



House Bill to Lower Prescription Drug Costs

Julie L. Hamlet and David R. Russell

Foster Swift Health Care Law E-blast

February 24, 2022

On Wednesday, February 16, the Michigan House of Representatives passed the long-awaited HB 4348 and was signed into law yesterday by Governor Gretchen Whitmer, February 23, 2022. The legislation, which is known as the Pharmacy Benefit Manager Licensure and Regulation Act, is based on recommendations from the Governor's Prescription Drug Task Force.

The legislation is sponsored by Julie Calley, Jeff Yaroach, Ben Frederick, Abraham Aiyash, and Mary Cavanagh. The bill, which passed 101 to 4, aims to both license and regulate pharmacy benefit managers.

The bill was initially introduced in February 2021 and includes a number of provisions. The bill stipulates that pharmacy benefit managers need to exercise "good faith and fair dealing" when it comes to performing their contractual duties to either a network pharmacy or a health plan and that contractual provisions that try to waive or limit this obligation would be considered void. Additionally, the legislation states that pharmacy benefit managers cannot discriminate against nonaffiliated pharmacies that are retail pharmacies.

Under the bill, for every drug that a pharmacy benefit manager sets a maximum allowable cost, the manager has to follow a number of stipulations, including providing every pharmacy that is subject to a maximum allowable cost list with access to the list as well as the source that was utilized to determine the maximum allowable cost. Further, a carrier or a pharmacy benefit manager is permitted to conduct an audit of a pharmacy in Michigan, among other provisions set forth in the bill.

Ultimately, the legislation aims to promote transparency, eliminate unfair business practices, and make medicine more affordable, in addition to other benefits.

If you have further questions or concerns about how these legislative changes will affect your organization's operations, please contact one of the authors of this article:

AUTHORS/ CONTRIBUTORS

Julie LaVille Hamlet

David R. Russell

PRACTICE AREAS

Commercial Litigation

General & Commercial Litigation

Health Care



- Julie L. Hamlet
- David R. Russell