

Influencers



HEALTH

Investors Use Muscle to Fight the Opioid Crisis

By LAURA E. WEISS

It began as a suggestion from a county health official to leaders of a group of nuns' money management program. They were addressing climate change, modern-day slavery and immigration — why not the opioid epidemic?

A year and a half later, the mammoth coalition of investors born from that idea wields \$2.2 trillion of influence, urging the largest U.S. drug companies to take accountability for playing a role in the opioid crisis. The group, Investors for Opioid Accountability, has cut deals with

companies in the business of making or distributing opioid painkillers to review how they oversee sales of the highly addictive drugs and make other corporate governance changes aimed at improving supervision of opioid sales.

“No one is untouched by the opioid crisis in the country — or even globally now as it's beginning to turn out — but we lead with the investor lens because that is our responsibility and our duty to give an investor voice to it,” says IOA co-leader Meredith Miller. She says the coalition's 46 members — including state

treasurers, public pension funds, faith-based investors and union benefit funds — are hearing from their ministries, citizens or union members about the crisis.

It's a common model for investors aiming to raise social issues with public companies, but it gained steam unusually fast and has extracted changes from pharmaceutical giants, a sign companies know the effort has significant backing among their owners or public traction. IOA's goal is systemic change in the pharmaceutical industry.

“I keep describing it as a combustion reaction,” says Miller,

of how the group formed in the summer of 2017. Miller is chief corporate governance officer of the UAW Retiree Medical Benefits Trust, which invests health benefit funds for former union members. She has long concerned herself with health and benefit funds and investments, both in a leadership role at the Labor Department during the Clinton administration and as Connecticut's assistant treasurer for policy.

Her co-leader, Donna Meyer, director of shareholder advocacy for the Sisters of Mercy's socially responsible asset management program Mercy Investment Services Inc., says investors flocked to support the cause because the epidemic impacts so many people, and most people know someone the crisis has harmed.

Meyer's view of the epidemic is colored by a long career administering health care facilities and hospitals. A Minnesota native living in Houston, she recalls widespread concern in the 1990s about getting painkillers for suffering cancer patients, but says rigid rules turned too lax.

IOA aims to protect their investments from lawsuits, fines, congressional action and the financial damage that can accompany a tarnished public image. They also want to protect the U.S. workforce and society at large from a public health crisis that claims thousands of lives each year.

Overdoses killed more than 72,000 Americans in 2017, according to the Centers for Disease Control and Prevention's preliminary estimate. Two-thirds of 2016's overdose deaths related to opioids.

Among the causes seized

upon, some are turning attention to the practices of companies that made millions making and selling highly-addictive opioid painkillers. Lawsuits from state and local governments allege drug companies downplayed the drugs' addictive qualities in marketing campaigns, saturated communities with more painkillers than their populations could possibly need and fueled the opioid epidemic.

The Drug Enforcement Administration has sanctioned some of the largest companies for skirting regulations. The largest U.S. drug distributor, McKesson Corp., agreed to pay a record \$150 million fine for failing to report suspicious orders in a Justice Department settlement last year.

Those are the kinds of financial hits IOA focuses on. Its members care about the human toll of the epidemic, but the coalition's arguments hinge solely on business concerns, which public companies have a duty to prioritize. Companies played a role in creating the opioid epidemic and have a role to play in stopping it, says Illinois State Treasurer Mi-

chael Frerichs, an IOA member.

"As a person, you see the pain, the suffering, the death that's occurred around this country — people dealing with opioid addictions," Frerichs says. "It hurts your heart. You want to do something to help." From the perspective of his treasurer post — which

cused, but could have real impacts on the opioid crisis. For example, a company might pay a settlement related to breaching drug-sale regulations several years earlier, but the sales numbers likely got the CEO a higher payout at the time. Meyer says that pay should be recalculated

commitment from another large distributor, Cardinal Health Inc., to publish risk reports, recoup executive pay in cases of misconduct and split the roles of CEO and board chair. McKesson, the country's sixth-largest company, and several manufacturers have also agreed to changes including reviews of how directors oversee opioid sales, avoiding votes on IOA's proposals.

Industry representatives emphasize the opioid epidemic is a complicated crisis with varied causes, and that changes are necessary on multiple fronts to combat the epidemic.

"The misuse and abuse of prescription opioids is a complex public health challenge that requires a collaborative and systemic response that engages all stakeholders," says John Parker, senior vice president of the Healthcare Distribution Alliance, in a statement to CQ. HDA, a lobbyist for drug wholesalers including AmerisourceBergen, Cardinal Health and McKesson, declined to comment beyond the statement and denied an interview. ■

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— Meredith Miller

makes him steward of Illinois' investments — Frerichs says the companies are at risk for reputational, legislative, litigation and business pressure.

IOA's shareholder proposals include requests for reports on board oversight of risks related to opioid sales, mechanisms for recouping executive pay in the case of misconduct, disclosure of lobbying spending, independent board leadership and other adjustments to oversight mechanisms and how the CEO and other top leaders are paid.

The changes are business-

and recouped for the improper sales because people are driven by incentives, and incentivizing top executives for higher opioid sales can fuel the addiction crisis and cost the company later.

IOA has claimed several victories so far. The coalition's opioid risk report proposal won support from 62 percent of investors in Assertio Therapeutics Inc., which makes opioid painkiller Nucynta. The same proposal neared majority approval at AmerisourceBergen Corp., one of the "big three" U.S. drug wholesalers. IOA says it has a

IN BRIEF

■ **Tristan Breaux**

has left the office of Del. Eleanor Holmes Norton, a Democrat from the District of Columbia, to become director of policy at the National Housing Conference, a nonprofit focused on increasing the supply of safe, affordable housing. Breaux previously worked for the NAACP.



■ **Monica Garcia** is now deputy communications director for Nevada Democratic Sen. Catherine Cortez Masto. Garcia previously worked for the Latino Victory

Project, Democratic Sen. Richard J. Durbin of Illinois and former Senate Democratic Leader Harry Reid of Nevada.

■ **Jennifer Pett** is the new

communications director for the Independent Petroleum Association of America. She joins the trade group from the office of Texas Republican Rep. Lamar Smith, where she was communications director.



■ **Marc B. Johnson** has joined Simon & Co. as government affairs manager. Johnson has worked in government relations

for several groups, including Families USA, and previously worked on Capitol Hill for former Democratic Sens. Tom Harkin of Iowa and Edward Kennedy of Massachusetts.

■ **Michael Edwards** has moved

from the office of Texas Republican Rep. Ted Poe to become director of government affairs for the Petroleum Equipment & Services Association.



■ **Alyson Sincavage** is now handling immigration issues for Sen. Tom Udall, a New Mexico Democrat. Sincavage had lobbied Congress since 2015 on

behalf of the American Immigration Lawyers Association.

■ **Jennifer Traver** is now a

political affairs coordinator at the Associated General Contractors of America after working as a scheduler for Rep. Darin LaHood, an Illinois Republican.



■ **Edward Hill** has joined McGuireWoods Consulting as vice president of federal public affairs. Hill moves from the office of Rep. G.K. Butterfield, a North Carolina Democrat, where he had worked since 2015.