

**SUBSTITUTE FOR  
HOUSE BILL NO. 4890**

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
(MCL 125.2001 to 125.2094) by adding chapter 8F.

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

**1** **CHAPTER 8F**

**2**       **Sec. 90t. (1) The legislature finds that the cost of insulin**  
**3** **medications, including rapid-acting and long-acting insulins, has**  
**4** **risen to an unacceptable level, and that this increase has resulted**  
**5** **in reduced access to life-sustaining medications for many residents**  
**6** **of this state with diabetes.**

**7**       **(2) It is the intent of the legislature that the insulin**  
**8** **production program will do all of the following:**

**9**       **(a) Create a strategic partnership between this state and a**



1 private sector contractor for the production and distribution of  
2 insulin medications in this state.

3 (b) Foster the creation of skilled biopharmaceutical  
4 manufacturing jobs in this state.

5 (c) Ensure that residents of this state have access to  
6 affordable generic or biosimilar forms of long-acting insulin and  
7 other insulin medications.

8 (3) The legislature finds that the insulin production program  
9 is a public purpose and of paramount concern in the interest of the  
10 health, safety, and general welfare of the residents of this state.  
11 It is the intent of the legislature that the economic benefits  
12 resulting from this chapter occur substantially within this state.

13 Sec. 90u. As used in this chapter:

14 (a) "CFIUS" means the Committee on Foreign Investment in the  
15 United States.

16 (b) "CFIUS clearance" means either of the following as  
17 reflected by a written notice from CFIUS:

18 (i) CFIUS has determined that the transaction is not a covered  
19 transaction or covered real estate transaction subject to review  
20 under the DPA.

21 (ii) CFIUS has completed its review or investigation of the  
22 transaction, determined that there are no unresolved national  
23 security concerns with respect to the transaction, and advised that  
24 all action under the DPA has concluded with respect to the  
25 transaction.

26 (c) "Covered real estate transaction" means that term as  
27 defined in 31 CFR 802.212.

28 (d) "Covered transaction" means that term as defined in 31 CFR  
29 800.213.



1 (e) "DPA" means section 721 of the defense production act of  
2 1950, 50 USC 4565, and the implementing regulations at 31 CFR parts  
3 800 to 802.

4 (f) "Foreign person" means that term as defined in 31 CFR  
5 800.224 or 802.221.

6 (g) "Insulin distribution facility" means 1 or more facilities  
7 or operations that store and distribute insulin for medical use.

8 (h) "Insulin facilities" means facilities that include both an  
9 insulin production facility and an insulin distribution facility.

10 (i) "Insulin production facility" means 1 or more facilities  
11 or operations that manufacture insulin for medical use.

12 (j) "Insulin production fund" means the insulin production  
13 fund created in section 90w.

14 (k) "Insulin production program" means the insulin production  
15 program created in section 90v.

16 (l) "Pharmacy benefit manager" means that term as defined in  
17 section 7 of the pharmacy benefit manager licensure and regulation  
18 act, 2022 PA 11, MCL 550.817.

19 (m) "Private sector contractor" means an entity in the private  
20 sector that develops generic or biosimilar insulin for medical use.

21 (n) "Temporary private sector contractor" means a private  
22 sector contractor with an insulin product that has already received  
23 approval from the United States Food and Drug Administration.

24 Sec. 90v. (1) The fund shall create and operate the insulin  
25 production program to partner with a private sector contractor to  
26 establish insulin facilities in this state that manufacture and  
27 distribute, at a minimum, long-acting insulin. Under the insulin  
28 production program, the private sector contractor selected as a  
29 partner shall own the real property where the insulin facilities



1 are located and operate and maintain the insulin facilities.

2 (2) To select a private sector contractor as a partner for the  
3 insulin production program as described in subsection (1), the  
4 fund, in consultation with the department of health and human  
5 services, shall issue a request for proposal and receive bids from  
6 private sector contractors. In evaluating the proposals submitted  
7 under this subsection, the fund and the department of health and  
8 human services shall give priority to a private sector contractor  
9 that meets the following requirements:

10 (a) Has an insulin product that has already received or is in  
11 the process of receiving approval by the United States Food and  
12 Drug Administration.

13 (b) Proposes to manufacture rapid-acting insulin in addition  
14 to long-acting insulin.

15 (c) Is able to establish the insulin facilities in this state  
16 in an expedient time frame.

17 (3) Subject to the requirement in subsection (1) that the  
18 private sector contractor own the real property where the insulin  
19 facilities are located, all of the following apply:

20 (a) The fund may provide a grant of not more than  
21 \$50,000,000.00 to the private sector contractor selected under this  
22 section for the construction of new insulin facilities or  
23 renovation of existing facilities into insulin facilities.

24 (b) The insulin facilities must be located at a location  
25 jointly determined by the fund, in consultation with the department  
26 of health and human services, and the private sector contractor.

27 (c) The insulin distribution facility must be constructed or  
28 renovated before the insulin production facility is constructed or  
29 renovated.



1 (4) The fund and the department of health and human services  
2 shall not select a private sector contractor under this section  
3 unless the private sector contractor does all of the following:

4 (a) Demonstrates that it has a development plan in place to  
5 bring to market the insulin products, including rapid-acting and  
6 long-acting insulins, proposed for manufacture in both vials and  
7 prefilled pens.

