

Wespath and the Investors for Opioid and Pharmaceutical Accountability

Opioid misuse in the United States has reached epidemic levels. Nearly four percent of Americans aged 12 years or older report opioid misuse,¹ and in 2017, the U.S. Department of Health and Human Services declared a public health emergency.²

The effects of the opioid crisis have permeated our society, creating significant economic uncertainties that have negative consequences for growth and financial performance.

Elsewhere in the healthcare market, pharmaceutical companies have faced allegations of price fixing and anti-competitive practices, creating heightened public and regulatory skepticism of major drug makers.

This is why Wespath has joined forces with the Investors for Opioid and Pharmaceutical Accountability (IOPA), a coalition of institutional investors representing \$4.2 trillion in assets under management that engages drug manufacturers, distributors and pharmacies on the risks of opioids to society, the economy and shareholder value.

The Economic Impact of the Opioid Crisis and Pharmaceutical Wrongdoing

The opioid crisis affects economic growth primarily through healthcare spending, criminal justice costs, lost productivity due to addiction and incarceration, and lost potential earnings due to premature deaths. Particularly, opioid use and misuse is contributing to lower labor force participation in the U.S., which causes downward pressure on economic growth.

According to the Society of Actuaries, the opioid crisis carried an economic burden of at least \$631 billion from 2015 to 2018.³

Total Cost Estimates by Category, 2015–2019 (Billions)

Cost Category	2015	2016	2017	2018	Total
Health Care Costs	\$36.7B	\$51.7B	\$55.8B	\$60.4B	\$204.6B
Mortality Costs	\$47.3B	\$62.2B	\$71.2B	\$72.6B	\$253.3B
Criminal Justice Costs	\$8.9B	\$9.2B	\$9.8B	\$10.9B	\$38.8B
Child and Family Assistance Costs	\$9.3B	\$8.5B	\$7.8B	\$7.8B	\$33.4B
Education Costs	\$1.4B	\$1.3B	\$1.2B	\$1.2B	\$5.2B
Lost Productivity Costs	\$20.7B	\$23.5B	\$25.0B	\$26.5B	\$95.7B
Grand Total	\$124.3B	\$156.4B	\$170.9B	\$179.4B	\$631.0B

Source: Society of Actuaries

Wespath Benefits and Investments (Wespath) implements the Sustainable Investment Strategies for investment funds made available through it and its subsidiaries, including Wespath Institutional Investments (WII).



Moreover, companies involved in opioid manufacturing, distribution and sales today face greater regulatory scrutiny and consumer scrutiny. Lawsuits, regulations and shifts in consumer behavior all present significant risks to these businesses.

The Work of the IOPA

The IOPA believes improved corporate governance is the key to mitigating business risk associated with the opioid crisis and the pharmaceutical sector at large. Investors—and the general public—need assurance that prescription medication remains available for legitimate medical needs and is not marketed inappropriately in order to drive revenue.

The Seven Asks of the IOPA:

1	Independent Chair of the Board of Directors
2	Board Level Responsibility for Opioid Business Risk Oversight
3	Misconduct Clawback Policies
4	Disclose the Exclusion of Legal/Compliance Costs from Compensation Metrics
5	Expanded Reporting of Corporate Political Expenditures and Lobbying
6	Workplace COVID Protections and Oversight at Distributors and Retailers
7	Vote “No” on Executive Compensation Packages Where Pay Is Insulated from Legal Costs

The IOPA is co-led by the UAW Retiree Medical Benefits Trust and SHARE. To learn more, visit the initiative's [website](#).

1 <https://www.cdc.gov/drugoverdose/pdf/pubs/2019-cdc-drug-surveillance-report.pdf>
 2 <https://www.hhs.gov/opioids/about-the-epidemic/index.html>
 3 <https://www.soa.org/globalassets/assets/files/resources/research-report/2019/econ-impact-non-medical-opioid-use.pdf>