Opioid Crackdown Could Lead To More Drug Company Bankruptcies

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Two years ago, the drug company Insys Therapeutics posted a quarter-billion dollars in annual sales. But the Arizona-based firm's fortunes plummeted so far that on Monday its leaders declared bankruptcy. It was the latest fall-out from the nation's prescription opioid epidemic, which has killed more than 200,000 Americans and triggered hundreds of lawsuits against Big Pharma.

Insys marketed an opioid pain medication called Subsys that included fentanyl. It generated tens of millions of dollar in annual sales. But like other prescription opioids marketed aggressively by the drug industry, it turned out to be highly addictive.

LAW

Insys Files For Chapter 11, Days After Landmark Opioid Settlement Of $225 Million

Many of the drug industry's biggest companies are tangled up in a wave of opioid litigation, including name brand companies Johnson & Johnson and CVS. It's unlikely large firms will follow Insys' lead and seek Chapter 11 protection, but smaller firms including Purdue Pharma, the maker of OxyContin, have already floated the possibility.

Attorneys representing hundreds of communities that hoped to win compensation from Insys issued a statement Monday saying they'll work to determine whether the company is actually insolvent. "We will actively pursue
full financial disclosure for Insys and any other defendant that files for bankruptcy," the plaintiff group said.

They added that their goal in targeting 21 other drug firms isn't to put them out of business but to "abate the current opioid epidemic and seek long-term, sustainable solutions." State and local officials hope to recoup some of the billions of dollars they've spent responding to the opioid crisis.

One major state opioid trial is underway now in Oklahoma against Johnson & Johnson, with a second consolidated trial against other firms set to begin in October in Ohio. Judge Dan Polster, who's presiding over that federal case, has urged the parties to reach a settlement so communities receive some compensation without disrupting the pharmaceutical industry.

Sources tell NPR negotiations are underway but no deal has been reached.

In all, more than 1,800 state and local governments have filed opioid-related lawsuits. Penalties and settlements could run into the tens of billions of dollars,
rivaling big tobacco payouts of the 1990s. The move by Insys came a week after the firm pleaded guilty to felony charges that it bribed doctors to prescribe its Subys fentanyl medication to patients who shouldn't have been using it.

The company agreed to pay the federal government $225 million in penalties. Last month, company founder John Kapoor, once a towering figure in the drug-tech industry, was found guilty on federal racketeering charges along with four other Insys executives. The company still faced numerous other opioid-related lawsuits.

In his statement, Insys CEO Andrew Long, said in a statement those "legacy legal challenges" contributed to the firm's decision to enter bankruptcy proceedings.

He said bankruptcy proceedings would allow the company to negotiate with creditors.