

1. What are you announcing today?

States and subdivisions have reached final agreements with Johnson & Johnson, a manufacturer of prescription opioids, and the three major pharmaceutical distributors — Amerisource Bergen, Cardinal Health, and McKesson. These agreements resolve legal claims against those companies in return for their payment of \$26 billion and commitment to make major changes in how they do business to improve safety and oversight over the distribution of prescription opioid. Negotiations with the companies were led by a bipartisan 14-state executive committee, working closely with leading national counsel representing subdivisions.

2. Why is this important?

This settlement provides critical resources to help address the opioid crisis and requires industry changes that will help prevent anything like this from ever happening again. Since late 2019, the opioid addiction crisis in the US has resurged with a vengeance. During 2020, 93,000 people in the US died from opioid overdoses — the most ever, and more people than have ever died in a single year in the US from either car crashes or gun violence. These agreements make more than \$23.9 billion available to fund efforts to stem the crisis. They also require major changes to how prescription opioids are distributed and sold, with far more oversight and accountability throughout that process, to help control diversion of prescription opioids.

3. What are the highlights of the settlement?

\$26 billion in total payments will be available, including more than \$23.9 billion for opioid crisis remediation. The funding will be distributed among states according to an agreed upon formulation by the states that takes into account the extent of the harm within and the population of the state. The funding will be distributed within states according to state-local agreements, or through a default process set forth in the settlement agreements. States and local governments must use this funding to support a wide variety of methods to fight the opioid crisis.

States and local subdivisions can secure maximum payments by ensuring that current and future claims in their state are resolved. Resolution can occur through voluntary opt-ins, legislation, court rulings, or any combination of these methods. States that are unable to achieve complete resolution can

still receive most of their maximum payment by meeting certain participation thresholds.

There will also be court-ordered injunctive relief requiring the three distributors, with oversight from an independent monitor, to help prevent deliveries of opioids to pharmacies where diversion and misuse are occurring. The distributors will be required to establish and fund a centralized, independent clearinghouse using detailed data analytics to keep close track of opioid distribution throughout the country. Johnson & Johnson will be required to stop selling or promoting opioids.

4. How will settlement funds be used, and who decides?

Funds must be used on a wide variety of opioid crisis abatement activities, examples of which are listed in the agreements. How settlement funds will be used will be determined in each state by the state and its subdivisions. States and their subdivisions can enter into an agreement among themselves that will govern how funds will be distributed within the state, or they can use the default arrangement that's spelled out in the master agreements.

5. When will settlement payments begin?

The first payment will be made as the settlement becomes legally effective. The first payments are expected to be received by participating states and subdivisions in April 2022.

6. Who are the parties to the settlement?

There are two agreements. One is among the states, political subdivisions, and the three major pharmaceutical distributors (AmerisourceBergen, Cardinal Health, and McKesson). The other is among the states, political subdivisions and Johnson & Johnson.

7. How can advocates, experts, service providers, concerned individuals, and others influence the way settlement funds are used?

By engaging with local and state officials to share ideas about the best way for abatement funds to be used.

8. Who negotiated the settlement?

The states were represented in negotiations by an executive committee of 14 states, working in close coordination and communication with the remaining states and territories. Subdivisions have been represented primarily by private lawyers representing subdivisions around the country.

9. How does this settlement relate to the Multi-District Litigation (MDL) in federal court in Cleveland, Ohio?

These agreements resolve cases by local governments in the MDL against these four companies.

10. How does this settlement relate to the Purdue Pharma bankruptcy proceedings?

These agreements do not involve Purdue Pharma. Resolution of the claims against Purdue and the Sackler family are at issue in the separate, pending bankruptcy proceedings.

11. How does this settlement relate to the McKinsey settlement that was announced in February 2021?

State claims against McKinsey are already resolved. These agreements do not include McKinsey. McKinsey was the consulting firm that worked with Purdue, which is currently in bankruptcy.

12. Does this settlement resolve all of the litigation against opioid makers, opioid distributors, pharmacy chains, and other defendants?

This settlement resolves litigation against these four companies based on opioid-related misconduct. It does not release other companies. Investigation and litigation will continue against other companies.

13. How can I get more information about the settlement?

Please click [here](#) to read the 2-page summary of the deal or [here](#) for the full deal.