



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-006: PARITY FOR NON-OPIOID PAIN MANAGEMENT DRUGS

**Prime Sponsors:**

Sen. Amabile  
Rep. Brown

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**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill requires parity in insurance coverage between non-opioid pain management drugs and opioid drugs in several areas.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Diversion

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$3.4 million to the Department of Health Care Policy and Financing and the Department of Regulatory Agencies.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$3,489,187	\$3,479,312
Diverted Funds	\$19,749	\$9,874
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.2 FTE	0.1 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$803,106	\$803,106
Cash Funds	\$262,237	\$254,530
Federal Funds	\$2,354,510	\$2,354,510
Centrally Appropriated	\$69,334	\$67,167
<b>Total Expenditures</b>	<b>\$3,489,187</b>	<b>\$3,479,313</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.1 FTE</b>

**Table 1B  
 State Diversion**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	-\$19,749	-\$9,874
Cash Funds	\$19,749	\$9,874
<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>

## Summary of Legislation

The bill requires parity in insurance coverage between non-opioid pain management drugs and opioid drugs in several areas. Specifically, the bill requires state-regulated private insurance carriers to:

- cover at least one non-opioid drug that is a clinically appropriate alternative for each covered opioid drug; and
- not impose cost-sharing requirements on non-opioid drugs that are more restrictive than the requirements for opioid drugs.

In addition, the bill requires state-regulated private insurance carriers and public health insurance plans operated by the Department of Health Care Policy and Financing (HCPF) to ensure that utilization review requirements on non-opioid drugs are more restrictive than the requirements for opioid drugs, including prior authorization reviews and step therapy.

## Background

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An actuarial analysis of coverage for non-opioid pain management for this legislative proposal was requested pursuant to [Senate Bill 22-040](#). When finalized, this analysis will be posted on the [SB 22-040 - Actuarial Review of Health Benefit Coverage Legislative Proposal website](#).

## State Diversions

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The bill diverts \$19,749 from the General Fund to the Division of Insurance Cash Fund in FY 2026-27 and \$9,874 in future years. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies (DORA), which is funded with premium tax revenue that would otherwise be credited to the General Fund.

## State Expenditures

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The bill increases state expenditures by \$3.5 million in FY 2026-27 and future years. These increased costs are for drug coverage under Medicaid and public health plans operated by HCPF and for state employee health insurance managed across all state agencies, as well as regulatory costs in the Division of Insurance in DORA. Costs in HCPF are split between General Fund, the Healthcare Affordability and Sustainability (HAS) Cash Fund, and federal funds. Costs for state employee health insurance are centrally appropriated to all state agencies and paid from a variety of fund sources. Costs in DORA are paid from the Division of Insurance Cash Fund. These costs are shown in Table 2 and described in the sections below.

**Table 2**  
**State Expenditures**  
**All Departments**

<b>Department</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Department of Health Care Policy and Financing	\$3,404,438	\$3,404,438
State Employee Health Insurance	\$65,000	\$65,000
Department of Regulatory Agencies	\$19,749	\$9,875
<b>Total Costs</b>	<b>\$3,489,187</b>	<b>\$3,479,313</b>

## Department of Health Care Policy and Financing

The bill is expected to increase Medicaid member utilization of higher cost pain management drugs. HCPF uses prior authorization reviews to encourage the use of lower cost drugs and drugs on pre-approved preferred drug lists. In some situations, higher cost or brand-name

non-opioid drugs require prior authorization, while lower cost and generic opioid drugs do not. By requiring utilization review for non-opioid drugs to be no more restrictive than for opioid drugs, it is assumed that HCPF can no longer use these cost control mechanisms for many non-opioid drugs. This will increase pharmacy costs in HCPF by \$3.4 million annually. About 70 percent of these costs are paid from federal funds, with remaining state share paid from the General Fund and HAS Cash Fund. This estimate reflects the final cost after the receipt of drug rebates.

