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State AGs Reach $48B Proposed Deal To End Opioid Cases

By **Jeff Overley**

Law360 (October 21, 2019, 5:52 PM EDT) -- Four attorneys general on Monday unveiled a proposed $48 billion deal with major drug companies — Teva Pharmaceuticals, Johnson & Johnson and the nation's largest drug distributors — to resolve a wave of opioid-crisis lawsuits.

The attorneys general of Texas, Pennsylvania, North Carolina and Tennessee reached a $48 billion deal with major pharmaceutical companies and drug distributors to resolve lawsuits brought by states and cities over the opioid crisis. (Getty)

The proposed global deal, details of which **leaked last week**, would settle suits accusing Teva, J&J, McKesson Corp., Cardinal Health Inc. and AmerisourceBergen Corp. of fueling an addiction epidemic with reckless painkiller sales.

Under the deal, Teva would cough up $23 billion in drug donations and $250 million in cash over 10 years, J&J would pay $4 billion over two or three years, and distributors would pay $18 billion over 18 years, while chipping in another $3 billion in distribution and monitoring services over 10 years.

The proposed settlement was brokered by the attorneys general of Texas, Pennsylvania, North Carolina and Tennessee.

"This agreement is an important step in our progress to help restore people's lives," North Carolina Attorney General Josh Stein said in a statement.

The agreement is meant to cover lawsuits filed by states as well as cases brought by cities and counties in the opioid multidistrict litigation. A **last-minute settlement** Monday averted the MDL's first bellwether trial.

Attorneys for the MDL plaintiffs criticized several aspects of the $48 billion deal before its official announcement, saying that J&J's $4 billion payment is too small and that the $18 billion payment from drug distributors is too small and is spread over too many years.

Hunter J. Shkolnik of Napoli Shkolnik PLLC, a top plaintiffs attorney in the MDL, added in an interview late Monday that the MDL plaintiffs view Teva's drug valuations as "so overinflated in price."

Ohio Attorney General Dave Yost also quickly voiced criticism of the $48 billion proposal, saying in a statement Monday that the four attorneys general "don't speak for Ohio."

The four attorneys general on Monday said that "the deal has been offered to attorneys general and attorneys representing jurisdictions in the 46 other states, which are expected to join in the coming days."

Teva's drug donations would consist of a buprenorphine-naloxone product that treats opioid dependence. In a statement Monday, Teva said its donations would "meet the majority of the currently estimated U.S. patient need over the next 10 years."

The roughly $22 billion in cash payments would be used for "addiction treatment, community paramedic services and telehealth treatment," among other services, Stein's office said.

A formula for allocating the $22 billion to states and counties "is being finalized as more states sign on to the agreement," according to Monday's announcement.

The $48 billion deal also calls for drug distributors to "take aggressive internal action" to prevent excessive distribution of opioids, and for Teva and J&J to "abstain from marketing any opioid products," according to an announcement from Stein's office.

Opioid suits across the country target many other companies, but the $48 billion accord proposed Monday covers many of the largest defendants.

The MDL is In re: National Prescription Opiate Litigation, case number 1:17-md-02804, in the U.S. District Court for the Northern District of Ohio.

--Editing by Orlando Lorenzo.

Update: This story has been updated with details of the proposed settlement and comment from a plaintiffs attorney.

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