

OPIOID SETTLEMENTS UPDATE

PRESENTATION TO THE ADVISORY
COMMITTEE FOR A RESILIENT NEVADA
(ACRN)

JUNE 15, 2022

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OVERVIEW OF THIS UPDATE

Discussions Today:

- ▶ Status of Settlements and Anticipated Recoveries
- ▶ Status of Costs and Medicaid
- ▶ One Nevada Agreement on Opioid Recoveries
- ▶ Resilient Fund for Nevada
- ▶ SB390 State Needs Assessment and State Plan
- ▶ Local Governments Needs Assessments and Plans
- ▶ Calculation Chart and Allocation Amounts and Timeline
- ▶ Anticipated Allocation Disbursements

JOHNSON & JOHNSON AND THE DISTRIBUTORS SETTLEMENTS

J&J Settlement: **\$53,508,792.64**

The Distributor Settlement (McKesson, Cardinal Health and Amerisourcebergen):

\$231,679,409.03

▶ TOTAL OF BOTH SETTLEMENTS: **\$285,188,201.67**

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JOHNSON & JOHNSON

J&J Settlement: **\$53,508,792.64**

Payable in Two Payments

- ▶ Initial payment in APRIL 2022: **\$50,833,353.00**
- ▶ Final payment in APRIL 2025: **\$2,675,439.64**

DISTRIBUTORS SETTLEMENT

Distributors Settlement: **\$231,679,409.03**

Payable in EIGHTEEN Payments

- ▶ Payments are **NOT** in Equal Amounts
- ▶ First Payment due in approximately mid-June 2022
- ▶ Second Payment due approximately end of July 2022

First 2 Payments total: **\$20,298,596.69**

ONE NEVADA AGREEMENT ON ALLOCATION OF OPIOID RECOVERIES

Nevada is a signatory to the One Nevada Agreement on Opioid Recoveries

- ▶ This agreement fairly and equitably allocates recoveries from opioid settlements and bankruptcies between the State, all Nevada Counties, and all opioid litigating cities.
- ▶ Requires the use of the recoveries for abatement of the opioids epidemic through to fund evidenced based programs and services as described in SB390
 - ▶ The State and local governments may use up to 8% of the funds to manage the use of the money

Advantages to the One Nevada Agreement:

- ▶ Allows recoveries to be allocated when they come in so that the entire State can coordinate efforts to implement evidenced based abatement programs and services within the State.
- ▶ Allows counties and cities the opportunity to work together to develop evidenced based abatement programs and services that will work in each geographic area of the State.
- ▶ Ensures Nevada qualifies for all recoveries requiring the use of the money be used for abatement.

LOCAL GOVERNMENTS AND THE ONE NEVADA AGREEMENT

Local Governments:

- ▶ Pursuant to the terms of the settlements and the One Nevada Agreement, local governments must:
 - ▶ Use the money for abatement of the opioids epidemic through evidenced based programs and services in line with those provided for in SB390 and DHHS
 - ▶ Submit annual reports on the use of the funds to ensure compliance

LEAD LITIGATOR COSTS

Lead litigator costs deducted from the McKinsey settlement:

- ▶ \$16,538,249.51

Estimated lead litigator costs to be deducted from the first J&J settlement:

- ▶ Costs are estimated to be approximately \$10 million (by July 2022)

Estimated lead litigator costs to be deducted from the second J&J and all Distributors settlements:

- ▶ \$0.00

Note:

- ▶ CMS Medicaid costs if any, not deducted

RESILIENT FUND FOR NEVADA

The Resilient Fund for Nevada:

- ▶ Created by SB390.
- ▶ Is the fund where the State's portion of recoveries is deposited after payment of lead litigator costs and fees.
- ▶ Managed by DHHS to fund the State Plan.
- ▶ Must be used to abate the opioids epidemic through the Needs Assessment and State Plan requiring evidenced based abatement programs and services.

