

# HOUSE BILL NO. 5457

February 04, 2020, Introduced by Reps. Vaupel, Berman, Inman and Brann and referred to the Committee on Health Policy.

A bill to create a committee to study drug prices within the legislative council; to prescribe the powers and duties of the committee; to prescribe the powers and duties of certain state officers and entities; and to repeal acts and parts of acts.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. As used in this act:

2           (a) "Committee" means the committee to study drug prices  
3 created in section 3.

4           (b) "Council" means the legislative council established under  
5 section 15 of article IV of the state constitution of 1963.



(c) "Health plan" means that term as defined in section 2006 of the insurance code of 1956, 1956 PA 218, MCL 500.2006.

Sec. 3. (1) The committee to study drug prices is created within the council.

(2) The committee consists of the following 17 members:

(a) Two state senators selected by the senate majority leader. One senator selected under this subdivision must be a member of the majority party and 1 senator selected under this subdivision must be a member of the minority party.

(b) Two state representatives selected by the speaker of the house of representatives. One representative selected under this subdivision must be a member of the majority party and 1 representative selected under this subdivision must be a member of the minority party.

(c) The attorney general or his or her designee.

(d) The director of the department of health and human services or his or her designee.

(e) The director of the department of insurance and financial services or his or her designee.

(f) The following 10 individuals appointed by the governor:

(i) Two individuals who represent separate health plans.

(ii) One individual who represents pharmacists.

(iii) Two individuals who represent pharmaceutical manufacturing companies.

(iv) One individual who represents the department of health and human services.

(v) One individual who is a physician licensed under article 15 of the public health code, 978 PA 368, MCL 333.16101 to 333.18838.



1 (vi) One individual who is a pharmacy benefit manager.

2 (vii) One individual who represents a hospital.

3 (viii) One individual selected to represent the general public.

4 (3) The 8 members first appointed to the committee under  
5 subsection (2)(f) must be appointed within 90 days after the  
6 effective date of this act.

7 (4) Members of the committee shall serve for terms of 2 years  
8 or until a successor is appointed, whichever is later.

9 (5) A vacancy on the committee must be filled in the same  
10 manner as the original appointment. A member appointed to fill a  
11 vacancy must be appointed for the balance of the unexpired term.

12 (6) The chairperson may remove a member of the committee for  
13 incompetence, dereliction of duty, malfeasance, misfeasance, or  
14 nonfeasance in office, or any other good cause.

15 (7) The member selected under subsection (2)(b) who is a  
16 member of the majority party shall call the first meeting of the  
17 committee. At the first meeting, the committee shall elect from  
18 among its members a chairperson and other officers as it considers  
19 necessary or appropriate. After the first meeting, the committee  
20 shall meet at least quarterly, or more frequently at the call of  
21 the chairperson or if requested by a majority of the members.

22 (8) A majority of the members of the committee constitute a  
23 quorum for the transaction of business at a meeting of the  
24 committee. A majority of the members present and serving are  
25 required for official action of the committee.

26 (9) The business that the committee may perform must be  
27 conducted at a public meeting of the committee held in compliance  
28 with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

29 (10) A writing prepared, owned, used, in the possession of, or

1 retained by the committee in the performance of an official  
2 function is subject to the freedom of information act, 1976 PA 442,  
3 MCL 15.231 to 15.246.

4 (11) Members of the committee shall serve without  
5 compensation. However, members of the committee may be reimbursed  
6 for their actual and necessary expenses incurred in the performance  
7 of their official duties as members of the committee.

8 Sec. 5. (1) The committee shall study the issues consumers  
9 face related to prescription drug pricing, access, and costs,  
10 including all of the following:

11 (a) The process by which a prescription drug moves through the  
12 supply chain to the consumer, including all of the following:

13 (i) The role of pharmaceutical manufacturers, wholesale  
14 distributors, pharmacies, specialty pharmacies, health insurers,  
15 and pharmacy benefit managers.

16 (ii) The financial transactions that occur between prescription  
17 drug supply entities.

18 (iii) The role of rebates and discounts in the prescription drug  
19 supply chain.

20 (iv) The impact that drug prices and supply chain issues have  
21 on the ability of this state and local units of government to  
22 provide effective prescription drug treatments.

23 (b) The methods that health insurers and pharmacy benefit  
24 managers use to manage prescription drug costs, including  
25 information on the following:

26 (i) Utilization management.

27 (ii) Formularies and preferred drug lists.

28 (iii) Pharmacy networks.

29 (c) The function of pharmaceutical manufacturer rebates and



1 discounts used by health insurers and pharmacy benefit managers to  
2 decrease the cost of a prescription drug for a consumer.

3 (d) The current trends in health care spending, including  
4 prescription drug spending, in the United States.

5 (e) The trends in insurance benefit design and the potential  
6 impact that changes are having or may have on consumer out-of-  
7 pocket costs for prescription drugs.

8 (f) The efforts that pharmaceutical manufacturers, health  
9 insurers, and pharmacy benefit managers have made to be transparent  
10 about the following:

11 (i) Prescription drug costs.

12 (ii) Utilization management methods, including drug formulary  
13 changes, prior authorization, and step therapy requirements.

14 (2) The committee shall submit a final report with the  
15 legislature that must include the findings of the committee's study  
16 under subsection (1) and recommendations for further legislative  
17 action.

18 Sec. 7. This act is repealed on the date the committee's final  
19 report to the legislature required under section 5(2) is submitted  
20 or 3 years after the effective date of this act, whichever occurs  
21 first.

