



June 27, 2023

BOARD MEMBERS

Eric Bedingfield, *Chair*

Aditi Bussells, Ph.D.
Vice Chair

Toby Chappell

Steven Donaldson

Mayes DuBose, MD

Martine Helou-Allen

Gary Mixon

Lisa Montgomery

Chief Judge H. Bruce
Williams

On behalf of the South Carolina Opioid Recovery Fund Board, I am pleased to provide the following 2022 Annual Report for the inaugural year of the South Carolina Opioid Recovery Fund and the South Carolina Opioid Recovery Fund Board pursuant to SC Code Ann. § 11-58-10, *et seq.*

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 South Carolina, the picture is equally stark. In 2021, South Carolina experienced the highest number of drug overdose deaths (2168) ever recorded, in 2020 the number of deaths (1734) was an increase of 25% from the 2020 number of deaths which was (1734). Sadly, projections are that South Carolina 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 data, it is important to remember that each of these deaths represents a person—an individual with a family and friends, a parent, a neighbor, a colleague.

The South Carolina Opioid Recovery Fund Board recognizes the opportunity to make lasting change in our communities. The Board is committed to learning about the unique needs and priorities of communities and to support solutions in those communities.

I have had the privilege of working alongside my fellow Board members over the last several months as Chairman of the South Carolina Opioids Recovery Fund Board. It has been awe-inspiring to witness this group come together to advocate for appropriate, thoughtful use of the funding. My fellow Board members and I have brought to the table deeply personal and professional desires to improve the lives of South Carolinians.

It is our honor to serve the citizens of South Carolina and to support the hard work that many organizations do across the state to combat the opioid epidemic. The more we can do to support communities affected by opioid harm the more lives we can save, the more families will be reunited, and more individuals moving on a pathway of recovery.

Respectfully submitted,

A handwritten signature in black ink, reading "Eric M. Bedingfield", written over a horizontal line.

Eric Bedingfield, Chair



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ANNUAL REPORT

January 1, 2022 – December 31, 2022

BACKGROUND

In February 2022, the National Prescription Opiate Litigation Plaintiff’s Executive Committee finalized settlements of claims against three major opioid distributors — AmerisourceBergen, Cardinal Health, and McKesson — and opioid manufacturer Johnson & Johnson, as part of the \$26 billion multistate National Prescription Opiate Litigation.

In South Carolina, all 46 counties and all 43 eligible municipalities, as well as the Health Services District of Kershaw County, signed a state-subdivision agreement, *In Re SC Opioid Litigation*, adopting the national settlements and barring future claims by South Carolina government entities against companies participating in opioid-related settlements. As a result, South Carolina expects to receive approximately \$361 million over the next 18 years to help address and combat the ongoing opioid crisis through education and prevention, treatment, harm reduction and recovery efforts.

SC Attorney General Alan Wilson announced in November 2022 that a national settlement was reached with Walmart to resolve allegations relating to distribution of opioids by store pharmacies, and in December 2022, Attorney General Wilson also agreed to settlements with Teva, Allergan, CVS and Walgreens for their roles in the opioid crisis. As a result, South Carolina will receive an additional \$242 million over the next 15 years to be used for abatement measures.

On May 23, 2022, Governor Henry McMaster signed the South Carolina Opioid Recovery Act, SC Code §11-58-10 *et seq.*, into law. This Act ratifies and implements the necessary terms of the opioid-related settlements by creating the South Carolina Opioid Recovery Fund, establishing the South Carolina Opioid Recovery Fund Board and barring future claims by state and local government entities against certain companies involved in opioid-related settlements.

