



OPIOID DRUGS

Some Believe Teva’s Settlement Offer is Just Smoke and Mirrors

SARA E. TELLER — November 7, 2019



Photo by RoseBox رز باکس on Unsplash

Teva’s drug giveaway might mean the company isn’t giving away much at all.

Teva Pharmaceutical Industries Ltd.’s proposed \$23 billion drug giveaway offer it’s suggesting to settle the opioid lawsuits against it will likely cost the company a fraction of that figure, according to industry experts. When Teva announced the value of the donated medicine – a generic version of opioid addiction treatment Suboxone – it based the figure on the drug’s list price, which does not account for significant discounts it will receive.



Attorneys representing local governments who are plaintiffs in the opioid litigation said the figure proposed inflates the real value of the drugs and it will not be enough to address the nationwide addiction crisis Teva is, in part, responsible for creating.

“The deal is undervalued to make the settlement look better,” said Hunter Shkolnik, one of the plaintiffs’ attorneys, adding, “I don’t believe a no-cash payment from Teva, one of the largest generic manufacturers in the world, is appropriate.”

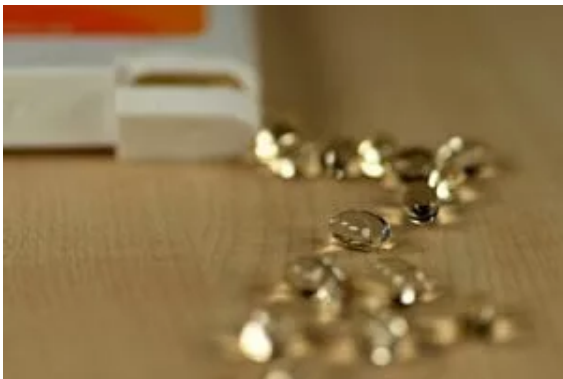


Photo by Andres Siimon on Unsplash

Attorneys general of the four states recently agreed on a proposed settlement offer under which Teva would provide \$23 billion worth of generic Suboxone and pay \$250 million in cash over ten years, according to the drug manufacturer, which represents progress in the case. Teva added that the donated drugs should meet the majority of the estimated U.S. patient need for 10 years. They would be offered in place of cash which would help Teva avoid adding new debt to its balance sheet. This figure is currently \$27 billion.

The company has denied any wrongdoing in its sale of opioids over the course of the litigation and negotiations, consistently claiming it did not actively promote its generic versions of the painkillers with physician clients.

The company said it would use a benchmark called “wholesale acquisition cost (WAC) to determine the value of the drugs provided for free.” This is the list price of a drug.



Trending

Behind the Story of Ghostbed vs. Purple Mattress Lawsuit

How Green Are Those New Cassava Bags?

Amputee’s Third Attempt at Holding Medical Personnel Responsible Pays Off

Dioxane Plume Spreading in Ann Arbor, MI

2018 Top Product Liability Cases

“WAC cannot be trusted as a pricing benchmark for generic drugs,” said Eric Pachman, founder of pharmaceutical consultancy 3 Axis Advisors.

Jefferies analyst David Steinberg estimated that the cost of the donated drugs would be around \$1.5 billion, while Bernstein analyst Ronny Gal said this figure could be as much as \$2.3 billion. JP Morgan analyst Chris Schott’s estimate was \$5.75 billion to \$9.2 billion. Regardless, Teva’s figure of \$23 billion is a far cry from any of these estimates.

Despite the seemingly obvious discrepancies, some industry insiders are still okay with allowing the proposal to proceed. Ori HersHKovitz, an independent consultant to pharmaceutical companies, added, “The high debt load and the situation in the generics market will make it impossible to repay this debt. They might have won the opioid battle, but they are going to lose the overall war.”

When it comes to the thousands of lawsuits against it wrapped up in federal court, Teva is following behind other major drug makers in coming to the table with an offer rather than fighting it out. In August, Purdue proposed a settlement offer valued at up to \$12 billion. As part of that deal, there would be a court-supervised restructuring into a public benefit trust. Then, Johnson & Johnson followed suit, reportedly offering \$4 billion to settle claims against it.

Sources:


Teva’s proposed opioid settlement could cost drugmaker pennies on the dollar


Teva’s \$15B free drug opioid settlement might be a great deal in the long run: analyst


Join the conversation!


What do you think?


0 Responses


 Upvote

 Funny

 Love

 Surprised

 Angry


 Sad


0 Comments


legalreader

1


Login

 Recommend

 Tweet

 Share

Sort by Best



Start the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS ?


Name

Be the first to comment.

ALSO ON LEGALREADER

Mom Faces Criminal Charges After Children Perish in Fire


2 comments • 8 days ago



Mary Beth — Seriously the mother from Eastpointe 10 yrs in jail. What a joke LIFE INPRISONMENT.

Benefits of Hiring a Personal Injury Lawyer

2 comments • 2 months ago



Tsitos Law — Very good article. All the points you mentioned in the article are true. It is very difficult to

Four Reasons You’re Not Being Productive (And How to Improve!)

1 comment • 2 months ago

As Lawsuits Over Bayer’s Roundup Pile Up, Germany Plans

1 comment • 2 months ago

https://www.legalreader.com/some-believe-tevas-settlement-offer-is-just-smoke-and-mirrors/

2/3