Quarterly Report: Michigan Opioid Advisory Commission (OAC)

Letter from the Chair

As Chair of the Opioid Advisory Commission (OAC), I am honored to present this interim report to Michigan's Legislature, Executive Branch, and, most importantly, its citizens. It reflects our continued commitment to ensuring opioid settlement funds are allocated strategically, transparently, and in accordance with best practices. Over the past quarter, the Commission has deepened engagement with key stakeholders to elevate priorities that aim to drive lasting change across communities impacted by the opioid crisis.

Michigan has made strides in addressing opioid use, but significant gaps remain. This report highlights the critical need for a statewide needs assessment, a sustainable funding mechanism, and greater transparency in the administration of the Michigan Opioid Healing and Recovery Fund. While we acknowledge recent, promising collaboration with the Department of Health and Human Services (DHHS) and the Opioid Task Force (OTF), the OAC continues to call for greater clarity, consistent engagement, and meaningful collaboration to ensure settlement dollars are used effectively.

The recommendations in this report reflect the Commission's vision for a coordinated, data-driven, and community-informed response. They include:

- Appropriating funds for a comprehensive statewide needs assessment.
- Investing immediately in evidence-based programs across the continuum of care.
- Explore the pros and cons of developing a long-term endowment to sustain future efforts.

We also continue to track and support legislative initiatives that promote access to treatment, reduce barriers to care, and support long-term systems change. These priorities are grounded in the understanding that these dollars are different. The settlement funds are not from the state budget and are not subject to typical federal or general fund restrictions. These dollars must be used to close long-standing service gaps and support community-identified needs.

The OAC remains committed to its statutory role in supporting transparency, accountability, and stewardship of Michigan's opioid settlement funds. We are grateful for the opportunity to serve and look forward to continued collaboration with legislators, agencies, and communities across the state.

In Service to Michiganders,
Cara Poland, MD, MEd, FACP, DFASAM
Chair, Opioid Advisory Commission

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Budget Response and Appropriations Recommendations

In February 2025, the Governor's proposed FY26 budget—totaling $83.5 billion—was presented to the Joint Appropriations Committees. Approximately 47% of the total budget is federally funded. Within the Michigan Department of Health and Human Services (DHHS) proposed $39.1 billion budget, $46.8 million is allocated from the Michigan Opioid Healing and Recovery Fund.

This allocation includes:

- **$15 million in one-time funding** for new initiatives aimed at reducing opioid use and overdose deaths.
- **$31.8 million in ongoing funding** to sustain existing opioid-related programs, including efforts to reduce racial disparities in overdose outcomes.

The OAC is encouraged by early signs of information sharing from MDHHS and the Opioid Task Force. Ongoing, meaningful engagement is essential to ensure that opioid settlement funds drive sustainable, high-impact outcomes for Michiganders. However, in the absence of details on these appropriations and without the statutorily required comprehensive statewide needs assessment, the OAC cannot fully support the proposed budget. We urge the Legislature to require additional details on spending plans to ensure alignment with statewide priorities and maximize the impact of these unique funds.

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Refining the OAC's Strategic Recommendations

Short-Term: Return to Statutory Intent

The Commission reaffirms the importance of a **comprehensive statewide needs assessment**, as required by Public Act 84 of 2022. This remains our top recommendation. The assessment must:

- Provide individualized county reports and offer individualized reports to Michigan's Tribal Nations and Indigenous Urban Organizations.
- To reduce duplication and cost, draw from existing data and assessments where available, including shared data from MDHHS.

Medium-Term: Aligning on Performance Metrics

Both the OAC and MDHHS agree that performance-based measures must accompany investments. Metrics should be clearly tied to funding allocations and communicated through a shared data infrastructure. To support this, the OAC requests that MDHHS clarify:

- How success is defined for initiatives funded by settlement dollars.
- How information will flow between the OAC and MDHHS.
- Accessibility of grants, including a provision for low-barrier grants.
- Focus on funding projects that have state-wide or regional impact.

Requiring information sharing in the budget will ensure that Legislative and Executive branches are aligned in evaluating and improving Michigan's opioid response. Public access to performance dashboards and quarterly metric reporting would further strengthen transparency and public trust.

