

Secondary Manufacturer Settlements – Payment Information for Tennessee Subdivisions

If the Secondary Manufacturer settlements become effective, the settlement payments for local governments will follow the same process as the prior national settlements. This document walks through the maximum amounts that would be paid to Tennessee and its local governments and how counties and municipalities receiving payments can calculate them.

The chart and calculations below make some assumptions. First, they assume the eight settlement agreements become effective. After the subdivision joinder period, which ends October 8th, each settling manufacturer will determine if the participation level is sufficient for it to go forward with its settlement and have the agreement become effective. Second, the payment figures assume maximum payments. Tennessee has already amended its opioid settlement statutes to apply to most of these manufacturers—including the application of a statutory bar on the claims of governmental entities. We anticipate addressing the remaining manufacturer settlements in the next legislative session, so we expect maximum payments will be earned as they have been for all other agreements. Third, the figures assume manufacturers will make the full payments they will owe under the settlement. We don't believe this will be an issue. Finally, there may be some modest administrative costs that will slightly reduce the payments.

A. Maximum payments to Tennessee and its subdivisions

The chart below shows the maximum abatement payments to be made to Tennessee. As with other agreements, the Tennessee figure is split three ways, with 15% paid directly to local governments (the Subdivision Fund, highlighted in yellow), 15% paid to the State, and 70% paid to the State's Opioid Abatement Fund (highlighted in green). By statute, 35% of the Abatement Fund payment will be directed to counties by the Opioid Abatement Council.

Each manufacturer has a slightly different payment schedule ranging from one to ten years. Manufacturers have already deposited the initial payment amount in a special account. If the settlements become effective, the initial payments will be transferred to the national settlement administrator to disburse. That will likely happen early next year.¹ In future years, the disbursement to states and direct payments to subdivisions will likely be made in April.

¹ The Opioid Abatement Council disburses the county share of the Abatement Fund payments after receiving payments for multiple settlements and combining them. This disbursement has occurred in the Spring, but there is no set date for it to occur.

Secondary Manufacturer Maximum Abatement Payments

Company	TN Total	TN 15% State Fund	TN 15% Subdivision Fund	TN 70% Abatement Fund
Mylan	\$7,799,307.17	\$1,169,896.08	\$1,169,896.08	\$5,459,515.02
Amneal	\$3,177,763.99	\$476,664.60	\$476,664.60	\$2,224,434.79
Hikma	\$2,817,652.09	\$422,647.81	\$422,647.81	\$1,972,356.47
Indivior	\$2,002,747.84	\$300,412.18	\$300,412.18	\$1,401,923.49
Apotex	\$1,746,113.55	\$261,917.03	\$261,917.03	\$1,222,279.48
Sun	\$849,775.28	\$127,466.29	\$127,466.29	\$594,842.69
Alvogen	\$512,193.31	\$76,829.00	\$76,829.00	\$358,535.31
Zydus	\$407,426.49	\$61,113.97	\$61,113.97	\$285,198.54
TOTAL	\$19,312,979.72	\$2,896,946.96	\$2,896,946.96	\$13,519,085.79

B. Calculating an individual subdivision's maximum Subdivision Fund direct payment

Counties and municipalities eligible to receive a direct payment from the Subdivision Fund are listed in Exhibit G to the settlement agreements. (A copy of the Tennessee subdivision allocation from Exhibit G is attached as Attachment A.) The Exhibit G subdivision list is the same list with the same allocations as those used in the J&J/Janssen settlement and all six national settlements approved since the J&J/Janssen settlement. The Exhibit G allocation percentages do not change.

To determine an individual subdivision's total share of the Secondary Manufacturer Subdivision Fund payments, take the Subdivision Fund total payment amount, \$2,896,956.96, and multiply it by the subdivision's Exhibit G allocation percentage. For example, for Anderson County, the calculation would be $\$2,896,956.96 \times 1.2063249026\% = \$34,946.71$.

C. Calculating an individual county's maximum Abatement Fund distribution

In addition to their Subdivision Fund direct payment, counties will also receive a share of the Abatement Fund payments. The payments will go through the Opioid Abatement Fund, 35% of which will be disbursed to the counties. A county's Abatement Fund allocation percentage for the Secondary Manufacturer settlements is the same as for the existing agreements. The current allocation percentages are listed in Attachment B. (By statute, these percentages will be updated every few years as set out in the Tennessee State-Subdivision Opioid Abatement Agreement.)

