

# Senate Bill 133

An Act establishing the Alaska opioid settlement investment fund  
and establishing the Alaska opioid remediation fund

---

Senate Finance Committee  
May 4, 2023

**Pam Leary**

Director, Division of Treasury  
Alaska Department of Revenue

**Dr. Lisa Rabinowitz**

Staff Physician, Division of Public Health  
Alaska Department of Health



# SB 133 – Bill Overview

---

An Act establishing the Alaska opioid settlement investment fund and establishing the Alaska opioid remediation fund.

- The proposed legislation establishes two funds to support opioid addiction treatment, recovery, remediation, and education, and creates a percent of market value draw from the fund for the purpose of annual appropriation by the legislature.
- The funds are funded through opioid related settlements with manufacturers, distributors and pharmacies.

## Section 1: Fund Establishment

Establishes the Alaska Opioid Settlement Investment Fund (OSIF) as a separate fund outside and apart from the General Fund, for the purpose of supporting opioid addiction, treatment, recovery, remediation, and education.

The OSIF shall consist of money appropriated to the fund, income earned on the investment of fund assets (under the fiduciary responsibility of the Commissioner of Revenue), and donations to the fund.

The legislature may appropriate:

- Five percent of market value based on the average market value of the fund for the first five of the preceding six fiscal years to the Alaska Opioid Remediation Fund.
- Management fees to the Department of Revenue.

## Section 1: Fund Establishment (cont.)

Establishes the Alaska Opioid Remediation Fund (ORF) in the general fund for the purpose of supporting opioid addiction treatment, recovery, remediation, and education.

The ORF consists of money appropriated to it by the legislature. Interest received on money in the fund may be appropriated into the fund annually.

The commissioner of health may expend money from the fund without further appropriation for:

- Funding and supporting services for the prevention of opioid addiction.
- Paying administrative costs for opioid remediation programs
- Awarding and administering grants

## Section 2: Transitional Language

Outlines the calculation for the amount available for appropriation for the first five years of the fund, based on averages of prior year market values, until the calculation in Section 1 can be implemented.

## Section 3: Effective Date

Establishes an effective date of June 30, 2023.

# SB 133 – Fund Investments

---

**Opioid Settlement Investment Fund:** The OSIF will be structured as a separate endowment fund that will be invested to achieve growth and provide funding to the Opioid Remediation Fund.

By statute, the DOR Commissioner is directed to:

- Apply the prudent-investor rule.
- Invest the assets of the fund considering the preservation of purchasing power over time.
- Maximize the expected total return.

The OSIF will target an investment return sufficient to meet the appropriation needs of the fund, using an asset allocation similar to other funds managed at the Treasury that have high tolerance for risk and a long time horizon. FY2024 asset allocations are in the process of being finalized. The OSIF is likely to have a ten-year expected return of 6.8% based on the FY2024 assumptions.

**Opioid Remediation Fund:** The ORF will be used to support various opioid addiction programs and will be managed in the General Fund and Other Non-segregated Investments (GeFONSI) account, alongside other funds whose goal is to maintain the purchasing power of the fund.

# SB 133 – Fiscal Notes

---

**Management Fees:** Requests appropriations to cover the cost of managing the Alaska Opioid Settlement Fund.

**Fund Transfer:** Makes the transfer of the estimated annual \$3,000.0 settlement funds into the Opioid Settlement Investment Fund. It also includes an FY23 supplemental to transfer the \$9,200.0 settlement funds we have received to date.

**Fund Capitalization:** Estimates \$460.0 as a supplemental for FY23 and the same amount for FY24 based on the 5% percent of market value (POMV) calculation of the \$9,200.0. Since we don't know what investment earnings or management fees will be in the out-years, those are shown as indeterminate. This note eliminates the need for the Department of Health fiscal note.

# SB 133 – Opioid-Related Litigation and Settlements

---

***Manufacturers*** – *Alleging deceptive marketing and lack of reporting of suspicious orders*

**\$10M Settled: Janssen**

Other Manufacturers:

- State v. Teva, Cephalon and Allergan – Multi-state settlement proposed (~\$12M)
- State v. Purdue Pharma – 2017 bankruptcy
- State v. Mallinkrodt – 2019 bankruptcy

***Distributors*** – *Alleging failure to report suspicious orders and prevent diversion*

**\$48M Settled: State v. McKesson, Cardinal Health, AmerisourceBergen – 2018**

***Pharmacies*** – *Alleging failure to report suspicious orders and prevent diversion*

State v. Walgreen, Walmart, Albertsons, Safeway, Carr-Gottstein, Kroger – 2022

- Walmart – Multi-state settlement proposed (~\$8.5M)
- Walgreens – Multi-state settlement proposed (~\$11M)
- CVS – Multi-state Settlement proposed (~\$10M)



# SB 133 – Usage of the Fund

---

**Governor's Advisory Council on Opioid Remediation (GACOR)**  
established to provide input and recommendations regarding:

- Management and allocation of opioid remediation funds
- Process to receive input from communities regarding remediation strategies and responses to their specific remediation needs
- Implementing efficient, evidence-based approaches to opioid remediation statewide

# SB 133 – Usage of the Fund

---

Funding will be used for the core abatement strategies outlined in the settlement agreement:

- Primary prevention
- Treatment
- Harm Reduction
- Recovery



# SB 133 – Examples of Current State of Alaska Opioid Initiatives

**PRIMARY PREVENTION:** Provider and general public education and awareness on safe opioid use as well as the dangers of the illicit drug supply, utilizing traditional media, provider to provider education (Academic Detailing), Project Echo

**TREATMENT:** Comprehensive Behavioral Health Treatment, connecting people who use drugs to treatment through online platforms like TreatmentConnection.com, support for recovery residences, workforce development training like the Medication Assisted Treatment Conference

**HARM REDUCTION:** Project Hope-statewide distribution of the life saving opioid overdose drug naloxone, Project Gabe that provides naloxone to high-risk industries, addressing potential overdose threats and decrease the spread of HIV/Hep C and other diseases through the expansion of syringe exchange programs

**RECOVERY:** Peer Support certification and training, Recovery Housing- provided funding to 6 agencies statewide, Rural Recovery Housing - 3 rural recovery housing residences, established a residential treatment program specifically for individuals with a substance use disorder and cognitive impairment on the Central Peninsula

# SB 133 – Reporting Requirements

---

There are specific reporting guidelines stipulated in the settlement agreement.

Annual reporting will be completed and shared with the public that will include:

- Selection process for grantees
- Amount of funds awarded
- Progress reports from grantees

# Thank you

## Questions?

---

Contact:

Aimee Bushnell, DOR Legislative Liaison – [Aimee.Bushnell@alaska.gov](mailto:Aimee.Bushnell@alaska.gov)

