

Opioid Distributor and Johnson & Johnson Settlement Agreements

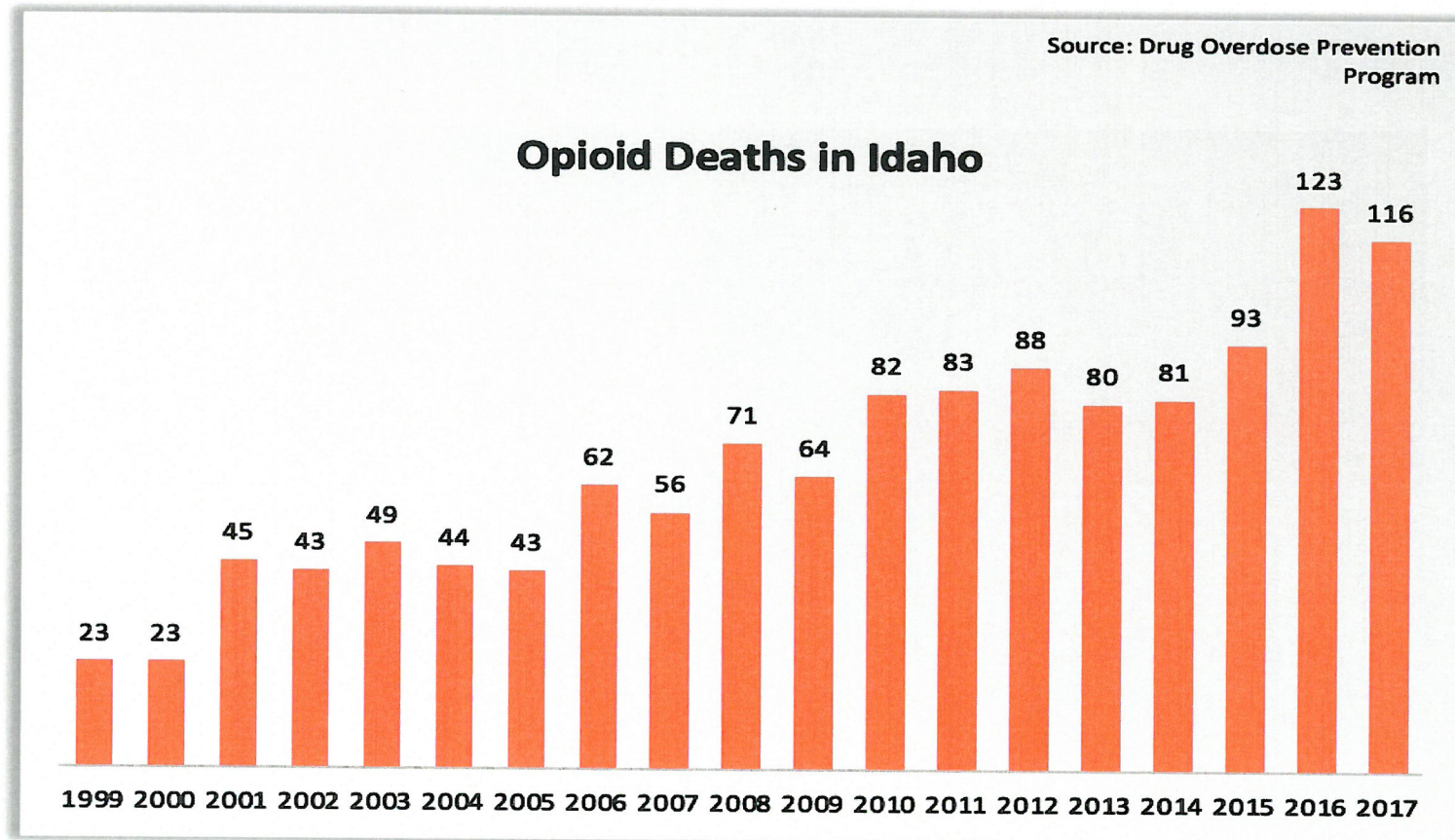


STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WARDEN

Opioid Distributor and Johnson & Johnson Settlement Agreements

Opioid Addiction and Overdose is an Epidemic in Idaho

For several years, the State and local governments have participated in nationwide investigations and litigation against many companies and individuals to hold accountable those responsible.



