

AGENDA # G.5
Scio Township Board of Trustees
Authorization for Supervisor to Approve Four Participation Agreements for Opioid Settlement Funds

FOR MEETING DATE OF: March 28, 2023

PREPARED ON: March 20, 2023

PREPARED BY: Jessica Flintoft

SUBMITTED BY: Clerk

ITEM TYPE: Possible Action

BACKGROUND: The opioid crisis has resulted in major settlements with major pharmaceutical companies and distributors. As a local political subdivision of Michigan, Scio Township is eligible to participate. By maximizing participation of all eligible subdivisions, we can bring critical resources to the community at large to prevent and treat substance use disorders. First payments from these agreements will begin to be issued as soon as June of this year. Presented here are the state of Michigan sub-agreements for allocation of settlement funds from Teva, Allergan, CVS, and Walmart; an agreement has not yet been agreed upon with Walgreens.

Here is background excerpted from <https://nationalopioidsettlement.com/> as of February 3, 2023

In 2021, nationwide settlements were reached to resolve all opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors—McKesson, Cardinal Health, and AmerisourceBergen (“Distributors”)—and against manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (collectively, “J&J”). These “2021 National Settlements” have been finalized, and payments have already begun. In all, the Distributors will pay up to \$21 billion over 18 years, and J&J will pay up to an additional \$5 billion over no more than nine years.

In late 2022, agreements were announced with three pharmacy chains—CVS, Walgreens, and Walmart—and two additional manufacturers—Allergan and Teva. In January 2023, each of those pharmacy chains and manufacturers confirmed that a sufficient number of states had agreed to the settlements to move forward. As with the 2021 National Settlements, states and local governments that want to participate in the 2022 National Settlements now will have the opportunity to “opt in.” The greater the level of subdivision participation, the more funds will ultimately be paid out for abatement. Assuming maximum participation, the 2022 National Settlements require:

- Teva to pay up to \$3.34 billion over 13 years and to provide either \$1.2 billion

of its generic version of the drug Narcan over 10 years or \$240 million of cash in lieu of product, as each state may elect;

- Allergan to pay up to \$2.02 billion over 7 years;
- CVS to pay up to \$4.90 billion over 10 years;
- Walgreens to pay up to \$5.52 billion over 15 years; and
- Walmart to pay up to \$2.74 billion in 2023, and all payments to be made within 6 years.

(These figures include amounts attributable to prior settlements between the Defendants and certain states/subdivisions and amounts for attorneys' fees and costs.)

Under both the 2021 and 2022 National Settlements, at least 85% of the funds going directly to participating states and subdivisions must be used for abatement of the opioid epidemic, with the overwhelming bulk of the proceeds restricted to funding future abatement efforts by state and local governments.

In addition to providing billions of dollars for abatement, the settlements also impose changes in the way the settling defendants conduct their business. For example:

- The Distributors will create a groundbreaking clearinghouse through which they will be required to account not only for their own shipments, but also the shipments of the other distributors, in order to detect, stop, and report suspicious opioids orders;
- J&J (which ceased marketing Opioids in 2015 and ceased selling Opioids in 2020) will not market or sell any opioid products in the next ten years and has agreed to cease lobbying concerning prescription opioids for ten years;
- Teva and Allergan have agreed to strict limitations on their marketing, promotion, sale, and distribution of opioids, including a ban on: (1) promotion and lobbying; (2) rewarding or disciplining employees based on volume of opioid sales; and (3) funding or grants to third parties; and
- Walmart, CVS, and Walgreens are required to implement changes in how they handle opioids, including requirements addressing their compliance structures, pharmacist judgment, diversion prevention, suspicious order monitoring, and reporting on red-flag processes, as well as blocked and potentially problematic prescribers.

The 2021 and 2022 National Settlements are the culmination of many years of intense negotiations among representatives of the State Attorneys General, the court-appointed Plaintiffs' Executive Committee and Negotiation Committee, which are comprised of lawyers in the National Prescription Opiate MDL who represent subdivisions, and counsel to the Settling Defendants. These negotiations were

facilitated by Judge Dan Polster (who oversees the federal MDL litigation), by the Special Masters appointed by the MDL Court, and by experienced, neutral mediators.

The agreements do not settle or release any claims brought by Tribes or by private parties, including private individuals, private hospitals, or private third-party payers.

Additional information, including answers to FAQs, can be found at nationalopioidsettlement.com/news.

FISCAL IMPACT: Under \$50,000 revenue to fight opioid addiction

RECOMMENDATION: Clerk recommends approval.

MODEL MOTION: To authorize the Supervisor to sign and submit four *Settlement Participation Forms*, one each for Walmart, Allergan, Teva, and CVS, for the purposes of supporting prevention and treatment of opioid addiction.

ATTACHMENTS:

[Opioid Settlement Teva.pdf](#)

[Opioid Settlement Walmart.pdf](#)

[Opioid Settlement Allergan.pdf](#)

[Opioid Settlement CVS.pdf](#)