THE SOUTH CAROLINA OPIOID RECOVERY FUND

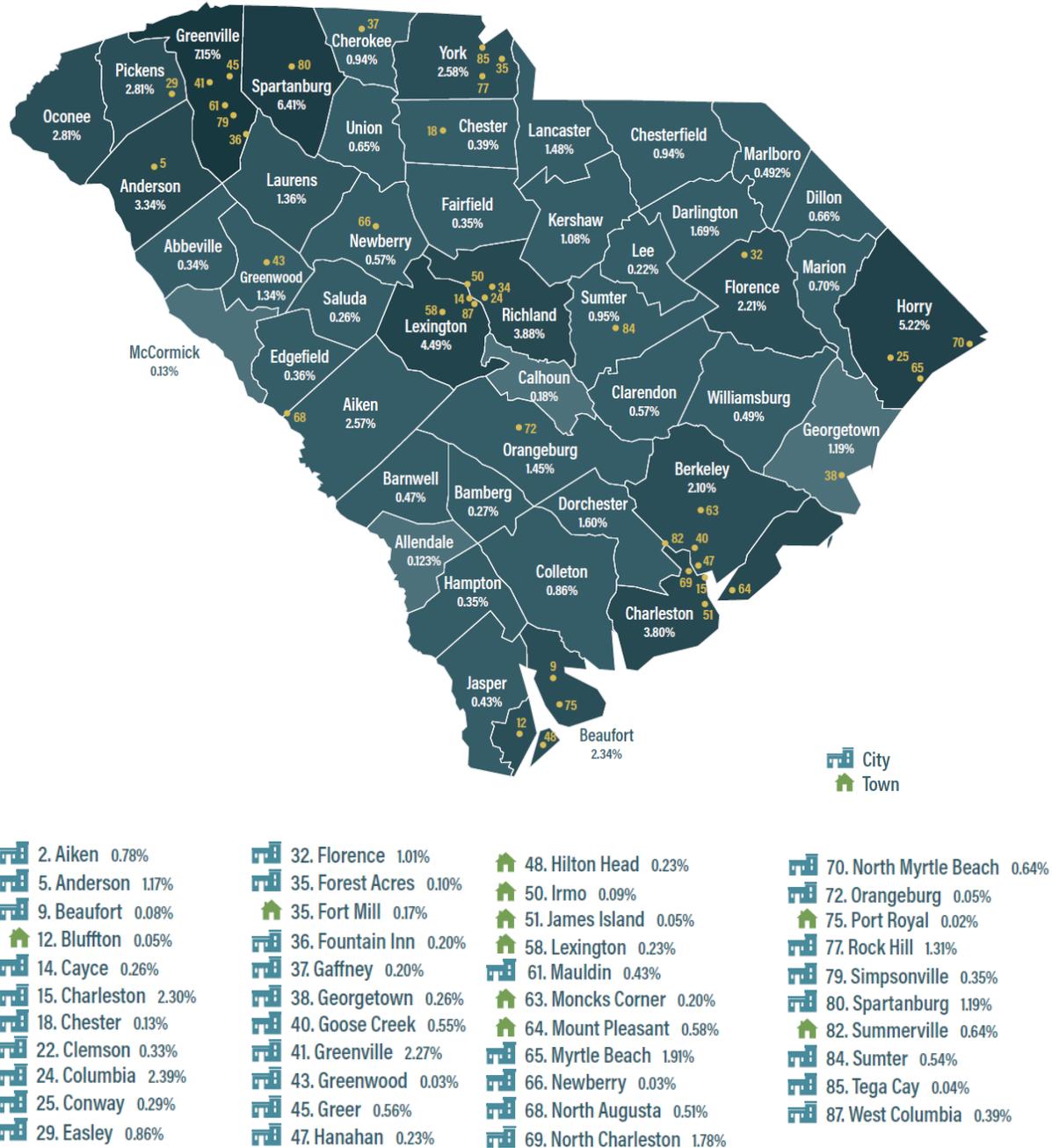
The South Carolina state-subdivision agreement allocates more than 92% of the state’s funds for opioid abatement. This allocation exceeds requirements in the national settlements that at least 85% of the funds be used for approved abatement strategies.

According to the state-subdivision agreement, settlement funds are placed into the South Carolina Opioid Recovery Fund which is divided into three subfunds: the Guaranteed Political Subdivision Subfund (GPS), the Discretionary Subfund (DSF) and the administrative subfund. All funds in the South Carolina Opioid Recovery Fund must be spent on approved abatement strategies listed in the national and state settlement agreements, except the funds set aside as administrative funds.

The GPS Subfund is allocated to South Carolina counties and municipalities who participated in opioid-related settlements (“Participating Political Subdivisions”). Participating political subdivisions must submit requests seeking funding for approved abatement strategies from their available allocation of the GPS Subfund. The GPS Subfund is divided between the participating

political subdivisions pursuant to a formula incorporating opioid harm metrics that is set forth in “Exhibit B” of the state-subdivision agreement.

Across the state, GPS Subfunds are allocated as follows:



The DSF Subfund includes money that can be requested by application made by nonprofits, educational providers, state agencies, medical and mental health treatment providers, local governments, or others helping to address the opioid epidemic. Currently 1/3 of South Carolina Opioid Recovery Fund settlement funds are placed in the DSF Subfund.

In 2022, the South Carolina Opioid Recovery Fund received the following payments that were allocated to the three Subfunds as set forth below¹:

SOUTH CAROLINA OPIOID FUNDS OVERVIEW							
Date	Payment	Opioid Recovery	GPS Subfund	Disc Subfund	Adm Subfund*	Other	
7/15/2022	\$12,550,750.48	\$10,291,615.39	\$8,572,915.62	\$1,512,867.46	\$102,916.15	\$102,916.16	
9/15/2022	\$13,190,226.89	\$10,815,986.05	\$9,009,716.38	\$1,589,949.95	\$108,159.86	\$108,159.86	
10/18/2022	\$50,788,528.57	\$41,703,668.26	\$34,538,442.49	\$6,337,494.05	\$413,865.86	\$413,865.86	
Total	\$76,529,505.94	\$62,811,269.70	\$52,121,074.49	\$9,440,311.46	\$624,941.87	\$624,941.88	

The initial settlement payment was made on July 15, 2022, in the amount of \$12,550,750.48. The opioid distributors made this payment into escrow in 2021 under the terms of the national settlement. Pursuant to the terms of the agreement between the State of South Carolina and its participating political subdivisions, the South Carolina Opioid Recovery Fund received \$10,291,615.39.

