

MEMORANDUM

TO: Carroll County Board of Commissioners

FROM: Richard Tisinger, Jr.

DATE: February 7, 2023

RE: Summary Opioid Settlements (1) Allergan, (2) Teva, (3) CVS, (4) Walgreens, and (5) Walmart

Carroll County must pass an authorization to participate in the settlements and return the settlement documents by April 18, 2023.

The new proposed settlements with (1) Allergan, (2) Teva, (3) CVS, (4) Walgreens, and (5) Walmart require the settling Manufacturers and Pharmacies to pay billions of dollars to abate the opioid epidemic. Depending on participation by states and subdivisions, the Settlements require:

1. Walgreens to pay up to \$5.7 billion over 15 years;
2. Walmart to pay up to \$2.75 billion over 6 years;
3. CVS to pay up to \$5 billion over 10 years;
4. Teva to pay up to \$4.25 billion, including \$3.7 billion to be paid out over 13 years as well as the option of \$1.2 billion worth of its generic version of the drug Narcan over 10 years or an agreed upon cash equivalent over 13 years; and
5. Allergan to pay up to \$2.37 billion over 7 years.

This will total over \$20 billion in new settlements. Up to \$17 billion will be used by participating states and subdivisions to remediate and abate the impacts of the opioid crisis. The State of Georgia will receive at least 2.78% of the settlement amounts. Of that amount payments for Georgia will be allocated 15% to its State Fund, 70% to its Abatement Accounts Fund, and 15% to its Subdivision Fund. Carroll County will receive a designated amount of the subdivision fund based on factors concerning opioid use and abuse in Carroll County. The State of Georgia will determine the allocation of the State Fund and Abatement Fund.

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. Amounts apportioned to State Funds and to the State's Abatement Accounts Fund shall be distributed by a designated state agency.

As with the previous national settlements, the more subdivisions that participate, the greater the amount of funds available to flow to the subdivisions, including to Carroll County. The plan is to roll out all five settlements simultaneously to minimize confusion and maximize participation.

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 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;

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.