



**House  
Legislative  
Analysis  
Section**

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**MULTISTATE PHARMACEUTICAL  
PURCHASING PROGRAM**

**House Bill 4473**

**Sponsor: Rep. David Palsrok**

**Committee: Health Policy**

**Complete to 5-10-03**

**A SUMMARY OF HOUSE BILL 4473 AS INTRODUCED 3-27-03**

The bill would add a new part (Part 177a) to the Public Health Code authorizing the Department of Consumer and Industry Services (CIS) to enter into agreements, contracts, or cooperative arrangements to create or join a multistate pharmaceutical purchasing program. The bill would specify that the purpose of such agreements, contracts, and cooperative arrangements would be to use the collective purchasing power of the participating states and members to reduce the cost of “pharmaceutical products and services” for those states and members.

The term “pharmaceutical products and services” would be defined as any medicinal substance, preparation, device, or service recognized by the United States Pharmacopoeia or national formulary (or any revision thereof or supplement thereto) dispensed under a prescription issued by an authorized health care practitioner, for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in a human, including any prescription drug delivery system, testing kit, or any other related supplies.

(On its web site, [www.usp.org](http://www.usp.org), the United States Pharmacopoeia describes itself “a non-government organization that promotes the public health by establishing state-of-the-art standards to ensure the quality of medicines and other health care technologies. . . . USP is a not-for-profit organization that achieves its goals through the contributions of volunteers representing pharmacy, medicine, and other health care professions, as well as science, academia, the U.S. government, the pharmaceutical industry, and consumer organizations.”)

The agreements, contracts, and cooperative arrangements could be executed with any state department, agency, or political subdivision of the state, any other state, or any other person that purchased pharmaceutical products and services. The agreements, contracts, and cooperative agreements could not prohibit participating states or members from forming partnerships with pharmaceutical manufacturers or wholesale distributors to receive discounts on pharmaceutical products and services.

CIS would be responsible for administering the pharmaceutical purchasing program and would be required to establish a system for the distribution of the products and services purchased under the program. Within two years of the bill’s effective date, and every other year

**House Bill 4473 (5-10-03)**

thereafter, CIS would have to submit to the governor and to each house of the legislature a written report covering the activities and status of the program. CIS could promulgate rules for the implementation and administration of Part 177a.

MCL 333.17781 et al.

Analyst: J. Caver

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