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## **How will Arizona spend its \$542 million opioid settlement money? Here's what we know**

Arizona is set to get more than a half billion dollars as part of an opioid settlement with pharmaceutical distributors and Johnson & Johnson.

[Stephanie Innes](#)  
*Arizona Republic*

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Arizona is supposed to get more than a half-billion dollars in settlement money over the next several years to help communities combat the ongoing opioid epidemic.

How the money will be spent and who will spend it are not clear. The first payments to states, including Arizona, have only recently begun to arrive.

Disbursement reports, required under the settlement terms, aren't due to the Arizona Attorney General's Office until 2023.

The opioid litigation settlement dollars, which are infusing communities across the U.S. with millions of dollars, have already launched [dialogues](#) about how the money should be used. Some states like New York have created advisory boards to oversee the money. New Jersey has set up an [online portal](#) that asks residents how that state's opioid settlement money should be spent.

Multiple groups and individuals across the country are calling for stepped-up scrutiny of the dollars to ensure they are invested into evidence-based ways to reduce opioid overdoses and not funneled into programs that don't work or into general government spending like fixing roads.

**"There are a lot of organizations that are watching how this money is being spent at the state and at the local level,"** said Kristen Pendergrass, vice president of state policy for [Shatterproof](#), a national nonprofit organization that works to address substance use disorder.

Shatterproof is encouraging states to have metrics in place so that over time, the progress and outcomes of programs the money is funding can be tracked and redirected if the efforts aren't working.

Glenn Farley, director of policy and research at Common Sense Arizona:

**'Unfortunately, according to the numbers, the fentanyl crisis is not slowing down anytime soon.'**

The \$542 million due to Arizona, [announced by Arizona Attorney General Mark Brnovich earlier this year](#), isn't coming all at once. It's [expected to come into Arizona over 18 years](#) as part of a \$26 billion [global settlement agreement](#) with opioid manufacturer Johnson & Johnson, which owns Janssen Pharmaceutical Company, and the "Big Three" drug distributors AmerisourceBergen, Cardinal Health and McKesson.

The settlement money is supposed to be used for treatment, education and prevention "to help keep our communities safe," Brnovich said in a written statement when he announced the settlement money.

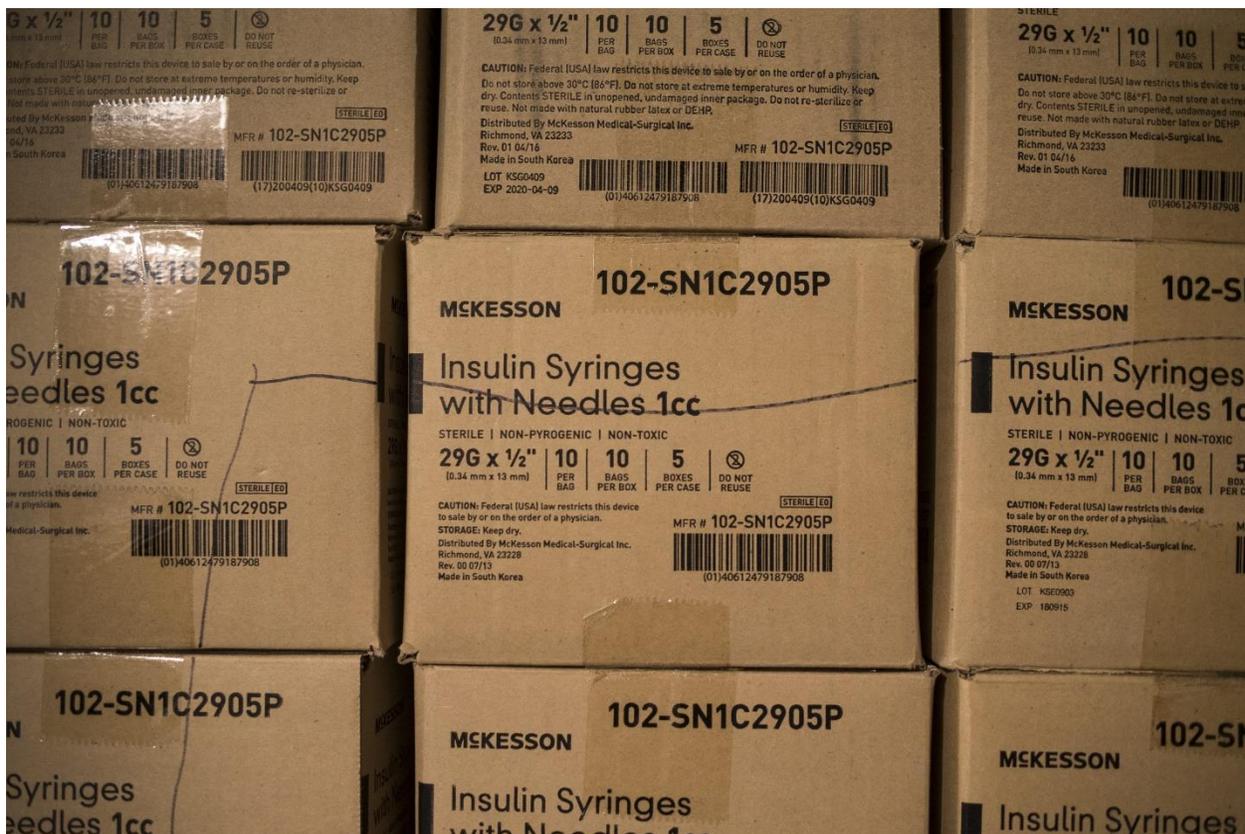
## **\$35 million expected by the end of 2022**

