



KANSAS BANKERS ASSOCIATION

Date: January 28, 2026

To: Senate Committee on Financial Institutions and Insurance
Senator Brenda Dietrich, Chair

From: Kelly VanZwoll, SVP Government Relations
Kansas Bankers Association

Re: Verbal Opponent Testimony for SB 360

Madam Chair and committee members, I am Kelly VanZwoll on behalf of the Kansas Bankers Association (KBA). It is also my pleasure to introduce J.W. Wells, KBA's Ag Bankers Division Coordinator & Government Relations Assistant. We look forward to being a resource for you and the committee as you consider financial service issues in the coming weeks and months. Thank you for the opportunity to submit testimony in opposition to SB 360.

Kansas Bankers Association Background Information:

The KBA, founded in 1887, is a voluntary, non-profit trade association governed by its membership. The KBA is headquartered in Topeka, Kansas, and is led by our 24-member board of directors. The KBA staff, which President/CEO Doug Wareham leads, includes 40 professionals, including 14 attorneys licensed in 5 states, that provide services to Kansas bankers ranging from legislative advocacy to educational training to insurance services to legal and regulatory compliance support. Our mission statement is:

"The Kansas Bankers Association strengthens and supports the Kansas banking industry by advocating for sound financial policies, promoting innovation, and fostering economic growth across the state to ensure a vibrant financial future for all Kansans."

KBA's membership includes 99% of the headquartered banks in Kansas. Our membership also includes 24 out-of-state commercial banks operating in Kansas. Our member banks employ more than 21,000 Kansans that provide financial services in every county across the state. While our member banks range in assets from the smallest in our state to the largest in our state, each member bank that belongs to the KBA has one vote on policy positions adopted by either our general membership or our Board of Directors. One member, one vote.

SB 360—Opponent Testimony

Bankers Insurance Solutions, Inc. (originally KBA Insurance, Inc.) is a subsidiary of the Kansas Bankers Association. It was founded in 1900, offering bonding, property & casualty products, cybersecurity, bank director liability insurance, and life insurance products for the Kansas banking industry. In 1940, at the direction of our members, we embarked on providing a new service, health

insurance, to our member banks. Today KBA's self-funded health insurance plan covers close to 10,000 Kansas bankers and their families, making it the second-largest group covered by Blue Cross/Blue Shield (BCBSKS) behind the state itself.

The KBA health plan is governed by a separate Board of Directors from the KBA Board and has a fiduciary responsibility to keep the cost of health care as low as possible. We currently have strict oversight and regulation from the U.S. Department of Labor and the Employee Retirement Income Security Act of 1974 (ERISA). Our plan is audited annually and we have consistently passed with no further action needed by the Department of Labor. **Because we are regulated by the Department of Labor under ERISA, there is no oversight by the state or the Kansas Department of Insurance.** As a health plan that is solely federally regulated, we would respectfully request that self-funded ERISA plans be exempt from this legislation. Although the legislation is drafted to regulate pharmacy benefit managers (PBMs), these changes come through the PBM to our self-funded ERISA plan.

KBA supports transparency, fairness, and affordability in prescription drug benefits. However, we must respectfully oppose SB 360 because it would impose significant new state-level mandates on pharmacy benefit administration that conflict with and undermine the design, fiduciary standards, and cost-containment mechanisms of self-funded ERISA health plans. KBA chose a self-funded ERISA health plan because they offer employers increased financial control, customized coverage, and better data transparency, often resulting in significant cost savings. Companies under these plans have full access to, and control over, their claims data, allowing for better identification of cost drivers, trend analysis, and the ability to implement targeted wellness programs. We have the option to contract with whichever PBM we believe will get our plan the best deal. Every action our board takes, including using a PBM, is to help lower the costs for our plan.

There are few pieces in particular that would greatly affect our plan. For example, in New Section 5 it requires rebates to be paid directly to the consumer at the point of sale. Under current law, our health plan receives a portion of rebates quarterly from BCBSKS. The rebate reimbursement is not provided as a payment to the plan, but as a function of claims. Our claims bill is adjusted down based on the amount of the rebate reimbursement which then decreases the plan's overall claims spend at the end of the plan year. This reduction in overall cost is one way that we are able to pass along a below trend increase to our members. Over the past seven renewal periods, our average increase has been 4.1% compared to a national trend ranging from 6.5% to 11%. **If this bill passes, the estimated annual increase cost to our plan would be \$1.8 million.** The main cost drivers in SB 360 are due to reduced rebate revenue and higher prices for specialty drugs.

Also in New Section 5, there is a mandatory \$10.50 dispensing fee per prescription. This fee will partially go to the consumer and partially to our plan. This is how the fee works in practice, if you currently have a co-pay on your plan and you go to pick up your \$5 prescription, you (the consumer) will have to pay the \$10.50 fee until you reach your co-pay. Meaning your \$5 prescription just became \$15.50. At a time when many Kansans are struggling with rising healthcare costs, how is adding a mandatory fee to the consumer the solution?

Over the last five months of our plan year, KBA's plan paid out \$7,790,150 in drug costs. Specialty medication costs to the plan account for more than half of the entire drug spend. With the addition of a \$10.50 dispensing fee, our members will see considerable increase in

their out of pocket expenses. **For example, in the last five months, our members filled 43,000 total prescriptions. With the addition of a \$10.50 dispensing fee, this would add \$451,000 to our members out of pocket expense just in the last five months.**

Another section that causes us some concern is Section 8. Specifically, (d) gives the Commissioner unrestricted access to all books and papers. This unrestricted access would not allow PBMs to redact private health information. Meaning the state of Kansas and the Commissioner would now have access to the private health information of the almost 10,000 Kansans on our health plan.

As the Committee deliberates on SB 360, we respectfully urge consideration of exempting self-insured ERISA plans and the increased healthcare costs this legislation would bring to Kansans. Thank you for the opportunity to provide testimony and if you have questions or require additional information later, please get in touch with me at kvanzwoll@ksbankers.com or (785) 232-3444.