

AG Derek Schmidt secures at least \$6 million from opioid manufacturer Mallinckrodt for role in opioid crisis

Release Date: Jun 20, 2022

Schmidt's ongoing efforts yield nearly \$200 million in total to fight addiction, substance abuse in Kansas for years to come

TOPEKA – (June 20, 2022) – Kansas Attorney General Derek Schmidt today announced that at least \$6 million for Kansas has been secured from opioid manufacturer Mallinckrodt Pharmaceuticals plc for its role as one of the leading pharmaceutical companies that contributed to the national opioid addiction crisis.

The fund distribution was approved as part of Mallinckrodt's bankruptcy proceedings. These funds will be used by Kansas to address substance abuse and addiction. With this settlement, Schmidt's office has now recovered nearly \$200 million related to unlawful opioid manufacturing, marketing and distribution.

"We have worked tirelessly to hold these companies accountable for the addiction and human suffering caused by years of their unlawful business practices," Schmidt said. "These settlements have been complex, but they are the fruits of the efforts of many to provide justice for the harm of past actions. The money Kansas receives will help repair broken lives. The settlements are proof that in the long run, justice is a greater force than greed."

The settlement with Mallinckrodt is to be paid out to the state over the next eight years, with the possibility of early payment in full. This is the latest action in Schmidt's ongoing efforts to combat the opioid epidemic. In February, Schmidt's office announced 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. Kansas and its local units of government will receive approximately \$153 million from the distributors and \$35 million from Johnson & Johnson. In 2021, Schmidt reached a settlement with McKinsey & Company, one of the world's largest consulting firms, for its role in the opioid epidemic. As a result of the McKinsey settlement, Kansas will receive \$4.8 million to be used for drug treatment and addiction abatement.

Schmidt has also reached a separate agreement in principle to resolve the state's claims against Purdue Pharma, which is still pending in the bankruptcy process. Kansas also is engaged in ongoing investigations and negotiations with other companies the state believes played a role in illegally fueling opioid addiction.

Under the Kansas Fights Addiction Act, 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. Additional information on the grant application and review process will be announced soon.

Under Schmidt's leadership, since 2011 the attorney general's office has recovered more than \$1 billion for Kansas consumers and taxpayers, far more than any prior administration. That includes \$1.28 million that was recovered this year from a separate settlement of a Medicaid fraud investigation by Kansas and other states related to Mallinckrodt's drug rebate program with state Medicaid programs.