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Some scholars argue \$4.25B Teva settlement won't affect opioid problems

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Some scholars argue Teva's \$4.25 billion opioid settlement with 12 states will not have a significant impact on the country's opioid problems, claiming the company did not cause it in the first place.

Attorneys general in 12 states reached the deal with Teva on Tuesday, which they claim will hold Teva accountable for its role in a drug epidemic and help the states and localities provide funding for addiction-related issues.

Teva was accused of deceptively marketing prescription opioids to downplay the risks and overstate benefits, suggesting that addiction signs were only pseudoaddictions that could be fixed with more opioids, promoting potent, rapid-onset fentanyl products to non-cancer patients, and failing to comply with suspicious ordering monitoring requirements, according to news releases sent out by attorneys general offices from states in the lawsuit.

Scholars at the two libertarian think tanks, the Cato Institute and the Reason Foundation, have been critical of that narrative.

"It's very understandable for policymakers to want to have a scapegoat," Jeffrey Singer, a senior fellow for the Department of Health Policy Studies at Cato, told The Center Square.

Singer said there is **no correlation** between the opioid addiction rate and the prescription rate, which means actions against companies will not have any effect on overdoses. Rather, he said more potent illicit drugs are causing these deaths, which would likely go down if the government ended the drug war.

According to Singer, many state and local governments may use the funding for issues unrelated to drug addiction treatment, similar to what happened with tobacco settlements.

Jacob Rich, a policy analyst at Reason, told The Center Square the data does not line up with the attorney's general accusations. He said addiction peaked in 2012 and have fallen since 2015. Even though addiction rates have gone down, he noted that overdose deaths have gone up and argued the cause is illicit drugs, primarily coming out of China.

“The reason why companies are settling is that the facts of the trial matter much less than the narrative that is spread by popular media, which suggests that doctors caused a wave of addiction in the United States, which never really happened,” Rich said.

Many state attorneys general credited themselves with securing the money.

“My office continues to hold companies responsible for fueling the opioid crisis,” Pennsylvania Attorney General Josh Shapiro said in a statement. “Teva downplayed the risk of addiction when it marketed its opioids and overstated potential benefits, deceiving doctors and patients. [This] settlement ensures Teva will pay for its irresponsible actions, with funds going directly to communities in Pennsylvania most impacted by the opioid epidemic.”

In addition to Pennsylvania, money will be awarded to California, Illinois, Iowa, Massachusetts, New York, North Carolina, Tennessee, Texas, Vermont, Virginia, and Wisconsin.

Teva will pay out the money over 13 years and the settlement deal includes money the company already agreed to pay to other states or localities. Some of the money will go directly to states and other funds will go directly to localities affected by the opioid epidemic.

Part of the funding will be paid through products, rather than direct cash. The company will pay \$1.2 billion of the settlement agreement by providing states and localities with generic naloxone, which is used to counteract opioid overdoses. The dollar amount is based on the value of the wholesale acquisition cost.