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Tuesday, Dec. 12, 2023

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MPA-Backed Dispensing Fee Bill Signed by the Governor

House Bill 4276, sponsored by Rep. Alabas Farhat, D-Dearborn, and endorsed by the Michigan Pharmacists Association (MPA), was signed by Gov. Gretchen Whitmer on Dec. 7, 2023. The new legislation requires that Medicaid-managed care organizations (MCO) utilizing a pharmacy benefit manager (PBM) reimburse pharmacies with seven or fewer retail outlets for drug products at the lesser of:

- the National Average Drug Acquisition Cost (NADAC) plus a professional dispensing fee;
- the Wholesale Acquisition Cost (WAC) plus a professional dispensing fee;
- or the pharmacy's usual and customary fee

“This is a major win for independent pharmacy in the state of Michigan,” said Eric Roath, MPA director of government affairs. “MPA has successfully advocated year-after-year to have these dispensing fee protections included in the state budget. To have them codified into the Social Welfare Act is a huge step forward.”

The new law also mandates that the MCO move to a transparent pass-through pricing model and that PBMs disclose administrative fees as a percentage of the professional dispensing costs to the Michigan Department of Health and Human Services (MDHHS). Additionally, the law prohibits a PBM from implementing new administration fees as well as the ability of an MCO to terminate a pharmacy from their network on the basis of having to reimburse a pharmacy at the designated rate. By increasing transparency, the bill is expected to lower overall pharmacy reimbursement costs and save the state between \$5 -12 million.

The bill was also supported by the Independent Pharmacy Cooperative, National Community Pharmacists Association, Michigan Nurses Association, Association of Affiliated Pharmacies and Apothecaries and Michigan Health and Hospital Association.

“The fight for fair pharmacy reimbursement is far from over,” Roath said. “PBM oversight legislation has some great momentum at the federal level, and Michigan’s PBM law finally goes into effect in January. Additionally, there is already additional legislation aimed at making prescription drug rebates more transparent and ensuring that those cost savings are passed down to consumers.”

HB 4276 was passed by the House 105-4 on Oct. 25 and approved 36-0 by the Senate on Nov. 9.

About Michigan Pharmacists Association

The Michigan Pharmacists Association strives to serve members by providing support, advocacy and resources that ultimately improve patient care, safety, health and the practice of pharmacy.

For more information, visit MichiganPharmacists.org.