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DELAWARE STATE SENATE
151st GENERAL ASSEMBLY

SENATE BILL NO. 166

AN ACT TO AMEND TITLE 16 OF THE DELAWARE CODE AND THE LAWS OF DELAWARE RELATING TO THE DISTRIBUTION OF FUNDS FROM THE PRESCRIPTION OPIOID IMPACT FEE AND COURT SETTLEMENTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Three-fourths of all members elected to each house thereof concurring therein):

1 Section 1. Amend Chapter 48B, Title 16 of the Delaware Code by making deletions as shown by strike through
2 and insertions as shown by underline as follows:

3 Chapter 48B. Prescription ~~Opioid Impact Fund~~ opioid funds; litigation authority.

4 Section 2. Amend § 4803B, Title 16 of the Delaware Code by making deletions as shown by strike through and
5 insertions as show by underline as follows and by redesignating accordingly:

6 § 4802B. Definitions

7 For purposes of this chapter:

8 (2)a. "Government entity" means all of the following:

9 1. A governmental subdivision within this State, including a county, municipality, district, town, or
10 village.

11 2. A subdivision, special district, department, agency, division, board, commission, officer, or
12 instrumentality of an entity under paragraph (2)a.1 of this section.

13 3. A sheriff, school district or public school.

14 b. "Government entity" does not mean the Department of Justice or a statewide department, agency,
15 division, board, or commission.

16 (8) "Released claims" means released claims as that term is defined in the statewide opioid settlement
17 agreements, or, if not therein defined, the claims sought to be released in such statewide opioid settlement agreement.

18 (9) "School district" means any of the following:

- 19 a. A school district as defined in § 1002 of Title 14.
- 20 b. A county vocational-technical high school district or county vocational-technical center district under
- 21 Chapter 26 of Title 14.

22 (10) “Statewide opioid settlement agreement” means an agreement, including consent judgments, consent

23 decrees filed or unfiled, and related agreements or documents, between this State, represented by the Department of

24 Justice, and certain opioid manufacturers, distributors, dispensers, consultants, chain pharmacies, related entities, or the

25 subdivisions of this State, to provide or allocate remuneration for conduct related to the manufacture, promotion,

26 dispensing, sale, or distribution of opioid products.

27 Section 3. Amend Chapter 48B, Title 16 of the Delaware Code by making deletions as shown by strike through

28 and insertions as shown by underline as follows:

29 § 4803B. Prescription Opioid Impact Fund.

30 (a) A special fund known as the Prescription Opioid Impact Fund (“Fund”) (Impact Fund) is established and the

31 State Treasurer shall invest the Impact Fund consistent with the investment policies established by the Cash Management

32 Policy Board. The State Treasurer shall credit interest to the Impact Fund on a monthly basis consistent with the rate

33 established by the Cash Management Policy Board. The Impact Fund shall be administered collectively with the

34 Prescription Opioid Settlement Fund under § 5197 of this title.

35 (b) The following moneys must be deposited in the Impact Fund:

36 (1) All impact fees collected by the State under ~~to~~ § 4804B of this title.

37 (2) ~~All funds received by the State as the result of a civil action relating to opioids unless otherwise~~

38 ~~specifically designated by a court order or written agreement arising from the civil action. [Repealed.]~~

39 (3) Any other money appropriated or transferred to the Impact Fund by the General Assembly.

40 (c) Money in the Impact Fund must be used for activities in 1 or more of the following categories:

41 (1) Opioid addiction prevention.

42 (2) The following opioid addiction services:

43 a. Inpatient and outpatient treatment programs and facilities, including short-term and long-term

44 residential treatment programs and ~~sober living facilities.~~ recovery residences.

45 b. Services relating to treating substance use disorder for the under-insured and uninsured.

46 c. Emergency assistance relating to prescription opioids, including purchasing pharmaceuticals used to

47 reverse the effect of an opioid overdose.

48 d. Peer support programs.

49 e. Services to address adverse social determinants of health which act as a barrier to recovery, including
50 family support services.

51 (3) The cost of administering this chapter, as follows:

52 a. No more than 15% of the money annually deposited into the Impact Fund may be used for
53 administering this chapter including expenses incurred by the Prescription Monitoring Program under this chapter.

54 b. Entering into contracts to implement this chapter, including contracts entered into by the Secretary of
55 the Department of Health and Social Services or the Secretary of State for administration of this chapter.

