

January 27, 2026



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

RE: SB 360 Kansas consumer prescription protection and accountability act: Oppose

Dear Chairwoman Dietrich and Members of the Committee:

Thank you for the opportunity to provide testimony on SB 360, the Kansas Consumer Prescription Protection and Accountability Act. I represent Prime Therapeutics (Prime), a pharmacy benefit manager (PBM) owned by 19 not-for-profit Blue Cross and Blue Shield Insurers, subsidiaries, or affiliates of those Insurers, including Blue Cross & Blue Shield of Rhode Island. SB 360 will raise the cost of prescription drugs for Kansas and puts sensitive consumer health data at risk. For this reason, Prime Opposes SB 360.

Prime helps people get the medicine they need to feel better and live well by managing pharmacy benefits for health plans, employers, and government programs including Medicare and Medicaid. Our company manages pharmacy claims for more than 30 million people nationally and offers clinical services for people with complex medical conditions. Our business model relies on transparency and advocating for simpler, lowest-net-cost pricing for drugs. Importantly, Prime is focused on purpose beyond profits. We are not publicly traded or owned by a private equity firm. As such, it is not our primary motivation to maximize profits; our primary motivation is to do the right thing.

The Value of PBMs

PBMs specialize in the management of prescription drug benefits and are uniquely positioned to apply downward pressure on the rising costs of prescription drugs. Health insurers, employers and government entities often choose to use PBMs to leverage the company's industry expertise. It is important to note that plan sponsors are not required to use a PBM to manage their drug benefits but 74% choose to ¹ because PBMs drive down drug costs, saving payers and patients an average of \$1,040 per person per year,² and providing \$145 billion in overall value to the healthcare system.³

PBMs do Four Main Things:

- ✓ Administer insurance claims
- ✓ Negotiate savings for prescription drugs
- ✓ Negotiate savings with pharmacies
- ✓ Provide tools and programs to support employers, patients, and clinicians

SB360 Sets Government Mandated Pharmacy Reimbursement Levels

¹ United States Government Accountability Office. (2019). Medicare Part D: Use of Pharmacy Benefit Managers and Efforts to Manage Drug Expenditures and Utilization (Report No. GAO-19-498). <https://www.gao.gov/products/gao-19-498>

² Visante. 2023. <https://www.pcmantet.org/wp-content/uploads/2023/01/The-Return-on-Investment-ROI-on-PBM-Services-January-2023.pdf>

³ National Bureau of Economic Research. 2022. <https://www.nber.org/papers/w30231/>

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SB 360 picks winners and losers by setting the rate that one set of private businesses must pay another. This requirement operates under the assumption that a standardized reimbursement methodology with a high dispensing fee will solve purported pharmacy market instability by requiring plans to reimburse pharmacies at the National Average Drug Acquisition Cost (NADAC) plus \$10.50 or Medicaid dispensing fee rate.

NADAC is a price index that estimates how much pharmacies pay for prescription drugs based off the self-reported acquisition costs of retail pharmacies. The Centers for Medicare and Medicaid Services (CMS) update NADAC weekly. The survey is sent to a random 4% sample of all retail pharmacies monthly; of that 4%, only 20% respond.

Retail pharmacies are small businesses, and running a small business is challenging under the best circumstances. Recent history has been anything but the best for all brick-and-mortar retail establishments and independent pharmacies have not been immune.

Independent pharmacies are contending with issues such as:

- Declining rural populations
- Changing consumer behavior
- Inflation
- Tight labor markets
- Online and home delivery competition (e.g., Amazon, Walmart)
- Retail crime/theft

These issues are not caused by PBMs and increasing consumer costs through government rate setting will not solve problems caused by an evolving market.

Spread Pricing Ban

SB 360 bans spread pricing, a voluntary risk-mitigation pricing model where the plan sponsor & PBM set a contract price for drugs and if the cost of the drug exceeds the contracted rate, the PBM assumes the risk. According to a 2023 PSG study, 34% of employers, 33% of labor unions, and 26% of health plans choose this risk-mitigation pricing model.⁴ These businesses choose spread pricing because it guarantees a fixed cost for a prescription drug, providing stability.

U.S. Senator Rand Paul (R-KY) said during a recent U.S. Senate Health, Education, Labor and Pensions (HELP) Committee markup of misguided legislation targeting spread-pricing:

“This bill bans spread pricing, which small businesses and startups often choose because the PBMs take on the additional risk for themselves... This bill takes away choices. So, there is a choice in the marketplace between spread pricing and pass through, every company has it. You’re going to take this choice away... Some labor unions actually like this choice... Some small businesses do. In fact, the PBMs compete on this model. The smaller PBMs absorb more risk and offer a cheaper product... Small businesses choose it on price and the smaller PBMs do it to try to take away market share from the bigger PBMs.”

⁴ PSG. (2023). 2023 Trends in Drug Benefit Design Report. https://rxss.com/wp-content/uploads/2023/06/PSG_Benefit_Design_Report_2023.pdf

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SB360 Puts Sensitive Consumer Health Data and Confidential Company Data at Risk

The *Kansas consumer prescription protection and accountability act* includes extensive, public reporting requirements of sensitive proprietary and confidential data. The data requirements of the bill include public disclosure of payment for pharmacy services which are contractually agreed upon, considered confidential, and could contain patient PHI. Reporting further requires public reporting of the dispensing month, dispensing quantity, and pharmacy reimbursement amount for each drug contained in the reporting; all data that could be considered PHI or sensitive proprietary and confidential data.

The act poses further confidentiality concerns by mandating a market conduct exam that allows the Commissioner unrestricted access to all PBM books and papers. This requirement does not allow for the redaction of sensitive member data.

PHI data that could be accessed by the Commissioner should SB 360 pass includes but is not limited to the name, date of birth, diagnosis, and prescription drug dispensed to every Kansan. Access to this data is not required to confirm compliance with the law.

I urge the committee to protect Kansas employers and consumers by voting NO on SB 360. I welcome the opportunity to further discuss these concerns and work towards evidence-based solutions to help people get the medicine they need to feel better and live well. Thank you for your time and consideration.

Respectfully,



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