Opioid Distributor and Johnson & Johnson Settlement Agreements

Idaho is Participating in Two Nationwide Settlements

- These settlements resolve legal claims related to the opioid epidemic with Johnson & Johnson and three major pharmaceutical distributors.
- The State of Idaho, through the Governor and Attorney General, signed onto these settlements on August 20, 2021.
- Because the State is participating, eligible local governments in Idaho may now also participate in the settlement agreements.
- The Settlements will help the State address the opioid epidemic in two ways: (1) by providing funding for opioid remediation and (2) through broad injunctive relief.

The logo for Johnson & Johnson, featuring the company name in a red, cursive script font.The logo for AmerisourceBergen, featuring a blue stylized wave icon above the company name in a black, sans-serif font.The logo for CardinalHealth, featuring a red stylized wave icon above the company name in a black, sans-serif font.The logo for McKesson, featuring the company name in a bold, blue, sans-serif font with a small orange square above the 'K'.

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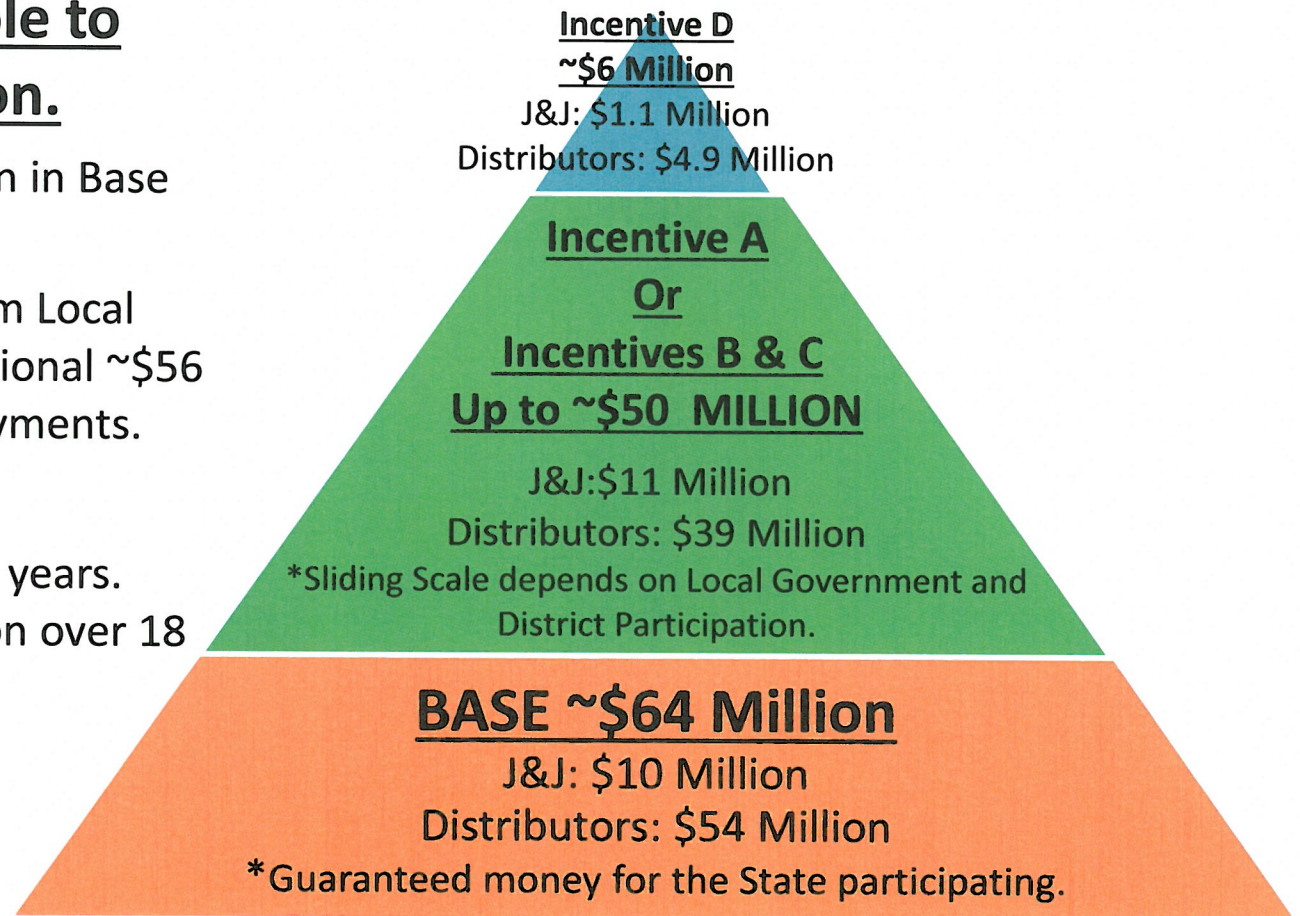
Funding for Idaho

