

February 6, 2026

CORRECTED

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: Corrected Fiscal Note for SB 360 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following corrected fiscal note concerning SB 360 is respectfully submitted to your committee.

SB 360 would enact the Kansas Consumer Prescription Protection and Accountability Act, which was formerly named the Pharmacy Benefits Manager (PBM) Licensure Act. The Act would establish new requirements for pharmacy audits. The bill would create procedural requirements for conducting pharmacy audits, including mandating 14 days' notice before audits, requiring written preliminary and final reports, and establishing appeal processes for pharmacies. The bill would also require auditing entities to register with the Insurance Commissioner and pay annual registration fees. The bill also describes the Commissioner's role in issuing a certificate of registration, expiring and renewing registration, and suspending registration, including any applicable fees for each action.

The bill would establish annual and quarterly reporting requirements of PBMs to the Commissioner including rebate information; reimbursement information; the aggregate difference between the amount a PBM reimbursed pharmacies and the amount charged to a health benefit plan; and a list of drugs reimbursed at 10.0 percent above or below the national average drug acquisition cost. The bill also describes actions a PBM is and is not allowed to perform.

The bill would establish the reimbursement rates and dispensing fees paid to pharmacies by PBMs and would require a PBM to file their reimbursement methodology with the Department. PBMs would be required to calculate a covered individual's defined cost sharing for each

prescription drug based on a price that is reduced by an amount equal to 100.0 percent of all rebates received or to be received in connection with the dispensing or administering a prescription drug. The bill would also require that any rebate greater than the defined cost sharing would be passed to the health plan and used to reduce member premiums. The bill also mandates a dispensing fee of \$10.50.

The bill would grant the Insurance Commissioner the authority to examine PBMs for compliance with the Act and the Commissioner could assess the cost of the examination to the PBM. The bill would increase the penalty for a PBM who operates without a license from \$5,000 to up to \$100,000. The bill would add penalties, increase certain penalties, and remove certain caps for violations by the PBM. The bill would also be severable.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$5,842,703	\$6,284,550
Federal Fund	--	--	--
Total Expenditures	--	\$5,842,703	\$6,284,550
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	5.00	5.00

The Kansas Department of Insurance states that the requirements of the bill would increase its expenditures by \$413,363 from the Pharmacy Benefit Manager Licensure Fund in FY 2027. The agency would require 5.00 FTE positions at a cost of \$375,863. Of that amount, \$120,517 would be for 1.00 attorney position, \$125,510 would be for 2.00 financial analyst positions, and \$129,836 would be for 2.00 financial examiner positions. To support the new positions, the agency estimates it would also spend \$37,500 on office supplies, furniture, information technology equipment, and communication. For FY 2028, the agency estimates total expenditures of \$393,716 from its fee fund to support the provisions of the bill. The bill would generate revenues from auditing entities when they register with the Department; however, the amount that would be collected and deposited into the Pharmacy Benefit Manager Licensure Fund cannot be estimated. The bill could also generate additional revenues for the State General Fund from penalties and fines collected, but the agency cannot estimate an amount.

Since the original fiscal effect statement was issued, the Department of Administration, Department of Education, Department of Health and Environment, Kansas Association of

Counties, and League of Kansas Municipalities have provided information on the fiscal effect of this bill. The Department of Administration states the State Employee Health Plan (SEHP) has a transparent PBM contract with point-of-sale rebates. However, increasing the dispensing fee to \$10.50 is estimated to increase costs to the State Employee Health Plan by \$5,429,340 in FY 2027 and \$5,890,834 in FY 2028.

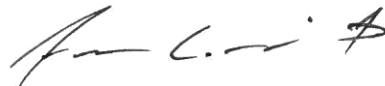
The Department of Education states that the bill would not have a fiscal effect on the Department's expenditures. The Department indicates that depending on the structure of a school district's health insurance, there could be a fiscal effect. However, the Department cannot estimate a fiscal effect on school districts.

The Department of Health and Environment does not believe that the bill does not include Medicaid. Therefore, the bill would not have a fiscal effect.

The Office of Judicial Administration and the Attorney General both state that the bill would not have a fiscal effect. The Board of Pharmacy states that the bill would not have a fiscal effect because its regulatory functions would not be impacted if the bill is enacted. Any fiscal effect associated with SB 360 is not reflected in *The FY 2027 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities both indicate that the bill could increase health care plan costs in relation to PBMs; however, the Association and the League cannot estimate the effect on counties and municipalities.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish.

Adam C. Proffitt  
Director of the Budget

cc: Trisha Morrow, Judiciary  
Alexandra Blasi, Board of Pharmacy  
Matt Bingesser, Office of the Attorney General  
Kyle Strathman, Insurance Department  
Samir Arif, Department of Administration  
Gabrielle Hull, Department of Education  
Amy Penrod, Department of Health & Environment  
Wendi Stark, League of Kansas Municipalities  
Jay Hall, Kansas Association of Counties