

Overview of Opioid Settlements

February 11, 2022

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Status of Opioid Litigation

- Purdue Pharma – Bankruptcy
- Mallinckrodt – Bankruptcy
- McKinsey – Settled 2021
- Teva – Complaint filed in 2021
- Cardinal, McKesson, AmerisourceBergen – Settlement Pending
- Johnson & Johnson – Settlement Pending

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*What's being
discussed today*

Distributors and J&J Global Settlements: Timeline

- August 2021 – State Sign-On Deadline
- January 2022 – Political Subdivision Sign-On Deadline
- February 2022 – Distributors/J&J determine if there are sufficient sign-ons

What is the State giving up and what is it getting?

State would dismiss lawsuits and agree not to file a future lawsuit in exchange for money for opioid remediation efforts

How much money?...it depends

- Agreements incentivize getting as many states and political subdivisions to sign on as quickly as possible.
 - More sign-ons=more money
 - Quicker sign-ons=get more of the money faster
- Incentive Structure for Each State
 - Incentive A – the most money the fastest if all required subdivisions sign-on
 - Incentive B – the most money if sign-on occurs within the first few years but first payments will be smaller
 - Incentive C – likely not to get the most money and further delays certain payments

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Payment Structure Under Incentive A

and assuming enough states and subdivisions sign-on to warrant full payments for everyone and assuming the back of the napkin math is correct

- Total number of payments
 - 18 for Distributors Settlement
 - 11 for J&J Settlement
- Total to Come to Alaska (including subdivisions) - ~\$58 million
- First Payment – April 2022
 - Incentive A means first 5 J&J payments up front - ~\$8 million
 - Distributor payment - ~\$2 million
- Second Payment – July 2022
- Payments will occur thereafter every July

Default Distribution of Payments

- Political Subdivisions – 15%
- Opioid Abatement Fund (administered by State) – 70%
- State – 15%

Default Distribution of Payments

- Opioid Abatement Fund (administered by State) – 85%
 - State – 15% (plan to treat it as part of Opioid Abatement Fund)

Default Distribution of Payments

- Political Subdivisions – 15% (~\$8.7 million)
 - Directly distributed to the nine political subdivisions that had to sign-on to the agreement (based on population)

Anchorage – 47.6578%

Mat-Su Borough – 15.4726%

Fairbanks North Star Borough – 10.9627%

Kenai Borough – 9.4922%

Juneau – 5.2324%

Fairbanks – 5.1226%

Ketchikan – 2.2406%

Kodiak – 2.1839%

Wasilla – 1.6351%

Can the money be spent on anything?

NO!!

Money can only be spent on...

Opioid remediation
efforts

Opioid Remediation Efforts include...

- Training on use and distribution of Naloxone or other FDA-approved drug to reverse opioid overdoses
- Medication-assisted treatment distribution and other opioid-related treatment
- Screening, treatment, and services for pregnant and post-partum women identified with an addiction; services for babies with neo-natal abstinence syndrome
- Expansion of warm hand-off programs and recovery services
- Treatment for incarcerated population
- Prevent programs
- Expanding syringe service programs
- Evidence-based data collection and research analyzing the effectiveness of the abatement strategies within the State

Where does the Advisory Council fit in?

Advisory Committee. The Settling State shall designate an Opioid Settlement Remediation Advisory Committee (the “*Advisory Committee*”) to provide input and recommendations regarding remediation spending from that Settling State’s Abatement Accounts Fund.