



CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: APRIL 5, 2023

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: KINDON MEIK, CITY MANAGER

SUBJECT: CONSIDERATION OF RESOLUTION NO. 2023-1844, APPROVING PARTICIPATION IN NATIONAL OPIOID SETTLEMENT AGREEMENT WITH TEVA, ALLERGAN, WALMART, WALGREENS, AND CVS AND AUTHORIZING THE CITY ATTORNEY AND/OR CITY MANAGER TO EXECUTE THE RELATED PARTICIPATION AGREEMENT

MEETING DATE: APRIL 12, 2023

SUMMARY RECOMMENDATION:

Staff recommends that the City Council consider adoption of Resolution No. 2023-1844 (Attachment A), approving a Resolution authorizing participation in National Opioid Settlement with Teva, Allergan, Walmart, Walgreens, and CVS and authorizing the City Manager to execute the related participation agreement.

BACKGROUND:

A settlement has been reached in multi-district federal litigation against Teva, Allergan, Walmart, Walgreens, and CVS for their role in the opioid crisis. This is the second settlement the has arisen out of litigation in Ohio.

First National Opioid Settlement

The first settlement involved the three largest pharmaceutical distributors-McKesson, Cardinal Health and Amerisource Bergen - and the opioid manufacturer Janssen (owned by Johnson & Johnson). The 3,800 litigants contended that the distributors

and Janssen contributed to the national opioid crisis by ignoring signs of opioid addiction and overselling opioids.

The first settlement is worth \$26 billion and covers all states, counties, and cities – even those who are not part of the litigation that opted-in. The opioid distributors will pay \$21 billion over an 18-year period and Janssen will pay \$5 billion over a 7-year period.

Under the terms of settlement, California is scheduled to receive approximately somewhere between \$2.269 and \$2.34 billion. It is the State's responsibility to develop a way to distribute these funds to cities and counties through an interstate allocation deal with cities and counties, otherwise the funds will be distributed to cities and counties according to a default model in the settlement.

The City adopted Resolution 2021-1762 approving the City's participation in this settlement.

Proposed Settlement with Teva, Allergan, Walmart, Walgreens, and CVS

The proposed settlement before the City Council is with Teva, Allergan, CVS, Walmart, and Walgreens.^{1,2} The City has not received an estimate of how much money it will receive from this proposed settlement if it opts-in, but expects a lower sum as the total settlement is for \$20 billion.

Jurisdictions must affirmatively opt-in to the settlement before **April 18, 2023** to receive funds from the settlement.

DISCUSSION:

Despite not participating in the litigation against Teva, Allergan, CVS, Walmart, and Walgreens, the City has two options. It can: (1) opt-in to the settlement; or (2) it can decide not to opt-in.

If the City opts-in to the settlement, it must release its claims against Teva, Allergan, Walmart, Walgreens, and CVS. In exchange, the City will receive funds, which can use to combat opioid abuse in the City and for other purposes. The same restriction on how funds may be spent that were applied to the first settlement also apply to this proposed settlement. The City would have to report how it spends funds received from the settlement.

¹ The text of the Settlement Agreement with Walmart, Walgreens, and CVS can be found here: <https://nationalopioidsettlement.com/pharmacy-settlements/>

² The text of the Settlement Agreement with Teva and Allergan can be found here: <https://nationalopioidsettlement.com/teva-allergan-settlements/>

The City may also opt-in to the settlement, but elect to have the County receive its share of funds and avoid the reporting requirements in the settlement.

By not acting, the City will not be a participant in the settlement. One advantage of not opting-in to the settlement is that the City would retain the ability to pursue its own litigation against Teva, Allergan, Walmart, Walgreens, and CVS. If the City does not opt-in, then funds to be received by the City under the settlement would instead go directly to the State.

REQUESTED ACTION:

Staff recommends that the City Council consider passage of Resolution No. 2023-1844, approving a Resolution authorizing participation in National Opioid Settlement with Teva, Allergan, Walmart, Walgreens, and CVS and authorizing the City Manager to execute the related participation agreement.

ATTACHMENTS:

Attachment A: City Council Resolution No. 2023-1844