

HOUSE BILL No. 5388

November 1, 2005, Introduced by Reps. Dillon, Tobocman, Alma Smith, Gleason, Zelenko, Vagnozzi, Adamini, Gaffney, Condino, Leland, Bieda, Meisner, Gillard, Ball, Angerer and Kolb and referred to the Committee on Health Policy.

A bill to establish an intrastate prescription drug purchasing cooperative; to implement a bulk purchasing program; to establish a prescription drug benefit plan for certain residents of this state; to prescribe certain powers and duties of certain state agencies and departments; and to provide for the promulgation of rules.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "Michigan prescription gold benefit plan".

3 Sec. 3. As used in this act:

4 (a) "Cooperative" means the intrastate prescription drug
5 purchasing cooperative established under section 5.

6 (b) "Department" means the department of management and
7 budget.

1 (c) "Participating retail pharmacy" means a pharmacy or other
2 business that dispenses prescription drugs at retail and is
3 licensed under article 15 of the public health code, 1978 PA 368,
4 MCL 333.16101 to 333.18838, that voluntarily agrees to dispense
5 prescription drugs covered by a discount or rebate agreement under
6 the Michigan prescription gold benefit plan established under
7 section 7.

8 (d) "Underinsured" means an individual who is covered by a
9 health insurance policy or certificate, health maintenance
10 organization contract, health care corporation certificate, or
11 other health care payment or benefits plan, which policy,
12 certificate, contract, or plan pays 80% or less of prescription
13 drug costs.

14 Sec. 5. (1) The department shall establish an intrastate
15 prescription drug purchasing cooperative. The cooperative shall be
16 composed of a representative from each agency or department that
17 administers a program funded in whole or in part by the state that
18 provides pharmaceutical benefits for, including, but not limited
19 to, state employees, retirees, teachers, elders, or prisoners. Any
20 entity that provides prescription drugs either directly or through
21 some form of coverage to residents of this state may voluntarily
22 elect to become a member of the cooperative and combine its
23 purchasing power with the state's.

24 (2) Except as otherwise provided under this subsection, to
25 maximize the state's purchasing power and reduce the costs of
26 prescription drugs, the cooperative shall combine the
27 pharmaceutical purchasing power from each department or agency

1 described under subsection (1) and from each entity that elects to
2 join the cooperative. If the cooperative determines that approval
3 by the center for medicare and medicaid services is required before
4 combining the purchasing power of certain programs, then those
5 programs may be exempt from participation in the purchasing
6 cooperative until such approval has been granted.

7 (3) The cooperative shall issue a request for proposal for a
8 pharmacy benefits manager to service the multiple programs covered
9 under the cooperative and to negotiate for discounts and rebates
10 with the aggregate purchasing power of the cooperative. The request
11 for proposal may include the administration of some or all of the
12 cooperative's various pharmaceutical programs and the Michigan
13 prescription gold benefit plan established under section 7.

14 Sec. 7. (1) Based on the savings realized by combining the
15 state's purchasing power and the purchasing power of those entities
16 in the private sector that wish to join the cooperative, the
17 department shall establish the Michigan prescription gold benefit
18 plan to provide accessible and affordable prescription drugs to the
19 uninsured and underinsured residents of this state.

20 (2) The Michigan prescription gold benefit plan is available
21 to any resident of this state who does not have prescription drug
22 coverage under a health insurance policy or certificate, health
23 maintenance organization contract, health care corporation
24 certificate, or other public or private health care payment or
25 benefits plan or is underinsured. To enroll in this plan, an
26 individual shall pay a \$25.00 annual enrollment fee. Families of 4
27 or more individuals may enroll by paying a \$75.00 annual enrollment

1 fee.

2 (3) Under the Michigan prescription gold benefit plan, the
3 discounts and rebates negotiated and offered to the state for
4 certain prescription drugs under the cooperative's various
5 pharmaceutical programs are extended to all residents enrolled in
6 the plan through any participating retail pharmacy.

7 Sec. 9. The department may promulgate rules pursuant to the
8 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
9 24.328, that are necessary to implement this act, including, but
10 not limited to, rules regarding the operation and application of
11 the prescription gold benefit plan and procedures for issuing
12 enrollment cards for that plan.