

## Opioid Settlement Summary for Tennessee Counties

Tennessee has joined a broad coalition of states and local political subdivisions in reaching nationwide settlements with the three largest pharmaceutical distributors – AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation – and manufacturer Janssen Pharmaceuticals, Inc., and its parent company, Johnson & Johnson. If the settlements are fully adopted nationally, the distributors will pay a maximum of \$21 billion over 18 years and J&J will pay a maximum of \$5 billion over nine years. Most states have joined the settlements, but for the agreements to become effective, a critical mass of subdivisions must sign onto the settlements by January 2, 2022.

All counties are strongly encouraged to join both settlements and the Tennessee State-Subdivision Opioid Abatement Agreement, which sets out the allocation of abatement funds from the settlements and payments under bankruptcy plans for certain opioid manufacturing companies.

- If the settlements become effective, Tennessee will be eligible to receive more than \$613 million over 18 years, with these maximum payments dependent on all settlement incentives being reached. Payments could begin as soon as April 2022. Most funds will be dedicated to future opioid abatement and remediation programs, benefiting all regions of the state. A substantial portion of the funds will flow through the counties that join the settlements (“Participating Counties”).
- If maximum payments are earned, up to \$92 million of the settlement funds would be paid directly to Tennessee counties and municipalities from the Subdivision Fund. All Participating Counties receive allocations from the Subdivision Fund.
- If maximum payments are earned, up to \$429 million of the settlement funds would be paid to the Tennessee Opioid Abatement Fund and dedicated to future opioid abatement. Pursuant to recent legislation, 35% of these funds – approximately \$150 million – would be controlled by the Participating Counties.
- Tennessee is committed to maximizing the payments from these settlements, which are highly incentive-based and contain several potential penalties and offsets. Close to full subdivision joinder is anticipated, which would earn most incentives. Additionally, the recent legislation also allows for the release of all state and subdivision claims against these companies if the settlements become effective and this process should ensure maximum payments.
- It is vital that counties join the settlements before the January 2, 2022 deadline. Not only does a county’s joinder help reach the critical mass of subdivision participation needed for the settlements to become effective, but it also makes the county eligible for its maximum payments. Joinder by the deadline protects against the risk of missing an initial payment or having all payments reduced because of a failure to join before the statutory release of claims is enacted.
- The settlement agreements, the Tennessee state-subdivision agreement, an executive summary, FAQs, and additional information can be found on the state-specific website: <https://www.tn.gov/attorneygeneral/working-for-tennessee/filings-of-interest/opioids.html>. Information on the joinder process and additional materials about the settlements can be found on the national settlement website: <https://nationalopioidsettlement.com>.