

Turning Opioid Settlement Dollars into Loss Control

A Risk Pool Playbook for Public Safety Risk Reduction

By Marco DeLeon, Vice President, Lexipol

Billions and billions of dollars are flowing through the national opioid settlement ecosystem and being pushed down to state and local governments over multiple years. Public attention often focuses on whether those funds are being spent “correctly.” For risk pools, that question is inseparable from a second one: **are the dollars being used for their intended purpose—opioid abatement and mitigation—in ways that also measurably reduce public safety risk, improve defensibility, and stabilize long-term loss experience?**

The best way to think about this is a “civics” story with a risk management outcome. Communities paid the price of the opioid crisis in direct costs and in harder-to-measure impacts: trauma to families, strain on first responders, overloaded systems, and long-term community harm. The litigation and resulting settlements are intended to help make things right—funding strategies that reduce harm, strengthen response, and prevent repeat impact. For risk pools, that’s not abstract public policy. It’s an opportunity to align a rare, multi-year funding stream with the operational controls that reduce risk where it concentrates most.

These dollars are litigation-driven abatement funds with allowable-use guardrails. Used well, settlement funding can unlock member-accessible capacity outside normal operating budgets to support prevention controls—especially the operational controls (policy, training, readiness, wellness, documentation, and performance visibility) that reduce incident severity and downstream claims.

Public safety agencies don’t hesitate because they doubt the value of these controls—they **want** them. Leaders see firsthand how gaps in training, outdated guidance, inconsistent documentation, and stress-driven performance issues can turn routine calls into high-severity outcomes. What holds many agencies back isn’t motivation; it’s the reality of constrained operating budgets and competing priorities. When a clear, compliant path exists to fund these controls outside of core budgets, agencies are far more able to move from “we need this” to “we can implement this.”

What the “national opioid settlement” really is (and why it matters to pools)

The “national opioid settlement” is best understood as a multi-settlement landscape, not a single pot of money. At a high level, the structure is straightforward:

1. **A national legal framework emerges** from broad litigation and settlement agreements.
2. **States receive funds and establish the in-state allocation model.** In most states, the settlement dollars are split into at least two “buckets”: a state-controlled share that can be directed toward statewide abatement priorities, and a locally allocated share that is distributed to cities/counties (often by formula). In some states, the model includes additional buckets or set-

asides (for example, regional structures, special initiatives, or designated oversight/abatement accounts), but the central theme holds: the state sets the rules and the distribution pathways.

3. **Local governments receive allocations (in most states) and can decide how to apply those dollars**—so long as spending stays within the national settlement’s scope and any state-level requirements.

That third point is the most actionable for pools. In many states—with only a few exceptions—a meaningful portion of funds flows directly to local governments. In many cases, those local dollars are already allocated to the city or county, meaning local leaders can prioritize and execute without competing for funding. For risk pools, this is the sweet spot: local government has the ability to apply settlement dollars to high-liability public safety priorities that also serve the settlement’s intent.

Governance reality: local dollars are designed to be used locally

The governance story is less about “red tape” and more about how authority is intentionally distributed.

In most states, a meaningful portion of settlement proceeds flows to local governments. In the majority of cases, those local leaders have wide latitude to deploy funds toward allowable abatement strategies—limited primarily by the national framework and any state-level tightening rules. Put differently: **the local allocation is often the most flexible and most immediately actionable portion of settlement funding.**

This is also why local execution can be so fast. In many states, local allocations do not require additional public input processes beyond normal local governance unless the jurisdiction chooses to add that layer. As a result, city and county leadership teams can act with a high degree of discretion to direct dollars where they will best serve residents—especially when projects are clearly aligned to abatement strategies and framed around measurable community benefit.

For pools, the governance implication is powerful: **local government leaders can use these dollars today to fund risk-reducing public safety controls when the request is framed properly and tied to allowable strategies.**

Myth vs. reality: public safety assumptions (and what changes the conversation)

In conversations with public safety leaders, many initially dismiss opioid settlement funding as an option—not because it isn’t relevant, but because a handful of common assumptions create an early “no.” In some cases, agencies explored this funding early, were told it didn’t apply to them, or were told the money was already spoken for. What’s changed is not interest—it’s **scale, structure, and clarity.**

Clearing these myths helps agencies re-engage and gives them a clearer way to frame conversations with local government leadership about why a proposed use fits today.