Arizona is expected to have nearly \$35 million of the settlement money in hand, possibly more, by around the end of the year.

While there's some local control over how the money will be used, the settlement funds are not likely help families recover past costs of mortgaging homes and emptying bank accounts to pay for loved ones' treatment.

"The plaintiffs that brought these cases, that sued them, are states, counties and local governments. Those government entities sued to, among other things, recover their costs and address the impact of addiction on individuals, families and communities going forward," said Shelly Weizman, project director of the Addiction and Public Policy Initiative at Georgetown University's O'Neill Institute for National and Global Health Law.

The lawsuits were not filed on behalf of individual families to recover individual costs and expenses, she said.



Syringes for Sonoran Prevention Works outreach kits. MARK HENLE/THE REPUBLIC

Some grassroots groups, community advocates and treatment providers want government entities administering the settlement money to listen to the people who are being hurt by illicit drug use before deciding how to spend the Arizona funds. So far there's been little public discussion about the dollars, although more is expected moving forward.

"At this point I don't know who is administering it (the opioid settlement money), what the process is. Nobody has talked to us about it," said Haley Coles, executive director of the Arizona nonprofit Sonoran Prevention Works, which does outreach to people affected by

opioid use disorder and is a major provider of free naloxone across the state. "As far as I know, there haven't been listening sessions, which would be really helpful."

The money is being paid because of the role that Johnson & Johnson and the big three drug distributors played in unlawfully marketing, promoting, and dispensing prescription opioids, Brnovich said.

The \$26 billion global settlement is the result of lawsuits filed by multiple states and thousands of localities across the country that sued pharmaceutical manufacturers and distributors. They argued that taxpayers and communities were forced to bear the costs of the opioid crisis while opioid manufacturers, distributors and dispensers put profits ahead of health and safety.

The agreement followed numerous investigations, including whether Johnson & Johnson misled patients and doctors about the addictive nature of opioid drugs. The bulk of the global settlement money is coming from the big three drug distributors, who did not acknowledge any wrongdoing when the settlement was announced.

Ten billion dollars of the \$26 billion payout is contingent on local governments agreeing to forgo ongoing and future litigation against Johnson & Johnson and the major distributors.

## **'We all saw what happened with the tobacco settlement money.'**

The opioid crisis in Arizona has taken a significant human toll. An average of five Arizonans per day died of an opioid overdose in 2021. Increasingly, those deaths involve illicitly manufactured fentanyl, a synthetic opioid that's cheaper and far more potent than heroin.

The economic cost of the crisis has been high, too. A [report released Aug. 24](#) by the nonprofit organization Common Sense Arizona found that the economic cost of the fentanyl crisis in Arizona last year was \$53 billion, which includes the costs of substance abuse treatment, law enforcement, health care and reduced productivity.

"Unfortunately, according to the numbers, the fentanyl crisis is not slowing down anytime soon," Glenn Farley, director of policy and research at Common Sense Arizona, said when the report was released. "Approximately 57% of overdoses in Arizona are related to fentanyl, compared to prescription opioid doses, which count for 36% of cases."

