

New Kansas Law Imposes Compliance Obligations on PBMs

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On April 9, 2026, Governor Laura Kelly signed into law the Kansas Consumer Prescription Protection and Accountability Act (the “KCPPAA” or the “Act”). The KCCPA regulates pharmacy benefit managers (“PBMs”) and imposes several new compliance obligations on PBMs including requiring the registration of auditing entities, prohibits certain practices such as spread pricing, and also requires pharmacy benefits manager reporting. The law takes effect July 1, 2026.

■ Kansas Consumer Prescription Protection and Accountability Act

PBM Regulation

In addition to audit and registration requirements, the KCPPA imposes several new requirements regarding rebates and drug costs for PBMs who want to operate in Kansas, including:

- All drug manufacturer rebates must be passed on to health plans;
- PBMs are prohibited from charging health plans more than they reimburse pharmacies (a practice known as “spread pricing”);
- Equal reimbursement for all pharmacies and a set minimum dispensing fee of \$10.50;
- PBMs cannot collect from a pharmacy any cost share charged to a covered person that exceeds the total submitted charges by the pharmacy or pharmacist to the PBM;
- PBMs cannot reimburse a pharmacy less than either the national average drug acquisition cost or the wholesale acquisition cost;
- PBMs must report at least annually, or upon request by the Kansas Insurance Commissioner (the “Commissioner”), the aggregate amount of rebates received, the aggregate amount of rebates distributed to each health plan or covered entity, and individual amount paid by the health plan or covered entity to the PBM for pharmacist services and individual amount that a PBM paid for pharmacist services;

- PBMs must report annually to the Commissioner and each contracted health plan or covered entity the aggregate difference between the amount that the PBM reimbursed pharmacies and the amount that the PBM charged such health plan or covered entity;
- PBMs must report on a quarterly basis to the Commissioner all drugs appearing on the national average drug acquisition cost list that are reimbursed at 10% and below the national average drug acquisition cost and all drugs that are reimbursed at 10% and above the national average drug acquisition cost and the net acquisition cost for each class of drug appearing on the national average acquisition cost list that the PBM charged each health benefit plan and a copy of this report will be publicly available on the PBM's website for at least 24 months.

The PBM requirements do not apply to self-funded health plans subject to the provisions of ERISA and non-ERISA self-funded health plans by Kansas governmental entities and their political subdivisions as well as church plans.

Fines and Penalties

The Commission may impose penalties on PBMs for noncompliance with the new KCPPA requirements. Penalties are assessed on a per violation basis and will not exceed \$1,000 per violation (or \$5,000 if the PBM knew or should have known the PBM was in violation of the Act). In addition, any individual who acts a PBM without the required license is subject to a fine not to exceed \$100,000.

The Commissioner also has the authority to revoke, suspend or limit a PBM's or insurance company's license for failing to submit to an examination or to comply with any reasonable written request for information. The Commissioner may assess the costs of the examination to the PBM.

Employer Rights and Obligations

Upon request of the plan sponsor, the entity responsible for auditing the PBM must provide a copy of the final report to the plan sponsor, including the disclosure of any money recouped in the audit. No report provided to the plan sponsor can include the protected health information of any individual.

Annually, each health benefit plan or covered entity must report to the Commissioner the aggregate amount of credits, rebates, discounts or other such payments received by the health benefit plan or covered entity from a PBM or drug manufacturer.

■ Employer Action

PBMs, health plans, and pharmacies must prepare for compliance by July 1, 2026. Regulated entities should review and renegotiate contracts to align with the new requirements, particularly regarding rebate pass-through and reimbursement structures.