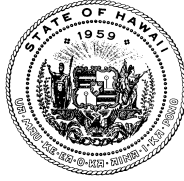


JOSH GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA MOKU'ĀINA 'O HAWAII'



KENNETH S. FINK, M.D., M.G.A, M.P.H
DIRECTOR OF HEALTH
KA LUNA HO'OKOLE

STATE OF HAWAII
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
P. O. Box 3378
Honolulu, HI 96801-3378
doh.testimony@doh.hawaii.gov

**Testimony COMMENTING on HB2806
RELATING TO OPIOID LITIGATION**

REPRESENTATIVE BELATTI, CHAIR
HOUSE COMMITTEE ON HEALTH & HOMELESSNESS

February 2, 2024, 8:30 AM Room Number: 329

1 **Fiscal Implications:** Undetermined

2 **Department Position:** The Department provides the following comments on this measure.

3 **Department Testimony:** The Alcohol and Drug Abuse Division (ADAD) provides the
4 following testimony on behalf of the Department.

5 The purpose of the bill is to provide transparency and ensure accountability in the expenditures of
6 opioid settlement funds by establishing an opioid litigation proceedings special fund; a proceeds
7 council to administer the special fund; purposes for the special fund; parameters for special fund
8 disbursements and other restrictions; guidelines for investing the special fund receipts; reporting
9 requirements for recipients and the department, terms to comply with uses of proceeds set by any
10 controlling court order; duties of the program director; and funds three-full-time equivalent
11 positions. The bill is based on model legislation developed to assist states in their efforts to
12 maximize funds available to address the opioid overdose crisis.

13 The Department of the Attorney General (AG) secured a Master Settlement Agreement that is
14 national in scope, as part of a multi-state suit against manufacturers and distributors of opioids
15 due to their roles in the nationwide opioid crisis. The existing State agreement with counties
16 under the Master Settlement Agreement was negotiated to include the Hawaii Opioid Settlement

1 Advisory Committee (HOSAC). It was established to fulfill expenditure oversight requirements
2 on proceeds relating to the settlement of opioid litigation (MOA). The HOSAC is comprised of:

- 3 • The mayor, or mayor's designee, from each of the following: the County of Hawai'i, the
4 County of Kaua'i, the County of Maui, and the City and County of Honolulu;
- 5 • A designee of the Director of the Department of Health;
- 6 • The director of the Department of Public Safety, or designee;
- 7 • The Superintendent of the Department of Education, or designee; and
- 8 • The University of Hawai'i Medical School President, or designee.

9 To date the HOSAC membership has:

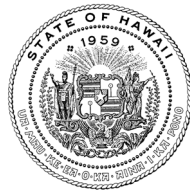
- 10 • Established procedures for operating HOSAC meetings;
- 11 • Hired three full-time positions to support the opioid settlement program;
- 12 • Researched best practices to distribute the funds in a community driven transparent
13 manner; and
- 14 • Identified over \$10 million in planned spending on county and state-wide projects.

15 The allowable expenses of the settlement funds are very specific. The HOSAC is responsible for
16 ensuring all funds are spent within the parameters set out in the Master Settlement Agreement.

17 The Department offers the following comments.

- 18 • The terms require definition consistent with the parameters in the Master Settlement
19 Agreement.
- 20 • The bill does not supercede the state agreement with the counties because it is based on a
21 national Master Settlement Agreement.
- 22 • The council in the bill does not supplant the existing HOSAC as established by the
23 agreement between the State and counties. Therefore, the advisory committee and the
24 council will co-exist together and more parameters are needed on how they will work
25 together.

