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NEWS FOR IMMEDIATE RELEASE

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AG Kaul Announces \$26 Billion Proposed Plan with Opioid Distributors/Manufacturer; Wisconsin Could Receive More Than \$400 Million

MADISON, Wis. – Attorney General Josh Kaul today announced a historic \$26 billion proposed agreement that will help bring desperately needed relief to people across the country who are struggling with opioid addiction. The agreement includes Cardinal, McKesson, and AmerisourceBergen – the nation’s three major pharmaceutical distributors – and Johnson & Johnson, which manufactured and marketed opioids. The proposed agreement also requires significant industry changes that will help prevent this type of crisis from ever happening again. The proposed agreement would resolve investigations and litigation over the companies’ roles in creating and fueling the opioid epidemic. Depending on the number of states and local governments that are part of the agreement, Wisconsin stands to receive at least an estimated \$400 million.

“The tragic consequences of the opioid crisis have impacted families throughout Wisconsin, and Wisconsin DOJ is committed to pursuing accountability from the corporations whose conduct worsened the opioid crisis and to recovering as much as possible from those companies to support efforts to fight the crisis,” said Attorney General Kaul. “In 2019, we joined the multistate investigation into opioid distributors. And, with today’s announcement, we’re now close to securing major financial recoveries that will substantially improve our ability to address the opioid epidemic.”

In March 2019, Attorney General Kaul joined a multistate investigation into the business practices of opioid distributors. For more than two years, assistant attorneys

general at the Wisconsin Department of Justice have closely collaborated with other states to investigate the distributors and the role they may have played in fueling the opioid epidemic.

The proposed agreement would resolve the claims of both states and local governments across the country, including the nearly 4,000 that have filed lawsuits in federal and state courts.

Wisconsin DOJ is reviewing the final details of the proposed agreement and will indicate its intention to join by August 20, 2021, a deadline set within the agreement. States have 30 days to sign onto the deal and local governments in the participating states will have up to 150 days to join to secure a critical mass of participating states and local governments. States and their local governments will receive maximum payments if each state and its local governments join together in support of the agreement.

Funding Overview:

- The three distributors collectively will pay up to \$21 billion over 18 years.
- Johnson & Johnson will pay up to \$5 billion over nine years with up to \$3.7 billion paid during the first three years.
- The total funding distributed will be determined by the overall degree of participation by both litigating and non-litigating state and local governments.
- The substantial majority of the money is to be spent on opioid treatment and prevention.
- Each state's share of the funding has been determined by agreement among the states using a formula that takes into account the impact of the crisis on the state – the number of overdose deaths, the number of residents with substance use disorder, and the number of opioids prescribed – and the population of the state.

Injunctive Relief Overview:

- The 10-year agreement will result in court orders requiring Cardinal, McKesson, and AmerisourceBergen to:
 - Establish a centralized independent clearinghouse to provide all three distributors and state regulators with aggregated data and analytics about where drugs are going and how often, eliminating blind spots in the current systems used by distributors.
 - Use data-driven systems to detect suspicious opioid orders from customer pharmacies.
 - Terminate customer pharmacies' ability to receive shipments, and report those companies to state regulators, when they show certain signs of diversion.

- Prohibit shipping of and report suspicious opioid orders.
- Prohibit sales staff from influencing decisions related to identifying suspicious opioid orders.
- Require senior corporate officials to engage in regular oversight of anti-diversion efforts.
- The 10-year agreement will result in court orders requiring Johnson & Johnson 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.

This proposed agreement comes as a result of investigations by state attorneys general into whether the three distributors fulfilled their legal duty to refuse to ship opioids to pharmacies that submitted suspicious drug orders and whether Johnson & Johnson misled patients and doctors about the addictive nature of opioid drugs.