

National Opioid Settlements Overview

Illinois Opioid Remediation Advisory Board Meeting
September 30, 2022

Background

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- Multistate investigations into opioid manufacturers and distributors began in 2016-2017; focused on marketing practices of manufacturers and suspicious order monitoring by distributors
- In 2019, Illinois Attorney General filed two different lawsuits against various opioid manufacturers and the big three distributors
 - Alleged manufacturers unfairly and deceptively pushed for more prescriptions for longer periods of time at higher doses, while making misrepresentations about the safety and effectiveness of opioids
 - Alleged distributors neglected their responsibilities to identify, report and stop suspicious orders

Settlements with J&J and Distributors

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- Settlements with Johnson & Johnson and Distributors (AmerisourceBergen, Cardinal and McKesson) announced in July 2021
 - Monetary terms
 - Distributors to pay \$21B nationally over next 18 years
 - J&J to pay \$5B nationally over the next 9 years
 - Robust injunctive relief
 - Require significant participation by local subdivisions
 - Over 290 units of local government have signed on to the settlements in Illinois, including over 92% of counties and nearly 95% of eligible municipalities
 - Create default allocation model but also allow states and subdivisions to reach agreement on a different allocation

Additional National Settlements

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- **Mallinckrodt**
 - Filed Chapter 11 Bankruptcy in October 2020
 - The amended plan of reorganization became effective in June 2022
 - Illinois to receive approx. \$36M over 9 years (if no prepayment)
- **Endo**
 - Filed Chapter 11 Bankruptcy in August 2022
 - Illinois has joined a proposed \$450M national settlement which would be effectuated within the proposed bankruptcy plan, if approved
- **Teva & Allergan**
 - Announced agreement in principle on monetary component of national settlements amounting to over \$6B
 - Settlements remain contingent on ongoing negotiations over other key issues
- **Investigations into additional market participants are ongoing**

Illinois Opioid Allocation Agreement

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- **Illinois Opioid Allocation Agreement**
 - Governs how funds from national opioid settlements coming to Illinois will be allocated
 - 20% to the State
 - 25% to local subdivisions
 - 55% to Illinois Remediation Fund
 - Shall be used exclusively for programs and purposes that address the opioid crisis in Illinois
 - To date, 94 counties and 78 eligible municipalities have joined

Remediation Fund Distributions (\$MM)

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Estimated total disbursement amounts by year to Illinois Remediation Fund from Distributors, J&J and Mallinckrodt settlements*:

2022	2023	2024	2025	2026	2027	2028	2029	2030
\$87.7	\$20.2	\$21.3	\$21.1	\$24	\$24	\$27.4	\$28.2	\$28.5

2031	2032	2033	2034	2035	2036	2037	2038	Total
\$22.5	\$18.8	\$18.8	\$18.8	\$18.8	\$18.8	\$18.8	\$18.8	Approx. \$437

*The amounts on this slide represent our current best estimates and are not final figures

Remediation Fund Uses

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“All funds disbursed from the Remediation Fund shall go to support uses included in the list of Approved Abatement Programs attached as Exhibit B. In addition, funds disbursed from the Remediation Fund shall go to support abatement uses that provide services in each of the seven regions identified in Exhibit C, with the allocation of resources being equitable across regions, taking into consideration population as well as factors relevant to opioid abatement, including rates of Opioid Use Disorder, Overdose Deaths and amounts of opioids shipped into each region as measured by Morphine Milligram Equivalents”