8 (b) Demonstrates it has sufficient available funding to  
9 implement the development plan described in subdivision (a). The  
10 sufficient available funding may include the amount of any grant  
11 provided under subsection (3).

12 (c) Obtains any necessary license under part 177 of the public  
13 health code, 1978 PA 368, MCL 333.17701 to 333.17780.

14 (d) Agrees to contract with this state in accordance with  
15 subsection (5).

16 (5) Subject to subsection (6), the fund, in consultation with  
17 the department of health and human services, shall enter into a  
18 written agreement with the private sector contractor selected under  
19 this section that includes in a clear and concise manner all of the  
20 terms and conditions related to the partnership, as determined by  
21 the fund, in consultation with the department of health and human  
22 services, including, but not limited to, all of the following:

23 (a) The amount of any grant award under subsection (3).

24 (b) The location of the insulin facilities, a provision that  
25 the real property where the insulin facilities are located is owned  
26 by the private sector contractor, and, if applicable, a requirement  
27 that this state execute all necessary documents to vest ownership  
28 of the real property in the private sector contractor.

29 (c) The types of insulin to be produced.



1 (d) Applicable milestones.

2 (e) A requirement that the private sector contractor make  
3 insulin available at a transparent price, including a description  
4 of any price caps.

5 (f) A requirement that the private sector contractor sell the  
6 insulin without rebates to a pharmacy benefit manager and a  
7 provision that, if the private sector contractor cannot meet this  
8 requirement, this state may subcontract with another entity to  
9 distribute the insulin if that entity is able to distribute the  
10 insulin safely and comply with the terms of the written agreement.

11 (g) A requirement that the private sector contractor make  
12 insulin available in such a manner as to facilitate insulin  
13 availability to and benefit the residents of this state, including  
14 any applicable distribution requirements.

15 (h) A requirement that the private sector contractor make  
16 insulin available for purchase in this state, including a  
17 description of any minimum quantities to be produced for purchase  
18 in this state.

19 (i) A requirement that the private sector contractor assume  
20 all liability for, and indemnify this state against, any and all  
21 claims arising from the manufacturing, marketing, distribution,  
22 sale, or use of the insulin.

23 (j) A repayment provision that requires the private sector  
24 contractor to repay all or a portion of the grant award due to a  
25 breach of the written agreement under this subsection, a failure to  
26 meet applicable milestones, or another misuse of the money, unless  
27 both of the following conditions are met:

28 (i) The breach, failure, or other misuse is caused by  
29 circumstances beyond the control of the private sector contractor,



1 including, but not limited to, acts of God, wars, strikes, riots,  
2 catastrophes, acts of government, or other conditions beyond the  
3 control of the private sector contractor.

4 (ii) The private sector contractor did not have reason to know  
5 of the circumstances described in subparagraph (i) when the written  
6 agreement was executed.

7 (k) The term of the written agreement, which must not be less  
8 than 15 years.

9 (l) Periodic reporting requirements to ensure compliance with  
10 the agreement under this subsection and facilitate the fund's  
11 report under section 9.

12 (6) If the private sector contractor selected by the fund is a  
13 foreign person, the fund shall not enter into a written agreement  
14 under subsection (5) unless the fund files a declaration or notice  
15 of the transaction with CFIUS under the DPA and receives CFIUS  
16 clearance.

17 Sec. 90w. (1) The insulin production fund is created in the  
18 state treasury.

19 (2) The state treasurer shall deposit money and other assets  
20 received from any source in the insulin production fund. The state  
21 treasurer shall direct the investment of money in the insulin  
22 production fund and credit interest and earnings from the  
23 investments to the insulin production fund.

24 (3) Money in the insulin production fund at the close of the  
25 fiscal year remains in the insulin production fund and does not  
26 lapse to the general fund.

27 (4) The fund is the administrator of the insulin production  
28 fund for audits of the insulin production fund.

29 (5) The fund shall expend money from the insulin production



1 fund, on appropriation, only for 1 or more of the following  
2 purposes:

3 (a) Administering the insulin production program.

4 (b) Awarding a grant to a private sector contractor under the  
5 insulin production program.

6 (c) Purchasing insulin from a private sector contractor or  
7 temporary private sector contractor.

8 (d) Taking any other action that is necessary to achieve the  
9 purposes of the insulin production program.

10 Sec. 90x. (1) Until the insulin production facility is  
11 completed, the fund shall annually issue a request for proposal and  
12 receive bids from temporary private sector contractors to sell  
13 generic or biosimilar insulin for medical use in this state,  
14 subject to both of the following requirements:

15 (a) The temporary private sector contractor must make insulin  
16 available for purchase in this state.

17 (b) The temporary private sector contractor must sell the  
18 insulin without rebates to a pharmacy benefit manager.

19 (2) The fund shall enter into a written agreement with a  
20 temporary private sector contractor selected under this section  
21 that includes the requirements described in subsection (1), the  
22 quantities of insulin to be provided, the purchase price of the  
23 insulin, the term of the agreement, which must not exceed 1 year,  
24 and any other terms the fund considers necessary.

25 (3) The fund shall not contract for insulin under this section  
26 unless the insulin distribution facility is completed or the fund  
27 has another state facility that can be used for the storage and  
28 distribution of the insulin.

29 Enacting section 1. This amendatory act does not take effect





1 unless House Bill No. 5519 of the 102nd Legislature is enacted into  
2 law.