To determine an individual county's total share of the Abatement Fund payment, take the Abatement Fund total payment amount, \$13,519,085.79, and multiply it by 35% to get the aggregate county share of the payment: \$4,731,680.03. Then multiply this figure by the county

allocation percentage listed in Attachment B. (Again, this is a different percentage than the Subdivision Fund allocation.) For example, for Anderson County the calculation would be $\$4,731,680.03 \times 1.3529267\% = \$64,016.16$.

Attachment A
Secondary Manufacturer Exhibit G, Subdivision Direct Payment Allocations

County	Allocation Percentage
Anderson County	1.2063249026%
Arlington	0.0036566309%
Bartlett	0.0730561566%
Bedford County	0.5762663555%
Benton County	0.5216608068%
Bledsoe County	0.1398580820%
Blount County	1.9196465581%
Bradley County	1.0430217552%
Brentwood	0.0478208600%
Bristol	0.5426871150%
Campbell County	1.5974370559%
Cannon County	0.3205453949%
Carroll County	0.4438060785%
Carter County	0.8435596891%
Chattanooga	0.4981237028%
Cheatham County	0.8209998781%
Chester County	0.1751399118%
Claiborne County	1.1929412357%
Clarksville	0.2296815192%
Clay County	0.3261509170%
Cleveland	0.5531282252%
Cocke County	0.8746257470%
Coffee County	0.8953551698%
Collierville	0.0617375387%
Columbia	0.0390894158%
Cookeville	0.8404101920%
Crockett County	0.1232062476%
Cumberland County	0.8784847959%
Dandridge	0.0109089663%
De Kalb County	0.4478425886%
Decatur County	0.3607195939%
Decatur	0.0050599481%
Dickson County	0.8341347308%
Dyer County	0.4019088559%
Fayette County	0.3157083831%
Fentress County	0.5526714656%
Franklin	0.1089989646%
Franklin County	0.6323371108%
Gallatin	0.0760079674%
Gatlinburg	0.0507819668%

Germantown	0.0687501047%
Gibson County	0.4940695219%
Giles County	0.4604367666%
Grainger County	0.4671260668%
Greene County	1.2127967101%
Grundy County	0.3896858892%
Hamblen County	2.2614488604%
Hamilton County	4.2055530346%
Hancock County	0.2089065376%
Hardeman County	0.2150658408%
Hardin County	0.5683946644%
Hartsville-Trousdale	0.1139641522%
Hawkins County	1.0968095083%
Haywood County	0.1104263592%
Henderson County	0.2498867656%
Hendersonville	0.1137407554%
Henry County	0.6661685991%
Hickman County	0.2804089244%
Houston County	0.1198735525%
Humphreys County	0.2441608982%
Jackson	0.0431370644%
Jackson County	0.2780985367%
Jefferson County	0.8912247367%
Johnson	1.0682855260%
Johnson County	0.2282065978%
Kingsport	0.9871149359%
Knox County	9.1809198144%
Knoxville	1.5417816888%
La Vergne	0.0518950147%
Lake County	0.0671464632%
Lauderdale County	0.2733775153%
Lawrence County	0.6992850503%
Lebanon	0.1110258247%
Lewis County	0.1528225920%
Lexington	0.0796867496%
Lincoln County	0.4060784411%
Loudon County	0.8992484296%
Lynchburg, Moore	0.0579106070%
Macon County	0.3091017000%
Madison County	0.8907256845%
Marion County	0.3637161259%
Marshall County	0.5422227344%
Maryville	0.3223901040%
Maury County	1.0772540178%
McMinn County	0.9297273747%
McNairy County	0.4269884656%

