



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4351 (Substitute H-3 as reported without amendment)
House Bill 4352 (Substitute S-1 as reported)
Sponsor: Representative Karen Whitsett (H.B. 4351)
Representative Sue Allor (H.B. 4352)
House Committee: Health Policy
Senate Committee: Health Policy and Human Services

CONTENT

House Bill 4351 (H-3) would amend the Third Party Administrator Act to do the following:

- Modify the definitions of "carrier" and "third party administrator".
- Prohibit a carrier or pharmacy benefit manager from reimbursing a 340B entity for pharmacy-dispensed drugs or provider-administered drugs at a rate lower than that paid for the same drug to pharmacies that were not 340B entities, or engaging in any other discriminatory practices against 340B entities.
- Prohibit a carrier or pharmacy benefit manager from requiring a patient to pay a copay that was higher than the selling cost of the drug dispensed to the patient.
- Prohibit a carrier or pharmacy benefit manager from excluding or discriminating against a pharmacy solely based on the carrier not having a vested financial interest in the pharmacy.

House Bill 4352 (S-1) would amend Article 15 (Occupations) of the Public Health Code to do the following:

- Modify a provision requiring a pharmacist to provide certain drug pricing information and prohibit a pharmacy or pharmacist from entering into a contract that prohibited disclosing the information.
- Prohibit a pharmacy or pharmacist from entering into certain contracts with a pharmacy benefit manager.

House Bill 4352 (S-1) is tie-barred to House Bill 4351.

MCL 500.902 et al. (H.B. 4351)
333.17757 et al. (H.B. 4352)

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

House Bill 4351 (H-3) would have an indeterminate fiscal impact on the State and no significant fiscal impact on local units of government. The Department of Insurance and Financial Services could receive revenue if the Director imposed fines as a result of a violation. However, the number of third-party administrators who would be penalized as a result of the bill cannot be estimated. The cost of hearings likely would be covered by existing appropriations.

House Bill 4352 (S-1) would have an indeterminate fiscal impact on the State and on local units of government. If convicted, an individual who violated the bill would be guilty of a misdemeanor. More misdemeanor convictions could increase resource demands on law enforcement, court systems, community supervision, jails, and correctional facilities. For any increase in prison intakes, in the short term, the marginal cost to State government would be approximately \$5,800 per prisoner per year. Any associated increase in fine revenue would increase funding to public libraries. However, it is unknown how many people would be prosecuted under the bill's provisions.

Date Completed: 2-2-22

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