

REGIONAL SHARES: DISTRIBUTOR SETTLEMENT

AmerisourceBergen, Cardinal Health & McKesson



DISTRIBUTOR SETTLEMENT BACKGROUND

In 2019, Cuyahoga and Summit counties reached a \$260 million settlement with the three largest distributors of opioids: AmerisourceBergen, Cardinal Health and McKesson.

In 2020, Ohio state and local leaders worked together to craft the OneOhio Memorandum of Understanding, which established a process to jointly approach litigation and settlement negotiations with drug manufacturers and distributors of opioids. The OneOhio MOU also provides a mechanism for the distribution of opioid settlement and litigation funds as follows: 55% to the OneOhio Recovery Foundation; 30% directly to local governments; 15% to state government.

In 2021, a nationwide settlement, which included Ohio, was reached to resolve all litigation brought by governments against AmerisourceBergen, Cardinal Health and McKesson. As a result, Ohio is expected to receive \$808 million over 18 years. Those funds will be distributed based on the MOU's 55/30/15 formula.

SETTLEMENT & LITIGATION FUND ALLOCATION

As the Foundation receives settlement and litigation award funds, the board of directors must determine how much to allocate toward region projects versus statewide projects, investments, and operations. Then the Foundation must distribute Region project funds to the 19 Regions based on guidelines established in the MOU. Section D(11)(c) of the MOU states: "Funds approved for disbursement to the nineteen Regions shall be allocated based on each Region's share of Opioid Funds ("Regional Share"). Each Regional Share shall be calculated by summing the individual percentage shares of the Local Governments within that Region ..." Local government percentages are established in the settlement and MOU.

NOTE: Since 2021, national settlements have been reached with seven other defendants in the pharmaceutical industry: Mallinckrodt, J&J, Teva, Allergan, Walmart, Walgreens and CVS. Ohio has opted-in and funds are to be distributed using the guidelines established in the OneOhio MOU. As with the distributor settlement, local settlements finalized before these national settlements will impact Regional Shares.

CUYAHOGA/SUMMIT SETTLEMENT IMPACT

Cuyahoga and Summit counties are not eligible to receive funds from the 2021 national distributor settlement because they settled with the distributors before the national settlement was reached. The Regional Share calculations for the distributor settlement have been adjusted to remove Cuyahoga Co.'s percentage from Region 3 and Summit Co.'s percentage from Region 5. The new total has been reallocated across all 19 regions, as outlined below.

2021 DISTRIBUTOR SETTLEMENT REGION ALLOCATIONS

Region	Regional Shares (Per OneOhio MOU)	Regional Shares Without Cuyahoga & Summit Co.*
Region 1	10.321850%	11.352740%
Region 2	8.525440%	9.376910%
Region 3	9.435460%	3.685690%
Region 4	4.275780%	4.702820%
Region 5	4.946690%	2.145470%
Region 6	2.452670%	2.697630%
Region 7	5.117580%	5.628690%
Region 8	7.452290%	8.196580%
Region 9	4.885790%	5.373750%
Region 10	2.534090%	2.787170%
Region 11	2.973060%	3.269990%
Region 12	2.052720%	2.257740%
Region 13	4.401160%	4.840720%
Region 14	12.756300%	14.030320%
Region 15	3.421220%	3.762910%
Region 16	1.166070%	1.282540%
Region 17	2.857140%	3.142490%
Region 18	4.247200%	4.671380%
Region 19	6.177480%	6.794450%
Total	100%	100%

*Organizations within Cuyahoga and Summit may apply for Foundation funds.