



**STATE OF KANSAS  
OFFICE OF THE ATTORNEY GENERAL**

**DEREK SCHMIDT**  
ATTORNEY GENERAL

MEMORIAL HALL  
120 SW 10TH AVE., 2ND FLOOR  
TOPEKA, KS 66612-1597  
(785) 296-2215 • FAX (785) 296-6296  
[WWW.AG.KS.GOV](http://WWW.AG.KS.GOV)

**Testimony in Support of House Bill 2412  
The Kansas Fights Addiction Act**

**Presented to the House Committee on the Judiciary  
By Kansas Attorney General Derek Schmidt**

**March 22, 2021**

Chairman Patton and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 2412. This bill would enact the “Kansas Fights Addiction Act,” providing a mechanism for distributing funds received as a result of litigation against opioid manufacturers, distributors, and others who contributed to the opioid addiction crisis.

Since 2017, Kansas has been a part of a multistate investigation into conduct that contributed to the opioid addiction crisis. Earlier this year, we announced that we have reached the first legal settlement related to that investigation. In that case, McKinsey & Company, one of the world’s largest consulting firms, will be paying the State of Kansas \$4.8 million for its conduct in providing consulting services to opioid manufacturer Purdue Pharma, which manufactured OxyContin, in selling its product in Kansas from 2004 through 2019. Under the terms of the settlement, the \$4.8 million the state will receive must be used for drug treatment and addiction abatement.

We have also reached separate agreements in principle to resolve the state’s claims against Purdue Pharma and Mallinckrodt Pharmaceuticals plc, but each of those companies then filed for bankruptcy and negotiations through bankruptcy court continue.

As additional cases reach settlement, we expect similar provisions in the settlement agreements to require funds be used for drug treatment and addiction abatement. The legislation before the committee today would establish a framework for the state to be able to receive that money, keep it segregated from other state funds, and establish a committee representing a broad spectrum of interests to grant the funds to eligible organizations.

The funds would be administered by the Sunflower Foundation, which has agreed to provide the grant administration services, alleviating the need for the State to establish a separate administrative and oversight entity, maximizing the amount of funds that can be granted and go directly to treatment providers and abatement programs.

The bill also contains a provision restricting the ability of any governmental entity in Kansas to bring future opioid litigation against settling defendants based on their involvement in the opioid crisis. We have included this provision in the bill for the purpose of maximizing the amount of money Kansas can recover in some future settlements. In general, some of the defendants are willing to pay a premium for finality – or “global peace,” as the term has come to be known. The effect of including this provision will be to maximize funds received by Kansas in at least some future settlements; the effect of excluding it may be to reduce the amount of future recoveries. This is a separate policy decision for the legislature than the other provisions in the bill relating to handling of state settlement funds.

We believe this is a good proposal that will allow us to help bring some of this years-long litigation to a close, and begin getting assistance to people and communities that have suffered from this crisis.

Thank you for your consideration.

###