

March 10, 2021

Representative Bronna Kahle  
Chair  
House Committee on Health Policy  
State Capitol Building  
100 N. Capitol Ave, Room 352  
Lansing, MI 48933

Dear Chair Kahle,

On behalf of companies that make medicine for animals, I am writing to request a clarification to HB 4357, a bill relating to pharmaceutical representatives, drug manufacturers and prescription drug prices, reflecting the fact that employees of veterinary drug manufacturers are not subject to the requirements of the bill.

The Animal Health Institute (AHI) is the national trade association of companies that make medicines for animals.

The market for veterinary drugs is nothing like the market for human drugs. The largest difference is the absence of third-party payers in the veterinary market, meaning the end user pays the full cost of the drug. This also means that state and federal governments do not have financial exposure since they do not purchase veterinary drugs. The Food and Drug Administration approves veterinary drugs specific to each different animal species needs. With multiple species being served, most animal health products have annual sales of less than \$1 million.

The language of the bill makes it clear there is no intent to cover veterinary medicine. The information manufacturers are required to report is based on the price of the product, and price is defined as "wholesale acquisition cost," (WAC). Wholesale acquisition cost" as described in U.S. Code under the Social Security Act is the manufacturer's list prices for the drug or biological to wholesalers or direct purchasers, not including prompt pay or other discounts, rebates, or reductions in price. This definition is used in the context of required average sales price (ASP) reporting for drugs reimbursed under Medicare Part B. Thus, under the code, the definition of WAC is limited to drugs reimbursable under Medicare Part B. As veterinary drugs are not reimbursable by Medicare, WAC does not apply to veterinary drugs under federal law.

The definition is broad enough to include veterinary drug manufacturers. We request that the words "for human use" be added to the definition of manufacturer, so that it reads "any person engaged in a sales, promotion or other marketing activity for a prescription drug for human

use." Alternatively, we request that there be recognition in the legislative record that veterinary manufacturers are not subject to the requirements of this bill.

Thank you very much for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald B. Phillips". The signature is fluid and cursive, with the first name "Ronald" being the most prominent.

Ronald B. Phillips  
Vice President, Legislative and Public Affairs