



Verbal Testimony of Andrew Wiens  
On behalf of Kansas Employers for Affordable Healthcare  
In Opposition to SB 360  
Provided to the Senate Committee on Financial Institutions & Insurance  
On January 28, 2026

Chair Dietrich & Members of the Senate Committee on Financial Institutions & Insurance:

Thank you for the opportunity to provide testimony today in opposition to Senate Bill 360. My name is Andrew Wiens, and I'm testifying in my role as Executive Director of Kansas Employers for Affordable Healthcare (KEAH). Briefly, KEAH advocates on behalf of employers facing rising healthcare costs by pushing back against anti-competitive legislation and government mandates that harm Kansas businesses, employees, and their families.

KEAH respectfully opposes Senate Bill 360. While SB 360 is presented as legislation intended to regulate Pharmacy Benefit Managers (PBMs) and promote transparency, in practice it functions primarily as a price-control and industry bailout mechanism that will increase prescription drug costs for employers and employees across Kansas.

### **SB 360 Will Increase Costs for Employers and Employees with a Pill Tax**

**Kansas employers are already struggling under the weight of rapidly rising healthcare expenses. Prescription drug costs remain one of the fastest-growing components of employer-sponsored health plans. SB 360 will accelerate this trend.**

Key provisions of this bill—including limits on pricing tools and mandated dispensing fees and reimbursement floors tied to NADAC plus \$10.50 (a “pill tax”)—will artificially inflate pharmacy reimbursement rates. These higher payments will not come from “PBMs.” Just like any other tax or price control scheme, the pill tax will end up coming directly from the payers: in this case, employer health plans and employees' paychecks.

Every additional dollar required by mandate is a dollar that cannot be used for wages, benefits, hiring, or business investment.

### **This Bill Enriches One Industry Segment at the Expense of Employers and Patients**

SB 360 overwhelmingly benefits one segment of the healthcare system: retail pharmacies. By guaranteeing minimum reimbursement rates and mandated fees, this

legislation protects pharmacy revenue regardless of market conditions, efficiency, or negotiated pricing.

Meanwhile, employers and plan sponsors are left with fewer meaningful ways to control costs. **This is not market reform. It is legislatively mandated price fixing.**

If passed, SB 360 will:

- Reduce competition in pharmacy pricing
- Limit employer flexibility in benefit design
- Eliminate cost-saving contracting strategies
- Lock in higher prescription costs permanently

**These changes will accrue to the benefit of pharmacists while making prescription drugs more expensive for everyone else.**

### **Mandates and Reporting Requirements Add Administrative Burdens Without Reducing Costs**

SB 360 imposes extensive new audit, reporting, and examination requirements on PBMs and health plans, enforced through the Kansas Department of Insurance. These provisions seem unlikely to produce meaningful savings. Instead, they will:

- Increase administrative costs
- Create compliance burdens
- Divert resources from patient care
- Raise operational expenses passed on to employers
- Create data privacy concerns with unrestricted access to personal health information

**More regulation does not equal lower prices.** In this case, it means higher overhead and more bureaucracy.

### **Federal ERISA Preemption Creates Legal and Practical Risks**

SB 360 attempts to regulate self-funded employer health plans governed by federal ERISA (Employee Retirement Income Security Act of 1974) law. Companies with self-funded health plans (oftentimes operating in multiple states) have been able to function under one regulatory framework governed by USDOL under the provisions of ERISA, allowing these employers to be exempt from many new mandates and red tape proposed by state lawmakers and regulators.

**This bill includes ERISA-regulated health plans in its provisions, raising serious legal concerns.** Similar PBM laws in other states have been challenged in court and partially overturned. Kansas employers may face compliance uncertainty, litigation risk, and regulatory confusion as a result of this approach, in addition to unexpectedly higher costs.

### **Banning Spread Pricing and Mandating Point-of-Sale Rebates Will Not Guarantee Savings**

The bill prohibits spread pricing and requires point-of-sale rebates. While these policies are often presented as “consumer-friendly,” the reality is more complicated.

Employers already negotiate PBM contracts that reflect their specific needs and priorities. Some choose spread pricing models because they can produce lower overall costs. Others choose pass-through models with an administrative fee structure.

SB 360 eliminates that choice. **By forcing a one-size-fits-all structure, the bill undermines competition and innovation in benefit design.** Reduced competition ultimately leads to higher costs.

### **The True Cost of This Bill**

In addition to including employers with self-funded health plans (as noted in the ERISA section above), SB 360 notably includes the State Employee Health Plan, cities, counties, and school districts. **Teachers and school employees, local government workers, and state employees will be forced to pay more for their prescription drugs.** Moreover, these are taxpayer-funded entities; thus, not only will the employees have to pay more but all Kansas taxpayers will be on the hook for additional expenditures to pay for the employers’ share of the higher costs as well. The fiscal impact of this legislation will be far-reaching.

K.S.A. 40-2248, 40-2249, and 40-2249a wisely require a test track and impact report as well as a cost benefit analysis to be submitted prior to legislative consideration of mandated health benefits on the private sector. The purpose of the cost benefit analysis is for the proponents to perform an extrapolation of costs on the entire affected insured population and provide an estimate of any potential benefits. At the very least, we should see how these new requirements impact the State Employee Health Plan prior to putting these added costs and requirements onto all employers across the state.

### **Impact on Small and Mid-Sized Employers**

While large employers may be able to absorb some of these increases, small and mid-sized Kansas businesses cannot.

For many employers, rising healthcare costs already mean higher employee premiums, reduced benefits, increased deductibles, delayed hiring, and frozen wages.

SB 360 will worsen these pressures and push more employers toward dropping coverage entirely. That outcome hurts workers, families, and communities.

### **KEAH Supports Real Reforms That Lower Costs**

KEAH supports policies that genuinely reduce prescription drug prices, including:

- Encouraging competition in the prescription drug marketplace
- Addressing patent abuse by manufacturers
- Breaking down barriers to mail-order pharmaceutical delivery, biosimilar innovation, and use of generics
- Expanding market-based solutions

SB 360 does none of these things effectively. Instead, it replaces market negotiation with legislative mandates and price controls that raise costs.

### **Conclusion**

In closing, SB 360 may be well-intentioned, but its real-world impact will be to:

- Raise prescription drug prices
- Increase employer healthcare costs
- Reduce benefit flexibility
- Harm working families
- Benefit a narrow industry segment

Someone has to pay for the cost of subsidizing pharmacists. **Legislating profits for a certain industry at the expense of consumers and employers through government mandates is neither a free market nor a business-friendly solution.** Increasing mandated dispensing fees and piling more regulations on PBMs, health insurance companies, and plan sponsors will not make healthcare more affordable—it will make it more expensive and decrease employer choices.

Kansas employers want to continue providing quality, affordable health coverage to their employees. This bill makes that goal harder to achieve. For these reasons, Kansas Employers for Affordable Healthcare respectfully urges the Committee to oppose SB 360.

Thank you for your time and consideration. I would be happy to answer any questions.

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