56 c. Costs incurred by the Attorney General to bring an action to enforce this chapter must be covered by
57 the Impact Fund and are not subject to or included in the 15% cap on administrative expenses.

58 (d) Money in the Impact Fund may not be used to supplant existing state or local government funding.

59 ~~(e) The Secretary of the Department of Health and Social Services shall allocate the money in this Fund by~~
60 ~~awarding grants and entering into contracts. Before allocating money in this Fund, the Secretary shall review any~~
61 ~~recommendations provided by January 1 of the most recent calendar year from the Behavioral Health Consortium,~~
62 ~~Addiction Action Committee, and the Overdose System of Care Committee. The Behavioral Health Consortium shall~~
63 ~~distribute the money in the Impact Fund based upon the recommendations of the Prescription Opioid Settlement~~
64 ~~Distribution Commission.~~

65 § 4808B. Prescription Opioid Settlement Fund.

66 (a) A special fund known as the Prescription Opioid Settlement Fund (Settlement Fund) is established and the
67 State Treasurer shall invest monies in the Settlement Fund consistent with the investment policies established by the Cash
68 Management Policy Board. The State Treasurer shall credit interest to the Settlement Fund on a monthly basis consistent
69 with the rate established by the Cash Management Policy Board. The Settlement Fund shall be administered collectively
70 with the Prescription Opioid Impact Fund under § 5197 of this title.

71 (b) The Settlement Fund shall hold all monies collected by the State and its subdivisions as a result of the terms of
72 statewide opioid settlement agreements, judgments, or other recoveries in connection with a defendant's actual or alleged
73 liability for contributing to the opioid crisis in Delaware that must be used for purposes of remediating or abating the opioid
74 crisis in Delaware.

75 (c) All money in the Settlement Fund is continuously available for expenditure under § 5197 of this title and
76 spending limits imposed by the General Assembly, including for salaries and other routine operating expenses of the
77 Settlement Fund or the Prescription Opioid Settlement Distribution Commission.

78 (1) Annually, \$300,000 or 5% of the total annually deposited into the Settlement Fund, whichever is greater,
79 may be used for administering this chapter and § 5196 through § 5197 of Title 16.

80 (2) Money appropriated by the General Assembly to implement this chapter and § 5196 through § 5197 of
81 Title 16 must be reimbursed from the Funds.

82 (d) Money in the Settlement Fund must be used for activities in 1 or more of the following categories:

83 (1) For services that remediate the harm caused by opioids.

84 (2) To reduce harm caused by opioids.

85 (3) Consistent with the terms of the settlement, judgment, or other source of the monies.

86 (e) Money in the Settlement Fund may not be used to supplant existing state or local government funding.

87 (f) Money in the Settlement Fund does not lapse at any time and must not be transferred to or commingled with
88 any other fund.

89 (g) The Behavioral Health Consortium shall distribute the money in the Settlement Fund based upon the
90 recommendations of the Prescription Opioid Settlement Distribution Commission.

91 § 4809B. Limitation on authority of government entities to bring lawsuits.

92 No government entity has the authority to assert released claims after February 28, 2021 against entities released
93 by the Department of Justice in a statewide opioid settlement agreement executed by the Attorney General and the released
94 party.

95 Section 4: Section § 4807B of Title 16 of the Delaware Code is hereby repealed.

96 Section 5. Amend Subchapter VIII-A, Chapter 51, Title 16 of the Delaware Code by making deletions as shown by
97 strike through and insertions as show by underline as follows:

98 Subchapter VIII-A. Behavioral Health ~~Consortium.~~ Consortium; Prescription Opioid Distribution Commission.

99 § 5195. Behavioral Health ~~Consortium.~~ Consortium; Prescription Opioid Distribution Commission.

100 (a) ~~There is established a~~ The following are established:

101 (1) The Behavioral Health Consortium, referred to in this subchapter as the “Consortium.”

102 (2) The Prescription Opioid Settlement Distribution Commission, a subcommittee of the Consortium, referred
103 to in this subchapter as the “Commission.”

104 (b)(1) The Consortium shall provide oversight of the State’s private and public bodies or entities that affect
105 behavioral health-care and substance use treatment to ensure the delivery of quality care.