SB390 STATE NEEDS ASSESSMENT AND STATE PLAN

SB390 Requires DHHS to create a State Needs Assessment and State Plan to abate the opioids epidemic:

- ▶ Reason for the State Needs Assessment is for DHHS to identify what State evidenced based programs and services are needed in each geographic area of the State to effectively abate the epidemic
 - ▶ Must be updated every 3 years
- ▶ Reason for the State Plan is to determine what programs and services identified in the Needs Assessment should be prioritized for funding
 - ▶ Must be updated every 3 years

LOCAL GOVERNMENTS NEEDS ASSESSMENTS AND PLANS

Local Governments:

- ▶ Local governments do not have to create needs assessments or plans; however, local governments are encouraged to do so:
 - ▶ Helps to work together with the State and other local governments to prioritize funding and not duplicate efforts
 - ▶ Helps to maximize the use of the money for programs and services
 - ▶ Helps with long term planning for use of the money to abate the epidemic
- ▶ Counties may create County Needs Assessments and County Plans:
 - ▶ Counties are working together with DHHS through NACO
 - ▶ Counties that want to create a County Needs Assessment and County Plan can get assistance from DHHS to do so
 - ▶ Counties that create a County Needs Assessment and County Plan are eligible to apply and receive State funding to further collaborate on abatement programs and services

DEPOSITS TO THE RESILIENT FUND FOR NEVADA

Total Actual and Estimated Deposits into the Resilient Fund for Nevada from all settlements to date after lead litigator costs and fees:

- ▶ McKinsey (2021): **\$28,461,750.49**
 - ▶ Fees from McKinsey settlement of \$5,407,732.59 were deferred and will be deducted from the J&J first payment
- ▶ J&J (first payment 2022 with fees from McKinsey deducted): **\$9,098,969.40**
- ▶ Distributors:
 - ▶ (first payment 2022): **\$3,516,125.14**
 - ▶ (second payment 2022): **\$3,695,276.11**

Total Estimated Initial Deposits to Resilient Fund for Nevada: **\$44,772,121.14**

CALCULATION CHART AND ALLOCATION AMOUNTS

Chart Depicting Total J&J and Distributors Settlements:

- ▶ Calculations
 - ▶ Allocation amounts through the One Nevada Agreement
 - ▶ Timeline
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INITIAL J&J Payment*(assumes no default in payments)**(CMS Medicaid Costs, if any, not included)**(Costs for Initial J&J Payment is estimated)*

<u>Settlement Name</u>	<u>Estimated Payment Date</u>	<u>Estimated Payment Month</u>	<u>State and Signatories of One Nevada Agreement Share of Settlements</u>	<u>Estimated Costs</u>	<u>Estimated Total Amount to be Allocated</u>	<u>Attorney Fees</u>	<u>Estimated Total Allocation after Fees</u>	<u>Estimated Allocation Date</u>
J&J	2022	April	\$50,833,353.00	\$10,000,000.00	\$40,833,353.00	\$6,841,383.33	\$33,991,969.67	July 2022

Annual J&J and Distributor Payments*(assumes no default in payments)**(CMS Medicaid Costs, if any, not included)*

