

HOUSE BILL No. 4801

June 3, 2003, Introduced by Reps. Hoogendyk, Lipsey and Wenke and referred to the Committee on Appropriations.

A bill to provide for and implement a pharmaceutical supplemental rebate pilot program; to provide for certain reports; and to prescribe powers and duties of certain state departments and agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Department" means the department of community health.

3 (b) "Eligible pharmaceutical company" means a company that
4 meets all of the following criteria:

5 (i) Is engaged primarily in manufacturing, research and
6 development, and sale of pharmaceuticals.

7 (ii) Has not less than 8,500 employees located in this state,
8 all of whom are located within a 100-mile radius of each other.

9 (iii) Of the total number of employees located in this state,
10 has not less than 5,000 engaged primarily in research and

1 development of pharmaceuticals.

2 (c) "Medicaid" means the program for medical assistance
3 established under title XIX of the social security act, chapter
4 531, 49 Stat. 620, 42 U.S.C. 1396 to 1396f, 1396g-1 to 1396r-6,
5 and 1396r-8 to 1396v, and administered by the department under
6 the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b.

7 (d) "Supplemental rebate" means a rebate over and above those
8 required under the medicaid program and may include cash,
9 services, or other benefits that will reduce the cost of
10 pharmaceuticals and guarantee a savings to this state's medicaid
11 program.

12 Sec. 3. (1) The department shall, in good faith, negotiate
13 a supplemental rebate agreement with an eligible pharmaceutical
14 company. If an agreement is not reached within 3 months after
15 the effective date of this act, the department shall notify the
16 legislature as to the progress of the negotiations.

17 (2) The supplemental rebate agreement shall include, but is
18 not limited to, an agreement to consider a product manufactured
19 by the eligible pharmaceutical company for inclusion on the
20 department's preferred drug list in return for the provision of
21 services that will offset a state medicaid expenditure, such as
22 disease management programs, health and fitness prevention
23 programs, drug product donation programs, drug utilization
24 control programs, prescriber and beneficiary counseling and
25 education, fraud and abuse initiatives, and other services or
26 administrative investments with guaranteed savings to the
27 medicaid program.

1 (3) The supplemental rebate agreement shall continue for a
2 period of 5 years beginning January 1, 2004. Not later than
3 January 1, 2005, and each year thereafter, the department shall
4 issue an interim report to the governor, the legislature, and the
5 chairpersons of the appropriations subcommittees in the senate
6 and the house of representatives having jurisdiction over the
7 community health budget regarding the progress of the program.
8 Not later than January 1, 2009, the department shall issue a
9 final report to the governor, the legislature, and the
10 chairpersons of the appropriations subcommittees in the senate
11 and the house of representatives having jurisdiction over the
12 community health budget summarizing the effectiveness and the
13 results achieved by the program and the ongoing viability of the
14 program. If the legislature determines that the program has been
15 successful in reducing the cost of health care, the department
16 may negotiate an agreement to continue the program indefinitely.

17 Sec. 5. The provisions of this act or the agreement entered
18 into under this act shall not supersede the pharmaceutical best
19 practices initiative and shall be interpreted and administered to
20 the extent not inconsistent but in cooperation with the
21 pharmaceutical best practices initiative.