



# Office of the City Clerk

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## Legislation Text

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**File #:** R2017-208, **Version:** 1

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### RESOLUTION

WHEREAS, The City of Chicago is a home rule unit of government pursuant to the 1970 Illinois Constitution, Article VII, Section 6(a); and

WHEREAS, pursuant to its home rule power, the City of Chicago may exercise any power and perform any function relating to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, soaring prescription drug prices continue to capture headlines and wallets nationally and locally; and

WHEREAS, the City of Chicago, a steward of public funds that provide health care coverage to tens of thousands of its employees and retirees, and a public body charged with a duty to safeguard all of its residents from potentially predatory practices within its jurisdiction, has more than a vested interest in this matter; and

WHEREAS, retail prices for prescription drugs outpace every commonly used measure of inflation; and

WHEREAS, the list price of drugs has increased for the last three consecutive years with hikes of 12.6% in 2014, 12% in 2015, and 10% in 2016; and

WHEREAS, prices increased at eight times the rate of inflation for 30 prescription drugs analyzed by the Wall Street Journal, with an average price hike of 76% from 2010 to 2014; and

WHEREAS, targeted patients range from those with the rarest to the most common conditions- life threatening and otherwise; and

WHEREAS, Marathon Pharmaceuticals, a Northbrook, Illinois company, recently made headlines for its release of EMFLAZA, a medication used to treat Duchenne Muscular Dystrophy (a genetic disease affecting 1 in every 3,500 live male births), and pricing at \$89,000 per year a drug that sells for \$1,200 per year outside of the United States; and

WHEREAS, a Chicago-based pharmaceutical Company, Novum Pharma in 2017 posted wholesale prices for three types of skin care treatment drugs ranging from approximately \$6,000 to \$8,000 when they were between \$100 and \$200 in 2015; and

WHEREAS, Biogen priced Spinzara, a new drug used to treat Spinal Muscular Atrophy, at \$125,000 per injection, a total of \$750,000 for the first year of treatment and \$375,000 each subsequent year, making it one of the most expensive rare disease treatments in history; and

WHEREAS, Turing Pharmaceuticals increased the price of Daraprim, a drug used to treat cancer and AIDS patients, from \$13.50 to \$750.00 in 2015; and

WHEREAS, Mylan Pharmaceuticals increased the price of the Epi-Pen 450% since 2007 to \$600 for a set of two pens; and

WHEREAS, these examples only scratch the surface of the companies, increases, drug therapies, and medical conditions that have contributed to the public concern and even outrage over ever-escalating prescription drug prices; and

WHEREAS, the City of Chicago joins the public outcry against these companies and practices that prey on some of the most the vulnerable members of our society; and

WHEREAS, exorbitant drug prices particularly burden patients who have no generic alternatives and cannot afford the medications; and

WHEREAS, a 2015 article in the Journal of the National Cancer Institute suggested that the financial stress that drug prices cause may also be worsening a patient's condition; and

WHEREAS, a 2016 study by the Duke Cancer Institute suggested a link between extreme financial hardship and worse mortality rates; and

WHEREAS, patients have reported discontinuing treatment or reducing doses against the advice of their medical providers as a way to cope with the extremely high prices; and

WHEREAS, the United States is one of the only nations that does not currently practice pharmaceutical price regulation; and

WHEREAS, where the complexity of the issue has defied regulation efforts, public awareness and furor have been known to pressure these companies into offering rare reprieves; and

WHEREAS, the mission of the Chicago Department of Public Health is to promote and improve, health by engaging residents, communities and partners in establishing and implementing policies and services that prioritize residents and communities with the greatest need; and

WHEREAS, the Department of Finance's Benefits Management Division serves as one of the cornerstones on which the City's fiscal and physical health rests; now, therefore

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

SECTION 1. a) That the Commissioners of the Chicago Department of Public Health and the Department of Business Affairs and Consumer Protection appear before the Joint Committee on Finance and the Committee on Health to detail existing and potential City efforts to help its population cope with the crisis of exorbitant drug costs, b) The Commissioner of the Department of Public Health should also detail to the Joint Committee plans to establish a Price Review Board that would be charged at least in part with reviewing trend anomalies in the list price of medications dispensed or prescribed through its services directly or through its public and private partnerships, c) The Price Review Board shall publish an annual report highlighting prescription

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drug pricing trends within the City of Chicago and where the data suggests the need for legislative, administrative, or other policy changes, d) Said report shall be placed on file with the ;ee on Finance on a semi-annual basis, e) The Board shall regularly promulgate public advisory opinions concerning specific drugs, drug classes, or drug manufacturers that satisfy its standards for egregious pricing practices to its facilities, partners, website, and the City's Benefits Management Division.

SECTION 2. That the Department of Finance report to the Committee on Finance all medications reimbursed under the City's health care plans in the previous calendar year at a unit rate of \$1,000 or more where the reimbursed amount represents at least a 50% increase from the lowest reimbursement rate within the five full calendar years preceding the reported year. This report should identify the medication, generic alternatives, brand name, manufacturer, dispensing provider, and the dispensing provider's benefit plan network status.

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