

Drugmaker Mallinckrodt reaches \$1.6B opioid settlement

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In this July 1, 2013 file photo, is the exterior of the Mallinckrodt Pharmaceuticals office in St. Louis. The generic drugmaker Mallinckrodt has a tentative \$1.6 billion deal to settle lawsuits over its role in the U.S. opioid crisis, it announced Tuesday, Feb. 25, 2020. The deal is intended to end hundreds of lawsuits faced by the company over opioids. (Whitney Curtis/AP Images for Mallinckrodt, File)

The generic drugmaker Mallinckrodt has a tentative \$1.6 billion deal to settle lawsuits over its role in the U.S. opioid crisis, it announced Tuesday.

The deal is intended to end hundreds of lawsuits faced by the company over opioids.

The company said that it had an agreement with a key committee of lawyers representing thousands of local governments suing various drug industry players over opioids—and that the deal has the support of the attorneys general of 47 states and territories.

The company, based in Staines-Upon-Thames, England, was one of the highest-volume opioid producers in the U.S. at the height of the nation's prescription drug crisis, shipping 2.3 billion pills from 2006 to 2014, according to federal data.

In 2010 alone, Mallinckrodt's SpecGX subsidiary, shipped 210 million doses of oxycodone to Florida, then the epicenter of the black market opioid trade. The company's potent 30 milligram pills were especially sought after by people with addiction.

Documents gathered as the company prepared for trial showed that a Mallinckrodt sales manager told a distributor in 2009 of the pills: "Just like Doritos; keep eating, we'll make more." A company spokesman later called the statement "outrageously callous."

The company argued in court filings that unlike makers of brand-name drugs, it did not promote opioids to doctors or understate the addiction risks. But plaintiffs in the cases said Mallinckrodt continued to ship suspicious orders without making sure the drugs weren't going to be diverted to the black market.

Under its agreement, Mallinckrodt is filing for bankruptcy. The plan calls for it to make payments for eight years after the company emerges from the protections. That route is similar to one OxyContin maker Purdue Pharma is taking to settle opioid claims against it.

For Mallinckrodt, there are business concerns, beyond the potential liability in opioid cases, that contributed to its seeking bankruptcy protection.

"Reaching this agreement in principle for a global opioid resolution and the associated debt refinancing activities announced today are important steps toward resolving the uncertainties in our business," Mark Trudeau, president and CEO of the company, said in a statement.

Joe Rice, a lawyer on the executive committee of plaintiffs suing in federal court over opioids, said in an interview Tuesday that some details of the Mallinckrodt agreement still remain to be ironed out.

Most of the money contributed by Mallinckrodt would go to a trust to pay for addiction treatment and other costs related to an opioid crisis that has been linked to more than 430,000 deaths in the U.S. since 2000. Additionally, the trust would be able to buy Mallinckrodt stock at a fixed price; it could be sold to help the cause.

State attorneys general praised the deal.

"My focus is on not only accountability, but also obtaining the resources we need to get victims of this epidemic the help they deserve," Texas Attorney General Ken Paxton said in a written statement. "This agreement is a significant step in the right direction."

Mallinckrodt's announcement comes weeks before a trial on the toll of opioids is scheduled to start in Central Islip, New York. The looming

trial has been a factor in a ramped-up push for other drugmakers and distributors to settle, as well.

There have been increasingly public tensions between attorneys general and the private lawyers for local governments over the biggest of the proposed settlements, which would involve at least the three biggest U.S. drug distribution companies. States have also been divided on whether to accept the deal, under which the distributors would pay a total of \$18 billion over 18 years.

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