

AG Derek Schmidt: Kansas reaches final settlement with opioid distributors, manufacturer to maximize financial payments to combat addiction

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TOPEKA – (February 25, 2022) – Kansas Attorney General Derek Schmidt today announced the final approval of a \$26 billion opioid settlement with the nation’s three major pharmaceutical distributors and manufacturer Johnson & Johnson, clearing the way for the release of funds to states and local governments to treat and prevent opioid addiction.

The agreement with distributors Cardinal Health, Inc., McKesson Corporation, and AmerisourceBergen Corporation and drug maker Johnson & Johnson concludes a three-year effort to resolve more than 4,000 claims made against the companies by states and local governments. It is the second largest multistate settlement agreement in U.S. history, second only to the Tobacco Master Settlement Agreement reached by state attorneys general in 1998.

Schmidt said in addition to settling claims brought by the state of Kansas, his office was also able to achieve 100 percent sign-on from Kansas political subdivisions that had brought their own lawsuits. He said this means Kansas will qualify to receive the maximum amount of payments under the agreement, estimated to be approximately \$190 million for Kansas over the duration of the settlement payout period. The first distributions to the state are expected later this spring, and will continue for as many as 17 years.

“We have worked tirelessly to hold these companies accountable for the addiction and human suffering caused by years of their illegal business and marketing practices,” Schmidt said. “The court-ordered changes to their business practices will save countless lives going forward, and the money they must pay for the harm their past actions have caused will be dedicated to preventing and addressing drug addiction throughout Kansas. The settlements we announce today are proof that in the long run, justice is a greater force than greed.”

The conditions of the agreement with the pharmaceutical distributors include:

- Establishing an independent clearinghouse for tracking where drugs are going and how often.
- Maintaining a data-driven system to detect suspicious opioid orders from customer pharmacies.
- Terminating customer pharmacies’ abilities to receive shipments, and report those companies to state regulators, when they show certain signs of drug diversion.
- Prohibiting sales staff from influencing decisions related to identifying suspicious opioid orders.
- Requiring senior corporate officials to engage in regular oversight of anti-diversion efforts.

Johnson & Johnson will be required to:

- Stop selling opioids.
- 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.

Today's final approval of the settlement is the latest result of Schmidt's ongoing efforts to combat the opioid epidemic. In February 2021, Schmidt joined a coalition of attorneys general from 46 other states, the District of Columbia and five U.S. territories in reaching a settlement with McKinsey & Company, one of the world's largest consulting firms. That settlement resolved allegations the company violated the Kansas Consumer Protection Act by helping opioid companies illegally promote their drugs and profit from the opioid epidemic. Kansas will receive \$4.8 million from the McKinsey agreement to be used for drug treatment and addiction abatement.

Schmidt has also reached separate agreements in principle to resolve the state's claims against Purdue Pharma and Mallinckrodt Pharmaceuticals plc, but each of those companies has filed for bankruptcy. Negotiations and approval are continuing through bankruptcy court proceedings.

Kansas also is engaged in ongoing investigations and negotiations with other companies the state believes played a role in illegally fueling opioid addiction.

Under a state law proposed by Schmidt and enacted last year by the Legislature, money recovered by the attorney general pursuant to opioid litigation will be used to address substance abuse and help ensure addiction services are provided throughout the state. Funding will be available through a grant review board created by the statute. State agencies, local governments and not-for-profit entities may apply for funding for addiction treatment and abatement through the board, which is currently being formed.

"I am grateful for the cooperation and collaboration with city and county leaders in our state as we worked together to reach this settlement and maximize the benefit to the citizens we all serve," Schmidt said. "This is an historic opportunity to address substance abuse and addiction in our state, and it is vital we continue working together to put these funds to best use."

Additional information about the opioid settlements is available at <https://ag.ks.gov/opioids>.