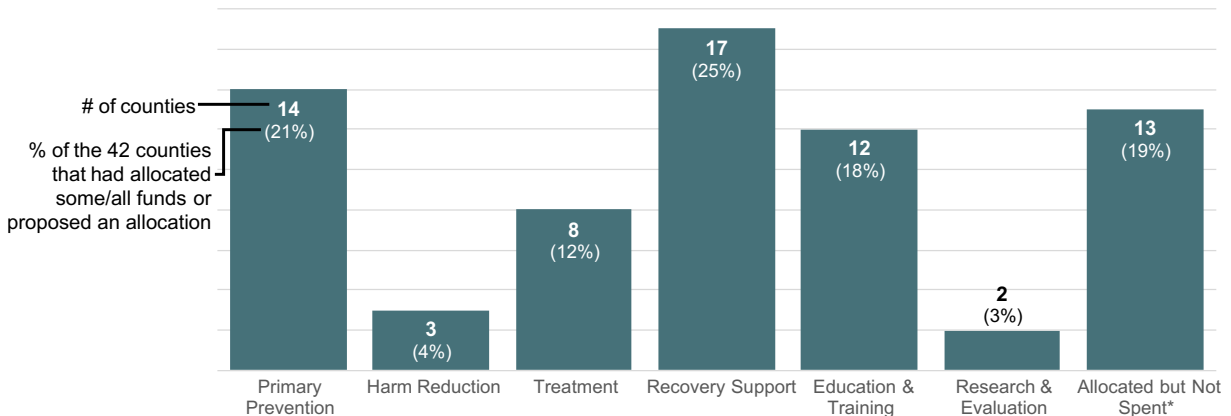
Status of County Allocations of Opioid Abatement Fund Payments as of March 31, 2024



Note: Reflects the allocation status of payments made to counties in February 2023 from the Opioid Abatement Fund. Does not include funds from the Subdivision Fund.
Source: Tennessee Opioid Abatement Council (30)

Figure 9. Recovery Support Was the Most Popular Strategy Area Among Counties Spending Opioid Abatement Funds as of March 2024

County Spending from Opioid Abatement Fund Payments by Strategy as of March 31, 2024



Note: Reflects the allocation status of payments made to counties in February 2023 from the Opioid Abatement Fund. Does not include funds from the Subdivision Fund. *This category includes counties that indicated they either had proposed an allocation or had allocated some or all funds but did not indicate spending on the six strategies.
Source: Tennessee Opioid Abatement Council (31)

State General Fund

Tennessee has allocated about \$21 million of State Fund settlement payments for opioid treatment, supports, and harm reduction. Some of these items were reported in state budget documents, while information on the litigation costs is in state-submitted reports to the national settlement administrator on non-remediation spending. These include: (23) (24)

- \$13.4 million for litigation and legal costs, not considered remediation activities in the settlement agreement.
- \$12.0 million for additional substance use disorder residential treatment beds.

- \$8.4 million over four years to expand the TDMHSA Addiction Recovery Program, which supports wraparound services for those in treatment and recovery.
- \$0.8 million over three years for a pilot project to purchase and distribute naloxone, an opioid overdose reversal medicine.

How Are Settlement Funds Monitored?

The amount of oversight that settlement funds are subject to varies significantly depending on the fund from which the dollars originated. Generally, spending from the State and Subdivision Funds is subject to the least amount of oversight, and the Community Grants from the OAF have the most. The state attorney general entered into each agreement on behalf of the state and local governments. As outlined above, those terms broadly dictate how funds get allocated and spent and set some limited reporting requirements. The state has not added any requirements for the State and Subdivision Funds, while state law and the OAC have adopted additional specifics for uses of the Opioid Abatement Fund.

For the State and Subdivision Funds, only spending unrelated to opioid remediation must be reported to the national opioid settlement administrator and not in detail. (13) (14) To date, only Morgan County and the state have reported any expenses unrelated to abatement. The state reported \$13.4 million for attorney and litigation costs (**Table 2**), and Morgan County reported \$250 for unspecified unrelated expenses. (24)

The state and the OAC have additional requirements for community grants and county payments from the Abatement Fund. For example, community grant applicants must identify how they define success and how they will track and report their outcomes. (22) Meanwhile, counties must certify that they've spent their dollars on OAC-approved activities and report how much money they have allocated, to which of the six strategy areas (**Figure 8**), and how many people they served. The OAC must also report its expenditures to the General Assembly annually. (22) (32)

The OAC has also discussed more actively monitoring outcomes moving forward. In recent months, the Council has discussed whether and how to require more uniform outcome information from community grantees and counties receiving Abatement Fund dollars. They are also considering a proposal to partner with Stanford University's Hoover Institution to evaluate and report on the effectiveness of grant expenditures. Finally, they've contracted a data dashboard of state and county-level metrics to help the Council prioritize funding and monitor progress moving forward. (22) (19)

