City of Hampton

Legislation Details (With Text)

File #:	21-0302	**Version:**	1	**Name:**	Opioid Settlement Participation - Resolution
Type:	Resolution			**Status:**	Passed
File created:	10/28/2021			**In control:**	City Council Legislative Session
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Title: Resolution Approving of the City of Hampton's Participation in the Proposed Settlement of Opioid-Related Claims, including those against Mckesson, Cardinal Health, Amerisourcebergen, Janssen, and their Related Corporate Entities, and directing the City Manager to execute the documents necessary to effectuate the City of Hampton's Participation in these and Future Settlements

Sponsors:

Indexes: , City Attorney's Office, DO NOT USE - 21 - Safe and Clean Community

Code sections:

Attachments: 1. VA Opioid Abatement Fund and Settlement Allocation MOU

Date	Ver.	Action By	Action	Result
11/10/2021	1	City Council Legislative Session	approved	Pass

Resolution Approving of the City of Hampton's Participation in the Proposed Settlement of Opioid-Related Claims, including those against Mckesson, Cardinal Health, Amerisourcebergen, Janssen, and their Related Corporate Entities, and directing the City Manager to execute the documents necessary to effectuate the City of Hampton's Participation in these and Future Settlements

PURPOSE/BACKGROUND:

Over the course of several months the Commonwealth of Virginia, as well as many of its localities, have been engaged in litigation against various supply chain defendants involved in the manufacture, sale and distribution of pharmaceutical opioid products. These lawsuits sought recovery of public funds expended and monies to be expended in the fight against opioid addiction and its many outgrowths. This litigation has been pursued by many states and localities within our country. These claims against certain defendants are starting to come to a close through either settlements or bankruptcy plans, which means funds recovered via the litigation will start to flow in the coming months. In particular, a settlement agreement is currently pending with McKesson, Cardinal Health, Americsourcebergen, Janssen, and their related entities. The funds provided to each state will be dependent on the number of localities who participate in settlement agreements. Once funds are allocated to the Commonwealth of Virginia, the Commonwealth will in turn allocate some of those funds to individual localities. In order to receive funds, the City of Hampton must both participate in settlement agreements and enter into a Memorandum of Understanding ("MOU") with the Commonwealth of Virginia. The MOU is the culmination of months of negotiation between representatives of Virginia local governments and the Office of the Attorney General ("OAG") on how best to manage and allocate any settlement funds received through the ongoing parallel litigation efforts of state and local governments to recover costs associated with opioid addiction.

Key features of the MOU are as follows:

1) It documents the OAG's agreement to allocate 30 percent of gross opioid litigation recoveries directly to participating localities (15 percent totally unrestricted and 15 percent for approved opioid abatement uses) and 15 percent of gross opioid litigation recoveries directly to the Commonwealth. The remaining 55 percent of gross opioid litigation recoveries flow through the Opioid Abatement Authority and Fund that was established via legislation enacted into law earlier this year. That fund has earmarked 50 percent for localities exclusively and another 35 percent for which localities, along with state agencies, are eligible.

2) It allocates funds amongst Virginia localities in accordance with a methodology designed by one of the nation's leading experts in relevant public health statistics to assess relative opioid epidemic impact with reference to factors such as opioid death rate and volume of prescription opioid pills delivered. Hampton's allocation is 1.538 percent of total funds allocated to Virginia localities, assuming that all eligible localities participate.

Impact:

To be determined.

Recommendation:
Approve the Resolution.

WHEREAS, the opioid epidemic that has cost thousands of human lives across the country also impacts the Commonwealth of Virginia and its cities and counties by adversely impacting, amongst other things, the delivery of services, including but not limited to, emergency medical care, law enforcement, criminal justice, mental health and substance abuse services; and

WHEREAS, the Commonwealth of Virginia and its cities and counties have been required and will continue to be required to allocate substantial taxpayer dollars, resources, staff energy and time to address the damage the opioid epidemic has caused and continues to cause the citizens of Virginia; and

WHEREAS, settlement proposals have been negotiated that will cause McKesson, Cardinal Health, AmerisourceBergen, and Janssen to pay up to $26 billion nationwide to resolve opioid-related claims against them; and

WHEREAS, the City of Hampton and the Commonwealth of Virginia share a common desire to abate and alleviate the impacts of the opioid addiction epidemic and to maximize litigation recoveries from those third parties responsible for the same;

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HAMPTON, VIRGINIA, this ___ day of _____, 2021, approves of the City of Hampton's participation in the proposed settlement of opioid-related claims against McKesson, Cardinal Health, AmerisourceBergen, Janssen, and their related corporate entities, and directs the City Manager to execute the documents necessary to effectuate the City of Hampton's participation in the settlements, including the required release of claims against settling entities.

BE IT FURTHER RESOLVED that the City Council authorizes and approves of the Virginia Abatement Fund and Settlement Allocation Memorandum of Understanding in substantially the same form submitted for approval, and directs the City Manager to execute and enter into the MOU.