

# Legislative Analysis



## INTERCHANGEABLE BIOLOGICAL DRUG PRODUCTS

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**House Bill 5805 as introduced**  
**Sponsor: Rep. John Bizon, M.D.**  
**Committee: Health Policy**  
**Complete to 4-24-18**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bill 5805 would amend the Public Health Code to revise the cost savings associated with substitution of generically equivalent drug products or interchangeable biological drug products.

Public Act 41 of 2018 (House Bill 4472)<sup>1</sup> amended Section 17755 of the Code. The bill was signed by the governor on February 28, 2018 and will take effect May 29, 2018.

Before PA 41, a pharmacist was required to pass along cost savings to a purchaser or third-party payment source if the pharmacist dispensed a generically equivalent drug product. PA 41 added the requirement that pharmacists also pass along the cost savings when dispensing an interchangeable biological drug product.

The bill would amend that provision so that the potential cost savings would apply only to a purchaser not submitting a claim to a third-party payment source (and not to the third-party payment source itself). However, while current law guarantees that the purchaser would pay no more than the wholesale price of the lower cost drug product, the bill would allow the pharmacist to charge no more than the retail price for the lower cost drug product. (Specifically, current law provides that the pharmacist must pass to the purchaser the cost savings in the difference between the wholesale costs of the two drug products, while the bill would allow the pharmacist to charge no more than the **current selling price** for the lower cost drug product. The Code defines **current selling price** as a prescription drug's retail price.)

The bill would take effect 90 days after enactment.

MCL 333.17755

### FISCAL IMPACT:

House Bill 5805 would not have a significant fiscal impact on any unit of state or local government.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

<sup>1</sup> House Fiscal Agency analysis of Public Act 41 of 2018 (HB 4472):  
<http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-4472-BBA31970.pdf>