<u>Settlement Name</u>	<u>Estimated Payment Date</u>	<u>Estimated Payment Month</u>	<u>State and Signatories of One Nevada Agreement Share of Settlements</u>	<u>Estimated Costs</u>	<u>Estimated Total Amount to be Allocated</u>	<u>Attorney Fees</u>	<u>Estimated Total Allocation after Fees</u>	<u>Estimated Allocation Date</u>
Distributors	2022	May	\$9,897,161.96	\$0.00	\$9,897,161.96	\$1,658,210.12	\$8,238,951.84	July 2022
Distributors	2022	July	\$10,401,434.73	\$0.00	\$10,401,434.73	\$1,742,697.98	\$8,658,736.75	July 2022
Distributors	2023	July	\$10,401,434.73	\$0.00	\$10,401,434.73	\$1,742,697.98	\$8,658,736.75	July 2023
Distributors	2024	July	\$13,018,868.99	\$0.00	\$13,018,868.99	\$2,181,233.42	\$10,837,635.57	July 2024
J&J	2025	April	\$2,675,439.64	\$0.00	\$2,675,439.64	\$448,253.89	\$2,227,185.75	April 2025
Distributors	2025	July	\$13,018,868.99	\$0.00	\$13,018,868.99	\$2,181,233.42	\$10,837,635.57	July 2025
Distributors	2026	July	\$13,018,868.99	\$0.00	\$13,018,868.99	\$2,181,233.42	\$10,837,635.57	July 2026
Distributors	2027	July	\$13,018,868.99	\$0.00	\$13,018,868.99	\$2,181,233.42	\$10,837,635.57	July 2027
Distributors	2028	July	\$15,311,758.47	\$0.00	\$15,311,758.47	\$2,565,393.26	\$12,746,365.21	July 2028
Distributors	2029	July	\$15,311,758.47	\$0.00	\$15,311,758.47	\$2,565,393.26	\$12,746,365.21	July 2029
Distributors	2030	July	\$15,311,758.47	\$0.00	\$15,311,758.47	\$2,565,393.26	\$12,746,365.21	July 2030
Distributors	2031	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2031
Distributors	2032	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2032
Distributors	2033	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2033
Distributors	2034	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2034
Distributors	2035	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2035
Distributors	2036	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2036
Distributors	2037	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2037
Distributors	2038	July	\$12,871,078.28	\$0.00	\$12,871,078.28	\$2,156,471.93	\$10,714,606.35	July 2038
Totals			\$285,188,201.67	\$10,000,000.00	\$275,188,201.67	\$46,106,132.20	\$229,082,069.47	

CALCULATION CHART AND ALLOCATION AMOUNTS

Chart Depicting Allocation Amounts to the State of Nevada from the Total J&J and Distributors Settlements:

- ▶ Calculations
- ▶ Allocation amounts to the State of Nevada through the One Nevada Agreement
- ▶ Timeline

STATE OF NEVADA
(assumes no default in payments)
(CMS Medicaid Costs, if any, not included)

<u>Settlement Name</u>	<u>Estimated Payment Date</u>	<u>Estimated Payment Month</u>	<u>Gross Allocation</u>	<u>Fees at 19%</u>	<u>Net Allocation</u>
Initial J&J Payment	2022	April	\$17,909,508.63	\$3,402,806.64	\$14,506,701.99
Distributors	2022	June	\$4,340,895.24	\$824,770.10	\$3,516,125.14
Distributors	2022	July	\$4,562,069.27	\$866,793.16	\$3,695,276.11
Distributors	2023	July	\$4,562,069.27	\$866,793.16	\$3,695,276.11
Distributors	2024	July	\$5,710,075.94	\$1,084,914.43	\$4,625,161.51
J&J	2025	April	\$1,173,447.83	\$222,955.09	\$950,492.74
Distributors	2025	July	\$5,710,075.94	\$1,084,914.43	\$4,625,161.51
Distributors	2026	July	\$5,710,075.94	\$1,084,914.43	\$4,625,161.51
Distributors	2027	July	\$5,710,075.94	\$1,084,914.43	\$4,625,161.51
Distributors	2028	July	\$6,715,737.26	\$1,275,990.08	\$5,439,747.18
Distributors	2029	July	\$6,715,737.26	\$1,275,990.08	\$5,439,747.18
Distributors	2030	July	\$6,715,737.26	\$1,275,990.08	\$5,439,747.18
Distributors	2031	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2032	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2033	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2034	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2035	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2036	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2037	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
Distributors	2038	July	\$5,645,254.93	\$1,072,598.44	\$4,572,656.49
		TOTAL	\$120,697,545.22	\$22,932,533.63	\$97,765,011.59

ANTICIPATED ALLOCATION DISBURSEMENT

Anticipated Initial Allocation disbursement to
all signatories to the One Nevada Agreement:

- ▶ End of July 2022

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THANK YOU

▶ Questions?

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