

Act No. 279  
Public Acts of 2023  
Approved by the Governor  
December 7, 2023  
Filed with the Secretary of State  
December 8, 2023  
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**STATE OF MICHIGAN  
102ND LEGISLATURE  
REGULAR SESSION OF 2023**

Introduced by Reps. Farhat, Aiyash, Paiz, Byrnes, Hope, Puri, Morgan, McKinney, Tyrone Carter, Wilson, Coleman, Miller, Martus, Dievendorf, Edwards, Young, Brenda Carter, Pohutsky, Haadsma, Stone, Tsernoglou, McFall, Liberati, Neeley, O'Neal, Grant, Churches, Mentzer, Hoskins, MacDonell, Brixie, Koleszar, Scott, Hood, Conlin, Morse, VanderWall and Whitsett

## **ENROLLED HOUSE BILL No. 4276**

AN ACT to amend 1939 PA 280, entitled "An act to protect the welfare of the people of this state; to provide general assistance, hospitalization, infirmary and medical care to poor or unfortunate persons; to provide for compliance by this state with the social security act; to provide protection, welfare and services to aged persons, dependent children, the blind, and the permanently and totally disabled; to administer programs and services for the prevention and treatment of delinquency, dependency and neglect of children; to create a state department of social services; to prescribe the powers and duties of the department; to provide for the interstate and intercounty transfer of dependents; to create county and district departments of social services; to create within certain county departments, bureaus of social aid and certain divisions and offices thereunder; to prescribe the powers and duties of the departments, bureaus and officers; to provide for appeals in certain cases; to prescribe the powers and duties of the state department with respect to county and district departments; to prescribe certain duties of certain other state departments, officers, and agencies; to make an appropriation; to prescribe penalties for the violation of the provisions of this act; and to repeal certain parts of this act on specific dates," (MCL 400.1 to 400.119b) by adding sections 105i and 105j.

*The People of the State of Michigan enact:*

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

(a) For Michigan pharmacies with not more than 7 retail outlets, utilize a pharmacy reimbursement methodology of the lesser of national average drug acquisition cost plus a professional dispensing fee that is at least equal to the applicable professional dispensing fee provided through section 1620 of article 6 of 2020 PA 166, wholesale acquisition cost plus a professional dispensing fee provided through section 1620 of article 6 of 2020 PA 166, or the usual and customary charge by the pharmacy. The pharmacy benefit manager or the involved pharmacy services administrative organization shall not receive any portion of the professional dispensing fee. The department shall identify the pharmacies this subdivision applies to and provide the list of applicable pharmacies to the Michigan Medicaid managed care organizations.

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

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

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

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

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

Sec. 105j. (1) By January 15, 2024 and by January 15 for each year after 2024, each pharmacy benefit manager that receives reimbursement, either directly or through a Medicaid contracted health plan, for medical services must submit all of the following information to the department for the previous fiscal year:

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

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

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

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

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

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

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

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

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



Clerk of the House of Representatives



Secretary of the Senate

Approved \_\_\_\_\_

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Governor