

Kansas Fights Addiction Grant Review Board

Annual Report

January 1, 2022 - December 31, 2022

Due March 1, 2023

BACKGROUND

Opioid Epidemic Nationally and In Kansas

The opioid epidemic has taken an enormous toll on our country. The United States has lost over a million lives to drug overdose since 1999. It is estimated that in 2021, over 107,000 people died of a drug overdose in the US, and opioids were involved in 75 percent of these deaths. In Kansas, the picture is equally stark. In 2019, Kansas experienced the highest number of drug overdose deaths (393) ever recorded, in 2020 the number of deaths (477) increased by 21.4 percent, and in 2021 the number of deaths (678) climbed even further, increasing by 42 percent of the record set in 2020. Sadly, projections are that Kansas will set yet another record in 2022 for the number of overdose deaths in our state. The statistics are sobering. And while it is easy to get lost in the deluge of data, it is important to remember that each of these deaths represents a person- an individual with family and friends, a parent, a neighbor, a colleague.

Nationwide Opioid Settlements

Several nationwide settlements have been reached with companies to resolve their liabilities in thousands of lawsuits across the country associated with their role in fueling the opioid epidemic. Participating states, cities, and counties were required to surrender any individual suits they were pursuing to join the nationwide settlements. To date several major opioid manufacturers, distributors, and retailers have offered to settle nationwide such as McKinsey and Associates, Mallinckrodt PLC, Janssen/Johnson & Johnson, McKesson, Amerisource-Bergen, Cardinal Health, Purdue Pharma, CVS, Walgreens, and Walmart.

The national opioid settlements require that at least 85 percent of the funds be used for opioid abatement and at least 70 percent of the funds be used to fund future opioid-remediation efforts. The agreements include a broad and non-exhaustive list of qualifying opioid remediation expenditures. Under the settlements states are required to have an advisory committee that oversees the settlement funds.

Kansas Opioid Settlements

In 2021, Kansas and 205 units of local government signed on to the nationwide settlements. To date, Kansas has reached multiple settlements with major pharmaceutical companies, distributors and related firms as part of the state's ongoing efforts to bring accountability to those that fueled the opioid-addiction crisis. In 2021, Kansas legislators approved a proposal put forward by the Kansas Office of the Attorney General to ensure money recovered by the

attorney general pursuant to opioid litigation will be used to address addiction and to provide services throughout the state.

Kansas Fights Addiction Act

The Kansas Fights Addiction Act, enacted by the state legislature in 2021, directs the Kansas opioid settlement dollars be deposited into two funds- 75 percent of dollars are deposited to the Kansas Fights Addiction Fund (KFAF) and 25 percent of funds are deposited to the Municipalities Fight Addiction Fund (MFAF). The Kansas prescription drug monitoring program, K-TRACS, receives \$200,000 annually. All recovery dollars must be allocated to opioid and substance use disorder (SUD) abatement.

KFAF

Per the Kansas Fights Addiction Act, the 75 percent of settlement dollars allocated to the KFAF is administered through a grant review board. This board fulfills the requirement set forth in the national settlement agreements to have a statewide advisory committee that oversees the funds. State agencies, local governments and not-for-profit entities may seek funding for addiction treatment and abatement through this board. The state's grant review board is comprised of the following members and their respective appointing authority:

- Pat George, Chair, Appointed by the Kansas Attorney General
- Sandra Dixon, Appointed by the Governor
- Robyn Chadwick, Appointed by the Senate President
- Gary Henson, Appointed by the Speaker of the House
- Laurie Krom, Appointed by the Senate Minority Leader
- Monica Murnan, Appointed by the House Minority Leader
- Sara Caylor, Appointed by the League of Kansas Municipalities
- Mike Brouwer, Appointed by the Kansas Association of Counties
- Mike Kagay, Appointed by the Kansas County and District Attorneys Association
- Keith Rickard, Appointed by the Association of Community Mental Health Centers of Kansas
- Jason Hess, Appointed by the Behavioral Sciences Regulatory Board

MFAF

The settlement dollars (25 percent) allocated to MFAF are to be paid to the participating subdivisions upon state receipt of funds. The calculated amount each subdivision shall receive is based on payment shares outlined in the distribution tool, pursuant to the Kansas Fights Addiction Act Memorandum of Understanding between the Kansas Attorney General's Office, the League of Kansas Municipalities, and the Kansas Association of Counties.

