

Purdue Opioid Settlement: Summary for Tennessee Municipalities

Representatives for states, local governments, and other Purdue creditors have reached a set of settlement agreements to resolve the bankruptcy case and opioid-related claims against the Sackler family. If the settlements and bankruptcy plan become effective, subdivisions will receive funds from two sources: 1) settlement payments from the Sackler family to resolve the direct claims against them (“Purdue Direct Settlement”), and 2) distributions from the Purdue estate (“Purdue Estate Settlement”). Combined, these agreements are estimated to provide up to \$122 million in payments to Tennessee and its subdivisions over 15 years, though the actual payments could vary significantly. All states are participating, but **for the agreements to become effective, a critical mass of subdivisions must join the Purdue Direct Settlement by September 30, 2025.**

- The Purdue Direct Settlement (the Governmental Entity & Shareholder Direct Settlement Agreement or “GESA”) has the same basic structure as the eight prior opioid settlements, which all counties and all municipalities eligible to receive payments joined. The joinder process will be as it was for those settlements, with subdivision sign-on being coordinated by Rubris, which communicates with subdivisions via email as the “Implementation Administrator.” The administrator will send participation forms to join the settlement. Subdivisions will also be asked to approve an amendment to the Tennessee State-Subdivision Opioid Abatement Agreement so that the standard allocation provisions apply to all payments.
- The allocation and use of funds from these settlements are controlled by the settlement agreement, statutory provisions, and the State-Subdivision Agreement. Certain municipalities are eligible to receive settlement payments in addition to benefiting from programs funded by their counties and the independent Tennessee Opioid Abatement Council. The Purdue settlements use the same Exhibit G direct payment list being used for the J&J/Janssen agreement and the last six national settlements. Please note that not all municipalities are eligible for direct payments, even if they are being asked to support the settlement by participating.
- Maximum payments for the Direct Settlement are dependent on all incentives being reached. Earlier this year, the state’s opioid settlement statutes were amended to apply to the Purdue settlement and bankruptcy plan in the same manner as they do the earlier settlements. The amended statutes allow for the release of all state and subdivision claims against the company and the Sacklers if the settlement becomes effective. This process should ensure maximum payments.
- If maximum payments are earned, the Direct Settlement would pay up to \$12.4 million directly to Tennessee counties and municipalities from the Subdivision Fund. Additionally, it is estimated that the Estate Settlement will produce about \$5.9 million in Subdivision Fund distributions to counties and municipalities during the 15-year payment period.
- If maximum payments are earned, \$58 million of the Direct Settlement funds would be paid to the Tennessee Opioid Abatement Fund and dedicated to future opioid abatement. Pursuant to the legislation, 35% of these funds—approximately \$20.3 million—would be allocated to counties. Additionally, it is estimated that the Estate Settlement will produce about \$27.5 million in disbursements to the Tennessee Opioid Abatement Fund, with \$9.6 million directed to counties.
- It is vital that subdivisions join the settlement before the **September 30, 2025 deadline**. A subdivision’s joinder not only helps reach the critical mass of participation needed for the settlements to become effective, but it also makes the subdivision eligible for its maximum payments.
- The settlement agreement, the Tennessee State-Subdivision Agreement, and additional information can be found on the Attorney General website: <https://www.tn.gov/attorneygeneral/working-for-tennessee/filings-of-interest/opioids.html>. Information on the joinder process and additional materials about the settlements can be found on the national settlement website: <https://nationalopioidsettlement.com>.