

SENATE BILL No. 75

January 28, 2003, Introduced by Senators PATTERSON, CASSIS, JELINEK, GILBERT, BASHAM, SANBORN, CHERRY, Van WOERKOM, BIRKHOLZ, OLSHOVE, BROWN, KUIPERS, BARCIA, CROPSEY, ALLEN, BISHOP, SCHAUER, HARDIMAN, JACOBS, GOSCHKA and SWITALSKI and referred to the Committee on Health Policy.

A bill to amend 1978 PA 368, entitled
"Public health code,"
(MCL 333.1101 to 333.25211) by adding part 177A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 177A. PHARMACEUTICAL PURCHASING PROGRAM

Sec. 17781. (1) For purposes of this part, the words and phrases defined in section 17782 have the meanings ascribed to them in those sections.

(2) In addition, article 1 contains general definitions and principles of construction applicable to all articles in this code and part 177 contains definitions applicable to this part.

Sec. 17782. As used in this part:

(a) "Pharmaceutical purchasing program" means that program established under agreement, contract, or cooperative arrangement entered into by the department under section 17783.

1 (b) "Pharmaceutical products and services" means any
2 medicinal substance, preparation, device, or service recognized
3 By the United States pharmacopoeia or national formulary, or any
4 revision thereof, or any supplement thereto, dispensed pursuant
5 To a prescription issued by an authorized health care
6 practitioner, for use in the diagnosis, cure, mitigation,
7 treatment, or prevention of disease in a human, including any
8 prescription drug delivery system, testing kit, or any other
9 related supplies.

10 (c) "Qualified senior" means an individual who is 50 years of
11 age or older and has an income at or below the federal poverty
12 line.

13 Sec. 17783. (1) The department may enter into agreements,
14 contracts, or cooperative arrangements under this section to
15 create or join a multistate pharmaceutical purchasing program.
16 The purpose of the agreement, contract, or cooperative
17 arrangement shall be to use the collective purchasing power of
18 the participating states and members to reduce the cost of
19 pharmaceutical products and services for those participating
20 states and members.

21 (2) Agreements, contracts, or cooperative arrangements under
22 this section may be executed with any state department, agency,
23 Or political subdivision of this state or any other state or with
24 any other person that purchases pharmaceutical products and
25 services.

26 (3) Any agreement, contract, or cooperative arrangement
27 entered under this section shall not prohibit the participating

1 states or members from forming partnerships with pharmaceutical
2 manufacturers or wholesale distributors to receive discounts on
3 pharmaceutical products and services.

4 Sec. 17784. (1) The department shall be responsible for the
5 administration of the pharmaceutical purchasing program created
6 Or entered into under section 17783.

7 (2) The department shall establish a system for the
8 distribution of the pharmaceutical products and services
9 purchased under the pharmaceutical purchasing program to
10 qualified seniors. Each participating state or member of the
11 pharmaceutical purchasing program shall provide the
12 pharmaceutical products and services to qualified seniors at its
13 actual cost plus any administrative costs of the pharmaceutical
14 purchasing program, but the administrative costs shall not exceed
15 3% of the actual cost.

16 (3) Within 2 years of the effective date of the amendatory
17 act that added this part, and every other year thereafter, the
18 department shall submit a written report to the governor and each
19 house of the legislature regarding the activities and status of
20 the pharmaceutical purchasing program.

21 Sec. 17785. The department may promulgate rules for the
22 implementation and administration of this part.