- 1 • At least two more positions in addition to existing opioid settlement staff are needed to
- 2 implement the bill.
- 3 Offered Amendments: The Department asks for a few more days to propose amendments.
- 4 Thank you for the opportunity to testify on this measure.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON HEALTH AND HOMELESSNESS
ON
HOUSE BILL NO. 2806

February 2, 2024
8:30 a.m.
Room 329 and Videoconference

RELATING TO OPIOID LITIGATION PROCEEDS

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 2806 adds a new chapter to the HRS, entitled "Hawai'i Opioid Litigation Proceeds" to:

- Establish the Hawai'i Opioid Litigation Proceeds (HOLP) Special Fund (HOLPSF) to be administered by the HOLP Council (HOLPC).
- Establish the HOLPC administratively within the Department of Health (DOH).
- Require DOH to employ a full-time program director for the HOLPC and to provide resources and assist the program director.
- Require DOH to submit an annual report on the HOLPC's activities, including credits and expenditures of the HOLPSF.
- Appropriates an unspecified amount of general funds for FY 25 for drug policy and coordination and the establishment of 3.00 full-time equivalent positions.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. Special funds should:

- 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process;
- 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue;
- 3) provide an appropriate means of financing for the program or activity; and
- 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 2806, it is difficult to determine whether the proposed special fund would be self-sustaining.

Additionally, it is unknown how much funds will be available in the HOLPSF for investments after disbursements to the counties, spending for substance use disorder abatement purposes, and administrative costs. Because of the short time frame, it is recommended that funds be kept in the treasury to earn interest and to avoid the additional costs and fees associated with the investment of funds through an investment manager.

Thank you for your consideration of our comments.



HB2806 Opioid Settlement Bill to Support SUD Treatment

[COMMITTEE ON HEALTH & HOMELESSNESS](#)

Rep. Della Au Belatti, Chair

Rep. Jenna Takenouchi, Vice Chair

Friday, Feb 2, 2024: 8:30: Room 329 Videoconference

Hawaii Substance Abuse Coalition Supports HB2806:

ALOHA CHAIR, VICE CHAIR, AND DISTINGUISHED COMMITTEE MEMBERS. My name is Alan Johnson. I am the current chair of the Hawaii Substance Abuse Coalition (HSAC), a statewide organization for substance use disorder and co-occurring mental health disorder treatment and prevention agencies and recovery-oriented services.

HSAC supports that an Opioid Settlement that is a response to our community becoming addicted to or suffering from opioids include: substance abuse and co-occurring disorder related services such as:

- 1. Residential and outpatient, which is formal treatment for both adults and adolescents.**
- 2. Prevention programs for our youth.**
- 3. Stabilization services such as crisis intervention beds, case management**
- 4. Recovery oriented services such as outreach and harm reduction are very important.**
- 5. Medication therapies such as suboxone, methadone, naloxone:**
- 6. Primary Care Services – develop motivational interviewing for PCPs to provide guidance or referral.**
- 7. Housing with Supportive Services**
- 8. Vocational counseling services**
- 9. Mental Health agencies and Child and Adolescent Services**
- 10. Funding for DOH state agencies especially ADAD**

This is great news that \$19 million has been received and over \$156 million is expected in total.

We highlight and stress that firm commitment and transparent planning is need so that opioid litigation proceeds be directed towards prevention as well as to address substance use disorders, overdoses, and other drug-related harms, which is what the intended purpose is for the settlement.

- This can be achieved by establishing an opioid litigation proceeds special fund to be administered by a transparent council.
- The council is subject to the DOH to ensure proceeds are allocated and spent on Funds for substance use disorder abatement, infrastructure, programs, services, supports, and resources for prevention, treatment, recovery, and harm reduction that are no less than the sums of the moneys for these purposes appropriated.
- Limits on funds used for other purposes.

HSAC recommends that pertaining to the council member selection that an HSAC member is chosen as one of the 5 community members because HSAC agencies have expertise in substance abuse prevention and treatment, recovery, and harm reduction.

After some funds are distributed to state and county agencies, HSAC supports that the bulk of funds are distributed according to:

- Identifying structural gaps in substance use disorder services,
- Infrastructure for evidenced-based prevention and treatment, recovery, or harm reduction services,
- Services for evidenced-based prevention and treatment, recovery, or harm reduction services,
- Evidenced-informed services for prevention and treatment, recovery, or harm reduction services provided that the emerging evidence supports such distributions of funds for these uses that has reasonable expectations of becoming evidenced-based in the near future,
- Evaluation processes of outcomes for fund uses.

HSAC finds that the uses noted above are necessary to serve the public interest and that such services are greatly underfunded across the nation, including Hawaii, and that such services will greatly improve the quality of life for Hawai'i.

