

May 1, 2024

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

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 521 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 521 is respectfully submitted to your committee.

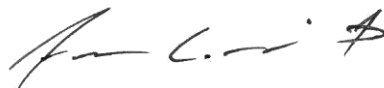
SB 521 would create the Defense of Affordable Prescriptions Act. The bill would prohibit a health insurer, pharmacy benefits manager, third-party payor, or other third-party payor from (1) reimbursing a 340B-covered entity for 340B drugs at a lower reimbursement rate than non-340B-covered entities; (2) lowering reimbursements on claims for non-340B drugs; (3) imposing certain terms and conditions on 340B-covered entities; (4) requiring 340B-covered entities to reverse, resubmit, or clarify a claim after initial adjudication; (5) discriminating against a 340B-covered entity in a way that prevents or interferes with a patient's choice to receive such drugs from a 340B-covered entity; (6) including any other provision in a contract with a 340B-covered entity that prevents or interferes with an individual's choice to receive a prescription drug from a 340B-covered entity; (7) requiring or compelling the submission of ingredient costs or pricing data regarding 340B drugs to any health insurer, pharmacy benefits manager, or other third party payor; and (8) excluding any 340B-covered entity from the health insurer, pharmacy benefits manager, or other third-party payor network on the basis that the 340B-covered entity participates in the 340B Drug Pricing Program. The bill would also prohibit a manufacture from denying, restricting, prohibiting, or otherwise interfering with the acquisition of a 340B drug to a pharmacy that is under contract with a 340B-covered entity and is authorized under such contract to receive and dispense 340B drugs on behalf of the 340B-covered entity. A violation of the Act would be a violation of the Kansas Consumer Protection Act.

Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
Expenditures			
State General Fund	--	--	--
Fee Fund(s)	--	\$785,000	\$851,725
Federal Fund	--	--	--
Total Expenditures	--	\$785,000	\$851,725
Revenues			
State General Fund	--	--	--
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	--	--
FTE Positions	--	--	--

The Department of Administration indicates enactment of the bill would increase reimbursements paid by the State Employee Health Plan (SEHP) to a pharmacy benefits manager by \$785,000 in FY 2025 and \$851,725 in FY 2026 from agency fee funds. The FY 2026 amount assumes an 8.5 percent increase in the price of prescription drugs. The Department indicates that the claims expense will be part of plan expenses and incorporated into SEHP future premiums charged to the employer and employee.

The Insurance Department indicates enactment of the bill would not have a fiscal effect on the agency. Any fiscal effect associated with SB 521 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Tamara Emery, Department of Administration
Bobbi Mariani, Insurance Department