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Three State Treasurers Tell McKesson Corp. to Help Fight Heroin Epidemic

Must Help to Stop Cycle of Painkiller to Heroin to Death

July 25, 2017 - Drug distributor McKesson Corp. must police itself to address the heroin and opioid epidemic or face financial consequences in their stock prices, state treasurers from Illinois, Pennsylvania and West Virginia said today.

In a [letter](#) sent to McKesson leadership as it prepares to hold its annual shareholder meeting on Wednesday, the treasurers urged the drug distributor to take steps to stem the heroin and opioid epidemic. Should no action be taken, each treasurer's office would re-evaluate its financial position in the San Francisco-based company and strongly encourage other institutional investors to do the same.

"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 and address its role in fueling this crisis if we have any hope to save people from this addiction and assured death."

"West Virginia has been ground zero for the opioid epidemic, and I am deeply concerned for the people of my state," said West Virginia State Treasurer John Perdue. "These Big Pharma companies need to address the issues head-on and make changes now to protect future generations."

"The opioid epidemic is a national catastrophe that has already devastated millions of lives and families," said Pennsylvania State Treasurer Joe Torsella. "Today's announcement is a clear warning: we expect those we invest in to be responsible partners in helping to end this crisis, not profit from it. It's time to put Pennsylvanians before profits."

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

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[McKesson Corp.](#) (NYSE: MCK) describes itself as the oldest and largest health care company in the nation and that it delivers one-third of all medications used daily in North America.

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

The treasurers ask McKesson to:

- Change the company bylaws to provide for an independent board chair.
- Engage an independent counsel to identify the financial risks to which McKesson 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.

Should McKesson not act upon this request, the treasurers will re-evaluate their state's investment position in the company and encourage other institutional investors to do the same.

In 2017, McKesson had sales of \$199 billion and its CEO remains one of the highest paid executives in the U.S. with compensation at \$20 million last year.

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.

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