106 (2) The Commission is established to distribute the money in the Prescription Opioid Settlement Fund,
107 “Settlement Fund,” under § 4808B of this title, and the Prescription Opioid Impact Fund, “Impact Fund”, under §
108 4803B of this title.

109 a. The purpose of the Commission is to establish a coordinated and consensus driven effort to repair the
110 harm done to communities in this State by the opioid crisis.

111 b. Delaware is a high harm state with significant numbers of overdose deaths reported each year.

112 c. The powerful, addictive qualities of opioids cause people who are suffering from substance use
113 disorder to face a long road to recovery. The challenges of recovering from an addiction to opioids also has a
114 tremendous impact on families, friends, and other loved ones, and first responders and the health care system must
115 expend significant resources to address the opioid crisis.

116 d. The Commission shall distribute settlement monies, as well as opioid impact fees, to ensure that the
117 use of settlement proceeds and impact fees is coordinated to abate the opioid crisis in Delaware and not diverted to
118 other purposes. It is the intent of the General Assembly that monies from statewide opioid settlement agreements
119 and the prescription opioid impact fee are used to maximize harm reduction from the opioid crisis and to provide
120 Delawareans with a coordinated opportunity to provide input on the best ways to spend these monies in order to
121 abate the opioid crisis. The Commission will also ensure that decisions on how to spend opioid-related funds are
122 based on the consensus of stakeholders through a process that considers the views and experiences of affected
123 communities.

124 e. For purposes of this subchapter, “statewide opioid settlement agreement” means as defined in § 4802B
125 of this title.

126 f. The terms of statewide opioid settlement agreements, bankruptcy plans, or other agreements for the
127 payment of monies by defendants in opioid-related litigation may provide a framework for how the monies may be
128 used to remediate the harm caused by the opioid crisis. The Commission must comply with all applicable terms
129 when disbursing monies derived from such settlements.

130 g. In order to increase the amount of settlement dollars allocated to Delaware, it is the intent of the
131 General Assembly that all state and local governments participate in this coordinated process for all settlement
132 monies to flow into the Prescription Opioid Settlement Fund and the Prescription Opioid Impact Fund.

133 (c)(1) The Consortium shall periodically report to the Governor and General Assembly, on a schedule to be
134 determined by the Consortium, to recommend any potential legislative action that ensures quality delivery and expanded
135 access to behavioral health care. The first report is due by April 16, 2018.

136 (2) Beginning January 1, 2022, the Commission shall produce an annual report, published on the
137 Commission's website, that contains all of the following:

138 a. The amounts and sources of monies received by the Prescription Opioid Settlement Fund.
139 b. The aggregate amount of monies received by the Prescription Opioid Impact Fund.
140 c. By fund, the amounts and sources of any other monies received.
141 d. By fund, the contracts or grants awarded by the Consortium, including the identity of each recipient,
142 the amount of the award, the subject matter or program involved, and the primary terms and conditions of the
143 award or contract.
144 e. By fund, the amounts disbursed in respect of approved contracts, grants and other authorized
145 expenditures and administrative expenses, including amounts disbursed to qualifying local governments for local
146 government block grants.

147 (3) The Consortium and Commission shall provide a copy of each report under this subsection (c) to the
148 Director and the Librarian of the Division of Research of Legislative Council and the Delaware Public Archives.

149 § 5196. Organization and composition of the Consortium.

150 (a) The Consortium is composed of ~~25~~ 27 members, as follows:

151 (1) ~~Nine~~ Eleven individuals, or their designees, who are members of the Consortium by virtue of their
152 respective positions, as follows:

153 j. The Attorney General, as co-chair of the Prescription Opioid Settlement Distribution Commission.
154 k. The chair of the Local Government Committee of the Prescription Opioid Settlement Distribution
155 Commission.

156 § 5196A. Organization and composition of the Prescription Opioid Settlement Distribution Commission.

157 (a) The Commission shall make recommendations to the Consortium regarding all distributions from the money in
158 the Settlement Fund and the Impact Fund.

159 (b) The Commission consists of the following 15 members, or a designee selected by the member serving by virtue
160 of their position:

161 (1) The Attorney General.
162 (2) The Governor.
163 (3) The Secretary of the Department of Health and Social Services.
164 (4) Two members of the Senate, 1 from the minority caucus and 1 from the majority caucus, appointed by
165 the President Pro Tempore of the Senate.

