
Attorney General Opioid Settlement Funds

House Appropriations Subcommittee on Fiscal Accountability

January 18, 2024



Opiod Settlement Funds - Background

- Drug manufacturers and distributors have been sued for their role in distributing opioids. Defendants have typically settled these multi-state cases, resulting in large national settlements.
- Under the One Arizona Agreement (signed in 2021), state and local Arizona officials agreed to share any funding that Arizona receives.
- Through January 2024, the Attorney General reports total State opioid revenues of \$63.0 million.
- Through FY 2039, the Attorney General estimates that they will receive approximately \$535.3 million in opioid settlement funds. Local Arizona governments will receive another \$664.3 million.

Opioioid Settlement Funds – One Arizona Agreement

- In August 2021, 90 cities and all 15 counties signed onto the One Arizona Agreement to take advantage of the full settlement amounts.
- The Agreement allocates 44% of opioioid settlement funds to the State and 56% to cities and counties.
- The Agreement limits the uses of these distributed settlement funds.

Opiod Settlement Funds – Allowable Uses

- National Settlement Agreement
 - Allows funding for Treatment, Prevention, and Other Strategies (such as Leadership, Planning & Coordination)
- One Arizona Agreement – “The State will endeavor to prioritize up to 30% of the state share for”:
 - Opioid education, awareness, and treatment
 - Department of Corrections & related prison and jail opioid uses
 - Opioid interdiction and abatement on the southern border
 - Grants for capital or operating costs for treatment, drug testing, medication-assisted treatment services, probation, job training and/or counseling.

Opioioid Settlement Funds – Statutory Provisions

- State share deposited in Remediation Subaccount of Consumer Restitution and Remediation Revolving Fund.
 - Any Remediation expenditure above \$4.0 million in a fiscal year must be appropriated.
- The FY 24 budget made any opioioid settlement \$ subject to appropriation.
 - The AG must quarterly delineate all opioioid receipts and disbursements.
- FY 24 footnote requires AG to submit an opioioid expenditure plan to the JLBC for review.

AG Has Received \$63 M in Opioid Settlement Monies to Date

Settlement Source	FY 2021 \$ in M	FY 2022 \$ in M	FY 2023 \$ in M	FY 2024 \$ in M	Total \$ in M
1) McKinsey & Co. ^{1/}	\$13.4	-	-	-	\$13.4
2) Distributors' Settlement	-	-	\$19.8	\$10.4	\$30.2
3) Janssen/Johnson & Johnson	-	-	\$15.9	-	\$15.9
4) Mallinckrodt	-	-	\$1.6	\$1.9	\$3.5
TOTAL	\$13.4	-	\$37.3	\$12.3	\$62.9

^{1/} The effective date of this settlement predates the effective date of the One Arizona Agreement.

Attorney General Opioid Funding to Date

FY	Funding Amount \$ in M	Notes
22	\$12.0	\$3.0 million per year from FY 2022 through FY 2025 for opioid abatement grants to local and tribal governments and non-profits.
23	\$5.0	Distributed as grants to counties and medically underserved populations.
24	\$12.0	\$11.5 million for grants to counties with coordinated reentry programs. \$0.5 million to governmental child and family advocacy centers.

AG Projected to Receive \$535 M in Opioid Settlement Monies

- Total Receipts through FY 39

Settlement Source	Payments Beginning FY	Payments Through FY	Average Annual	Total Projected
1) Distributors' Settlement	2022	2039	\$11,026,100	\$198,469,400
2) McKinsey & Co.	2022	2022	-	\$13,350,600
3) Allergan	2023	2029	\$3,220,000	\$22,540,300
4) CVS	2023	2032	\$4,988,000	\$49,880,000
5) Endo Pharma	2023	2033	\$560,800	\$6,169,300
6) Janssen/Johnson & Johnson	2023	2032	\$4,544,900	\$45,448,631
7) Purdue Pharma ^{1/}	2023	2033	\$4,062,300	\$44,684,900
8) Teva	2023	2035	\$2,956,000	\$38,427,600
9) Walgreens ^{2/}	2023	2037	\$3,616,700	\$54,251,100
10) Walmart	2023	2028	\$4,708,100	\$28,248,600
11) Kroger ^{2/}	2024	2034	\$2,762,100	\$30,383,100
12) Mallinckrodt ^{3/}	-	-	-	\$3,480,700
TOTAL			\$42,445,000	\$535,334,200

^{1/} In August 2023, the U.S. DOJ appealed the final Purdue Pharma settlement. Following oral arguments before the Supreme Court in December 2023, payments are paused pending a final opinion.

^{2/} Pending final approval.

^{3/} In October 2023, U.S. Bankruptcy Court approved Mallinckrodt's plan to cut settlement liabilities by approximately \$1.0 billion. The AG expects further litigation to delay payments indefinitely.