

PHARMACY BENEFIT MANAGER LICENSURE AND REGULATION ACT (EXCERPT)
Act 11 of 2022

550.817 Definitions; M to P.

Sec. 7.

As used in this act:

(a) "Mail-order pharmacy" means a pharmacy whose primary business is to receive prescriptions by mail, fax, or through electronic submissions, dispense drugs to enrollees through the use of the United States Postal Service or other common carrier services, and provide consultation with patients electronically rather than face-to-face.

(b) "Manufacturer" means that term as defined in section 17706 of the public health code, 1978 PA 368, MCL 333.17706.

(c) "Maximum allowable cost" means the maximum amount that a pharmacy benefit manager will reimburse a network pharmacy for the ingredient cost for a generic drug.

(d) "Maximum allowable cost list" means a listing of drugs used by a pharmacy benefit manager, directly or indirectly, to set the maximum allowable cost.

(e) "Multiple source drug" means a therapeutically equivalent drug that is available from 1 or more of the following:

(i) At least 1 brand-named manufacturer and at least 1 generic manufacturer.

(ii) Two or more generic manufacturers.

(f) "Network pharmacy" means a retail pharmacy or other pharmacy that contracts directly or through a pharmacy services administration organization with a pharmacy benefit manager.

(g) "Nonaffiliated pharmacy" means a network pharmacy that directly, or indirectly through 1 or more intermediaries, does not control, is not controlled by, and is not under common control with, a pharmacy benefit manager.

(h) "Person" means an individual, partnership, corporation, association, governmental entity, or any other legal entity.

(i) "Pharmacist" means that term as defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.

(j) "Pharmacist services" means products, goods, and services, or any combination of products, goods, and services, provided as a part of the practice of pharmacy.

(k) "Pharmacy" means that term as defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.

(l) Except as otherwise provided in subdivision (m), "pharmacy benefit manager" means an entity that contracts with a pharmacy or a pharmacy services administration organization on behalf of a health plan or carrier to provide pharmacy health services to individuals covered by the health plan or carrier or administration that includes, but is not limited to, any of the following:

(i) Contracting directly or indirectly with pharmacies to provide drugs to enrollees or other covered persons.

(ii) Administering a drug benefit.

(iii) Processing or paying pharmacy claims.

(iv) Creating or updating drug formularies.

(v) Making or assisting in making prior authorization determinations on drugs.

(vi) Administering rebates on drugs.

(vii) Establishing a pharmacy network.

(m) "Pharmacy benefit manager" does not include the department of health and human services, a carrier, or an insurer.

(n) "Pharmacy benefit manager network" means a network of pharmacists or pharmacies that are offered by an agreement or contract to provide pharmacist services.

(o) "Pharmacy services administration organization" means an entity that provides contracting and other administrative services relating to prescription drug benefits to pharmacies.

(p) "Plan sponsor" means that term as defined in section 7705 of the insurance code of 1956, 1956 PA 218, MCL 500.7705.

(q) "Practice of pharmacy" means that term as defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.

(r) "Preferred pharmacy" means a network pharmacy that offers covered drugs to health plan members at lower out-of-pocket costs than what the member would pay at a nonpreferred network pharmacy.

History: 2022, Act 11, Eff. Jan. 1, 2024