SB 26-006

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

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

Prime Sponsors:
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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the Senate Health and Human Services Committee.

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 $15,415 to 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	$19,749	$9,875
Diverted Funds	$19,749	$9,875
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

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	$0	$0
Cash Funds	$15,415	$7,708
Federal Funds	$0	$0
Centrally Appropriated	$4,334	$2,167
Total Expenditures	**$19,749**	**$9,875**
Total FTE	**0.2 FTE**	**0.1 FTE**

Table 1B
State Diversion

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-$19,749	-$9,875
Cash Funds	$19,749	$9,875
Net Diversion	**$0**	**$0**

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 a covered opioid drug;
- not impose cost-sharing requirements on non-opioid drugs that are more restrictive than the requirements for opioid drugs; and
- not impose utilization review requirements on non-opioid drugs that are more restrictive than the requirements for opioid drugs, including prior authorization reviews and step therapy.

The bill exempts insurance plans offered to state employees from these requirements.

Background

An actuarial analysis of coverage for non-opioid pain management for this legislative proposal was requested pursuant to Senate Bill 22-040. This analysis found that the parity requirements would increase premiums by about 0.1 percent across various insurance market segments.

State Diversions

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

The bill increases state expenditures by about $20,000 in FY 2026-27 and $10,000 in future years. These costs, paid from the Division of Insurance Cash Fund, are shown in Table 2 and described in the sections below.

Table 2
State Expenditures
Department of Regulatory Agencies

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

Department of Regulatory Agencies

DORA requires additional staff to enforce the parity requirement for private insurers, paid from the Division of Insurance Cash Fund. The bill may also create a requirement under the federal Affordable Care Act for state defrayal of new mandated health benefit costs. These impacts 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 to 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 an official determination that state defrayal is required and further federal guidance on how state defrayal payments should be administered.

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 2 above.

Technical Note

The fiscal note assumes that the bill applies to health plans issued or renewed after the bill's effective date, beginning with the 2027 plan year. However, the bill may be interpreted as applying immediately upon its effective date (August 2026) to plans that had already been submitted to DORA for review and plans currently in effect. This would result in the need for an appropriation to DORA through this bill or through the supplemental appropriation process for mid-cycle review of form, rate, and prescription drug formulary filings.

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires an appropriation of $15,415 to the Department of Regulatory Agencies from the Division of Insurance Cash Fund, and 0.2 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Personnel

Public Safety

Regulatory Agencies