Total Funds available to Idaho: ~\$120 Million.

- Guaranteed \$64 Million in Base Payments.
- Need Participation from Local Governments for additional ~\$56 Million in Incentive Payments.

Payment Timeline:

- J&J: \$22 Million over 9 years.
- Distributors: \$98 Million over 18 years.



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Incentive Payments

A+D or B+C+D

Incentive A ~\$50 Million

Maximum money for achieving
"Global Peace"

J&J: ~\$11 Million

Accelerated payment for first 3 years
(June 2022 Payment ~\$4.2 Million vs.
~\$1.4 Million w/out Incentive A).

Requires Participation/Bar of claims for:

- 1) All Counties
- 2) Cities > 10k or Litigating
- 3) School Dist. > 25K enrolled
- 4) Fire Dist. > 25k population
- 5) Hospital Districts > 125 beds

Distributors: ~ \$39 Million

Requires Participation/ Bar of claims for:

- 1) All Counties
- 2) Cities > 10k or Litigating
- 3) School Dist. > 25K
- 4) Hospital Districts > 125 beds

OR

Incentive B ~\$8.9 to \$31 Million

Sliding Scale based on
Participation/Bar of claims of
Litigating Local Governments.

J&J: ~\$1.6 to 6.5 Million

Maximum payment available goes
down over time (Oct 28, 2022
deadline for maximum funds).

Need at least 75% of population of
litigating to be eligible and receive
minimum funds and need 100% to
receive maximum funds.

Distributors: \$7.3 to \$24.5
Million

Need at least 85% of population of
litigating to be eligible and receive
minimum funds and need 100% to
receive maximum funds.

Incentive C ~\$4.7 to 19 Million

Sliding Scale based on
Participation/Bar of claims of litigating
and large local governments.

J&J: ~\$1.3 to 4.5 Million

Need 60% of population of litigating
and non-litigating counties and cities >
30k to be eligible and receive
minimum and 100% to receive
maximum funds.

Receive bonus if Top Ten most
populous counties and cities join.

Distributors: ~ \$3.6 to \$14.5
Million

Need 60% of population of litigating
cities and counties and non-litigating
counties and cities > 30k to be eligible
and receive minimum and 100% to
receive maximum funds.

Incentive D ~\$6 Million

"Look Back" Payment if certain Local Governments don't file suit after agreement.

J&J: ~\$1.1 Million

Payments starting in July 2027 if no surviving lawsuits have been
filed by: (1) School Dist. > 25K enrolled (2) Fire Dist. > 25k population
or (3) Hospital Districts > 125 beds, as of February 1, 2027

Distributors: ~ \$4.9 Million

Payments starting in July 2026 if no surviving lawsuits have been
filed by local governments as of May 15, 2026.

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Allocation of Funds Between State and Local Governments

Three Options:

Default

- **15% State, 15% Participating Counties/Cities, 70% Trust Fund**
- Applies if there is no allocation agreement or allocation statute.
- Need legislation to establish Advisory Committee to recommend expenditures from Trust Fund.
- No funds allocated directly to participating special districts.
- Funds allocated to City or County that does not participate or whose share is reduced under the settlement agreement go to the Trust Fund.

State's Proposed Allocation Agreement

- **40% State, 40% Participating Counties/Cities, 20% Regional Health Districts.**
- Need 60% of the population of eligible Counties/Cities to sign on for agreement to be effective.
- The Attorney General's office will be working with local governments who choose to participate in the coming months on this agreement.

Allocation Statute

- Idaho Legislature can pass statute specifying how all or some of the funds are allocated.
- The Attorney General's Office is not pursuing Legislation at this time, but is focused on reaching an agreement with participating local governments.

