

Major distributors and manufacturers of opioids avert trial by reaching \$260 million wrist-slap settlement in Ohio

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On Monday, three major drug distributors and Teva Pharmaceuticals, the Israel-based manufacturer, avoided a landmark federal opioid trial by reaching a wrist-slap settlement with two Ohio counties for \$260 million. The agreement was reached shortly after midnight and announced in the morning.

Under the agreement, the nation's three largest distributors, AmerisourceBergen, McKesson, and Ohio-based Cardinal Health—the three distribute 90 percent of all medicines to pharmacies, hospitals, and clinics in the United States—will pay \$215 million.

Teva will make a cash payment of \$20 million to Cuyahoga and Summit counties to be paid by 2021. They will also donate \$25 million in the drug Suboxone used in the treatment of opioid addiction. Henry Schein, a smaller New York-based distributor, reached a \$1.25 million settlement, while Walgreens, another defendant in the lawsuit, will have its trial delayed.

The settlement is seen as a “bellwether” case for opioid lawsuits moving forward. As part of these settlements, the drug companies make no admission of guilt in the opioid overdose crisis which has ravaged the US. Avoiding trial also keeps closed internal documents that would expose the inner workings of these manufacturers and distributors.

There have been more than 2,300 federal lawsuits filed against said companies over the upwards of 400,000 deaths attributable to the use of opioid drugs. Most of these cases had been filed by cities and county governments nearly two years ago, with many states filing cases only more recently.

The two Ohio counties had been seeking more than \$8 billion for damages sustained to recoup medical expenses and establish long-term addiction treatment

facilities for individuals affected by the opioid epidemic. There were no discussions within the mainstream news outlets as to why the sum of the settlement fell so astronomically short of the original amount being demanded.

Still under wraps is an ongoing negotiation between the three distributors and two manufacturers, Teva Pharmaceuticals and Johnson & Johnson, with federal and state attorneys on a global settlement worth \$48 billion. What remains to be determined is how the money will be distributed to various states and county governments. It is also unclear how much of these funds will proceed to pay legal fees, sit in general funds for state legislatures or ultimately provide a modicum of relief for the numerous catastrophes created by this epidemic.

Democratic Attorney Generals Josh Stein of North Carolina and Josh Shapiro of Pennsylvania have been leading the negotiations for a national settlement. The proposed deal would have the three distributors and Johnson & Johnson give \$22 billion in cash paid out over 18 years. Teva pharmaceuticals would give \$250 million including additional drugs for the treatment of addiction valued at \$23 billion. The distributors would also provide \$3 billion in distributions services for over ten years.

Another proposal is to create a national trust fund where cities, counties, and states would apply for money. And still another model being considered is to apportion the money into state, city and county coffers with the largest for general public funds to be used for treatment.

In a recent sobering report published last week by the Society of Actuaries, the cost of the opioid epidemic on

the US economy was placed at from 2015 to 2018 at \$631 billion. For the present year 2019, the midpoint cost estimate is \$188 billion, which means that the cost of the opioid crisis over the last five years could be covered by reallocating the US military budget for 2019.

The breakdown in the cost of the crisis includes \$205 billion in excess healthcare for the management of individuals with opioid use disorder, infants born with neonatal abstinence syndrome, or neonatal withdrawal syndrome. Premature death from drug overdose accounts for \$253 billion in lost lifetime earnings. Criminal justice costs that include police engagement and legal proceedings, lost property due to crime, and cost of jails and prisons totals \$39 billion.

Additionally, child and Family Assistance and Education Programs, which are government-funded, contributed another \$39 billion. Lost productivity, costs associated with absenteeism, reduced labor participation, time incarcerated and employer costs for disability and workers' compensation benefits total \$96 billion.

The projected cost of the opioid crisis since 2001 is estimated at \$1.5 trillion, according to nonprofit health research and consulting institute Altarum. From 2016 to 2020 the cost curve has doubled. The cost is born predominately by workers and their families in the form of lost wages. It is estimated that there is \$800,000 per person in lost wages at an average age of 41 among overdose deaths. In 2017, more than 72,000 deaths were reported, and in 2018, 68,000.

Meanwhile, in 2018, Teva pharmaceuticals had revenues totaling \$18.9 billion. Johnson & Johnson totaled \$81.6 billion. According to Health & Pharmaceuticals, the United States alone holds over 45 percent of the global pharmaceutical market. In 2016, this share was valued at around \$446 billion. Six of the top ten companies were from the United States.

The 2017 National Survey on Drug Use and Health provided a snapshot of the state of the drug abuse epidemic in the United States. The report found that 1 in 12 American adults (19.7 million) had a substance abuse disorder and 1 in 5 (46.6 million) had a mental health illness. More than 8.5 million of these have both disorders.

The treatment of substance abuse disorder can take years or last a lifetime. As the staggering numbers

demonstrate, confronting the social burden of this long-standing criminal assault on the health of the nation would require the reallocation of the vast resources which will remain locked away in the bank vaults of these companies and their shareholders or squandered on war.

However, the purpose of the present settlements, in line with the goals and purpose of these various political representatives of the financial oligarchs, including the judicial system, is to rapidly shut down legal maneuverings and claim the limited settlements as a victory over the pharmaceutical giants.



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