Given those numbers, there may be an impulse to put money into bolstering law enforcement efforts against illicit opioids and into government-sponsored programs. But that's not going to be helpful to people who are using fentanyl and other substances, said Parris Wallace, a [Southwest Recovery Alliance](#) board member and the Arizona organizing director for the Working Families Party.

The grassroots Southwest Recovery Alliance, for example, does outreach to people using illicit drugs in parking lots and on street corners. Wallace said.

"Keep in mind that nobody (using illicit drugs) wants to go to a county building to get well," Wallace said. "They don't want to go anywhere really where some official is going to potentially put them in danger of being incarcerated."

Shelly Weizman, project director of the Addiction and Public Policy Initiative at Georgetown University

Is there a game plan? ... I don't know that a lot of states are thinking of the 20-year plan. I hope they are.

Billions of dollars in money from a 1998 settlement with the tobacco industry flowed into states [across the U.S. but was often not used for tobacco-related public health purposes](#). Some of the money [even went to help tobacco growers](#), according to a 2001 General Accounting Office report.

For that reason, there's some wariness in the Arizona drug treatment community about whether the money will be put to good use, said Nick Stavros, CEO of the Arizona-based Community Medical Services, which provides medication-assisted treatment for opioid use disorder in 11 states, including Arizona.

"We all saw what happened with the tobacco settlement money. ... So there's a lot of skepticism, I think, around how this money is going to be used," Stavros said. "I don't really know anything about what Arizona's plans are."

Given the widespread criticism about how the tobacco settlement money was used, public health, policy and legal experts across the U.S. have been speaking out to ensure the opioid settlement money is being used effectively.

"In this field of addiction and substance use disorder, historically a lot of policy decisions, or spending decisions, have not been rooted in science and evidence," Georgetown University's Weizman said. "Sometimes they are rooted in stigma and misunderstandings about addiction ... From our perspective, we see this as an opportunity to invest in evidence-based services and supports."

The Johns Hopkins Bloomberg School of Public Health has developed [five guiding principles](#) for states and local jurisdictions:

- Spend the money to save lives.
- Use evidence to guide spending.
- Invest in youth prevention.
- Focus on racial equality.
- Develop a fair and transparent process for deciding where to spend the funding.

## More help for Arizona adolescents is needed, parent leader says

Kim Humphrey, executive director of the Phoenix-based nonprofit [Parents of Addicted Loved Ones](#), said there's a massive need for funding to give families more support and to help give individuals struggling with opioid use disorder the assurance that recovery is possible.



Kim Humphrey, executive director of Parents of Addicted Loved Ones, speaks about his personal experience with opioid addiction in his family during a press conference at the Maricopa County Attorney's Office in Phoenix on Oct. 20, 2021. MONICA D. SPENCER/THE REPUBLIC

Both of Humphrey's sons had serious struggles with opioids and have been sober and in recovery for more than eight years. Both now own homes and have jobs.

"Things can change. There is hope. People can get better," said Humphrey, a retired Phoenix police commander.

Humphrey's group increasingly is seeing parents who have adolescents who need help with opioid use disorder, even though Parents of Addicted Loved Ones is geared toward helping families of people who are 18 and older.

One thing he's discovered is that there are very few opioid treatment options to meet an increased need from adolescents, which would be one place to direct the settlement money, Humphrey said.

Stavros of Community Medical Services said other good uses for the money would be educating insurance companies about opioid use disorder and evidence-based treatment options and expanding existing programs that are known to work.

Community Medical Services already provides medication-assisted treatment in more than two dozen communities across Arizona, including Kingman, Lake Havasu City, Safford and Casa Grande. Expanding that treatment with mobile units could provide help in harder-to-reach areas of Arizona, he said.

Weizman said she'd like to see states making 20-year plans for how they want to address the opioid epidemic and include the settlement money in that vision.

"It's not just opioid litigation money. It's federal block grant money, other federal grant money, Medicaid, commercial insurance. There's money in other systems that may not be the addiction treatment system but go to address addiction," Weizman said. "Is there a game plan? ... I don't know that a lot of states are thinking of the 20-year plan. I hope they are."

