

**Caroline County  
Board of Supervisors Agenda  
Executive Summary**

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**Meeting Date:**           **December 14, 2021**

**Title:**                   **Consent Agenda – Adoption of Resolutions Approving  
Caroline County’s Participation in the Proposed Settlement of  
Opioid Related Claims**

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*(Check Mark)*

<input checked="" type="checkbox"/> Consent	<input type="checkbox"/> Closed Meeting
<input checked="" type="checkbox"/> Action	<input type="checkbox"/> Public Hearing
<input type="checkbox"/> No Action (Information Only)	<input type="checkbox"/> Ordinance
<input type="checkbox"/> Resolution	<input type="checkbox"/> PowerPoint Presentation

**Summary:** The Commonwealth of Virginia and its localities are expected to receive about \$530 million as part of a \$26 billion settlement that the nation’s three primary drug distributors and pharmaceutical manufacturer Johnson & Johnson reached with the states to release the companies from legal liability in the opioid crisis. A majority of Virginia’s share of the money will go toward the Commonwealth’s newly created opioid abatement authority. Created by the Virginia General Assembly this year, the authority will provide grants and loans to state agencies and localities to treat, prevent and reduce opioids abuse. However, a portion of the funds will be distributed to localities.

The total amount of funds available to the Commonwealth and localities depends on the total number of localities that participate. Funds will be distributed over 18 and 9 years with sums front-loaded.

A Memorandum of Understanding (MOU) has been developed between the Commonwealth and participating localities regarding the allocation of settlement proceeds. Under the MOU, funds will be distributed to localities under the following funding formulas:

- 15% to participating localities unrestricted\*
- 15% to participating localities – abatement purposes

- 15% to Commonwealth – unrestricted\*
- 55% to **Opioid Abatement Fund**  
*\*Unless settlement requires that all or more funds be used for abatement*

Funds will be allocated to the **Opioid Abatement Fund** based on the following formula:

- 15% to Participating Localities\*
  - 35% to Participating Localities' Regional Partnerships\*
  - 15% to State Agencies
  - 35% Unrestricted – Any of the above and administrative expenses\*
- \*Up to 85% available for Participating Localities*

Localities must join both the settlements and the Virginia MOU by adopting the attached resolutions to receive funds. All required documentation must be submitted by January 2, 2022.

**Budget Impact:** It is difficult to provide a solid estimate of the revenue available to Caroline County because there are several moving parts, including the total amount of funds available (which depends on how many localities end up participating). VACo's general counsel, Phyllis Errico, reached out to one of the law firms that is working on the litigation and received an estimate based on Caroline County's allocable share (.318 percent). Assuming there is 100 percent locality participation, the County's direct share could be as much as approximately \$500,000, before attorneys' fees, which is an unknown at this time.

There is also money that will flow through the Opioid Abatement Authority that will benefit localities as well.

The local revenue picture should be clearer in January after the deadline to sign on to the settlement.

**Action(s) Requested of Board of Supervisors:** Adopt attached resolutions. Staff is attempting to obtain a copy of the MOU at this time. However, the MOU and other documents related to the settlement are not negotiable and must be adopted as is to participate.

## **RESOLUTION**

**A RESOLUTION OF THE CAROLINE COUNTY BOARD OF SUPERVISORS APPROVING THE COUNTY'S PARTICIPATION IN THE PROPOSED SETTLEMENT OF OPIOID-RELATED CLAIMS AGAINST MCKESSON, CARDINAL HEALTH, AMERISOURCEBERGEN, JANSSEN, AND THEIR RELATED CORPORATE ENTITIES, AND DIRECTING THE COUNTY ADMINISTRATOR AND COUNTY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE COUNTY'S PARTICIPATION IN THE SETTLEMENTS**

**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 emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other 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;

**NOW THEREFORE BE IT RESOLVED** that the Caroline County Board of Supervisors this 14<sup>th</sup> day of December, 2021, hereby approves the County's participation in the proposed settlement of opioid-related claims against McKesson, Cardinal Health, AmerisourceBergen, Janssen, and their related corporate entities, and directs the County Administrator and County Attorney to execute the documents necessary to effectuate the County's participation in the settlements, including without limitation the required release of claims against settling entities.

## **RESOLUTION**

**A RESOLUTION OF THE CAROLINE COUNTY BOARD OF SUPERVISORS APPROVING THE COUNTY'S PARTICIPATION IN THE VIRGINIA OPIOID ABATEMENT FUND AND SETTLEMENT ALLOCATION MEMORANDUM OF UNDERSTANDING ("MOU") AND DIRECTING THE COUNTY ADMINISTRATOR AND COUNTY ATTORNEY TO EXECUTE THE DOCUMENTS NECESSARY TO EFFECTUATE THE COUNTY'S PARTICIPATION IN THE MOU**

**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 emergency medical, law enforcement, criminal justice, mental health and substance abuse services, and other 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**, in order to advance their common interests, Virginia local governments and the Commonwealth of Virginia, through counsel, have extensively negotiated the terms of a memorandum of understanding relating to the allocation and use of litigation recoveries relating to the opioid epidemic;

**NOW THEREFORE BE IT RESOLVED** that the Caroline County Board of Supervisors, this 14<sup>th</sup> day of December, 2021, hereby authorizes and approves the Virginia Abatement Fund and Settlement Allocation Memorandum of Understanding ("MOU") attached hereto and incorporated by reference as Exhibit "A," and directs the County Administrator and County Attorney to execute the MOU and to take such actions as are called for therein.