

**SUBSTITUTE FOR  
HOUSE BILL NO. 4276**

A bill to amend 1939 PA 280, entitled  
"The social welfare act,"  
(MCL 400.1 to 400.119b) by adding sections 105i and 105j.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           **Sec. 105i. (1) The department shall not enter into a contract**  
2 **with a Medicaid managed care organization that relies on a pharmacy**  
3 **benefit manager that does not do all of the following:**

4           **(a) For Michigan pharmacies with not more than 7 retail**  
5 **outlets, utilize a pharmacy reimbursement methodology of the lesser**  
6 **of national average drug acquisition cost plus a professional**  
7 **dispensing fee that is at least equal to the applicable**  
8 **professional dispensing fee provided through section 1620 of**  
9 **article 6 of 2020 PA 166, wholesale acquisition cost plus a**

1 professional dispensing fee provided through section 1620 of  
2 article 6 of 2020 PA 166, or the usual and customary charge by the  
3 pharmacy. The pharmacy benefit manager or the involved pharmacy  
4 services administrative organization shall not receive any portion  
5 of the professional dispensing fee. The department shall identify  
6 the pharmacies this subdivision applies to and provide the list of  
7 applicable pharmacies to the Michigan Medicaid managed care  
8 organizations.

9 (b) Reimburse for a legally valid claim at a rate not less  
10 than the rate in effect at the time the original claim adjudication  
11 was submitted at the point of sale.

12 (c) Agree to move to a transparent pass-through pricing model,  
13 in which the pharmacy benefit manager discloses the administrative  
14 fee as a percentage of the professional dispensing costs to the  
15 department.

16 (d) Agree to not create new pharmacy administration fees and  
17 to not increase current fees more than the rate of inflation. This  
18 subdivision does not apply to any federal rule or action that  
19 creates a new fee.

20 (e) Agree to not terminate an existing contract with a  
21 Michigan pharmacy with not more than 7 retail outlets for the sole  
22 reason of the additional professional dispensing fee authorized  
23 under this section.

24 (2) This section does not prohibit a Medicaid managed care  
25 organization from implementing this section before the effective  
26 date of the amendatory act that added this section.

27 Sec. 105j. (1) By January 15, 2024 and by January 15 for each  
28 year after 2024, each pharmacy benefit manager that receives  
29 reimbursement, either directly or through a Medicaid contracted

1 health plan, for medical services must submit all of the following  
2 information to the department for the previous fiscal year:

3 (a) The total number of prescriptions that were dispensed.

4 (b) The aggregate wholesale acquisition cost for each drug on  
5 its formulary.

6 (c) The aggregate amount of rebates, discounts, and price  
7 concessions that the pharmacy benefit manager received for each  
8 drug on its formulary. The amount of rebates shall include any  
9 utilization discounts the pharmacy benefit manager receives from a  
10 manufacturer.

11 (d) The aggregate amount of administrative fees that the  
12 pharmacy benefit manager received from all pharmaceutical  
13 manufacturers.

14 (e) The aggregate amount identified in subdivisions (b) and  
15 (c) that was retained by the pharmacy benefit manager and did not  
16 pass through to the department or to the Medicaid contracted health  
17 plan.

18 (f) The aggregate amount of reimbursements the pharmacy  
19 benefit manager pays to contracting pharmacies.

20 (g) Any other information considered necessary by the  
21 department.

22 (2) By March 1, 2024 and by March 1 of each year after 2024,  
23 the department shall submit the information provided under  
24 subsection (1) to the house and senate appropriations subcommittees  
25 on the department budget, the house and senate fiscal agencies, the  
26 house and senate policy offices, and the state budget office.

27 (3) Any nonaggregated information submitted under this section  
28 is confidential and shall not be disclosed to any person by the  
29 department. Information received under this section is not a public

1 record of the department.