



Overview of the Opioid Settlements

Presentation before the Opioid Abatement Advisory Commission

October 25, 2023

Settlements

- Thus far, the District has signed onto nine final settlements:
 - *Johnson & Johnson*
 - *McKesson or “The Distributors’ Settlement”*
 - *McKinsey*
 - *Mallinckrodt*
 - *Teva*
 - *Allergan*
 - *CVS*
 - *Walgreens*
 - *Walmart*

General Terms

- Injunctive and monetary relief
- The monetary relief provisions:
 - Require the defendants to pay a certain amount over a certain number of years; and
 - Require the jurisdictions receiving funds to spend the bulk of the funds on opioid abatement activities.

Funding for Opioid Abatement Activities

- Under the nine final agreements, we expect to receive ~\$80 million by 2039.
- If the tentative bankruptcy settlement with Purdue Pharma is upheld, the District could receive another ~\$30 million; there may also be additional settlements that will bring in more funds.
- The funds generally must be deposited into the Opioid Abatement Fund (OAF).
- Funds in the OAF must be used to support opioid abatement activities.

Funding for Opioid Abatement Activities

- To date, \$13,956,057.81 has been deposited into the OAF.

| Defendants | Amount Received |
|------------------------------|------------------------|
| McKinsey | \$990,289.29 |
| McKesson | \$5,976,636.06 |
| Johnson & Johnson | \$6,713,766.91 |
| Mallinckrodt | \$275,365.55 |
| Total | \$13,956,057.81 |

- We expect several million more will be deposited into the OAF by the end of FY24.

Restrictions on the Funds

- Under the Opioid Litigation Proceeds Act, the OAF may be used for eight specified purposes:
 1. Conducting district-wide needs assessments;
 2. Providing grants to support evidence-based and evidence-informed prevention, treatment, recovery, and harm-reduction programs and services;
 3. Funding infrastructure to support those programs and services;

Restrictions on the Funds

4. Evaluating the effectiveness of the use of the funds;
5. Providing publicly available data interfaces;
6. Funding the activities and operations of the Commission and the Office of Opioid Abatement;
7. Conducting statutorily required audits of the OAF; and
8. Supporting any other activities authorized by a settlement or judgment that results in funds being deposited into the OAF.

Restrictions on the Funds

- Must be used for prospective purposes only;
- Must be used to supplement, not supplant, funds for opioid abatement;
- In making grant recommendations, the Commission must consider, for the area a prospective grantee seeks to serve:
 - the per capita rate of opioid use disorders;
 - the per capita rate of opioid overdose deaths;
 - disparities in access to care and health outcomes; and
 - the infrastructure, programs, and services already available.

Restrictions on the Funds

- Key takeaways regarding applicable settlement terms:
 - The bulk of the funds must be spent on opioid remediation;
 - The agreements vary to some degree, but all give the Commission considerable discretion to decide how to use the funds to best address the District's unique needs in confronting the opioid crisis.

McKesson Agreement as an Example

“Opioid Remediation” is defined broadly to mean:

“Care, treatment, and other programs and expenditures ... designed to (1) address the misuse and abuse of opioid products, (2) treat or mitigate opioid use or related disorders, or (3) mitigate other alleged effects of, including on those injured as a result of, the opioid epidemic. ...

Qualifying expenditures may include reasonable related administrative expenses.”

Exhibit E includes a list of approved abatement strategies and “core” strategies that are to be given priority.

Reporting Requirements

- Under the Opioid Litigation Proceeds Act, DBH must submit year-end reports detailing how the funds in the OAF were used during the preceding fiscal year.
- The reports must be made public on the Office of Opioid Abatement's website.
- The first report is due December 31, 2023.

Reporting Requirements

- The reports must include, among other things:
 - An accounting of the OAF's deposits and expenditures;
 - A listing of all grant applications;
 - Information about each grant made;
 - The criteria used to select each grant;
 - Information about the progress towards achieving the purposes of the OAF, Commission, and Office of Opioid Abatement (i.e., improvements in outcomes).

Questions?