166 (5) Two members of the House of Representatives, 1 from the minority caucus and 1 from the majority
167 caucus, appointed by the Speaker of the House.

168 (6) One member of the public, who is a resident of this State, appointed by Governor.

169 (7) One member of the public, who is a resident of this State, appointed by the Attorney General.

170 (8) Three members representing each county government in Delaware, appointed as follows:

171 a. One member appointed by the New Castle County Executive, with the advice and consent of the
172 County Council.

173 b. One member appointed by the Kent County Administrator, with the advice and consent of Levy Court.

174 c. One member appointed by the Sussex County Administrator, with the advice and consent of the
175 County Council.

176 d.1. If a county is not participating in a statewide opioid settlement agreement in which the county
177 government is eligible to participate, that county is disqualified from appointing a member under paragraphs
178 (b)(8)a. through (b)(8)c. of this section until the county participates in the statewide opioid settlement agreement.

179 2. If a county is disqualified from appointing a member under paragraph (b)(8)d. of this section, the
180 Governor shall appoint an additional representative from a municipal government under paragraph (b)(9) of
181 this section, who serves until the county is qualified to appoint a member or the Governor appoints a
182 replacement.

183 (9) One representative of municipal government, appointed by the Governor and selected from a list of 3
184 names provided by the Delaware League of Local Governments within the 60 days before a member's term expires or
185 within 30 days after a vacancy. All of the following apply to the member appointed under this paragraph (b)(9):

186 a. Must rotate annually, on July 1 of each year, from among the municipal governments in this State.

187 b. Must not represent a municipal government that is not participating in a statewide opioid settlement
188 agreement in which that municipal government is eligible to participate.

189 (10) One member representing a substance use disorder advocacy group, appointed by the Attorney General.

190 (11) One member representing the addiction recovery system, appointed by the Governor.

191 (c) The Attorney General and Governor, or their designees, shall co-chair the Commission and shall be responsible
192 for guiding the administration of the Commission by, at a minimum, doing all of the following:

193 (1) Notifying the individuals who are members of the Commission of the formation of the Commission, and,
194 if applicable, notifying a person of the need to nominate or appoint members.

195 (2) Setting a date, time, and place for the initial organizational meeting.

196 (3) Supervising the preparation and distribution of meeting notices, agendas, minutes, correspondence, and
197 reports.

198 (4) Establishing a webpage dedicated to the work of the Commission and publishing a list of the members of
199 the Commission and the person who appointed them, meeting notices, agendas, minutes, and reports.

200 (5) Ensuring that any reports produced by the Commission is distributed to members of the Delaware General
201 Assembly, the Governor, the Director and the Librarian of the Division of Research of Legislative Council, and the
202 Delaware Public Archives.

203 (d)(1) A quorum of the Commission, or any committee of the Commission, is a majority of its current members.
204 Official action by the Commission, including making findings and recommendations, requires the approval of the majority
205 of the Commission members present at a public meeting where a quorum of the Commission is present.

206 (2) The Commission shall meet no less than 1 time every 4 months.

207 (3) The Commission shall adopt rules or procedures governing the work of the Commission that include ethics
208 standards and procedures to identify and address conflicts of interest. The Commission's rules and procedures must be
209 consistent with the terms of the sources of funds under § 4808B of this title.

210 (4) The Behavioral Health Consortium shall provide administrative support to the Commission.

211 (e) The Commission shall establish a Local Government Committee that shall provide recommendations to the
212 Commission regarding the distribution of money from the Settlement Fund and Impact Fund.

213 (1) The Local Government Committee must include the 3 members representing county government under
214 paragraph (b)(8) of this section and the member representing municipal government under paragraph (b)(9) of this
215 section and may include additional representatives from municipal governments.

216 (2) The chair and members of the Local Government Committee are selected in the same manner as other
217 committees under subsection (f) of this section.

218 (3) If the Commission does not adopt the recommendations of the Local Government Committee, the
219 Commission shall provide a written explanation of the decision and provide an opportunity for the Local Government
220 Committee to respond.

221 (f) The Commission co-chairs may create additional committees. The Commission co-chairs shall appoint a
222 member of the Commission to serve as the chair of each committee and the initial committee members. Additional
223 committee members may be appointed or removed by the chair of each committee. Individuals who are not members of the
224 Commission may serve as a member of a committee.

