



**Colorado  
Legislative  
Council  
Staff**

**HB16-1361**

**FISCAL NOTE**

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

**Drafting Number:** LLS 16-1044 **Date:** March 30, 2016  
**Prime Sponsor(s):** Rep. Primavera; Becker J. **Bill Status:** House Public Health Care and Human Services  
 Sen. Sonnenberg; Newell **Fiscal Analyst:** Bill Zepernick (303-866-4777)

**BILL TOPIC:** PATIENT CHOICE IN PHARMACY

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>		
<b>State Expenditures</b>	Minimal workload increase.	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Minimal ongoing workload increase.		

**Summary of Legislation**

The bill prohibits a health benefit plan or pharmacy benefit management firm that covers pharmaceutical services from:

- limiting or restricting a covered person's ability to select a pharmacy or pharmacist of his or her choice if the pharmacy or pharmacist is licensed and has agreed to the terms of the contract with the health plan or pharmacy benefit provider;
- imposing cost-sharing requirements on a covered person, a pharmacy, or a pharmacist as a result of a covered person's selection of a pharmacy, unless that provider network contract imposes those same cost-sharing requirements on all persons or pharmacies in the state;
- imposing other conditions on a covered person, pharmacist, or pharmacy that limit a covered person's ability to select a pharmacy of his or her choosing; and
- denying a pharmacy or pharmacist the right to participate in a pharmacy network contract in the state if the pharmacy or pharmacist holds a valid license and agrees to specified conditions.

The restrictions in the bill do not apply to:

- carriers that offer managed care plans and provide a majority of covered services using physicians employed by the carrier or through a single contracted medical group;
- self-funded plans that are exempt from state regulation under the federal Employee Retirement Income Security Act (ERISA); or
- plans issued for coverage of state or federal employees.

## State Expenditures

The bill will increase workload beginning in FY 2016-17 in the Department of Regulatory Agencies (DORA) for the Division of Insurance and the State Pharmacy Board to conduct rulemaking and perform outreach with affected health insurance carriers and pharmacists concerning the requirements of the bill. These divisions in DORA may also have additional workload in future years to receive and investigate complaints and public inquiries concerning health insurers that do not comply with the restrictions under the bill. It is assumed this workload can be accomplished within the normal course of business and no changes in appropriations are required.

## Local Government Impact

The bill may affect premiums for state-regulated health plans by limiting the ability of insurers to control pharmaceutical costs in their provider networks. To the extent this occurs, premiums paid by local governments for employee health insurance could potentially increase. However, health insurance premiums are affected by numerous factors and the impact of the bill on insurance premiums cannot be estimated with precision. It is assumed any impact on local government costs will be minimal.

## Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed, and it applies to health plans issued, delivered, or renewed on or after January 1, 2018.

## State and Local Government Contacts

Counties	Health Care Policy and Financing
Human Services	Information Technology
Law	Personnel
Regulatory Agencies	