- **Myth:** “Opioid settlement money is only for treatment and recovery programs.”
Reality: Treatment and recovery are core strategies, but allowable uses are broader and include prevention, education, first responder readiness, and operational support tied to opioid response and harm reduction.
- **Myth:** “This funding is meant for public health, not public safety.”
Reality: Many abatement strategies explicitly recognize the role of first responders and allow investments that support safe, consistent, and effective response in the field.
- **Myth:** “Law enforcement can’t really use this money.”
Reality: In most states, law enforcement-related uses are permitted when they align to allowable abatement strategies such as overdose response, exposure safety, training, documentation, and responder wellness tied to opioid-related duties.
- **Myth:** “We already asked about this and were told no.”
Reality: Early in the settlement process, guidance was limited and many jurisdictions were cautious. Since then, **additional settlements have significantly expanded the total funding available**, and implementation guidance has matured. For example, Purdue Pharma’s settlement in 2025 alone added roughly **\$7 billion** to the overall settlement landscape. In many jurisdictions, new annual payments and clearer guidelines have reopened conversations that stalled early on.
- **Myth:** “The money is already gone.”
Reality: Settlement payments are typically distributed over multiple years. Even when early dollars were allocated, additional payments continue to flow, creating ongoing opportunities to fund eligible abatement strategies.
- **Myth:** “There’s just one pot of money, and the state controls it.”
Reality: In most states there are multiple buckets—often including that locally allocated share that flows directly to cities and counties. In many cases, those local dollars are already in place and can be prioritized by local leadership.

When public safety leaders understand these realities, the discussion with local government management becomes more specific and more productive: not “*can we get money?*” but “*we already receive settlement dollars—here is how this use aligns to allowable abatement strategies and strengthens public safety outcomes.*”

Exhibit E: the national framework, with state variations—and room for risk control

Most settlement guidance references a national allowable-use framework often associated with “Exhibit E.” A simple way to understand Exhibit E is that it establishes what “counts” as opioid abatement at a national level.

Most states adopted Exhibit E as written or adopted a slightly more restricted variation of it. Where Exhibit E is adopted broadly, it tends to provide the widest flexibility. Where states tighten guardrails with their own requirements, the categories may narrow—but the practical room to fund risk-reducing public safety

controls typically remains. The key is alignment: connecting the project to an allowable strategy and clearly articulating the abatement outcome.

For pools, this matters because Exhibit E is not a “public health only” framework. Many abatement strategies naturally include first responder readiness, education, response, and community harm reduction—areas where risk controls and abatement goals overlap.

Where abatement meets claims: risk controls that move the needle

Risk pools don’t need a long catalog of eligible projects. They need a short list of high-impact controls that (1) clearly support abatement intent and (2) address known public safety loss drivers.

Here are example categories that consistently do both:

1) Exposure safety and response readiness

Standardized policies and procedures, and training aimed at overdose response and exposure prevention can reduce preventable injuries and strengthen consistency in the field.

2) Defensible practice: policy + training + documentation

In high-severity events, after-action scrutiny focuses on what the agency expected, what it trained, and what it can prove. Investments that improve policy currency, training coverage, and documentation reliability reduce severity and long-tail exposure.

3) Training infrastructure that is repeatable and measurable

One-time training rarely changes outcomes. Repeatable programs with completion tracking and refresh cadence improve consistency under stress—exactly where public safety risk concentrates.

4) Wellness and resiliency tied to operational performance

Secondary trauma and cumulative stress affect decision-making and error rates. When wellness support is tied to opioid response burden, it becomes a readiness control that can reduce preventable incidents and help stabilize the workforce.

5) Performance visibility and early intervention

Programs that help agencies identify risk patterns earlier enable timely intervention and course correction in day-to-day operations, including opioid-related response activities. When emerging issues are visible, agencies can address them before they escalate into incidents, claims, or adverse outcomes—while also demonstrating that settlement-funded investments are supporting effective, defensible public safety operations.

Why local dollars are often the fastest execution path

For many pool members, local allocations represent the most direct and practical path to execution. The dollars are already present at the city or county level, and local leaders can prioritize allowable uses without waiting for a competitive process.

For pools, this creates a clear approach: help members stop treating settlement funding as something they must “go get,” and start treating it as something their local government already has—meant to be deployed toward abatement strategies that strengthen community outcomes.

A pool-friendly activation model: a practical how-to

Risk pools don’t need to become settlement administrators. They can drive meaningful progress by doing what they already do well: educate, standardize, and equip.

Step 1: Build a simple state “funding path” map

For each state where you write coverage, document a plain-language summary:

- how settlement dollars generally flow (state → local allocation),
- what the local allocation is called or where it typically sits, and
- any state-level tightening rules that commonly affect public safety projects.

