



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5970 (Substitute H-2 as reported without amendment)

Sponsor: Representative Gary A. Newell

House Committee: Health Policy

Senate Committee: Health Policy

## **CONTENT**

The bill would amend the Health Care False Claim Act to provide that a rebate or discount to a consumer for a drug would not violate a prohibition against giving or receiving a kickback or bribe, or receiving a rebate for referring an individual to a specific health insurer.

The bill would apply to a drug manufacturer or a company that licenses or distributes the drugs of a manufacturer to a consumer for his or her use of a drug manufactured, licensed, or distributed by that manufacturer or company.

Under the Act, a person who solicits, offers, pays, or receives a kickback or bribe in connection with the furnishing of goods or services for which payment is or may be made in whole or in part by a health care corporation or health care insurer, or who receives a rebate of a fee or charge for referring an individual to another person for the furnishing of health care benefits, is guilty of a felony punishable by imprisonment for up to four years and/or a maximum fine of \$50,000.

The bill states that it would not alter any copayment, deductible, coinsurance, or other cost-sharing requirements under a contract, certificate, or policy issued by a health care corporation or health care insurer.

The bill is tie-barred to House Bill 5947, which provides that a rebate or discount for a medical supply or device would not violate the prohibition against kickbacks and bribes.

Proposed MCL 752.1004a

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

According to the Department of Corrections Statistical Report, in 2001 there was only one offender convicted of violating the applicable section prohibiting kickbacks or bribes. That offender received either a fine or a delayed or suspended sentence. Although there are no available data on whether the offender would have been exempt under the bills, if one assumes that future convictions will be similar to those of the past, the bill would have no significant fiscal impact on the State or local government.

Date Completed: 10-6-04

Fiscal Analyst: Bethany Wicksall