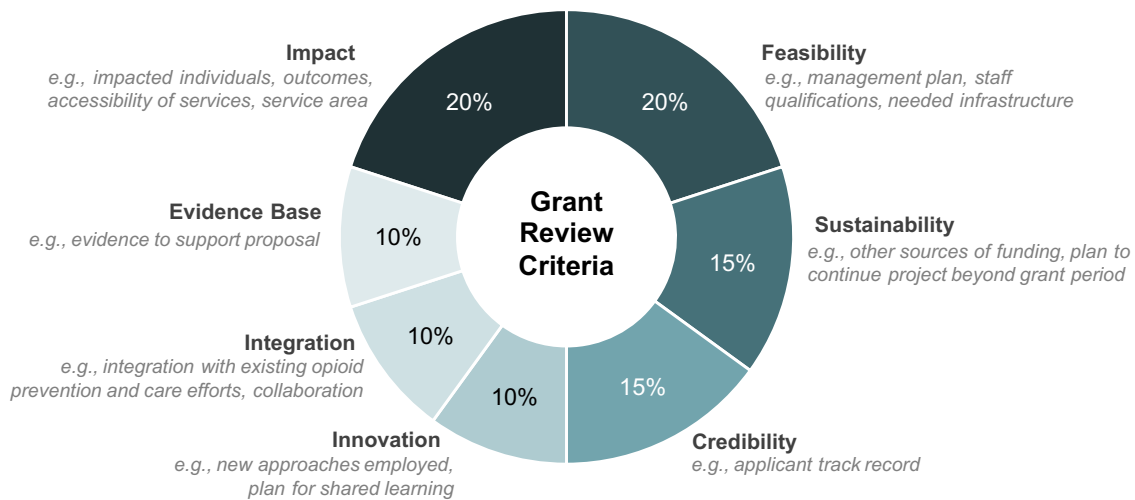
How Are Tennessee's Opioid Response Efforts Coordinated?

Opioid settlement payments are one set of resources among many state and local efforts to prevent, treat, and mitigate substance abuse. For example, TennCare—the state's Medicaid program—spent nearly \$750 million in state and federal dollars for enrollees' behavioral health services in FY 2023. (33) Meanwhile, TDMHSAS' efforts span prevention and treatment. Among those are programs that fill gaps in TennCare and private insurance—including the state behavioral health safety net and the federal Substance Abuse Block Grant. Schools oversee school-based prevention efforts. Law enforcement help prevent and slow the supply of illicit drugs, and court systems, prisons, and jails offer services to those interacting with the criminal justice system.

The state’s approach to coordinating opioid settlement dollars across funds and other related activities is multipronged but largely informal. Because opioid settlement dollars are relatively flexible, they offer a unique opportunity to address gaps that other funding streams may be unable to fill. The OAC has processes and procedures to help understand gaps, needs, and other ongoing efforts. Local governments have some resources that encourage them to consider their local assets and needs as they make spending decisions, and the overlap among local stakeholders may help identify gaps and coordinate activities.

Figure 10. Factors for Awarding Opioid Abatement Fund Community Grants

Evaluation Criteria for the Tennessee Opioid Abatement Fund Cycle 1 Community Grants (2023)



Source: Tennessee Opioid Abatement Council (20)

Some of the structure and practices of the OAC help them coordinate their decisions with other efforts in Tennessee. For example—

- Under state law, TDMHSAS’ commissioner is a non-voting member of the OAC—a role that involves attending each meeting and serving as a resource to the council as it makes decisions.
- The OAC must also consider TDMHSAS’ annual statewide needs assessment and feedback from community stakeholders and local leaders. (13) The 2023 assessment, for example, emphasized the need for more adult residential detox beds, prevention and school-based programs for at-risk youth, recovery housing, medication-assisted treatment (MAT), and transportation options for those in treatment. (34)
- The OAC has also used meetings to understand data on drug use, OUD, health insurance coverage rates, and drug overdose reviews. (19)
- Ten percent of community grant application scores are based on how each project will collaborate and integrate with existing opioid prevention and care stakeholders and efforts (**Figure 10**). (22)

For some local governments, allocating and coordinating settlement dollars effectively may require new expertise and activities. Local governments have wide latitude to determine if and how they will coordinate the use of their settlement payments with existing efforts. However, not all local

governments have experience working directly with the behavioral or public health community or running competitive grant processes. Meanwhile, beyond the list of approved activities, the OAC has stopped short of advising counties on how they should spend their dollars.

Tennessee’s local governments have resources to help them overcome these challenges.

