

Wisconsin expected to receive more than \$65 million in proposed resolution of Purdue Pharma case

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The state of Wisconsin is expected to receive more than \$65 million in a \$4.3 billion, nine-year settlement with opioid manufacturer Purdue Pharma and the Sackler family, the Wisconsin Department of Justice announced Thursday.

"Tens of millions of dollars are coming to the state to help support efforts in Wisconsin to fight this opioid epidemic," Wisconsin Attorney General Josh Kaul told the Journal Sentinel Thursday. "This is going to make a meaningful impact in helping to prevent people from becoming addicted to opioids and to help people who are struggling with substance use disorder to get the treatment they need and to get into recovery programs."

He said while no settlement or lawsuit can undo the destruction of the opioid epidemic, "it is really important that we hold those who are responsible for this epidemic accountable."

Fifteen states, including Wisconsin, have reached an agreement with Purdue Pharma, the maker of powerful prescription opioid OxyContin in U.S. Bankruptcy Court in White Plains, N.Y. The agreement is a significant step toward settling thousands of opioid cases, the New York Times reported.

Because the settlement is part of a bankruptcy case, it will require a judge to accept the proposed bankruptcy plan, Kaul said. He anticipates it will be accepted.

The settlement plan now appears likely to be finalized in August.

The company said it would continue to work to build consensus on the plan. Nine states and Washington D.C. remain opposed to the settlement.

"The progress made in the third and final round of mediation builds upon the support already publicly expressed by nearly every organized creditor group in the bankruptcy proceedings," the company said in a statement.

"We will continue to work to build even greater consensus for our Plan of Reorganization, which would transfer billions of dollars of value into trusts for the benefit of the American people and direct critically needed medicines and resources to communities and individuals nationwide who have been affected by the opioid crisis."

Kaul said the \$4.3 billion is from the Sackler family, owners of the drugmaker. A yet-unknown sum will also be recovered from Purdue Pharma, Kaul said.

The terms of the settlement include a permanent ban on the Sacklers' participation in the opioid business and a requirement that the company be sold or wound down by the end of 2024, according to the Wisconsin Department of Justice.

The settlement will also require the company and the Sacklers to make more than 30 million documents public, including communication with attorneys about the original Federal Drug Administration approval of OxyContin and the company's methods of promoting opioids.

The proposal would also mean the Sacklers have to give up control of family foundations with \$175 million in assets to a foundation with the purpose of addressing the opioid crisis.

Thousands of individuals will also be compensated in the bankruptcy process, according to DOJ.

A state of Wisconsin case filed against the drugmaker and Richard Sackler was among those wrapped into the bankruptcy case being handled in New York, he said.

Between 2000 and 2019, Wisconsin saw 9,260 opioid deaths, according to the state Department of Health Services. Nationwide, nearly 500,000 people died from an overdose involving prescription and illegal opioid drugs, such as heroin, between 1999 and 2019.

More: 76 billion opioid pills: Our past investigations exposed drug companies' role in the prescription painkiller epidemic

Countless others now struggle with addiction and its fallout, and the opioid epidemic has forced communities across the state and nation to grapple with rising costs of addiction and overdoses.

Kaul said the \$65 million will not be subject to a new law signed by Wisconsin Gov. Tony Evers that requires 70% of any settlement to go to local governments and 30% to the state. That legislation also requires that any settlement money from opioid manufacturers only be used to address opioid abuse and not go to other government programs.

The law only applies if certain conditions are met, including that a settlement has been approved by the state Legislature's Joint Finance Committee, he said.

"That doesn't mean the funds won't be allocated the same way or very similarly but that law itself doesn't apply," he said.

It has not been determined yet how the funds will be distributed within Wisconsin because that will depend on how the bankruptcy process plays out, Kaul said. The funds will go toward opioid abatement efforts in the state, he said.

The company filed for bankruptcy in New York in 2019. The filing was considered part of a complex structure for a settlement, USA TODAY reported at the time.

Another large case is pending in Ohio

The bankruptcy case is separate from a federal case being handled in Ohio to which the state is not a party but local governments in Wisconsin have joined, Kaul said. The Ohio case also involves other companies as well, he said.

In January 2020, the city of Milwaukee announced it was joining the sprawling federal lawsuit against opioid drug manufacturers and distributors that are accused of fueling the opioid epidemic.

"The financial losses to the city obviously are immeasurable compared to the loss of human potential, but we are hopefully able to recover some of that cost in terms of paramedic care, the police services," said Milwaukee Ald. Michael Murphy, who has led on local efforts to address the opioid epidemic.

He said he'd push for settlement funds to be used to expand the Milwaukee Overdose Response Initiative, which aims to save lives by using data and providing more direct avenues to treatment and in-school education.

The city joined the lawsuit nearly two years after Milwaukee County announced it would be suing pharmaceutical drugmakers and distributors in federal court.

Milwaukee County's suit is also part of the Ohio case, and the county is one of the national settlement class representatives. The critical designation gives the county a lead role in trying to structure a national settlement.

"Milwaukee County will be the single largest local government recipient of funds in the state," Milwaukee County Corporation Counsel Margaret Daun said. "We look forward to when the (Ohio case) settles, so that we can continue saving more lives."

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