



Healthcare Distribution Alliance

The Honorable William Sutton
Chairman, House Commerce on Insurance
300 SW 10th Ave., Room 218-N
Topeka, KS 66612

February 2, 2026

RE: Kansas House Bill No. 2551

Dear Chair Sutton, Vice Chair Bergkam, and Honorable Members of the House Committee on Insurance:

On behalf of the Healthcare Distribution Alliance (HDA), the national trade association representing pharmaceutical wholesale distributors, we offer this testimony in opposition to HB 2551 *as drafted*.

The Healthcare Distribution Alliance (HDA) is the national trade association representing primary pharmaceutical wholesale distributors. Our members provide essential logistics support connecting more than 1,400 manufacturers around the country with over 450,000 sites where patients receive care, including approximately 4,000 pharmacies, hospitals, and other healthcare settings throughout Kansas.

Pharmacy Services Administrative Organizations, or "PSAOs," are one of the many ways that wholesale distributors support their specific independent pharmacy customers. To ensure a lack of obfuscation with the roles of Pharmacy Benefit Managers and PSAOs, HDA facilitates the [PSAO Coalition](#).

It is important to note that not all wholesale distributors offer PSAO services, nor are all PSAOs affiliated with a wholesale distributor. Whether they are independent or associated with a wholesale distributor, PSAOs serve as voluntary administrative organizations that some independent pharmacies elect to hire for a simple monthly fee, typically around \$200, to help them manage their back-office administrative duties, which include evaluating and negotiating with PBMs on their behalf.

PSAOs do not retain any portion of pharmacy's reimbursement, nor do they set any fees for drugs; generic or brand, receive rebates from manufacturers or third-party payers. Around 80% of independent or community pharmacies across the nation choose to work with a PSAO, including more than 250 independent pharmacies in Kansas. Due to their limited, albeit important, role, legislation must reflect a PSAO's actual role for their pharmacy customers.

As drafted, House Bill 2551 does not accurately reflect the role of PSAOs in the supply chain and, at a minimum, weakens PSAOs' leverage in dealing PBMs. Therefore, we respectfully urge the Committee to reject HB 2551 in its current form.

Thank you so much for your time and consideration. You can reach me at any time at hseitzinger@hda.org or (651) 247-2591 if you have further questions.

Sincerely,

Hannah Seitzinger
Director, State Government Affairs
Healthcare Distribution Alliance