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State Treasurers Urge More Drug Companies to Help Fight Opioid Epidemic

Accountability Sought at Cardinal Health and AmerisourceBergen

September 5, 2017 – Drug companies Cardinal Health and AmerisourceBergen must act to address the heroin and opioid epidemic or face potential financial consequences in their stock prices, state treasurers from Illinois, Pennsylvania, West Virginia and California said today.

In [letters](#) sent to both companies, the coalition of state treasurers urged the nation’s second and third largest drug distributors to take concrete steps to alleviate the heroin and opioid epidemic. Should no action be taken, each treasurer’s office would re-evaluate its financial position in the companies and strongly encourage other institutional investors to do the same.

This is the second wave of actions taken by treasurers seeking greater accountability at pharmaceutical companies in the wake of the nation’s spiraling opioid crisis. In July, treasurers from West Virginia, Pennsylvania and Illinois penned a letter to drug distributor McKesson Corp. asking the company to take specific steps to address the epidemic and protect shareholder value. Days later, McKesson announced it would split the roles of Board Chair and CEO, a move applauded by the treasurers and other investors seeking more oversight and accountability at the company.

“Heroin addiction is tied directly to the overuse of opioid painkillers, and the overuse of opioid painkillers is tied directly to Big Pharma,” Illinois State Treasurer Michael Frerichs said. “The industry needs to acknowledge its role in this crisis and take immediate action if we have any hope to save lives and stop this national crisis.”

“The opioid epidemic has affected every community across Pennsylvania in some way, forever changing the landscape and the lives of our families, friends and neighbors,” Pennsylvania State Treasurer Joe Torsella said. “Government, the health care community, and scores of individuals are stepping up to help those who are caught up in this crisis. Now more than ever, it is vitally important that we hold the pharmaceutical industry accountable for its role and insist that those companies responsible engage in widespread reform of their practices and contribute to the responses to the problem.”

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“Statistics show that West Virginia has some of the highest numbers of pain pill-related fatalities in the country,” West Virginia State Treasurer John Perdue said. “However, these aren’t just numbers; these are neighbors, colleagues, friends and peoples’ children who are dying as a result of prescription drug abuse. West Virginia truly is ground zero for the opioid epidemic and changes need to be made to protect our people.”

“Two of the country’s largest distributors of opioid pain killers must take responsibility for damage done by their products,” California State Treasurer John Chiang said. “While they are making enormous profits, suffering from opioid abuse continues to increase, especially in poor communities in California and throughout the country, where jobs are few and hopelessness fuels the crises. I join my fellow state treasurers in urging Cardinal Health and AmerisourceBergen to help us end the death and destruction that is directly linked to their products.”

The treasurers’ demand comes as varying units of state and local governments nationwide file lawsuits against drug companies, including Cardinal Health and AmerisourceBergen, alleging that the companies knew or should have known an excessive number of opioid painkillers were being sent to the same area.

Cardinal Health (NYSE: CAH) and AmerisourceBergen (NYSE: ABC), along with McKesson, are the three largest prescription drug wholesalers in the nation. The combined revenues of Cardinal Health, AmerisourceBergen and McKesson exceed \$400 billion, making them, in aggregate, almost as large as Wal-Mart.

Many painkillers are opioid-based, which is the active ingredient in heroin. Among the questionable actions taken by Big Pharma were misleading marketing tactics and inadequate oversight of rising addiction rates.

The treasurers ask Cardinal Health and AmerisourceBergen to:

- Change company bylaws to provide for an independent board chair.
- Engage an independent counsel to identify the financial risks to which the company is exposed based upon its prescription opioid distribution and associated activities.
- Connect executive compensation with progress in combating the opioid epidemic.
- Produce a report for the Board related to the scope of the opioid epidemic, the impact of the problem on public health and government resources, and possible responses to the problem.
- Expand clawback policies to enable the company recoup executive compensation.

About the Illinois Treasurer

The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state’s Chief Investment Officer, he actively manages approximately \$25 billion. The portfolio

includes \$13 billion in state funds, \$7 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

About the Pennsylvania Treasurer

Ambassador (Ret.) Joe Torsella was sworn in as the 77th Treasurer of the Commonwealth of Pennsylvania on January 17, 2017. Torsella brings a record of leadership and integrity to Treasury that spans 25 years of public service. As the custodian for nearly \$100 billion of commonwealth assets, Torsella is a strong voice for smart policy, fiscal responsibility and public integrity on issues that will shape the future of each and every Pennsylvanian.

About the West Virginia Treasurer

The West Virginia State Treasurer is the chief financial officer for the state and is responsible for overseeing the state's operating funds, monitoring the state's debt and performing additional banking and accounting duties as prescribed by state law. The Treasurer's scope of duties includes overseeing the state's Board of Treasury Investments, the West Virginia Retirement Plus deferred compensation plan, the SMART529 college savings program and the Unclaimed Property program. The West Virginia State Treasurer also serves as a member of the financial decision-making boards throughout state government.

About the California Treasurer

John Chiang was elected on Nov. 4, 2014, as California's 33rd State Treasurer. As the state's banker, he oversees trillions of dollars in annual transactions, manages a \$75 billion investment portfolio, and is the nation's largest issuer of municipal bonds. In addition, he chairs financing authorities that help provide good-paying jobs, better schools, improved transportation, quality health care, more affordable housing and a cleaner environment. He handles those duties while sitting on the governing boards of the nation's two largest public pension funds with combined assets exceeding \$496 billion. The son of immigrant parents, Chiang graduated with honors from the University of South Florida with a degree in finance. He received his law degree from the Georgetown University Law Center.

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