



Kansas Senate Committee on Financial Institutions and Insurance
Written Opposition to Senate Bill 360
Wednesday, January 28, 2026
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Thank you for your time and attention to our concerns regarding SB 360 and its potential negative impact to Kansas employers and consumers.

Cigna is a global health services company dedicated to improving the health, well-being, and peace of mind of those we serve. Cigna covers more than 180 million customer and patient relationships in more than 30 countries and jurisdictions, and has a global workforce of more than 70,000 employees, including hundreds in Kansas. Cigna is dedicated to living our mission and being champions for our customers and communities and working together in close partnership with our colleagues, customers, providers, clients, and communities to create personalized solutions and advance whole-person health.

Thank you for the opportunity to provide written testimony in opposition to SB 360 in its current form. While the legislation seeks to help Kansans in various ways, imposing new mandates on pharmacy benefit managers (PBMs), including requirements that directly affect ERISA-governed employer plans, create excessive dispensing fee obligations, and erect new barriers to conducting pharmacy audits will only drive-up costs.

SB 360 Improperly Applies State Mandates to ERISA Plans.

SB 360 explicitly applies its mandates—including the dispensing fee, reporting requirements, spread prohibitions, and audit provisions—to ERISA-covered employer plans, even while exempting the state employee plan.

This approach is deeply problematic because ERISA's federal preemption exists to ensure that multistate employers can administer uniform benefit plans without navigating conflicting state rules. Federal courts for decades have reaffirmed that states cannot impose rules dictating plan design, benefit structure, audit processes, or reimbursement methodologies for self-funded plans governed by ERISA. If Kansas proceeds with applying SB 360 to ERISA plans, employers will face conflicting state requirements,

potentially forcing them to redesign benefits nationally—an outcome Congress expressly sought to prevent. This would drive up costs for Kansas employers and employees alike while inviting litigation.

The Bill's Dispensing Fee Mandate (NADAC + \$10.50) Is Excessive and will raise costs for all Kansans

This fee level is well beyond national norms, and materially higher than what many states reimburse even in Medicaid. This change raises several concerns as it would significantly inflate employer and patient costs—particularly for high-volume, low-cost medications (including those as simple as ibuprofen, according to Kansas audit briefings). By requiring fixed fees rather than allowing market negotiation, SB 360 removes employers' ability to contract for value-based reimbursement or tailored dispensing fees aligned with utilization patterns. The result of this language is a mandated transfer of costs to Kansas employers and consumers, with no evidence that such a high fee improves patient outcomes or pharmacy sustainability.

SB 360 Creates New Barriers to Reasonable, Efficient Pharmacy Audits

The bill introduces prescriptive, onerous and burdensome audit restrictions, many of which are already detailed in earlier drafts and cross-referenced in related pharmacy audit legislation. These include rigid notice requirements, limits on audit timing, documentation mandates, and constraints on audit findings. While PBMs already conduct audits to prevent fraud, waste, and abuse, SB 360 would:

- Make audits slower and less effective, by imposing new procedural hurdles.
- Limit the ability to reconcile claims when errors or overpayments occur.
- Potentially inhibits necessary oversight, especially where large chains or high-volume pharmacies may have billing discrepancies.
- Audits protect patients, employers, and taxpayers. SB 360's restrictions shift the advantage toward entities billing the plan rather than the Kansans paying for the benefit.

On behalf of our clients, I respectfully request that the committee oppose SB 360 unless it is significantly amended. Please feel free to contact me at the above email address or Larrie Ann Brown, our Kansas legislative counsel at 785-640-2747.