



Testimony Related to House Bill 2733
Presented to House Committee on Insurance and Pensions
By Aaron Dunkel, Executive Director
Kansas Pharmacists Association - Topeka, Kansas
March 14th, 2022

Chairman Johnson and Members of the Committee:

I am Aaron Dunkel, Executive Director for the Kansas Pharmacists Association (KPhA). The Kansas Pharmacists Association is the statewide professional association representing Kansas pharmacists, pharmacy technicians, and student pharmacists from all practice settings. I am here today to ask for your support for HB 2733. We appreciate the opportunity to testify as a proponent.

Over the last several years, all of you have heard from our partners and KPhA about concerns we have related to PBMs. The largest of those concerns hinged on the lack of a regulatory structure to address concerns and complaints under current Kansas law.

What you have before you today in HB 2733 is an example of how compromise can be achieved even on some of the most contentious issues when all parties are willing to negotiate and are provided support by legislative leadership. While neither side got everything they wanted, as is true with almost all compromises, we did reach an agreement, and we are here today to acknowledge that success and ask you to support the resulting bill.

HB 2733 addresses the licensure and regulation of pharmacy benefit managers (PBMs) in Kansas. This bill establishes a process for the licensure of PBMs in Kansas, replacing the current registration process with a more robust approach to identifying those entities providing PBM services, outlining the application and approval process for licensure. These sections of the bill identify documents necessary to apply for licensure, set the fees for initial and renewal licensure, and provide a timeline for approval and appeals related to licensure.

In addition, the bill establishes a basic structure for the regulation of PBMs in the state, allowing for oversight by the Kansas Insurance Department (KID). The bill identifies activities for which KID could sanction a PBM, identifies the Kansas Administrative Procedures Act as the standard for how hearings should be conducted, and sets limits for monetary penalties.

An item of substantial consideration for pharmacy in the reaching of this compromise is the ability of KID to sanction PBMs in a graduated and meaningful way if they violate state laws. Of course, as with any regulatory structure, most companies act in good faith. But, when one is not, being protective of the market and promoting adherence to state law through appropriate, graduated sanctions is an important control to have available.

Finally, the bill updates the statutes related to reimbursement appeals and the process related to those appeals. These amendments help define the appeals process requirements further and set limits on required documentation for such an appeal.

Thank you for considering HB 2733.