

January 30, 2026

The Honorable Brenda Dietrich, Chairperson
Senate Committee on Financial Institutions and Insurance
300 SW 10th Avenue, Room 546-S
Topeka, Kansas 66612

Dear Senator Dietrich:

SUBJECT: Fiscal Note for SB 330 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 330 is respectfully submitted to your committee.

SB 330 would create the Ensuring Transparency in Prior Authorizations Act and would become a part of the Health Maintenance Organization Act. Starting no later than January 1, 2027, a utilization review entity would accept and respond to prior authorization requests under a pharmacy benefit through a secure electronic transmission and would use the National Council for Prescription Drug Programs script standard for electronic prior authorization transactions. Also, starting no later than January 1, 2027, a utilization review entity would accept and respond to prior authorization requests for healthcare services and would use a secure electronic portal at no cost to the healthcare provider. The bill details requirements of the utilization review entity to review and notify patients and healthcare providers of an approval or adverse determination of any prior authorization requests. The bill would also limit which procedures are not subject to prior authorization requests. A utilization review entity could not retroactively deny prior authorizations for a covered healthcare service unless the prior authorization was based on fraudulent information provided by an enrollee or the enrollee's healthcare provider. The bill details the appeal rights for prior authorization requests.

A utilization review entity would disclose all the requirements and restrictions related to prior authorization on its website and would give notice of any changes to each healthcare provider subject to the requirements or restrictions. Starting no later than January 1, 2027, each utilization review entity would be required to submit an annual report to the Insurance Commissioner containing statistics about the utilization review entity's prior authorization practices. The

submitted reports would be required to be published on the Kansas Department of Insurance's website. The provisions of the bill would be severable.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$13,185,040	\$27,970,434
Federal Fund	--	--	--
Total Expenditures	--	\$13,185,040	\$27,970,434
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	--	--

The Department of Administration states that the provisions of the bill would increase costs to the State Employee Health Benefits Program by removing prior authorization requirements for certain services, including certain types of inpatient care and pharmacy claims. The Department indicates that the bill would increase costs for pharmacy benefits by \$2.5 million in FY 2027. Based on recent claims data, the Department estimates pharmacy costs would increase for the state's pharmacy benefits manager by \$5.0 million in 2027. However, because the bill would go into effect on January 1, 2027, the FY 2027 estimate totals \$2.5 million (\$5,000,000 X 50.0 percent). For pharmacy costs under the medical plan, the Department estimates enactment of the bill would increase costs to the plan by \$21,370,080. However, due to the timing of the bill, the FY 2027 estimate would total \$10,685,040 (\$21,370,080 X 50.0 percent). In total, enactment of the bill would increase costs to the State Employee Health Benefits Program by \$13,185,040 in FY 2027 (\$2,500,000 + \$10,685,040). For FY 2028, the Department assumed an 8.5 percent increase in costs under the pharmacy benefits plan, resulting in additional expenditures of approximately \$5,425,000 (\$5,000,000 X 1.085). For pharmacy costs under the medical plan, the Department assumed a 5.5 percent increase, resulting in additional expenditures of approximately \$22,545,434 (21,370,080 X 1.055). In total, enactment of the bill would increase costs to the State Employee Health Benefits Program by \$27,970,434 (\$5,425,000 + \$22,545,434) in FY 2028. The Department notes that the estimate only includes costs associated with members of the State Employee Health Benefits Program.

Kansas Department of Insurance states that any additional expenditures created by the bill would be absorbed within existing resources. The State Nursing Board indicates that any communication about the provisions of the bill would be accomplished through normal communication methods and therefore, the bill would not have a fiscal effect on the Board's

expenditures. The State Board of Healing Arts, the Judicial Branch, the Dental Board, the Board of Examiners in Optometry, and the Board of Pharmacy all state that the bill would not have a fiscal effect. Any fiscal effect associated with SB 330 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Kyle Strathman, Insurance Department
Alexandra Blasi, Board of Pharmacy
Susan Gile, Board of Healing Arts
Trisha Morrow, Judiciary
Callie McAtee, Board of Optometry
Jill Simons, Board of Nursing
Charity Carlat, Kansas Dental Board