



Legislation Text

File #: 23-1342, **Version:** 1

Resolution to Approve the City's Participation in the Settlement of the National Prescription Opiate Litigation Against Walgreens

The purpose of this Resolution is to approve the City's participation in the settlement of the national prescription opioid litigation against Walgreens and to authorize the City Administrator, or his designee, to execute the settlement documents necessary to participate in the settlement.

In 2021, nationwide settlements were reached to resolve all opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors-McKesson, Cardinal Health, and AmerisourceBergen ("Distributors")-and against manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (collectively, "J&J"). These "2021 National Settlements" have been finalized. The City participated in these settlements and has begun receiving payments.

In late 2022, additional settlement agreements were announced with three pharmacy chains-CVS, Walgreens, and Walmart-and two additional manufacturers-Allergan and Teva. In January 2023, each of those pharmacy chains and manufacturers confirmed that a sufficient number of states had agreed to the settlements to move forward. The State of Michigan did not participate in the national Walgreens settlement at that time because the State had not yet settled its claim against Walgreens. The State, and the City of Ann Arbor, participated in the national settlements against CVS, Walmart, Allergan and Teva.

In June of 2023, the State settled its claim against Walgreens and is now joining the national settlement. The City of Ann Arbor may now choose to participate in the Walgreens national settlement and the conservative estimate of Ann Arbor City's projected amount for the Walgreens national settlement is \$194,068.33. Current information indicates this amount will be paid in installments over fifteen (15) years.

Under all of the national settlements, at least 85% of the funds going directly to participating states and subdivisions must be used for abatement of the opioid epidemic, with the overwhelming bulk of the proceeds restricted to funding future abatement efforts by state and local governments.

Budget/Fiscal Impact: There is no cost to the City. The purpose of this resolution is to enable the City to receive settlement funds.

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Reviewed by: Marti Praschan, Chief Financial Officer

Approved by: Milton Dohoney Jr., City Administrator

Whereas, The City is an eligible subdivision of the State of Michigan to participate in the Walgreens National Opioid Settlement;

Whereas, The Plaintiffs Executive Committee and the Michigan Attorney General are encouraging all municipalities to join in the settlement agreement;

Whereas, Opting into the settlement increases the funds received by the local agencies and the State; and

Whereas, The deadline for entering the settlement is September 6, 2023 and taking no action prior to that date effectively means the City would opt out of the settlement;

RESOLVED, That City Council approve the City's participation in the settlement of the national prescription opiate litigation against Walgreens;

RESOLVED, That the City Administrator, or his designee, be authorized and directed to execute all necessary settlement documents; and

RESOLVED, That the City Administrator and City Attorney be authorized to take all necessary actions to implement this resolution.