We appreciate the opportunity to provide testimony and are available for questions.



To: Committee on Health and Homelessness

Hearing Date/Time: Friday February 2 8:30 AM

Re: Testimony in Strong Support of HHB 2806

From: Heather Lusk, Hawaii Health and Harm Reduction Center

Dear Chair Bellati, Vice Chair Takenouchi and members of the committee

The Hawaii Health & Harm Reduction Center (HHRC) **supports HB 2806** which would support dissemination of the opioid litigation funds and establish a council to administer the special fund. These funds may be used for a variety of substance use related activities and are desperately needed to save lives, increase treatment capacity and promote recovery.

HHRC's mission is to *reduce harm, promote health, create wellness and fight stigma in Hawaii and the Pacific*. We focus our efforts on those disproportionately affected by social determinants of health, including but not limited to: people living with and/or affected by HIV, hepatitis, substance use, and the transgender, LGBTQ and the Native Hawaiian communities.

HHRC was a founding member of the Hawaii Opioid Initiative (HOI) and has been involved in distributing naloxone, an opioid antagonist, statewide to prevent death from opioid-related overdose. HHRC is also one of the largest treatment providers for Opioid Use Disorder and daily experiences the struggle of accessing detox services and other treatment services for those struggling with OUD and other substance use disorders.

We strongly recommend that a member of the Hawaii Substance Abuse Council (HSAC) be appointed to the Council described in HB 2806 and also recommend someone with lived experience of OUD in order to ensure the funds are spent aligned with best practices.

Thank you for the opportunity to testify.

Heather Lusk, Executive Director, Hawaii Health and Harm Reduction Center

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Hawai‘i Opioid Litigation Proceeds Special Fund; Hawai‘i Opioid Litigation Proceeds Council; Establishment

BILL NUMBER: HB 2806

INTRODUCED BY: BELATTI, AMATO, CHUN, GARRETT, MARTEN, M. MIZUNO, PERRUSO, TAKENOUCI, TAM, TARNAS

EXECUTIVE SUMMARY: Establishes the Hawai‘i opioid litigation proceeds special fund. Establishes the Hawai‘i opioid litigation proceeds council to administer the special fund. Establishes standards for expenditure of opioid litigation proceeds received by the State. Establishes and appropriates funds for three full-time equivalent positions.

SYNOPSIS: Amends the HRS by adding a new chapter to establish a special fund and a council to take charge of collection and disbursement of opioid litigation proceeds.

EFFECTIVE DATE: July 1, 2024.

STAFF COMMENTS: The 1989 Tax Review Commission noted that use of special fund financing is a “departure from Hawaii’s sound fiscal policies and should be avoided.” It also noted that special funds are appropriate where the revenues to the funds maintain some direct connection between a public service and the beneficiary of that service. The Commission found that special funds which merely set aside general funds cannot be justified as such actions restrict budget flexibility, create inefficiencies, and lessen accountability. It recommended that such programs can be given priority under the normal budget process without having to resort to this type of financing.

This bill means to structure new government around the opioid litigation proceeds that the State is expecting, which the preamble to this bill pegs at \$156 million.

We question why this new government is needed. The \$156 million, or installments of it, can go into the general fund; at that point the Legislature can exercise its constitutional responsibilities and determine which of the State’s priorities are worthy of funding. The bill proposes, in essence, abdication of that responsibility to a nameless, unelected council.

Digested: 1/31/2024



To: Committee on Health and Homelessness

Hearing Date/Time: Friday, February 2, 8:30 AM

Re: Testimony in Strong Support of HHB 2806

From: Heather Lusk, Hep Free Hawai'i

Dear Chair Bellati, Vice Chair Takenouchi and members of the committee,

Hep Free Hawai'i (HFH) **supports HB 2806** which would support the dissemination of the opioid litigation funds and establish a council to administer the special fund. These funds may be used for a variety of substance use-related activities and are desperately needed to save lives, increase treatment capacity, and promote recovery.