Review of Kansas Opioid Settlement Funds

As of December 12, 2022, the Kansas Office of the Attorney General has recovered more than \$278 million in settlements related to unlawful opioid manufacturing, marketing and distribution. Settlement payments, many of which will be frontloaded, will be made to the state for up to 18 years. In 2022, Kansas began receiving initial payments from the following settlements:

- McKinsey and Associates
- Mallinckrodt PLC
- Janssen/Johnson & Johnson
- Distributors (McKesson, Amerisource-Bergen, and Cardinal Health)

While additional settlements have been announced, initial payments have not yet been initiated. A full listing of settlements received is included below:

Source	Total Amount Anticipated	Total Amount Received, 2022
McKinsey and Associates	\$4,805,800.46	\$4,188,953.45
Mallinckrodt PLC	Min. \$6,000,000.00	\$1,199,641.39
Janssen/Johnson & Johnson	\$35,184,155.44	\$25,799,236.73
Distributors (McKesson, Amerisource-Bergen, and Cardinal Health)	\$153,002,437.92	\$15,456,103.90
Total	\$198,992,393.82	\$46,643,935.47

As of December 31, 2022, Kansas had received \$46,643,935.47 and made the following allocations and distributions:

- \$11,660,983.87 was allocated to MFAF and \$1,047,238.36 was distributed to the participating subdivisions, the remainder was distributed in January of 2023.
- \$34,982,951.60 was allocated to KFAF and \$500,000 was distributed, \$100,000 to the OAG for administrative expenses and \$400,000 for the first two annual payments to K-TRACS.

KANSAS FIGHTS ADDICTION GRANT REVIEW BOARD

Grants Approved and Moneys Expended in 2022

No dollars were expended from KFAF during the 2022 reporting period by the KFA grant review board.

While no funds were expended in 2022, two grants were approved by the Kansas Fights Addiction (KFA) grant review board at their December 2, 2022, board meeting. Funds for these grants will be awarded in 2023. The first 12-month grant approved in the amount of \$100,000 will support the work of the Kansas Attorney General's Office to provide general staffing and logistics support to the KFA board during the 2023 calendar year. The second 12-month grant approved in the amount not to exceed \$1.5 million will be managed by the Sunflower Foundation. This grant will support a variety of contractors/vendors needed to complete a statewide comprehensive substance use disorder (SUD) needs assessment. While Sunflower will oversee completion of the statewide needs assessment, none of the approved grant funds will be used to support the work/time of the Sunflower Foundation.

Overview of 2022 KFA Board Activity

The KFA grant review board held its inaugural meeting on July 14, 2022. Subsequent meetings were held on September 28, 2022, and December 2, 2022. These initial meetings focused primarily on reviewing the board's charge, reviewing the history of the settlement agreements, establishing board functions and processes, examining the SUD landscape in Kansas, and general planning. The board is working to adopt a regular monthly meeting schedule for 2023.

Looking ahead, the KFA grant review board has begun planning for initial expenditures from the KFAF to occur in 2023 with the release of two Request for Proposals (RFP). The first RFP will focus on approved abatement strategies related to treatment, recovery, harm reduction and linkages to care. The second RFP will include funding for prevention, providers and health systems, and public safety. The KFA grant review board is responsible for ensuring that at least 1/8 of the total funding awarded in Kansas each year will be in each of the state's congressional districts.

DRAFT

Kansas Fights Addiction Compliance Statement from the Board Chair Pat George

The Kansas Fights Addiction grant review (KFA) board acts in accordance with the Kansas Fights Addiction Act, codified as KSA 75-775 to -781. The KFA board has the responsibility to grant funds within the Kansas fights addiction fund to qualified applicants for projects and activities that prevent, reduce, treat or mitigate the effects of substance abuse and addiction. Any such expenditure for a grant shall not be used to supplant any other source of funding. No moneys shall be expended from the Kansas fights addiction fund for the payment of litigation costs, expenses or attorney fees related to opioid litigation.

The 11-member KFA board is comprised of members who have expertise in the prevention, reduction, treatment or mitigation of the effects of substance abuse and addiction. The board consists of at least one member in which resides in each of the state's congressional districts. All board members have filed a statement of substantial interest as provided in K.S.A. 46-248 through 46-252, and amendments thereto and no member shall participate in the consideration of any grant application for which such member has a conflict of interest. Members of the board shall not receive compensation or expenses for serving on the board.

The KFA board's inaugural meeting took place on July 14, 2022. The board adopted Robert's Rule of Order and at least 6 members must vote in favor for grant approvals and related board decisions. Subsequent board meetings were held on September 28, 2022, and December 2, 2022. These initial meetings focused primarily on reviewing the board's charge, reviewing the history of the settlement agreements, establishing board functions and processes, examining the SUD landscape in Kansas, and general planning. Towards the end of the calendar year, the KFA board began planning for the grant making process to begin collecting and considering applications in calendar year 2023. In compliance with the requirements of the Kansas Fights Addiction Act, and amendments thereto, when awarding grants, the board:

- Ensures distribution across the state including at least 1/8 of the total amount granted in each year will be provided to each of the state's congressional districts. This consideration is built into the KFA grant application and review process;
- Considers science and data-driven strategies as part of the grant application and review process; and
- Consults with the Kansas Prescription Drug and Opioid Advisory Committee, Kansas Department of Health and Environment, Kansas Insurance Department, Kansas Department for Aging and Disability Service and other appropriate entities to ensure coordination of related efforts.

Pat George, Board Chair