**Table 2A**  
**State Expenditures**  
**Department of Health Care Policy and Financing**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$803,106	\$803,106
Healthcare Affordability and Sustainability Cash Fund	\$246,822	\$246,822
Federal Funds	\$2,354,510	\$2,354,510
<b>Total Costs</b>	<b>\$3,404,438</b>	<b>\$3,404,438</b>

### **State Employee Insurance**

Similar to HCPF, private insurance carriers use cost control mechanisms that will be restricted under the bill. Requirements placed on private insurance companies by will likely contribute to higher health insurance premiums for state employee health insurance, which are shared by state agencies and employees. Preliminarily, these costs are estimated to be \$65,000 annually starting in FY 2026-27, based on information provided by the state's current health insurers, Cigna and Kaiser Permanente.

While the current partnership agreement with Colorado WINS specifies that any increased premium costs will be paid by the state through FY 2027-28, the exact share paid by the state and by employees will ultimately be adjusted and set by the General Assembly through the annual budget process. Any cost increase for state employee health insurance will be paid through various centrally appropriated line items across all state agencies and will be adjusted through the annual budget process. See Technical Note Section about applicability of the bill to employee health plans during FY 2026-27.

### **Department of Regulatory Agencies**

DORA requires additional staff to enforce the parity requirement for private insurance carriers. The bill may also create a requirement under the federal Affordable Care Act for state defrayal of new mandated health benefit costs. These costs, paid from the Division of Insurance Cash Fund, are described below.

## Staff

DORA requires 0.2 FTE in FY 2026-27 and 0.1 FTE in future years to make rules regarding non-opioid parity requirements and review form, rate, and prescription drug formulary filings for compliance. While the rate and form review process occurs every year under current law, parity requirements place additional investigatory responsibilities on DORA that require additional staff time. The fiscal note assumes these staff will begin in FY 2026-27 to review plans for the 2027 plan year; see Technical Note.

## State Defrayal

Under the federal Affordable Care Act, if state law mandates that individual or small group plans provide a new benefit, the federal Department of Health and Human Services (HHS) services must determine whether it constitutes an essential health benefit. If it does not, the new benefit is subject to state defrayal, meaning the state is required to pay for the additional costs incurred by insurers to provide the benefit. If there is an official determination that state defrayal is required, DORA will require additional resources to administer the defrayal and the state will have increased costs to make defrayal payment to insurance companies. These costs have not been estimated at this time, as they depend on the results of the actuarial study described in the Background section, an official determination that state defrayal is required, and further federal guidance on how state defrayal payments should be administered.

**Table 2B**  
**State Expenditures**  
**Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$15,415	\$7,708
Centrally Appropriated Costs	\$4,334	\$2,167
<b>Total Costs</b>	<b>\$19,749</b>	<b>\$9,875</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.1 FTE</b>

## Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs include employee insurance, which are discussed in the State Employee Health Insurance section, and supplemental employee retirement payments, which are shown in Table 2B above.

## Technical Note

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The fiscal note assumes that the bill applies to health plans issued or renewed after the bill's effective date. This is assumed to begin with the 2027 plan year. However, as drafted, the bill may be interpreted as applying immediately upon its effective date (in August 2026) to plans that had already been submitted to DORA for review and plans currently in effect, including state employee health insurance plans. This would likely result in the need for appropriations to the Division of Insurance in DORA and to state agencies for employee health insurance through this bill or through the supplemental appropriation process.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State Appropriations

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For FY 2026-27, the bill requires the following appropriations totaling \$3.4 million as follows:

- \$3,404,438 to the Department of Health Care Policy and Financing, including:
  - \$803,106 from the General Fund;
  - \$246,822 from the Healthcare Affordability and Sustainability Cash Fund; and
  - \$2,354,510 from federal funds
- \$15,415 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund, and 0.2 FTE.

## State and Local Government Contacts

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Health Care Policy and Financing

Public Safety

Personnel

Regulatory Agencies