HFH is a coalition of local, national, and global partners dedicated to increasing awareness of and access to viral hepatitis and harm reduction services through the state of Hawai'i. Born out of a partnership between the Hawai'i Department of Health, the CHOW Project (now the Hawai'i Health & Harm Reduction Center), and the other community agencies, Hep Free Hawai'i has been successful by connecting with communities across the islands to make Hawai'i truly "Hep Free."

We strongly recommend that a member of the Hawaii Substance Abuse Council (HSAC) be appointed to the Council described in HB 2806 and also recommend someone with lived experience of OUD in order to ensure the funds are spent aligned with best practices. Thank you for the opportunity to testify.

Heather Lusk, LCSW, MSW
Co-Director
Hep Free Hawai'i

HB-2806

Submitted on: 1/31/2024 8:31:30 AM

Testimony for HLT on 2/2/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Maddalynn Seseparasara	Individual	Support	Written Testimony Only

Comments:

I strongly recommend that a member of the Hawaii Substance Abuse Council (HSAC) be appointed to the Council described in HB 2806 and also recommend someone with lived experience of OUD in order to ensure the funds are spent aligned with best practices.

Mahalo,

Maddalynn Seseparasara

January 31, 2024

To: Committee on Health and Homelessness

Hearing Date/Time: Friday February 2 8:30 AM

Re: Testimony in Strong Support of HHB 2806

From: Kunane Dreier

Dear Chair Bellati, Vice Chair Takenouchi and members of the committee

I am writing in strong support of HHB 2806 which would support the dissemination of the opioid litigation funds and establish a council to administer the special fund. These funds may be used for a variety of substance use related activities and are desperately needed to save lives, increase treatment capacity and promote recovery.

As someone who has recovered from substance use addiction, I know the urgent and life saving support these funds would have in our communities and for our people. It is important to hear from our community to ensure the funds are used to support what is needed. Nothing for us, without us. We need to increase access to detox and treatment including opening additional sites for people to access these services. People continue to die while these funds sit at the State.

Thank you for the opportunity to testify.

Kunane Dreier

Community Member, Lived Experience

HB-2806

Submitted on: 1/31/2024 9:20:10 AM

Testimony for HLT on 2/2/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Aaron Ruddick	Individual	Support	Written Testimony Only

Comments:

Dear Chair Bellati, Vice Chair Takenouchi and members of the committee

I am writing to **support HB 2806** which would support dissemination of the opioid litigation funds and establish a council to administer the special fund. These funds may be used for a variety of substance use related activities and are desperately needed to save lives, increase treatment capacity and promote recovery.

Aaron Ruddick, Hepatitis Care Coordinator, Hawaii Health and Harm Reduction Center

HB-2806

Submitted on: 1/31/2024 10:08:08 AM

Testimony for HLT on 2/2/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Natalia Werkoff	Individual	Support	Written Testimony Only

Comments:

Aloha,

I am writing in support of HB2806. I am a Licensed Clinical Social Worker and Certified Substance Abuse Counselor who often works with our houseless community and assists in Substance Use Disorder Treatment care coordination. Approving this bill will help ensure that the proceeds from the opioid litigation fund the services needed in our community to prevent further harm and death caused by opioid use.

Thank you for your time,

Natalia Werkoff, LCSW, CSAC

HB-2806

Submitted on: 1/31/2024 7:43:28 PM

Testimony for HLT on 2/2/2024 8:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Thaddeus Pham	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Bellati, Vice Chair Takenouchi, and HLT Committee members,

As a public health profession and concerned citizen, I write in **support of HB 2806**, which would enhance disbursement of the opioid litigation funds and establish a council to administer the special fund.

As made evident in the The 2022 Revised State Plan on Substance Abuse (Revised May 2023) from the Dept. of Health (<https://health.hawaii.gov/substance-abuse/state-plan/>), the infrastructure for substance use prevention, treatment, and care is woefully lacking, especially for underserved communities (eg, Native Hawaiians; sexual and gender minorities). These funds provide a rare opportunity to make meaningful impact on public health in Hawai'i. In addition, there are existing models of success from other states that also seek to engage community partners and invest in local projects.

Ensuring rapid but thoughtful deployment of these funds for the entire continuum of care (from prevention to treatment to harm reduction) can help to improve lives of local residents.

Mahalo for your consideration,

Thaddeus Pham (he/him)