The state received a settlement payment of \$13,190,226.89 on September 15, 2022. This amount represents the 2022 payment from the opioid distributors under the terms of the national settlement.

On October 18, 2022, the state received a settlement payment of \$50,788,528.57. This amount represents the accelerated 2022-2025 payments (\$50,471,446.16) and the 2022 additional restitution amount payment (\$317,082.41) from Janssen under the terms of the national settlement.

No money from the GPS Subfund or DSF Subfund was disbursed in 2022. However, at its December 8, 2022 meeting, the SCORF Board began reviewing the first round of GPS applications and voted to approve eight applications totaling \$2,465,626.52. Payments were disbursed from the GPS Subfund in January 2023 and will be reflected in the next annual report.

From the Administrative Subfund, the SCORF Board reports the following expenditures as of December 2022:

Expenses	Amount
Personnel (Per Diem)	\$600.00
Contractual Services	\$439.90
Supplies	\$3,220.61
Travel	\$2,439.59

¹ *half of the funds which will ultimately go to the Administrative Subfund are being retained in the Opioid Recovery Fund pending appropriate amendments to the South Carolina Opioid Settlement Allocation Agreement

Total Expenses:	\$ 6,700.10
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In December 2022, the SCORF Board hired a Program Manager and continued to engage the assistance of additional administrative, IT and finance staff of the SFAA which expenditures will be reflected in the 2023 annual report. The SCORF Board also coordinated with the State Auditor to conduct an annual examination of the South Carolina Opioid Recovery Fund pursuant to SC Code Ann. §11-58-30 (D) and will publish audited financials once completed.

THE GOVERNING BOARD

The South Carolina Opioid Recovery Fund Board was established on May 23, 2022, when the South Carolina Opioid Recovery Act became law. Pursuant to the Act, the South Carolina Opioid Recovery Fund Board administers and distributes the South Carolina Opioid Recovery Fund in accordance with the terms of opioid related national and state settlement agreements. The State Fiscal Accountability Authority is responsible for all administrative operations of the South Carolina Opioid Recovery Fund Board.

The Act requires, “all members of the South Carolina Opioid Recovery Fund Board shall be academic, medical, licensed health, or other professionals with significant experience in opioid prevention, treatment or intervention or who can represent the interest of the victims and families of victims of opioid overuse or misuse.” SC Code Ann. §11-58-70 (C)(1). The South Carolina Opioid Recovery Fund Board (“SCORF Board”) is comprised of the following nine members and their respective appointing authority:

Eric Bedingfield, (Chair) Appointed by the Governor, Gov. Henry McMaster

Aditi Bussells, Ph.D., (Vice-Chair) Appointee from Municipal Association, by Gov. Henry McMaster

Toby Chappell, Appointee from South Carolina Assoc. of Counties Upstate Region., by Gov. Henry McMaster

Steven Donaldson, Appointee from South Carolina Assoc. of Counties Low Country Region, by Gov. Henry McMaster

Mayes DuBose, MD Appointed by Speaker Pro Tempore of the House of Representatives, Rep. Tommy Pope

Martine Helou-Allen, Appointee from South Carolina Assoc. of Counties, by Speaker Pro Tempore of the House of Representatives, Rep. Tommy Pope

Gary Mixon, Appointee from South Carolina Assoc. of Counties, by President of the Senate, Sen. Thomas Alexander

Lisa Montgomery, Appointed by President of the Senate, Sen. Thomas Alexander

Hon. H. Bruce Williams, Appointee from South Carolina Assoc. of Counties Midlands Region, by Gov. Henry McMaster

Once appointed, the new SCORF Board held meetings on July 20, 2022, September 29, 2022, and December 8, 2022. These initial meetings focused on reviewing the Board's charge, reviewing the history of the settlement agreements, learning from state experts about the current landscape of the opioid crisis, establishing Board functions and processes, and general planning.

As a new entity committed to transparency, the SCORF Board worked diligently to create a website that provides critical and up to date information about the SCORF Board, the processes for allowing the entities to apply for the funds and the technical requirements for applicants, opioid fund uses, allocation amounts, SCORF Board meeting minutes and agendas, accountability and reporting information, and links to helpful references. The SCORF Board website address is www.scorf.sc.gov.

The SCORF Board also accepted the first round of applications for the GPS Subfund by opening the application web portal in late fall 2022. The Board carefully reviewed the applications and ultimately awarded \$2,465,626.52 to participating political subdivisions in December 2022 and concluded its review and granted more funding requests in January 2023.

In addition, the Board opened the web portal to accept applications for the first round of DSF Subfund applications. The deadline for these applications was January 2023.

Looking ahead, the SCORF Board continues to accept applications and award money from the South Carolina Opioid Recovery Fund to provide resources around the state to combat the opioid crisis. The SCORF Board also encourages local, regional and statewide collaboration among those committed to fighting the opioid epidemic. The SCORF Board is committed to serving the citizens of the state of South Carolina by overseeing the appropriate use of these critical funds.