Requirements for use of funds under ALL Options:

1. 85% of funds must be used for opioid remediation with 70% used for future opioid remediation.
2. Funds may not be allocated to a non-participating local governments.
3. Funds allocated to a local governments are reduced if they delay in participating until after July 15, 2022 or do not participate until after claims are barred.

The Settlement Agreements provide the proposed allocation of the Local Government funds for each eligible local government. A list showing the percent allocated to each city and county is available at <https://www.ag.idaho.gov/content/uploads/2021/09/Default-Allocation-of-Idaho-Local-Government-Funds-by-Local-Government.pdf>.

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Injunctive Relief

- Major changes in how prescriptions will be distributed and sold.
- Increased accountability and oversight.
- Independent monitor.
- National database, funded by Defendant distributors, to help stop deliveries of opioids to pharmacies where diversion and misuse are occurring.
- Johnson & Johnson will be prohibited from selling or promoting opioids.

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Who is Eligible to Participate?

- The following general purpose governments may participate and receive funds under the agreements:
 - All litigating subdivisions that are general purpose governments
 - All counties
 - All other general purpose governments with a population over 10,000
- Releases of claims are also required for certain special districts to receive the full benefits of incentive payments
 - School Districts with over 25,000 students enrolled
 - Hospital Districts with more than 125 beds
 - Fire Districts with populations of over 25,000 (J&J Settlement only)
- Full participation by all eligible local governments provides the maximum benefit under the settlement agreements.

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How can an Eligible Local Government Participate?

1. Participation requires the release of all opioid-related claims against Johnson & Johnson and the three distributors
2. Using the unique registration number provided in the nationwide notice sent out on Sept. 24, 2021, register at <https://nationalopioidsettlement.com/> and provide the email of the person authorized to sign on behalf of the county or city to receive the Participation Agreements
3. Review the agreements with your legal counsel, and if Board approval is needed, pass a resolution at an open meeting agreeing to participate before signing and returning the Participation Agreements.
4. A template copy of the nationwide notice is available at <https://www.ag.idaho.gov/content/uploads/2021/09/Nationwide-Notice-Idaho-Subdivisions.pdf>. If your county or city does not receive the notice or cannot locate your unique registration number please contact the Idaho Attorney General's Office.

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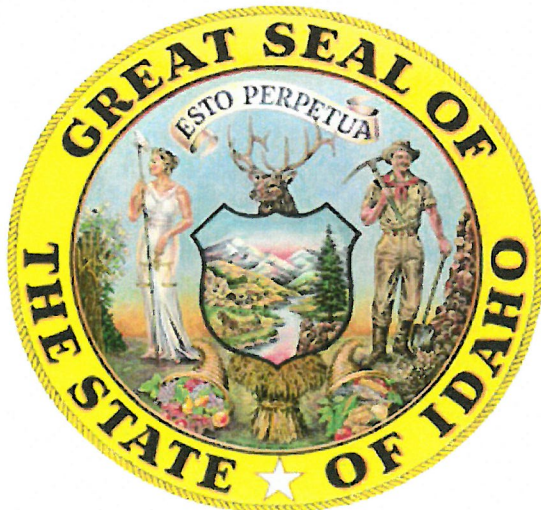
Important Dates

July 21, 2021	Initial deal announcement
August 21, 2021	Sign-on Period is scheduled to end for States
September 4, 2021	Defendants determine if # of States is sufficient
September 19, 2021	Official notice to subdivisions
September 30, 2021	Distributors pay initial payment into escrow
<u>January 2, 2022</u>	<u>Subdivision initial participation deadline.</u>
January 17, 2022	States' deadline to inform if participation is sufficient
February 1, 2022	Defendants determine if subdivision participation is sufficient
Feb. 1 – Apr. 2, 2022	States obtain state court consent decrees memorializing settlements
April 2, 2022	Effective Date/Distributors make their first payment
July 1, 2022	J&J makes its first payment
July 15, 2022	J&J and Distributors make their second payment

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The Attorney General is committed to protecting the legal rights of Idaho's citizens and to working with local governments to fight the opioid crisis in Idaho

Further information regarding the settlements is available at <https://www.ag.idaho.gov/consumer-protection/opioid-settlement/>



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
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Please direct any questions to:

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