

**Second Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO**

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 24-0202.01 Christy Chase x2008

**HOUSE BILL 24-1149**

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**A BILL FOR AN ACT**

101    **CONCERNING MODIFICATIONS TO REQUIREMENTS FOR PRIOR**  
102            **AUTHORIZATION OF BENEFITS UNDER HEALTH BENEFIT PLANS,**  
103            **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

With regard to prior authorization requirements imposed by carriers, private utilization review organizations (organizations), and pharmacy benefit managers (PBMs) for certain health-care services and prescription drug benefits covered under a health benefit plan, the bill requires carriers, organizations, and PBMs, as applicable, to adopt a

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

HOUSE  
3rd Reading Unamended  
March 11, 2024

HOUSE  
Amended 2nd Reading  
March 8, 2024

program, in consultation with participating providers, to eliminate or substantially modify prior authorization requirements in a manner that removes administrative burdens on qualified providers and their patients with regard to certain health-care services, prescription drugs, or related benefits based on specified criteria. Additionally, a carrier or organization is prohibited from denying a claim for a health-care procedure a provider provides, in addition or related to an approved surgical procedure, under specified circumstances or from denying an initially approved surgical procedure on the basis that the provider provided an additional or a related health-care procedure.

The bill extends the duration of an approved prior authorization for a health-care service or prescription drug benefit from 180 days to a calendar year.

Carriers are required to post, on their public-facing websites, specified information regarding:

- The number of prior authorization requests that are approved, denied, and appealed;
- The number of prior authorization exemptions or alternatives to prior authorization requirements provided pursuant to a program developed and offered by the carrier, an organization, or a PBM; and
- The prior authorization requirements as applied to prescription drug formularies for each health benefit plan the carrier or PBM offers.

The bill applies to conduct occurring on or after January 1, 2026.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4           (a) Timely access to necessary health care is of vital importance  
5 to Coloradans;

6           (b) The provider-patient relationship is paramount and should not  
7 be subject to intrusion by a third party;

8           (c) Coloradans and their health-care providers deserve easy access  
9 to information regarding health insurance benefits so that, together, they  
10 can determine the proper course of treatment;

11           (d) Utilization management processes, such as prior authorization,

1 delay care, which, according to thirty-four percent of physicians surveyed  
2 nationally, leads to serious adverse events for their patients, including  
3 hospitalization, permanent disability, or even death;

4 (e) These outcomes due to delays in timely accessing services and  
5 prescriptions are known to disproportionately impact historically  
6 marginalized populations, such as Black and Hispanic patients, furthering  
7 health disparities in the state;

8 (f) Surveys have found that over sixty percent of physicians also  
9 report that it is difficult to determine whether a prescription medication  
10 or medical service requires prior authorization, adding burdensome  
11 administrative steps for health-care providers and patients to understand  
12 requirements for accessing necessary medical services or prescriptions;  
13 and

14 (g) Health systems spend an average of twenty dollars, for a  
15 primary care visit, to two hundred fifteen dollars, for an inpatient surgical  
16 procedure, on administrative tasks to navigate insurer utilization  
17 management processes like processing prior authorization requests.

18 (2) Therefore, it is the intent of the general assembly, by  
19 establishing transparent prescription formularies and enabling access to  
20 prior authorization requirements at the point of care delivery; requiring  
21 posting of data on prior authorization practices; and requiring carriers,  
22 private utilization review organizations, and pharmacy benefit managers  
23 to adopt a program that streamlines the administrative process for  
24 qualifying health-care providers who satisfy certain objective criteria  
25 regarding quality and appropriateness of care and specialty area and  
26 experience, to:

27 (a) Ensure Coloradans have equitable access to medically

1 necessary care;

2 (b) Reduce administrative burdens and costs borne by health-care  
3 providers; and

4 (c) Reduce overall costs to the health-care system.

5 **SECTION 2.** In Colorado Revised Statutes, 10-16-112.5, **amend**  
6 (2)(a), (2)(c), (3)(a)(I), (3)(c)(II), (4)(b), (5)(a), (6), and (7)(e); and **add**  
7 (3)(c)(III), (3.5), and (4)(c) as follows:

8 **10-16-112.5. Prior authorization for health-care services -**  
9 **disclosures and notice - determination deadlines - criteria - limits and**  
10 **exceptions - definitions - rules - enforcement. (2) Disclosure of**  
11 **requirements - notice of changes. (a) (I) A carrier shall ~~make~~ POST**  
12 **current prior authorization requirements and restrictions, including**  
13 **written, clinical criteria, ~~readily accessible~~ on the carrier's PUBLIC-FACING**  
14 **website IN A READILY ACCESSIBLE, STANDARDIZED, SEARCHABLE FORMAT.**  
15 **The prior authorization requirements must be described in detail and in**  
16 **clear and easily understandable language.**

17 (II) If a carrier contracts with a private utilization review  
18 organization to perform prior authorization for health-care services, the  
19 organization shall provide its prior authorization requirements and  
20 restrictions, as required by this subsection (2), to the carrier with ~~whom~~  
21 ~~WHICH~~ the organization contracted, and that carrier shall post the  
22 organization's prior authorization requirements and restrictions on its  
23 PUBLIC-FACING website IN THE MANNER REQUIRED BY SUBSECTION  
24 (2)(a)(I) OF THIS SECTION.

