



CITY OF HARRISONBURG CITY MANAGER

409 SOUTH MAIN STREET, HARRISONBURG, VA 22801
OFFICE (540) 432-7701 • FAX (540) 432-7778

TO: Eric Campbell, City Manager
FROM: Wesley Russ
DATE: November 1, 2021
RE: Opioid Litigation Settlements

Summary: Request for approval of participation in the Virginia Opioid Abatement Fund and Settlement Allocation Memorandum of Understanding (the “MOU”) and proposed opioid litigation settlements – McKesson, Cardinal Health, AmerisourceBergen, and Janssen Pharmaceuticals, Inc.

Background: Attorney General Herring participated with other states’ attorneys general in negotiating a settlement agreement totaling up to \$26 billion with pharmaceutical distributors McKesson, Cardinal Health, and AmerisourceBergen and manufacturer Janssen Pharmaceuticals and its parent company Johnson & Johnson. The participating attorneys general worked to set what they believe to be an equitable formula for splitting up settlement funds between the states.

Virginia is expected receive approximately \$530 million of the settlement funds, although the total amount depends on participation rates among political subdivisions both in Virginia and elsewhere. Under Virginia’s proposed Settlement Fund Allocation Memorandum of Understanding, 15% of settlement funds will go directly to political subdivisions for general use, and 10.5% will go to political subdivisions for Approved Abatement Purposes, such as efforts to treat and prevent opioid addiction and misuse. City Council must pass a resolution approving the settlement agreement and a resolution approving the MOU with the Commonwealth.

Key Issues: The Commonwealth of Virginia has elected to participate in the proposed settlements and recommends that localities participate as well. As part of the settlement, the City must also approve the MOU.

Environmental Impact:

Fiscal Impact: To be determined based on participation and allocation. Settlement payments, if approved, would occur over multiple annual payments.

Prior Actions:



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Alternatives:

- (a) Adopt the resolutions as presented
- (b) Deny the requested resolution

Community Engagement:

Recommendation: Staff recommends alternative (a).

Attachments:

Virginia Allocation Memorandum of Understanding and Associated State Code
Proposed Resolution approving and authorizing the MOU
Proposed Resolution approving settlement

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