This gives pool staff a consistent way to answer member questions quickly and accurately.

Step 2: Publish a Risk Control Menu in abatement language

Give members a short menu that connects:

allowable strategy → operational control → intended community outcome

This makes it easier for public safety leaders to frame requests in language that local government leadership can approve.

Step 3: Provide sample “ready-to-submit” justification language

This is one of the highest-leverage contributions a pool can make—because it turns an idea into an approvable request.

Pools can provide sample justification language that members can adapt. As an example, a settlement-aligned justification paragraph for a policy-and-training program might read like this:

“This request uses opioid settlement abatement funds to strengthen first responder readiness and reduce opioid-related harm through standardized, up-to-date operational policy and recurring training. The program supports consistent field response, improves documentation and

accountability, and reinforces safe practices during overdose response and exposure-related incidents. The intended outcome is improved public safety response consistency and reduced community harm, aligned with allowable opioid remediation strategies.”

At Lexipol, one of the most effective ways we've seen agencies move from interest to action is through clear, settlement-aligned justification language that connects proposed investments to allowable abatement strategies and measurable outcomes. Pools can apply this same approach by offering templates, sample paragraphs, or a concise one-page guide that helps members frame requests clearly—reducing uncertainty and accelerating approval without taking ownership of the submission itself.

Step 4: Make it a cadence, not a one-time push

The dollars are multi-year, so your education and tools should be, too:

- annual briefings aligned to budget cycles,
- periodic member reminders (“what’s allowable, what works, what’s easiest to execute locally”), and
- optional public safety leader sessions to share examples and lessons learned.

Step 5: Consider incentives to accelerate adoption

Pools can also get creative. If a pool believes certain settlement-aligned controls meaningfully reduce loss drivers, it can consider incentives that encourage members to apply local opioid settlement dollars toward those controls. Examples include:

- **Matching support to help stand up prioritized loss control solutions** (program launch, initial rollout, or implementation support).
- **Priority scoring in pool grant programs** when an agency is leveraging opioid settlement dollars toward an abatement-aligned risk control.
- **Premium credits or rebates** tied to completion of a defined risk control package (e.g., adoption + training completion + documentation practices).
- **Supplemental pool-funded support that accelerates adoption** when a member uses settlement dollars for a prioritized control category—such as pool-sponsored implementation assistance, standardized templates, or guided rollout support.

The goal isn’t to replace what settlement dollars can cover. It’s to **encourage members to use those funds to adopt and accelerate risk-reducing controls**—putting the right solutions in place faster, more consistently, and with clearer outcomes.

The strategic opportunity: deploying remediation dollars to reduce loss volatility

Risk pools sit at the intersection of governance, operational risk, and financial outcomes. Opioid settlement funding is a chance to bring those together. Pools can help local governments deploy settlement dollars toward projects that serve the settlement's intended purpose while also reducing the volatility that public safety claims introduce into pooled programs.

This isn't about "finding money." In many cases, the money is already there. The opportunity is helping members identify eligible, high-impact uses—and equipping them with language and tools that turn those uses into actionable requests.

Closing thoughts

This is a rare moment: a multi-year abatement stream that can fund operational controls that reduce public safety risk and strengthen defensibility. The pools that make the most of it won't be the ones that memorize every settlement detail. They'll be the ones that provide a clear path:

1. explain how dollars flow from national → state → local,
2. clarify what the local allocation can support,
3. equip members with a risk control menu framed as abatement, and
4. provide sample justification language that speeds approvals and execution.

When pools do that well, they help ensure settlement dollars serve their intended purpose—abatement and mitigation—while also delivering meaningful risk reduction where it matters most.

About the Author

Marco DeLeon is Vice President at Lexipol, where he works with public safety agencies, associations, and risk pools nationwide on issues at the intersection of operations, governance, and risk management. With more than two decades of experience in the public safety profession, Marco brings an operator's perspective to complex challenges involving policy, training, wellness, and defensible practice—particularly in high-liability environments. His work focuses on helping organizations translate complexity into practical solutions that strengthen readiness, accountability, and long-term risk reduction.

A Note on Partnership

At Lexipol, we regularly partner with risk pools and public-sector leaders to help make sense of complex issues that sit between policy, operations, and risk—especially where new funding mechanisms intersect with high-liability public safety functions. As opioid settlement funding continues to evolve, our team works alongside organizations to share insights, tools, and practical approaches that help align allowable uses with operational controls, documentation, and outcomes that reduce risk and strengthen

defensibility. Our role is not to replace local decision-making, but to support it with clarity, structure, and experience drawn from working across jurisdictions nationwide.

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