25 ~~(III) When posting prior authorization requirements and~~  
26 ~~restrictions pursuant to this subsection (2)(a) or subsection (2)(b) of this~~  
27 ~~section, a carrier is neither required to post nor prohibited from posting~~

1 ~~the prior authorization requirements and restrictions on a public-facing~~  
2 ~~portion of its website.~~

3 (c) (I) A carrier shall post, on a public-facing portion of its  
4 website, data regarding approvals and denials of prior authorization  
5 requests, including requests for drug benefits pursuant to section  
6 10-16-124.5, in a readily accessible, STANDARDIZED, SEARCHABLE format  
7 and that include the following: ~~categories, in the aggregate:~~

8 (A) ~~Provider specialty~~ THE TOTAL NUMBER OF PRIOR  
9 AUTHORIZATION REQUESTS RECEIVED IN THE IMMEDIATELY PRECEDING  
10 CALENDAR YEAR IN EACH OF THE FOLLOWING CATEGORIES OF SERVICES:  
11 MEDICAL PROCEDURES; DIAGNOSTIC TESTS AND DIAGNOSTIC IMAGES;  
12 PRESCRIPTION DRUGS; AND ALL OTHER CATEGORIES OF HEALTH-CARE  
13 SERVICES OR DRUG BENEFITS FOR WHICH A PRIOR AUTHORIZATION  
14 REQUEST WAS RECEIVED;

15 (B) ~~Medication or diagnostic test or procedure~~ THE TOTAL  
16 NUMBER OF PRIOR AUTHORIZATION REQUESTS THAT WERE APPROVED IN  
17 EACH OF THE CATEGORIES SPECIFIED IN SUBSECTION (2)(c)(I)(A) OF THIS  
18 SECTION;

19 (B.5) THE TOTAL NUMBER OF PRIOR AUTHORIZATION REQUESTS  
20 FOR WHICH AN ADVERSE DETERMINATION WAS ISSUED AND THE SERVICE  
21 WAS DENIED IN EACH OF THE CATEGORIES SPECIFIED IN SUBSECTION  
22 (2)(c)(I)(A) OF THIS SECTION; ■

23 (C) THE reason for THE denial IN EACH OF THE CATEGORIES  
24 SPECIFIED IN SUBSECTION (2)(c)(I)(A) OF THIS SECTION, WITH THE DENIAL  
25 REASONS SORTED BY CATEGORIES DEFINED BY RULE; and

26 (D) ~~Denials specified under subsection (2)(c)(I)(C) of this section~~  
27 ~~that are overturned on appeal~~ IN EACH OF THE CATEGORIES SPECIFIED IN

1 SUBSECTION (2)(c)(I)(A) OF THIS SECTION, THE TOTAL NUMBER OF  
2 ADVERSE DETERMINATIONS THAT WERE APPEALED AND WHETHER THE  
3 DETERMINATION WAS UPHELD OR REVERSED ON APPEAL.

4 (II) An organization OR PBM that provides prior authorization for  
5 a carrier shall provide the data specified in subsection (2)(c)(I) of this  
6 section to the carrier with ~~whom~~ WHICH the organization OR PBM  
7 contracted, and the carrier shall post the organization's OR PBM's data on  
8 its PUBLIC-FACING website IN THE MANNER REQUIRED BY SUBSECTION  
9 (2)(c)(I) OF THIS SECTION.

10 (III) Carriers and organizations shall use the data specified in this  
11 subsection (2)(c) to refine and improve their utilization management  
12 programs. CARRIERS AND ORGANIZATIONS SHALL REVIEW THE LIST OF  
13 MEDICAL PROCEDURES, DIAGNOSTIC TESTS AND DIAGNOSTIC IMAGES,  
14 PRESCRIPTION DRUGS, AND OTHER HEALTH-CARE SERVICES FOR WHICH THE  
15 CARRIER OR ORGANIZATION REQUIRES PRIOR AUTHORIZATION AT LEAST  
16 ANNUALLY AND SHALL ELIMINATE THE PRIOR AUTHORIZATION  
17 REQUIREMENTS FOR THOSE PROCEDURES, DIAGNOSTIC TESTS AND  
18 DIAGNOSTIC IMAGES, PRESCRIPTION DRUGS, OR OTHER HEALTH-CARE  
19 SERVICES FOR WHICH PRIOR AUTHORIZATION ■■■ NEITHER PROMOTES  
20 HEALTH-CARE QUALITY OR EQUITY NOR SUBSTANTIALLY REDUCES  
21 HEALTH-CARE SPENDING. ■■■ EACH CARRIER AND ORGANIZATION SHALL  
22 ANNUALLY ATTEST TO THE COMMISSIONER THAT IT HAS COMPLETED THE  
23 REVIEW REQUIRED BY THIS SUBSECTION (2)(c)(III) AND HAS ELIMINATED  
24 PRIOR AUTHORIZATION REQUIREMENTS CONSISTENT WITH THE  
25 REQUIREMENTS OF THIS SUBSECTION (2)(c)(III).