Remediation Fund Uses

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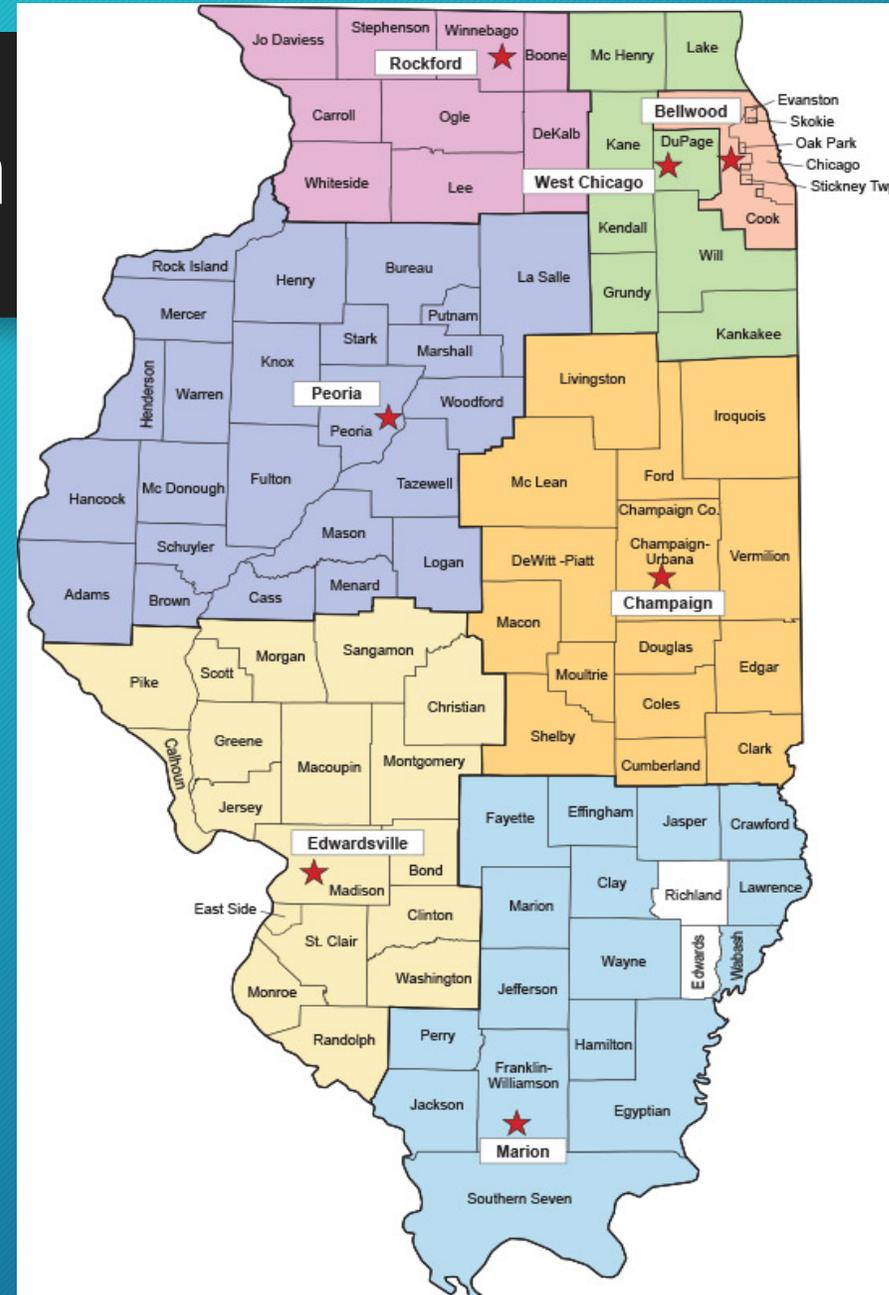
- **Exhibit B Core Strategies**
 - Naloxone or other FDA-Approved Drug to Reverse Opioid Overdoses
 - Medication-Assisted Treatment (“MAT”) Distribution and Other Opioid-Related Treatment
 - Pregnant & Postpartum Women
 - Expanding Treatment for Neonatal Abstinence Syndrome (“NAS”)
 - Expansion of Warm Hand-Off Programs and Recovery Services
 - Treatment for Incarcerated Population
 - Prevention Programs
 - Expanding Syringe Service Programs
 - Evidence-Based Data Collection and Research Analyzing Effectiveness of the Abatement Strategies Within the State

Remediation Fund Allocation

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Remediation Fund Allocation

- Illinois Opioid Allocation Agreement requires equitable allocation within these seven regions taking into account population and other factors relevant to opioid abatement



More information, including copies of the Settlement Agreements with Johnson & Johnson and the Distributors, as well as the Illinois Opioid Allocation Agreement, can be found at:

<https://nationalopioidsettlement.com/>