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LEGISLATURE *of* THE STATE *of* KANSAS  
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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

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**MEMORANDUM**

To: Chairman Sutton and the House Committee on Insurance  
From: Office of Revisor of Statutes  
Date: February 2, 2026  
Subject: Bill Brief – HB 2551

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HB 2551 enacts the Kansas Pharmacy Services Administrative Organization (PSAO) Act. The act authorizes and provides a regulatory framework for PSAOs, provides for the disclosure of ownership interests, requires certain contractual provisions between PSAOs and the entities with which they contract.

Section 1 of the bill provides the short title of the act and is also the definitions section of the bill.

Section 2 of the bill requires that all PSAOs doing business in Kansas be licensed and authorizes the commissioner of insurance to develop the application, fee structure and renewal process for such licensure.

Section 3 of the bill requires that a PSAO make certain disclosures regarding ownership interest prior to receiving licensure. This section also requires the PSAO to provide a written statement of ownership or control prior to entering into any contract with an independent pharmacy, PBM or third-party payer.

Section 4 of the bill requires a PSAO to provide independent pharmacies with copies of contracts and contract amendments within 10 calendar days of execution or amendment. This section also prohibits a PSAO from requiring a pharmacy to purchase specific amounts of prescription drugs in order to access and receive discounts.

Section 5 of the bill prohibits a PSAO from discriminating on the price of drugs sold to independent pharmacies based on the price of the drugs purchased from a wholesale distributor of the drug.

Section 6 of the bill prohibits a PSAO that is owned wholly, or in part, by any entity that manufactures, sells or distributes prescription drugs, biological products or medical devices from requiring that an independent pharmacy purchase any drugs or medical devices solely from an entity with which the pharmacy services administrative organization has an ownership interest or that has an ownership in the pharmacy services administrative organization. Additionally, this section also requires the PSAO to disclose to the Department of Insurance any agreement between the PSAO and an independent pharmacy to purchase drugs, biological products or medical devices from the PSAO or an entity with which the PSAO has an ownership interest or that has an ownership interest in the PSAO.

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Section 7 of the bill relates to communication between parties in the event of a dispute between an independent pharmacy and a PBM or third-party payer, then a PSAO that has entered into a contract with the independent pharmacy shall be responsible for ensuring and facilitating timely communication between the parties. This section also provides that if a PBM or third-party payer provides notice or other information to a PSAO, then such notice shall be deemed to be notice to the pharmacy. A PSAO is responsible for forwarding all notices of appeals from an independent pharmacy with which it has a contractual relationship, to the relevant PBM or third-party payer.

Section 8 of the bill provides for enforcement of the act.

Section 9 of the bill provides the commissioner with the authority to adopt rules and regulations to implement and administer the act.

If approved, the bill would take effect upon its publication in the statute book.