



**Colorado
Legislative
Council
Staff**

HB16-1102

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0081	Date: February 1, 2016
Prime Sponsor(s): Rep. Ginal Sen. Newell; Roberts	Bill Status: House Health, Insurance and Environment
	Fiscal Analyst: Bill Zepernick (303-866-4777)

BILL TOPIC: DRUG PRODUCTION COSTS TRANSPARENCY REQUIREMENTS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$100,000</u>	
General Fund	\$100,000	
Appropriation Required: \$100,000 - Department of Public Health and Environment (FY 2016-17).		
Future Year Impacts: None.		

Summary of Legislation

The bill requires that drug manufacturers submit a report to the Colorado Commission on Affordable Health Care (commission) outlining certain information about drugs made available in Colorado for which the wholesale acquisition cost is \$50,000 or more per year or per course of treatment. The commission is required to develop a reporting form that captures information on:

- research and development costs;
- clinical trials and regulatory costs;
- material, manufacturing, and administration costs attributable to the drug;
- acquisition costs, including patents and licensing;
- marketing and advertising costs;
- costs paid by other entities, including grants, subsidies, or other support;
- history of prior price increases;
- profit attributable to the drug; and
- financial assistance provided through patient prescription assistance programs.

The commission is required to develop the reporting form by June 1, 2016, and manufacturers must submit information to the commission by August 1, 2016. The commission is required to analyze the data and submit a report to the General Assembly by December 1, 2016, outlining the information collected and any recommendations.

Background

The Colorado Commission on Affordable Health Care was created by Senate Bill 14-187 to study the drivers of health care costs and evidence-based cost containment strategies, and make recommendations for action. The General Assembly provided a one-time appropriation of \$400,000 to fund the work of the commission, with this funding continuously appropriated for use by the commission during its term of operation. The 17 members of the commission serve without compensation but may be reimbursed for expenses. The commission is required to provide annual reports in November 2015 and 2016, and a final report by June 30, 2017. The commission is scheduled to repeal on July 1, 2017.

State Expenditures

Under the bill, the commission will have costs of \$100,000 for contractor services to develop the reporting form, work with drug manufacturers to collect data, analyze the collected data, and provide a report to the General Assembly. The commission cannot pay for these services from its prior appropriations; thus, an additional General Fund appropriation is required to pay for these costs. The fiscal note estimates that about 500 hours of contractor services at an average hourly rate of \$200 is required to accomplish this work.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2016-17, the bill requires a General Fund appropriation of \$100,000 to the Colorado Commission on Affordable Health Care Cash Fund in the Department of Public Health and Environment. Funding in this cash fund is continuously appropriated for use by the commission.

State and Local Government Contacts

Public Health and Environment Office of Information Technology

Research Note Available

An LCS Research Note for HB 16-1102 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.