THE CITY OF ASHEVILLE

Staff Report

Council Meeting Date: March 14, 2023

Subject: MOA regarding Settlement of National Opioid Litigation

Staff Resource(s): Brad Branham, City Attorney

Action Requested: Adoption of a resolution authorizing the execution of all documents necessary to enter into opioid settlement agreements with Walmart, Walgreens, CVS, Allergan, and Teva; and to execute the Supplemental Agreement to the Original Memorandum of Agreement between the State of North Carolina and Local Governments relating to additional settlements of Opioid Litigation.

Background:

- In June, 2021, the City Council, along with other municipalities and counties across the state approved a Memorandum of Agreement which permitted the City to share in the proceeds of the original national settlement with five companies over their role in fueling the opioid epidemic.
- The North Carolina Attorney General, in collaboration with other states, has now negotiated a second settlement with the following entities: CVS, Walgreens, Walmart, Allergan, and Teva.
- The second settlement will result in approximately $21 billion in new settlement funds to be distributed to state and local governments.
- In order to share in the receipt of the funds, North Carolina local governments must join in the settlements.
- The total of funds to be distributed to state and local governments in North Carolina depends on the percentage of those entities which agree to join in the settlements, with a maximum total for the entire state being more than $600 million.
- The Citys of Asheville's maximum share is $1,215,879.92.
- These second wave of settlement funds are expected to begin flowing to local governments in the second half of 2023.

Council Goal(s):

- A Financially Resilient City

Committee(s):

- None

Pro(s):

- Allows the City to take part in, and share in the proceeds of, the second national opioid settlement to provide funding to combat the epidemic locally.

Con(s):

- None.

Fiscal Impact:

- If authorized, the City could receive over time up to $1.2M in settlement proceeds to address the local impact of the opioid epidemic starting in Fiscal Year 2024.

Suggested Motion:

- Motion to authorize the City Attorney to execute all documents necessary to enter into opioid settlement agreements with Walmart, Walgreens, CVS, Allergan, and Teva; and to execute the Supplemental Agreement for Additional Funds; and to provide such documents to Rubris, the Implementation Administrator.

Attachment(s)

- Resolution

RESOLUTION NO. 23-_____

RESOLUTION AUTHORIZING EXECUTION OF OPIOID SETTLEMENTS AND APPROVING THE SUPPLEMENTAL AGREEMENT FOR ADDITIONAL FUNDS BETWEEN THE STATE OF NORTH CAROLINA AND LOCAL GOVERNMENTS ON PROCEEDS RELATING TO THE SETTLEMENT OF OPIOID LITIGATION

WHEREAS, the opioid overdose epidemic had taken the lives of more than 32,000 North Carolinians (2000-2021);

WHEREAS, the COVID-19 pandemic has compounded the opioid overdose crisis, increasing levels of drug misuse, addiction, and overdose death; and

WHEREAS, the Centers for Disease Control and Prevention estimates the total economic burden of prescription opioid misuse alone in the United States is $78.5 billion a year, including the costs of healthcare, lost productivity, addiction treatment, and criminal justice involvement; and

WHEREAS, the ongoing effects of the opioid epidemic continues to wreak havoc on the residents of Asheville and its surrounding communities; and

WHEREAS, certain counties and municipalities in North Carolina joined with thousands of local governments across the country to file lawsuits against opioid manufacturers, pharmaceutical distribution companies, and chain drug stores to hold those companies accountable for their misconduct; and

WHEREAS, settlements have been reached in litigation against Walmart, Inc., Teva Pharmaceutical Industries Ltd., Allergan Finance, LLC, Allergan Limited, CVS Health Corporation, CVS Pharmacy, Inc., and Walgreen Co., as well as their subsidiaries, affiliates, officers, and directors named in the these Settlements; and

WHEREAS, representatives of local North Carolina governments and the North Carolina Department of Justice have negotiated and prepared a Supplemental Agreement for Additional Funds (SAAF) to provide for the equitable distribution of the proceeds of these settlements; and

WHEREAS, by joining the settlements and approving the SAAF, the state and local governments maximize North Carolina's share of opioid settlement funds to ensure the needed resources reach communities, as quickly, effectively, and directly as possible; and

WHEREAS, it is advantageous to all North Carolinians for local governments, including the City of Asheville and its residents, to sign onto the settlements and SAAF and demonstrate solidarity in response to the opioid overdose crisis, and to maximize the share of opioid settlement funds flowing to North Carolina to help abate the harm; and

WHEREAS, the SAAF directs substantial resources over multiple years to local governments on the front lines of the opioid overdose epidemic while ensuring that these resources are used in an effective way to address the crisis;

NOW, THEREFORE BE IT RESOLVED, that the Asheville City Council hereby authorizes the City Attorney to execute all documents necessary to enter into opioid settlement agreements with Walmart, Walgreens, CVS, Allergan, and Teva, to execute the SAAF, and to provide such documents to Rubris, the Implementation Administrator.

Read, approved and adopted this 14th day of March, 2023.

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CITY CLERK MAYOR

APPROVED AS TO FORM:

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CITY ATTORNEY