Examples include:

- The Tennessee County Services Association partnered with the attorney general’s office, the OAC, and the Substance Misuse and Addiction Resource for Tennessee (SMART) Initiative to host summits and webinars educating local governments on the nuts and bolts of settlement funds and best practices for allocating them. (35)
- SMART offers local governments technical support and expertise for spending settlement funds. It is an initiative of the University of Tennessee’s Institute for Public Service alongside the long-standing and well-trusted county and municipal technical assistance centers. SMART advises counties to set up local abatement councils and use asset mapping to understand existing resources and gaps. (36) (37) A request for proposals (RFP) toolkit also offers a model grant announcement and grantee reporting requirements. (38) (37) (36) (39)
- Experts at other public universities like Middle and East Tennessee State Universities (i.e., MTSU, ETSU) have also offered to help local governments. (40) (41) ETSU offers a national county-level recovery assets map. (42)

Ultimately, many local governments have set up processes like those adopted by the state.

Several counties have taken SMART’s advice to set up their own advisory councils and community grant application processes. (43) (44) (39) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) In following SMART’s recommended approach, Roane County earned a national award for following best practices to allocate settlement dollars. (39)

The OAC has also refined its second community grant cycle strategy to better meet gaps and address concerns about the process.

For example, the OAC will prioritize round two grant applications representing a regional partnership and/or focusing on one of four strategies: primary prevention, harm reduction, treatment, or recovery support. (57) The review process for the second round will also address concerns some OAC members expressed about their ability to identify overlapping or complementary projects. Because there were so many applications for the first community grants cycle, no one council member was able to review all proposals in a single strategy area—which could have allowed for more uniform scoring and the identification of overlap and synergies within the applicant pool. For the second round, OAC staff will pre-score applications to eliminate some before handing them off to Council members. (19)

Finally, overlap among these efforts’ stakeholders allows for some informal coordination. For example, TDMHSAS is often looked to for guidance, informal monitoring, and thought leadership on issues related to substance abuse—even those not directly funded by the agency. Additionally, many community service providers that work with existing state programs have also participated in determining the state and local processes for spending settlement dollars. Indeed, by law, the OAC members must

have experience in the field. These members bring knowledge and expertise of existing efforts on the ground to the decision-making processes at both the state and local levels.

What Else Could Tennessee Do?

Tennessee could look to other states, communities, and resources as it continues to refine its approach to effectively spending settlement dollars to curb the opioid epidemic. Some examples of potential strategies include:

- **Additional Reporting and Transparency** — At least 19 states have required or committed to public reporting of how all state and local governments spend settlement dollars. (58) The details and accessibility of the reports vary significantly. (59) Among the most complete, Minnesota maintains an Opioid Epidemic Response Spending Dashboard to track spending from all sources and levels of government and the extent to which evidence supports those activities. (60) North Carolina requires and publishes each local government’s detailed spending plan by activity. (61)
- **Supplantation Restrictions** — Thirteen states have adopted supplantation policies so settlement funds cannot replace existing investments. These restrictions ensure that settlement dollars support new or expanded efforts. (62) (63)
- **Incentives** — Some states have incentivized local governments to follow best practices. For example, Michigan compensated local governments that reported their settlement spending. (59) In North Carolina, local governments can spend settlement dollars either only on a short list of “high impact” strategies or on a broader list of activities if they undergo a collaborative strategic planning process. (64) Indiana uses state dollars to match local settlement investments in select evidence-based approaches. (65) Finally, Virginia provides extra state dollars to locals meeting a “gold standard,” which includes using Subdivision Fund dollars on evidence-based approaches, not supplanting existing efforts, and reporting data to the state. (66)
- **Regional Coordination** — Colorado’s approach employs regional abatement councils to encourage more regional coordination and planning. (65) In Tennessee, 10 counties in northeast Tennessee voluntarily came together to form the Regional Recovery Ecosystem Advisory Council. That Council has served as a vehicle for mapping the region’s recovery resources, prioritizing the best use for settlement dollars, and coordinating regional applications for the OAC’s community grants. (67) (68) (69) (70)
- **Resource Mapping** — West Virginia’s state abatement council formally dedicated time to understanding the state’s existing resources and investments in related activities after its formation. (71) Meanwhile, Nevada commissioned a statewide needs assessment and plan to inform its allocation of settlement dollars. (72) (73)
- **State Advising** — State agencies and abatement councils have taken a role in advising local governments in some states. For example, the Minnesota Department of Health published a resource guide for local governments, and the Utah Opioid Task Force surveyed subject matter

experts on the best uses of settlement dollars and issued recommendations to guide spending decisions. (74) (75)

- **National Resources** — Many well-respected national organizations and experts have published recommendations for effectively spending opioid settlement dollars—including those in the following citation: (76) (77) (78) (79)

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Written By:

Mandy Spears, Deputy Director • Sarah Clark Henderson, Former Senior Policy Analyst • Joshua Bell, Former Intern

Other Contributing Staff:

Brian Straessle, Executive Director • Grace Graves Baron, Director of External Relations
Bill Mouchette, Policy Analyst • Malini Boorgu Former Intern

For further information, contact Research@SycamoreTN.org.

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Conversations with several state stakeholders with expertise or involvement in the opioid settlement distribution/funding processes also informed this report.