The OAC seeks specifics from MDHHS regarding its vision for both current and past programs associated with the opioid settlement funds. It is essential that the OAC receives detailed information on current expenditures, their impacts, and the outcomes achieved. Additionally, the OAC requires outcome reports related to the dollars currently spent and allocated from the Opioid Healing and Recovery Fund over this fiscal year and the previous two fiscal years.

Long-Term: Exploring a Sustainable Endowment

The OAC remains committed to exploring a sustainable endowment to support opioid response initiatives beyond the term of the settlement. As confirmed by the Attorney General's Office, such a mechanism is allowable. Treasury has advised that a legislative fix may be necessary to formalize the endowment structure.

The OAC values its ongoing dialogue with MDHHS on this topic and appreciates the Department's willingness to jointly examine the pros and cons of establishing an endowment. Key questions to explore include:

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- Should an endowment be established with a high input from the current dollars or with incremental deposits on an annual basis?
- What structure would ensure appropriate oversight of the endowment?
- What return on investment can be reasonably expected?
- How can we ensure that long-term goals remain focused and actionable, without losing clarity over time?

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Legislative Policy Recommendations

Proposed Legislation

The OAC continues to monitor legislation that may impact opioid abatement strategies, including:

- **Michigan House Bill 4095** requires insurance providers to panel a mental health provider within a specific time period during the application process and aims to ensure timely access to mental health.
- **Michigan House Bill 4166** prohibits the illicit use of xylazine, a veterinary tranquilizer that has been increasingly found in street.
- **Michigan House Bill 4255** revises penalties for the crime of manufacturing, delivering, or possessing with intent to deliver certain controlled substances; specifically, it increases maximum terms of imprisonment, establishes mandatory minimum terms, and raises felony classifications for violations involving heroin, fentanyl, carfentanil, or derivatives.
- **Michigan House Bill 4256** amends sentencing guidelines for delivering, manufacturing, or possessing with intent to deliver certain controlled substances.
- **Michigan House Bill 4277** proposes the removal of questions pertaining to mental health from applications for licensure and registration.
- **Michigan Senate Bill 0038** provides guidelines for coverage of perinatal and gynecological services and amends section 109 of the Social Welfare Act (1939 PA 280) to ensure that eligible individuals receive necessary medical services related to pregnancy and women's health.
- **Michigan Senate Bill 0094** regulates the conduct of drug manufacturers, wholesalers, and distributors in relation to the 340B Drug Pricing Program.
- **Michigan Senate Bill 0135** modifies compliance requirements for health insurers under the Affordable Care Act to ensure that health insurers meet specific coverage standards.

Potential Legislation

The OAC is actively monitoring and providing support for the following legislative proposals through collaboration with the Senate Health Policy Committee:

- Removing prior authorization for high-dose buprenorphine-naloxone to improve timely access to treatment.
- Modernizing regulations for opioid treatment programs (OTPs).
- Mandating pharmacies to dispense addiction medications such as buprenorphine without delay.
- Creating a Medicaid working group focused on team-based care coordination models, including access to medication, peer support, and case management.
- Prohibiting prior authorization for medications for opioid and alcohol use disorders in commercial insurance plans.
- Developing data collection protocols to ensure real time reporting on critical data necessary to combat the present health crisis.

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Conclusion

Michigan has a rare opportunity to use opioid settlement funds to transform its response to the addiction and mental health crisis. To realize this potential, the state must take a transparent, coordinated, and data-informed approach to planning and spending. These dollars are different and require a different analysis for appropriation.

The OAC's legislative and budgetary recommendations are designed to ensure that settlement dollars are strategically invested, equitably distributed, and outcome-driven. With a comprehensive needs assessment, short-term investments in high-impact programs, and exploring a long-term endowment, Michigan can build a sustainable infrastructure to meet its residents' ongoing and future needs.

While the last few weeks have shown promising engagement with MDHHS, the OAC strongly urges the Legislature to require additional transparency from MDHHS and to prioritize transparency and accountability in appropriating funds from the Michigan Opioid Healing and Recovery Fund. The OAC stands ready to support this effort and remains committed to working alongside government agencies, legislators, the executive branch, and community stakeholders to ensure a future where every Michigander has access to life-saving prevention, harm reduction, treatment, and recovery services to improve the health, safety, and wellness of Michiganders.

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