225 (g) The Commission shall solicit and review any recommendations regarding the distribution of money from the
226 Settlement Fund and the Impact Fund from all of the following:

227 (1) The Behavioral Health Consortium.

228 (2) The Addiction Action Committee.

229 (3) Overdose System of Care Committee.

230 (4) Drug Overdose Fatality Review Committee.

231 (h) The Commission shall seek input from the public and private entities and individuals concerned with the
232 intended purposes of the Funds and shall conduct public hearings as necessary to provide an opportunity for public
233 comment.

234 (i) The Commission shall use data and evidence on community harm to guide distributions and may procure
235 reports to help guide the work of the Commission.

236 § 5197. Distributions from the Prescription Opioid Settlement Fund and the Prescription Opioid Impact Fund.

237 (a)(1) The Consortium shall distribute the money in the Prescription Opioid Settlement Fund (Settlement Fund)
238 and the Prescription Opioid Impact Fund (Impact Fund) based on the recommendations of the Commission by awarding
239 grants, by directing the Secretary of the Department of Health and Social Services to enter into contracts, or by distributing
240 funds to State agencies and local governments to be administered as directed by the Commission.

241 (2) If the Consortium does not adopt a recommendation of the Commission, the Consortium shall provide a
242 written explanation of the decision and the Commission may revise that recommendation to the Consortium.

243 (3) The Consortium may not make a distribution from the Settlement Fund or Impact Fund without a
244 conforming recommendation from the Commission for the distribution.

245 (b) The disbursement of money from the Settlement Fund and the Impact Fund, distributed by the Consortium,
246 shall be made by the State Treasurer upon authorization by all of the following, on a form designed for this purpose by the
247 chair of the Consortium and the State Treasurer:

248 (1) The chair of the Consortium.

249 (2) The Director of the Office of Management and Budget.

250 (3) The Controller General.

251 (c) The Director of the Office of Management and Budget may waive the requirements under Chapter 69 of Title
252 29 for distributions made by the Consortium.

253 Section 6. Amend Chapter 37, Volume 82 of the Laws of Delaware by repealing Section 3 in its entirety.

SYNOPSIS

Delaware has been irreparably harmed by the opioid crisis. In 2018, 400 people died of an overdose in Delaware, and in 2019, 431 people died of an overdose. Settlements from opioid distributors, manufacturers, and pharmacies are expected to provide significant monies over a substantial period of time to Delaware. These funds are intended to address to harm caused by the opioid crisis in our communities.

This Act establishes the Prescription Opioid Settlement Fund (Settlement Fund) and Prescription Opioid Distribution Commission (Commission), to ensure that settlement money is used to remediate and abate the opioid crisis and is not diverted to other purposes. The Commission is part of the Behavioral Health Consortium and is established to ensure that decisions on how to spend funds are reached through consensus driven process that takes into account the views and experience of affected communities. The Behavioral Health Consortium will distribute money received by the Settlement Fund and the Prescription Opioid Impact Fund (Impact Fund), enacted by Senate Bill No. 34 of the 150th General Assembly, according to the recommendations of the Commission. The Commission shall seek input from the public and relevant stakeholders and shall convene a Local Government Committee to ensure that recommendations from counties and municipal governments are carefully considered. The terms of settlement agreements, bankruptcy plans, or other agreements for the payment of monies by defendants in opioid-related litigation will likely include terms that establish how the money must be spent. The Commission is required to adhere to those terms. The Commission must produce an annual report regarding the receipt and disbursement of funds.

This Act preserves the status quo of the existing parties to litigation while limiting the ability for new local government opioid suits to be brought, because new lawsuits could limit the size of Delaware's recovery in global settlements that are expected to be reached.

This Act repeals the sunset of the Prescription Opioid Impact Fee (Impact Fee) and Impact Fund. It also repeals the report requirement for the Impact Fund because the information in that report will be included in the new report that the Commission must produce.

This Act requires a greater than majority vote for passage because § 4 of Article VIII of the Delaware Constitution requires the affirmative vote of three-quarters of the members elected to each house of the General Assembly to appropriate funds to a county or municipality. This Act also requires a greater than majority vote for passage because § 1 of Article IX of the Delaware Constitution requires the affirmative vote of two-thirds of the members elected to each house of the General Assembly to amend a charter issued to a municipal corporation.

Author: Senator Hansen