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**MAYOR EMANUEL ANNOUNCES NEW MEASURES TO REDUCE PRESCRIPTION COSTS  
FOR RESIDENTS**

Mayor Rahm Emanuel today announced new measures to hold the prescription industry accountable and reduce prices for prescription medications for residents. The new measures will improve price transparency while ensuring that residents never pay more than necessary for prescription medications to the benefit of the pharmaceutical industry. As part of this effort, Mayor Emanuel announced that the new Discount Prescription Drug Program will be the first municipal prescription benefit program to be “gag clause” free.

“Prescription drug prices are soaring, so Chicago is taking action to lower costs and save money for our residents,” said Mayor Rahm Emanuel. “The cost of medicine should never, ever prevent anyone from getting the treatment they need. We are making it clear to the pharmaceutical industry that their deceptive practices will not stand in the City of Chicago.”

With this announcement, the City seeks to put an end to the deceptive practice, known as a pharmacist “gag clause,” that causes residents to pay more than necessary for prescription medications to the benefit of the pharmaceutical industry. Pharmaceutical benefit managers often place contractual limitations on pharmacists that prevent them from disclosing when a customer’s prescription would cost less if purchased outside their insurer or pharmacy plan or what the true price of a prescription would be without these benefits. These provisions also limit pharmacists from providing information to their clients regarding the cheapest way to pay for their prescriptions. By allowing pharmacists to provide full information to card holders, the City is ensuring that Chicago residents are getting the best price for their prescription drugs.

“When any industry or company is in violation of the Municipal Code of Chicago, we will use every legal avenue to ensure compliance and defend our residents,” said Corporation Counsel Ed Siskel. “We will put an end to gag orders that prevent pharmacists from disclosing vital information to consumers in our city.”

Mayor Emanuel was joined by Corporation Counsel Ed Siskel and the Department of Business Affairs and Consumer Protection (BACP) Commissioner Rosa Escareno to issue a letter putting the pharmaceutical industry on notice that the “gag clause” practice is a violation of the Municipal Code of Chicago, which prohibits consumer fraud, unfair competition, false advertising, suppressing or omitting material facts and deceptive practices. The letter requests that the pharmaceutical industry cease any practices that may be in violation of Chicago’s laws and regulations. Further, BACP staff will begin investigating these restrictions, identify any violators and assess penalties that may be authorized. Violations of these laws may result in fines from \$2,000 to \$10,000.

“We will investigate violations of city regulations and penalize those who are not in compliance,” said BACP Commissioner Rosa Escareno. “Pharmacists should be empowered to help consumers, and pharmaceutical companies are prohibited from standing in their way.”

As an added measure to ensure residents have access to quality, affordable health care and medications, the City’s new Discount Prescription Drug Program will be the first municipal prescription benefit program to be “gag clause” free. This benefit will provide participants with discounts on name brand and generic prescription medications at no direct cost to the City or participating Chicago residents. Additionally, to provide Chicago consumers an opportunity to save money and support residents’ ability to always pay the lowest cost for their prescriptions, the City will select a vendor that does not restrict pharmacies’ ability to provide consumers with price options as it relates to the cost of the prescription. The selected vendor will also be required to develop a website that will allow participating residents to locate pharmacies in the network while also searching and comparing prices of prescription drugs across pharmacies. The new Discount Prescription Drug Program will be available to residents starting in June.

According to the Kaiser Family Foundation, prescription drug spending is expected to rise by 4% or greater every year through 2026. A recent study published in the Journal of the American Medical Association containing an analysis of pharmacy claims data from 2013 which found that consumers had overpaid for prescriptions 23 percent of the time, with an average overpayment of \$7.69 per transaction. Additionally, a 2016 survey by the National Community Pharmacists Association found that 59 percent of pharmacists had encountered “gag clause” restrictions at least 10 times in the previous month.

This builds on the City’s effort to educate and hold accountable healthcare professionals, prescribers and pharmaceutical representatives. As of 2017, pharmaceutical representatives working in Chicago must be licensed by the City of Chicago and are subject to the toughest oversight in the country. This oversight will help ensure these representatives engage in appropriate drug marketing that does not contribute to addiction. The drug representatives must pay a \$750 annual fee, freeing up revenue for opioid addiction treatment, commit to ethical standards such as refraining from entering a

patient area without being invited in and from contacting a doctor's office if asked verbally or in writing, complete continuing education courses annually, and disclose their interactions with health professionals if they are marketing certain potentially addictive drugs.

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