Meigs County	0.2016450737%
Memphis	4.9079216307%
Millington	0.0212200583%
Monroe County	0.7506735593%
Montgomery County	1.6758545682%
Morgan County	0.5132562715%
Morristown	0.3919462797%
Mount Juliet	0.0577622481%
Murfreesboro	0.7283549414%
Nashville-Davidson	8.9810236006%
Oak Ridge	0.9598050011%
Obion County	0.3198033491%
Overton County	0.5461670803%
Perry County	0.0857864664%
Pickett County	0.1471132648%
Pigeon Forge	0.0877322588%
Polk County	0.3220131560%
Putnam County	0.3930896023%
Rhea County	0.5404420504%
Ripley	0.0190759934%
Roane County	1.6361535854%
Robertson County	0.9333043197%
Rutherford County	2.5756978154%
Scott County	0.5189341096%
Sequatchie County	0.2433974548%
Sevier County	1.4412782095%
Shelby County	3.5255489082%
Smith County	0.5711842980%
Smyrna	0.1314691656%
Spring Hill	0.0244598773%
Stewart County	0.1459273147%
Sullivan County	1.4573397906%
Sumner County	1.7449087187%
Tipton County	0.6312749815%
Unicoi County	0.3464527663%
Union County	0.5606745148%
Van Buren County	0.0479172535%
Warren County	0.5719112694%
Washington County	1.1061046159%
Wayne County	0.2328717594%
Weakley County	0.3874777573%
White County	0.4162394991%
Williamson County	1.6843304984%
Wilson County	1.4019072760%
Total	100.0000000%

Attachment B
Tennessee Initial Opioid Abatement Fund County Allocation Percentages

County	Allocation Percentage
Anderson	1.3529267%
Bedford	0.7147711%
Benton	0.2558695%
Bledsoe	0.2225720%
Blount	2.0533524%
Bradley	1.4648524%
Campbell	0.7492480%
Cannon	0.2830317%
Carroll	0.3845316%
Carter	0.8133771%
Cheatham	0.9247968%
Chester	0.2164707%
Claiborne	0.5410868%
Clay	0.1396219%
Cocke	0.6453452%
Coffee	0.9292878%
Crockett	0.1655486%
Cumberland	0.9377659%
Davidson	10.8999846%
Decatur	0.1784083%
DeKalb	0.3791980%
Dickson	0.9733390%
Dyer	0.4779140%
Fayette	0.5229554%
Fentress	0.3672900%
Franklin	0.6164429%
Gibson	0.6441719%
Giles	0.4460273%
Grainger	0.3563783%
Greene	1.0622152%
Grundy	0.2677408%
Hamblen	0.9270873%
Hamilton	4.7857829%
Hancock	0.1108552%
Hardeman	0.3326917%
Hardin	0.4285971%
Hawkins	0.9214592%
Haywood	0.1952676%
Henderson	0.3890979%
Henry	0.4744302%

Hickman	0.4816033%
Houston	0.1578236%
Humphreys	0.2902618%
Jackson	0.2202072%
Jefferson	0.7742937%
Johnson	0.2220085%
Knox	7.9971725%
Lake	0.1130733%
Lauderdale	0.3225823%
Lawrence	0.6708883%
Lewis	0.2126860%
Lincoln	0.4758274%
Loudon	0.7783832%
Macon	0.3743831%
Madison	1.1728499%
Marion	0.4562305%
Marshall	0.5351692%
Maury	1.3766506%
McMinn	0.8186667%
McNairy	0.3515796%
Meigs	0.1905215%
Monroe	0.6757426%
Montgomery	3.1176576%
Moore	0.0950776%
Morgan	0.3914142%
Obion	0.4278681%
Overton	0.3774135%
Perry	0.1400999%
Pickett	0.0775687%
Polk	0.2477589%
Putnam	1.1154615%
Rhea	0.5123362%
Roane	0.9738860%
Robertson	1.2118923%
Rutherford	4.8157438%
Scott	0.3389911%
Sequatchie	0.2451811%
Sevier	1.5771190%
Shelby	11.3894382%
Smith	0.3466744%
Stewart	0.2587489%
Sullivan	2.3419111%
Sumner	2.8691118%
Tipton	0.8476023%
Trousdale	0.2031046%
Unicoi	0.2910812%

Union	0.3348429%
Van Buren	0.0893332%
Warren	0.6471045%
Washington	1.6866631%
Wayne	0.2500918%
Weakley	0.4660285%
White	0.4417949%
Williamson	2.4813940%
Wilson	2.1692092%
Total	100.0000000%