The bill creates a continuously appropriated cash fund for a drug assistance program administered by the Department of Public Health and Environment, and makes other changes to statutory designations concerning the program. Beginning in FY 2020-21, the bill reclassifies existing rebate revenue and deposits it into a cash fund; in FY 2020-21 only, the bill will increase state workload.

Summary of Legislation

Under current law, the Department of Public Health and Environment (CDPHE) receives pharmaceutical rebates for money received based on charges in excess of a federal price agreement related to the state’s operation of a drug assistance program for individuals with lower incomes who have medical or preventative needs regarding AIDS or HIV (the Ryan White State Drug Assistance Program). The rebates are designated in statute as donations.

The bill removes the statutory designation of the rebates as a donation and creates the HIV Medications Rebate Fund into which the rebates are credited for continuous appropriation to the CDPHE for the drug assistance program. The cash fund is exempted from the statutory limit on uncommitted reserves in a cash fund.

State Revenue

The CDPHE receives about $15 million per year in pharmaceutical rebates, which are currently classified as donations, to support the state drug assistance program. Instead, this revenue will be deposited into the newly created cash fund. The revenue to the new cash fund is subject to TABOR.
State Expenditures

In FY 2020-21 only, the bill will increase state workload for the CDPHE and the Treasury Department.

Department of Public Health and Environment. The CDPHE will see increased workload to amend procedures related to the drug assistance program. This increase in workload can be accomplished within existing appropriations. Drug assistance program expenditures funded by drug rebates will not be affected by the bill.

Treasury Department. The Treasury Department will see increased workload to create and maintain the new cash fund for the drug assistance program. This increase in workload can be accomplished within existing appropriations.

Effective Date

This bill was signed into law by the Governor and took effect on July 13, 2020.

State and Local Government Contacts

Public Health and Environment  Treasury

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.