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## **ATTORNEY GENERAL SLATERY LEADS \$26 BILLION AGREEMENT WITH OPIOID DISTRIBUTORS/MANUFACTURER**

Nashville- Attorney General Herbert H. Slatery III today announced an historic \$26 billion agreement that will bring desperately needed relief to people across the country struggling with opioid addiction. The agreement is between state and local governments and Cardinal, McKesson, and AmerisourceBergen – the nation’s three major pharmaceutical distributors – and Johnson & Johnson, which manufactured and marketed opioids. The agreement would resolve investigations and litigation over the companies’ roles in creating and fueling the opioid epidemic. The agreement also requires significant industry changes that will help prevent this type of crisis from happening again. State negotiations were led by Attorneys General Josh Stein (NC), Herbert Slatery (TN), and the attorneys general from California, Colorado, Connecticut, Delaware, Florida, Georgia, Louisiana, Massachusetts, New York, Ohio, Pennsylvania, and Texas.

“We’ve reached an agreement in the most complicated civil case in American history,” said General Slatery. “Yes, it took several years. It required a lot of give and take from everyone involved but now we have one. The negotiating states were both red and blue; this was a bipartisan effort from start to finish. We acted on behalf, and at the direction of, a host of other states. Our objective was to solve a national problem that has touched virtually everyone in one way or another. We want all states and local governments to sign on. That way we can hold these companies accountable (as they should be), get immediate funds to programs that will reduce the crisis and save lives, and do so now, as opposed to years of litigation and the costs that go with it.”

The agreement would provide a means of resolving the claims of both states and local governments across the county, including the nearly 4,000 that have filed lawsuits in federal and state courts. Following today’s agreement, states have 30 days to join the deal and local governments in the participating states will have up to 150 days to join. The deal’s ratification is contingent on a critical mass of states and local governments participating. States and their local governments will receive maximum payments if each state and its local governments join in support of the agreement.

Tennessee will be signing the agreement and reaching out to encourage participation.



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In anticipation of this agreement, new legislation recently passed by the General Assembly and signed by Governor Bill Lee provides for the creation of a state-wide administration system of abatement funding. The legislation resulted from months of coordination among bill sponsors, stakeholders, and the Tennessee Attorney General's Office.

### **Funding Overview:**

- The three distributors collectively will pay up to \$21 billion over 18 years.
- Johnson & Johnson will pay up to \$5 billion over nine years with up to \$3.7 billion paid during the first three years.
- The total funding distributed will be determined by the overall degree of participation by both litigating and non-litigating state and local governments.
- Over two-thirds of the money is required to be spent on opioid treatment and prevention.
- Each state's share of the funding has been determined by agreement among the states using a formula that takes into account the impact of the crisis on the state – the number of overdose deaths, the number of residents with substance use disorder, and the volume of opioids prescribed – as well as the population of the state.

### **Injunctive Relief Overview:**

The agreement will result in court orders requiring Cardinal, McKesson, and AmerisourceBergen to:

- Establish a centralized independent clearinghouse to provide all three distributors and state regulators with aggregated data and analytics about where drugs are going and how often, eliminating blind spots in the current systems used by distributors.
- Use data-driven systems to detect suspicious opioid orders from customer pharmacies.
- Terminate customer pharmacies' ability to receive shipments, and report those companies to state regulators, when they show certain signs of the drugs being diverted.
- Prohibit shipping and report suspicious opioid orders.
- Prohibit sales staff from influencing decisions related to identifying suspicious opioid orders.
- Require senior corporate officials to engage in regular oversight of anti-diversion efforts.



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The agreement will result in court orders requiring Johnson & Johnson to:

- Stop selling opioids for 10 years.
- Not fund or provide grants to third parties for promoting opioids.
- Not lobby on activities related to opioids.
- Share clinical trial data under the Yale University Open Data Access Project.

This settlement comes as a result of investigations by state attorneys general into whether the three distributors fulfilled their legal duty to refuse to ship opioids to pharmacies that submitted suspicious drug orders and whether Johnson & Johnson misled patients and doctors about the addictive nature of opioid drugs.

Tragically, just last year in the U.S., opioid overdose [deaths](#) rose to a record 93,000, a nearly 30 percent increase over the prior year. In Tennessee, opioid overdoses kill an average of more than five people a day and the cost to families and communities is immeasurable.

A previous version of this deal in principle was announced in 2019 and included the opioid manufacturer Teva. Negotiations with Teva are ongoing and are no longer part of this agreement.

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