

PROPOSED NATIONAL SETTLEMENTS

Teva, Allergan, Walmart, Walgreens, and CVS

In 2021 the nationwide settlements were reached with three pharmaceutical distributors, McKesson, Cardinal Health, and Amerisource Bergen, and one manufacturer, Janssen Pharmaceuticals, Inc., and its parent company Johnson & Johnson. The County Board approved County participation in those settlements in 2021 RES-256 and authorized the Office of Corporation Counsel to execute the appropriate settlement documents. Dane County began receiving funds from that settlement in 2022.

Nationwide settlements have now been reached against two opioid manufacturers, Teva and Allergan, and three retailers, Walmart, Walgreens, and CVS. These settlements will provide substantial funds to states and subdivisions for abatement of the opioid epidemic across the country and will impose transformative changes in the way the settling defendants conduct their business.

Basic Terms:

- Settling Defendants will pay \$18.76 billion over a total of 14 years.
 - 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 in 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.
- Of this potential \$18.76 billion – approximately \$16.2 billion in settlement proceeds payable to state and local subdivisions.
- Of the funds going directly to participating states and subdivisions, at least 85% must be used for abatement of the opioid epidemic.
- The settlements allow for a broad range of approved uses by state and local governments to abate the opioid epidemic.
- In addition to billions of dollars to be used for abatement of the effects of the opioid epidemic in communities across the nation, the proposed settlements provide for robust and meaningful injunctive relief that will require the settling Defendants to make significant changes to their business operations to address the opioid epidemic. 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 Teva and Allergan are also required to publicly disclose documents, including internal documents, related to their role in the opioid crisis. Allergan is also required to stop manufacturing and selling opioids for ten (10) years, and Teva is required to create and maintain systems to prevent drug misuse, including suspicious order monitoring.

Walmart, CVS, and Walgreens are required to implement changes in how they handle opioids, including requirements that they: (1) maintain independent departments to oversee compliance with controlled-substance laws and the injunctive terms in the settlements; (2) ensure pharmacists exercise independent judgment in the dispensing of controlled substances; (3) create and maintain robust oversight programs, including site visits and audits, to prevent diversion; (4) monitor, report, and share data about suspicious activity related to opioid prescriptions; and (5) provide data to the states about their red-flag processes, as well as blocked and potentially problematic prescribers.

How Will The Settlements Be Approved?

- These are not class action “opt out” settlements. Local governments need to sign a Participation Agreement with each Settling Defendant and agree to release their claims in order to receive the settlement proceeds.
- Settlements require that a critical mass of local governments “opt in” **by April 18, 2023.**
- Participation levels also affect how much money settling parties will receive- about half of the funds are in the form of “incentive payments” which grow with participation.
- Need nearly 100 percent participation in a given state to get 100 percent of the money.
- Participation is critical to maximize the dollars into our State.

Settlement Allocation to Dane County

- The County Board has previously approved a Memorandum of Understanding with the Wisconsin Attorney General regarding the allocation of settlement proceeds. That agreement provides that 70 percent of the total proceeds to the State of Wisconsin will go to the litigating local governmental entities. The County’s share of the proceeds going to Wisconsin local governments is expected to be approximately 8.248 percent.

- Based upon 100 percent participation, Dane County's share of the settlement proceeds is estimated at \$14,846,764.87.

Why Should Dane County Participate in the Settlement?

- This proposal is a product of years of litigation and years of settlement negotiations.
- Negotiators have put forward this deal because they believe it is the best deal to be had.
- Our National Attorneys recommend participation.
- Money is critical to the epidemic now.
- Litigation has real risk and could take years.
- Further insolvencies are a real risk.