



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager   **DATE:** December 13, 2021

**SUBJECT:** Approve Resolution No. 2021-036 adopting the State of Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet approving the settlement agreement and allocation of Opioid Settlement Funds within the State of Texas through the Texas Attorney General's Office.

**PRESENTER:** Maleshia B. McGinnis, City Attorney

### **SUMMARY:**

City Council is being asked to consider a resolution adopting the State of Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet ("Term Sheet") approving the allocation of settlement funds resulting from litigation brought by various states and cities, including the State of Texas through the Attorney General's Office, against major pharmaceutical companies. The purpose of the settlement is to help abate and alleviate the impacts of the opioid epidemic throughout the United States.

### **GENERAL DESCRIPTION:**

The State of Texas, along with a broad coalition of over 40 states and subdivisions, filed lawsuits against major pharmaceutical companies and distributors alleging unlawful practices in the marketing, sale, and distribution of opioids, and fraudulently misrepresenting the risk of opioid addiction to patients and doctors. According to the Centers for Disease Control and Prevention, in 2020 drug overdose deaths rose nearly 30% in the United States, with opioid overdose deaths reaching a record high of 69,000. In Texas, drug overdose deaths increased by 31.9%, primarily driven by opioid overdose deaths.

On July 23, 2021, the Texas Attorney General announced that global settlements had been reached with the three major opioid distributors McKesson, Cardinal Health, and Amerisource Bergen (ABDC), and opioid manufacturer Johnson & Johnson (collectively the "Pharmaceutical Companies"). The combined settlement amounts could equal up to \$26 billion, with Texas set to receive almost \$1.5 billion over 18 years. The actual amount Texas receives will depend upon the participation of cities, counties, and other political subdivisions in the state. In order to receive funds, political subdivisions must adopt the Texas Term Sheet agreeing to the terms of the settlement and releasing the Pharmaceutical Companies from any further litigation or claims. Over 250 Texas cities and counties have already adopted the Term Sheet and agreed to participate in the settlement.



In addition to injunctive relief provided in the settlement, the Texas legislature passed SB 1827 (Chapter 403.501-511 of the Texas Government Code), which codifies the Texas Term Sheet and establishes the Texas Opioid Council to ensure that the funds recovered by Texas are allocated fairly and spent to remediate the opioid crisis in Texas. 85% of the settlement funds will be deposited into the Opioids Abatement Trust Fund established under SB 1827, with 15% going directly to political subdivisions, and 70% going to abatement programs. The remaining amount will be distributed to the Attorney General's Office to cover costs and expenses related to the litigation. North Richland Hills' updated direct allocation would be approximately \$178,000.

The settlement funds can be used for a wide variety of strategies for prevention and treatment used to fight the opioid crisis, including expansion of training for first responders, coverage for uninsured individuals, preventative education for school-based and youth-focused programs, and treatment and recovery support services for the use of opioids and other illicit drugs.

The deadline for political subdivisions to participate in the settlement is January 2, 2022.

**RECOMMENDATION:**

Approve Resolution No. 2021-036 adopting the State of Texas Opioid Abatement Fund Council and Settlement Allocation Term Sheet approving the settlement and the allocation of Opioid Settlement Funds within the State of Texas, through the Texas Attorney General's Office.