



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 23-0867	Date:	March 8, 2023
Prime Sponsors:	Rep. deGruy Kennedy; Dickson Sen. Jaquez Lewis	Bill Status:	House Health & Insurance
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Bill Topic: **EXTEND & MODIFY RX DRUG AFFORDABILITY BOARD**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes several changes to the Drug Affordability Review Board's procedures. The bill impacts state expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill makes several changes to the Colorado Prescription Drug Affordability Review Board (the board) in the Division of Insurance in the Department of Regulatory Agencies (DORA). These changes include:

- limiting conflict of interest recusal requirements to board members only (excluding staff and contractors);
- changing various cost thresholds for different types of drugs that prompt the board to conduct a review;
- requiring the board to produce a report summarizing drug affordability data that it uses;
- removing the cap on the number of prescription drugs for which an upper payment limits may be established by the board annually;
- making minor changes to the board's appeal process;
- extending the repeal date and associated sunset review of the board from September 1, 2026, to September 1, 2031; and
- expanding when an individual may request a review to include cases when the drug is no longer available in the state.

Background

The Colorado Prescription Drug Affordability Review Board, established under Senate Bill 21-175, is a Type 1 board within the Division of Insurance in DORA with the authority to review prescription drug costs, evaluate their impact on Coloradans, and set an upper payment limit for prescription drugs that are deemed unaffordable.

State Expenditures

The bill impacts workload and costs in DORA in several ways, as outlined below.

Board workload. The bill may increase workload if the board chooses to review or set upper payment limits for more prescription drugs after removal of the 12-drug cap. The division and board will also have additional workload to publish a report of the data that it considers when reviewing drugs. Workload may minimally decrease in the division by streamlining aspects of the board's work. No change in appropriations is required for the DOI or the board.

Legal services. The bill may minimally increase legal service costs for the board and DOI, provided by the Department of Law, for general counsel and other support under the bill. Exact costs may vary and depend on the number of drug reviews conducted by the board. These costs will be addressed through the annual budget process, if necessary.

Effective Date

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

State and Local Government Contacts

Health Care Policy and Financing
District Attorneys

Public Health and Environment
Judicial

Regulatory Agencies
Law