

## *New York's Opioid Settlements*

The United States is in the **midst of a crisis** on its streets and in its communities as **overdoses, homelessness, and disorder reach record levels**. Yet settlement proceeds secured by the State of New York present an **unprecedented opportunity for generational investment** in treatment capacity for chronic substance abuse (CSA) and severe mental illness (SMI).

New York is set to receive **more than \$2.5 billion** (\$2,645,119,981.50) in opioid settlement funds. With twenty separate settlements and payments spread out over decades, the funds are **at risk of being squandered** through ad-hoc allocations to **diffuse and disorganized efforts**.

The state must ensure that this opportunity for treatment investment does not go underutilized. **New York can make targeted investments in treatment capacity** that will **honor those who suffered** in the opioid crisis and **ensure accessible care** for decades to come.

New York adopted a distinct (and complex) allocation structure with each settlement, though on average reserved around 17 percent for use by the state, around 16 percent for the settlement fund for regional spending, and around 25 percent for use by the “lead state agency,”<sup>i</sup> (\$1,495,394,603.96 total among all three), with the remainder allocated to subdivisions.<sup>1 ii iii</sup> The legislature is in charge of disbursing the state’s share.<sup>2 3</sup> Recommendations are provided by the 21-person Opioid Settlement Fund Advisory Board.<sup>4</sup>

**The state should abolish the advisory board.** In February of 2025, the lead state agency published a letter to the board explaining its denial of a recommendation of an “overdose prevention center,” or in other words, a sanctioned drug-use site.<sup>5</sup> The response letter makes clear that this recommendation has been repeatedly put forth and subsequently denied by the lead state agency. **It is unacceptable that an influential advisory body make repeated funding recommendations in violation of state and federal law.**

The state must rein in control of these funds and prioritize investments in comprehensive treatment networks. **Three priorities** (Certified Community Behavioral Health Clinics, secure psychiatric beds, and community SMI/CSA response) **will ensure these funds have the largest impact** on New York.

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<sup>i</sup> Designated as the New York State Office of Addiction Services and Supports.

<sup>ii</sup> There is an additional ~17 percent allocated to the lead state agency that is restricted for regional spending only.

<sup>iii</sup> With the exception of the McKinsey and Publicis settlements, in which the state controls 100 percent of funds.

### *Certified Community Behavioral Health Clinics (CCBHCs)*

CCBHCs, designed to ensure access to coordinated comprehensive behavioral health care, have stable funding and are supported by all recent presidential administrations. CCBHCs are a key response to the opioid crisis and can augment other services such as police crisis response teams, homelessness outreach and services, and outpatient psychiatric commitment services.

- **Solution: Fund the development and expansion of CCBHCs.**
  - Expand the CCBHC footprint with an emphasis on a team-based approach to co-occurring disorders.
  - Create a stepped approach to SMI/CSA treatment with services provided by the CCBHCs.
  - Require CCBHCs to offer specific care pathways to meet the needs of individuals with co-occurring disorders.

### *State Psychiatric Hospitals*

Inpatient beds in secure facilities are critical for serving the highest-acuity psychiatric patients. New York currently has only **13 state psychiatric beds** per 100,000 people available for civil (i.e., non-criminal) patients.<sup>6,7</sup> Treatment Advocacy Center recommends a rate of 30-60 beds per 100,000. Even counting non-public secure psychiatric beds, New York still falls short of the minimum.<sup>8</sup> Secure beds are a costly but necessary expenditure to protect patients with severe psychiatric disorders and the public at large.

- **Solution: Fund the expansion of civil psychiatric beds.**
  - Invest in expanding state hospital capacity.
  - Move forensic (criminal) commitments to a jail-based restoration facility.
  - Apply for one of several Section 1115(a) waivers to expand Medicaid reimbursement for institution for mental diseases (IMDs).

### *Inpatient Stabilization Centers and Mobile Crisis Teams*

Emergency departments (EDs) are supposed to be a last resort for times of true emergencies, but are increasingly used for all types of immediate-need medical care. This is especially true for low- to medium-acuity mental health crises. In order for CCBHCs and state psychiatric bed expansions to have the largest impact, there must be an immediate triage of low-acuity patients from higher-need patients, or else investments in these facilities will be drowned out, overburdened, and underutilized by those that need them most, just like emergency departments.

- **Solution: Fund community-based mental health response resources.**
  - Expand community-based recovery centers, including voluntary short-term respite housing, especially for young adults.
  - Leverage CCBHC resources to develop comprehensive mobile crisis response teams in conjunction with police crisis intervention teams (CIT).

- Support integration of community resources with crisis networks such as the Lifeline to support those in need or provide guidance for concerned loved ones.

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<sup>1</sup> For each of the allocation agreements, see Cicero Institute, “New York Opioid Lawsuit Documents.”

<https://drive.google.com/drive/u/1/folders/15LpGhzLFmJ8kqTOvrUHYS0iaPmcTziLX>.

<sup>2</sup> Mental Hygiene § 25.18. <https://www.nysenate.gov/legislation/laws/MHY/25.18/>.

<sup>3</sup> State Finance § 99-NN. <https://www.nysenate.gov/legislation/laws/STF/99-NN>.

<sup>4</sup> Mental Hygiene § 25.18. <https://www.nysenate.gov/legislation/laws/MHY/25.18/>.

<sup>5</sup> Office of Addiction Services and Supports, *Letter to Members of the Opioid Settlement Fund Advisory Board*. 18 February 2025. <https://oasas.ny.gov/system/files/documents/2025/02/letter-to-osfab.pdf>.

<sup>6</sup> Treatment Advocacy Center, “New York Psychiatric Beds Report.” 2023. <https://www.tac.org/wp-content/uploads/2023/10/NewYorkbedsinformation.pdf>.

<sup>7</sup> United States Census Bureau, “2023 American Community Survey – Total Population.”

[https://data.census.gov/table/ACSDT1Y2023.B01003?q=population&t=Population+Total&g=010XX00US\\$0400000](https://data.census.gov/table/ACSDT1Y2023.B01003?q=population&t=Population+Total&g=010XX00US$0400000).

<sup>8</sup> Silver, Shanti, “Estimating Psychiatric Bed Need in the United States,” p. 2-4. Treatment Advocacy Center Office of Research and Public Affairs. January 2024. [https://www.tac.org/wp-content/uploads/2024/03/TAC\\_ORPA\\_ResearchSummary1.24.pdf](https://www.tac.org/wp-content/uploads/2024/03/TAC_ORPA_ResearchSummary1.24.pdf).