Opioid deaths have a range of root causes, but some of the common themes are a lack of economic opportunity, financial and/or housing instability, persistent physical pain, feelings of despair, helplessness, and untreated mental health issues, according to the RAND Corporation, a nonprofit think tank.



### Fentanyl awareness event

Parents of children lost to drug overdoses host an event at Founders Park to raise awareness for how fentanyl is causing deaths for Arizona kids.

It's important to address those issues directly in both the short and long term rather than focusing only on the drugs themselves as causing harm, a RAND [analysis](#) says.

There's also a "dire need" to expand the addiction specialist and psychiatric workforce, according to an [April 2020 white paper](#) about ways to prevent a recurrence of the opioid epidemic.

The white paper was written by non-profit organizations representing front-line clinicians, among them the American Psychiatric Association, the American Academy of Child & Adolescent Psychiatry and the American Society of Addiction Medicine.

## 'Mainstream culture is allowing people to die.'

There's a lot of opportunity in Arizona to use settlement money to expand syringe services programs, also known as clean needle exchanges, said Will Humble, executive director of

the Arizona Public Health Association and a former state health director. Arizona [decriminalized needle exchanges last year](#), but the needle exchanges, which are scientifically proven to be effective, still need funding, he said.

"Syringe service programs is an area where we have a lot of room for improvement in our state because of the politics in the last several years," he said. "They are decriminalized, now let's start using some of the settlement money to fund that stuff."

One of the biggest criticisms of the 2018 Arizona Opioid Epidemic Act was that it did not legalize syringe services programs, which allow users of illicit injectable drugs to safely access clean needles and avoid the bloodborne diseases HIV and viral hepatitis. The legalization of syringe service programs in the state followed four consecutive years of effort.

The programs also offer access to the opioid overdose reversal drug naloxone (often known by the brand name Narcan), and referrals to drug treatment and other health services.

Syringe services programs are an example of 'harm reduction' — a strategy that refers to treating people with love and compassion no matter what choices they make while helping them stay as healthy as possible. Other examples of harm reduction include fentanyl test strips and supervised injection sites, although such sites are not allowed in Arizona.

Coles said Arizona's share of opioid settlement money "should absolutely" be used to fund harm reduction. The money should also be used to fund the "social determinants" that influence health outcomes like housing, food, and economic stability, she said.

Lacking those determinants is what can drive people to overdose because they don't have a safe place to live and fear their kids are going to be taken away, Coles said.



Syringes for outreach kits are kept in a Phoenix storage locker by the Sonoran Prevention Works. MARK HENLE/THE REPUBLIC

Wallace, also a proponent of adding funding to harm reduction, said, "Our main goal is to make sure that you are being safe, that you are not using alone and that you don't die.

"Harm reduction needs to be mainstream. The conversations need to be mainstream. Overdoses are entirely preventable, which is wild. ... Mainstream culture is allowing people to die because they don't want to have the conversation about how we make sure people are safer."

Similarly, John Koch, director of community engagement for Community Medical Services, said that without more discussions and acceptance of people who are struggling with opioid use disorder, money can only go so far in helping them. There needs to be a community desire to help people who are struggling, he said.

"You can have all the money in the world, but if different communities won't help support your efforts to address the need, then the money will not be helpful," he said.

**'What I'm concerned about is how the language will get interpreted.'**

The One Arizona Distribution of Opioid Settlement Funds Agreement says 44% of all opioid settlement funds will go to the state and 56% will go to participating local governments. Maricopa County, which is Arizona's most populated county, was expected to get about \$80 million, the Maricopa County Attorney's Office [announced in October](#).

County officials announced Sept. 16 that they'd received Maricopa County's first payment of \$4.7 million from the big three distributors. [The Maricopa County Department of Public Health is the lead agency](#) for administering funds for Arizona's most populated county and will be responsible for arranging payments to cities and towns.

"This historic settlement presents an unprecedented opportunity for our community," county health director Marcy Flanagan wrote in a Sept. 15 letter to city and town leaders in Maricopa County. "Feedback from the community will be essential to this process to ensure the voices of those most impacted by harms of the opioid epidemic are heard."

The Arizona Legislature and future attorney general will determine how the bulk of Arizona's opioid settlement money is divided, who gets it, and how organizations can apply for it, Brnovich spokesperson Brittini Thomason wrote in an email.

Republican Arizona Gov. Doug Ducey's term expires in January 2023, and Brnovich, also a Republican, finishes his term then, too.

"I'm quite honestly glad that Arizona is on the slow end of building a plan," said Humble. "I'd rather roll the dice and put my money on the next administration caring more about this. ... At this point in the administration, people are just looking for their next gig."

Seattle-based legal consultant Christine Minhee founded a website that is tracking opioid settlement money nationally at <https://www.opioidsettlementtracker.com/> in order to answer the question: "Will opioid settlements be spent in ways that bolster the public health response to drug addiction?"

The opioid settlements contain basic contractual protections against a repeat of the big tobacco settlement spending problem, Minhee wrote in an email. All participating states must spend at least 70% of their entitled slice of the \$26 billion on "future opioid remediation," she wrote.

By definition, that would exclude reimbursement for past expenditures, "but whether these settlement monies will move the needle on public health will depend on folks knowing where and when to push hardest for change," she wrote.

The way local jurisdictions interpret those terms will be important, which is why transparency will be key in ensuring the money is spent as intended, Humble said.

"I think there are good guardrails in the (settlement) language, staying true to those guardrails is key. ... What I'm concerned about is how the language will get interpreted,"

Humble said. "It's easy for clever people to make a tenuous connection to an issue that they want to give money to. It's all about fidelity to the agreement."

## **First AZ opioid settlement spending reports due by July 31, 2023.**

The One Arizona Distribution of Opioid Settlement Funds Agreement calls for the state to publish online a report detailing the amount the state received in opioid settlement funds the prior year, as well as the allocation of any approved awards, listing the recipient, the amount awarded, the program to be funded, and disbursement terms.

Reports on spending for the current fiscal year will be due to the Arizona Attorney General's Office on July 31, 2023, officials with Brnovich's office wrote in an email.

About \$2.3 million from the first \$4.7 million Maricopa County payment will be distributed among cities and towns in Maricopa County, county officials said, including \$1 million to the city of Phoenix, \$286,455 to the city of Mesa and \$188,607 to the city of Scottsdale.

"I like the way it's decentralized. ... The settlement gives money directly to cities and counties. That's good. I love and trust local control," Humble said.

"I'm sure the counties are glad because they don't have the state middleman in the way. They are going to be able to work with their county supervisors and county managers on evidence-based practices."

Beyond the \$4.7 million that Maricopa County received, the state of Arizona as of Sept. 2 had received a total of \$9.3 million in settlement money from the three drug distributors and expected to receive a second payment of \$10.5 million "shortly," according to Katie Conner, a Brnovich spokesperson.

In addition, Arizona is expected to get \$3 million from the Johnson & Johnson settlement within the next few months, followed by a second payment of \$6.9 million "shortly after the first," Conner wrote in an email.

## **What Arizona did with \$13 million McKinsey settlement funds**

Arizona and its residents have received payments related to other opioid litigation, separate from the \$542 global settlement money.

In 2021, for example, Arizona received \$13 million as one of 47 states, five U.S. territories and the District of Columbia that reached a \$573 million agreement with the consulting

firm McKinsey & Company to resolve investigations into the company's role in working for opioid companies, including OxyContin maker Purdue Pharma.

Some of the Arizona money from the McKinsey settlement — \$4.5 million — went [to sheriff's departments in Coconino, Yavapai and Mohave counties](#) to help people in the criminal justice system with opioid use disorders.



Coconino County is spending its \$2.5 million share on a re-entry program for people who have been released from jail, to give them risk assessments and connections to social services.

Money from Arizona's share of the McKinsey settlement did not solely go to the criminal justice system. It has also gone to organizations across the state, including a combined \$1.2 million to three Boys & Girls Clubs — Boys & Girls Club of the Valley, Boys & Girls Club of the Sun Corridor in Pinal County and the Boys & Girls Club of Tucson — to provide kids ages five to 17 with education to discourage and prevent the misuse of opioids.

And earlier this year, [tribal nations across the U.S. were awarded more than \\$500 million in settlements](#) with Johnson & Johnson as well as the big three opioid distributors.

Reach the reporter at [Stephanie.Innes@gannett.com](mailto:Stephanie.Innes@gannett.com) or at 602-444-8369. Follow her on Twitter [@stephanieinnes](#)

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