26 (IV) A CARRIER SHALL POST, ON A PUBLIC-FACING PORTION OF ITS  
27 WEBSITE, IN A READILY ACCESSIBLE, STANDARDIZED, SEARCHABLE

1     FORMAT, DATA ON THE NUMBER OF EXEMPTIONS FROM PRIOR  
2     AUTHORIZATION REQUIREMENTS OR ALTERNATIVES TO PRIOR  
3     AUTHORIZATION REQUIREMENTS PROVIDED PURSUANT TO A PROGRAM  
4     ADOPTED BY THE CARRIER, ORGANIZATION, OR PBM PURSUANT TO  
5     SUBSECTION (4)(b)(II) OF THIS SECTION OR SECTION 10-16-124.5 (5.5), AS  
6     APPLICABLE. THE CARRIER SHALL INCLUDE THE FOLLOWING DATA:

7             (A) THE NUMBER OF PROVIDERS OFFERED AN EXEMPTION OR  
8     ALTERNATIVE PROGRAM, INCLUDING THEIR SPECIALTY AREAS;

9             (B) THE NUMBER AND CATEGORIZED TYPES OF EXEMPTIONS OR  
10    ALTERNATIVE PROGRAMS OFFERED TO PROVIDERS; AND

11            (C) THE PRESCRIPTION DRUG, DIAGNOSTIC TEST, PROCEDURE, OR  
12    OTHER HEALTH-CARE SERVICE FOR WHICH AN EXEMPTION OR  
13    ALTERNATIVE PROGRAM WAS OFFERED.

14            (V) THE COMMISSIONER SHALL ADOPT RULES TO:

15            (A) IMPLEMENT SUBSECTIONS (2)(c)(I) AND (2)(c)(IV) OF THIS  
16    SECTION TO ENSURE THAT THE DATA FIELDS REQUIRED TO BE POSTED  
17    PURSUANT TO SUBSECTIONS (2)(c)(I) AND (2)(c)(IV) OF THIS SECTION ARE  
18    PRESENTED CONSISTENTLY BY CARRIERS; AND

19            (B) DEFINE CATEGORIES OF PRIOR AUTHORIZATION REQUEST  
20    DENIALS FOR PURPOSES OF SUBSECTION (2)(c)(I)(C) OF THIS SECTION.

21            (3) **Nonurgent and urgent health-care services - timely**  
22    **determination - notice of determination - deemed approved.**

23            (a) Except as provided in subsection (3)(b) of this section, a prior  
24    authorization request is deemed granted if a carrier or organization fails  
25    to:

26            (I) (A) Notify the provider and covered person, within five  
27    business days after receipt of the request, that the request is approved,

1 denied, or incomplete and INDICATE: If DENIED, WHAT RELEVANT  
2 ALTERNATIVE SERVICES OR TREATMENTS MAY BE A COVERED BENEFIT OR  
3 ARE REQUIRED BEFORE APPROVAL OF THE DENIED SERVICE OR  
4 TREATMENT; OR IF incomplete, indicate the specific additional  
5 information, consistent with criteria posted pursuant to subsection (2)(a)  
6 of this section, that is required to process the request; or

7 (B) Notify the provider and covered person, within five business  
8 days after receiving the additional information required by the carrier or  
9 organization pursuant to subsection (3)(a)(I)(A) of this section, that the  
10 request is approved or denied AND, IF DENIED, INDICATE WHAT RELEVANT  
11 ALTERNATIVE SERVICES OR TREATMENTS MAY BE A COVERED BENEFIT OR  
12 ARE REQUIRED BEFORE APPROVAL OF THE DENIED SERVICE OR  
13 TREATMENT; and

14 (c) (II) If the carrier or organization denies a prior authorization  
15 request based on a ground specified in section 10-16-113 (3)(a), the  
16 notification is subject to the requirements of section 10-16-113 (3)(a) and  
17 commissioner rules adopted pursuant to that section and must:

18 (A) Include information concerning whether the carrier or  
19 organization requires an alternative treatment, test, procedure, or  
20 medication AND WHAT ALTERNATIVE SERVICES OR TREATMENTS WOULD  
21 BE APPROVED AS A COVERED BENEFIT UNDER THE HEALTH BENEFIT PLAN;  
22 OR

23 (B) IN THE CASE OF THE DENIAL OF A PRIOR AUTHORIZATION  
24 REQUEST FOR A PRESCRIPTION DRUG, SPECIFY WHICH PRESCRIPTION DRUGS  
25 AND DOSAGES IN THE SAME CLASS AS THE PRESCRIPTION DRUG FOR WHICH  
26 THE PRIOR AUTHORIZATION REQUEST WAS DENIED ARE COVERED  
27 PRESCRIPTION DRUGS UNDER THE HEALTH BENEFIT PLAN.



1 (III) A CARRIER'S, ORGANIZATION'S, OR PHARMACY BENEFIT  
2 MANAGER'S COMPLIANCE WITH THIS SUBSECTION (3)(c)(II) DOES NOT  
3 CONSTITUTE THE PRACTICE OF MEDICINE.

4 (3.5) (a) STARTING JANUARY 1, 2027, A CARRIER OR  
5 ORGANIZATION SHALL HAVE, MAINTAIN, AND USE A PRIOR AUTHORIZATION  
6 APPLICATION PROGRAMMING INTERFACE THAT AUTOMATES THE PRIOR  
7 AUTHORIZATION PROCESS TO ENABLE A PROVIDER TO:

8 (I) DETERMINE WHETHER PRIOR AUTHORIZATION IS REQUIRED FOR  
9 A HEALTH-CARE SERVICE;

10 (II) IDENTIFY PRIOR AUTHORIZATION INFORMATION AND  
11 DOCUMENTATION REQUIREMENTS; AND

12 (III) FACILITATE THE EXCHANGE OF PRIOR AUTHORIZATION  
13 REQUESTS AND DETERMINATIONS FROM THE PROVIDER'S ELECTRONIC  
14 HEALTH RECORDS OR PRACTICE MANAGEMENT SYSTEMS THROUGH SECURE  
15 ELECTRONIC TRANSMISSION.

16 (b) A CARRIER'S OR ORGANIZATION'S APPLICATION PROGRAMMING  
17 INTERFACE MUST MEET THE MOST RECENT STANDARDS AND  
18 IMPLEMENTATION SPECIFICATIONS ADOPTED BY THE SECRETARY OF THE  
19 UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES AS  
20 SPECIFIED IN 45 CFR 170.215 (a).

21 (c) IF A PROVIDER SUBMITS A PRIOR AUTHORIZATION REQUEST  
22 THROUGH THE CARRIER'S OR ORGANIZATION'S APPLICATION PROGRAMMING  
23 INTERFACE, THE CARRIER OR ORGANIZATION SHALL ACCEPT AND RESPOND  
24 TO THE REQUEST THROUGH THE INTERFACE.

25 (4) **Criteria, limits, and exceptions.** (b) (I) Carriers and  
26 organizations shall consider limiting the use of prior authorization to  
27 providers whose prescribing or ordering patterns differ significantly from

1 the patterns of their peers after adjusting for patient mix and other  
2 relevant factors and present opportunities for improvement in adherence  
3 to the carrier's or organization's prior authorization requirements.

4 (II) ~~(A)~~ NO LATER THAN JANUARY 1, 2026, a carrier or AN  
5 organization ~~may offer providers with a history of adherence to the~~  
6 ~~carrier's or organization's prior authorization requirements at least one~~  
7 ~~alternative to prior authorization, including an exemption from prior~~  
8 ~~authorization requirements for a provider that has at least an eighty~~  
9 ~~percent approval rate of prior authorization requests over the immediately~~  
10 ~~preceding twelve months.~~ SHALL ADOPT A PROGRAM, DEVELOPED IN  
11 CONSULTATION WITH PROVIDERS PARTICIPATING WITH THE CARRIER, TO  
12 ELIMINATE OR SUBSTANTIALLY MODIFY PRIOR AUTHORIZATION  
13 REQUIREMENTS IN A MANNER THAT REMOVES THE ADMINISTRATIVE  
14 BURDEN FOR QUALIFIED PROVIDERS, AS DEFINED UNDER THE PROGRAM,  
15 AND THEIR PATIENTS FOR CERTAIN HEALTH-CARE SERVICES AND RELATED  
16 BENEFITS BASED ON ANY OF THE FOLLOWING:

17 (A) THE PERFORMANCE OF PROVIDERS WITH RESPECT TO  
18 ADHERENCE TO NATIONALLY RECOGNIZED, EVIDENCE-BASED MEDICAL  
19 GUIDELINES, APPROPRIATENESS, EFFICIENCY, AND OTHER QUALITY  
20 CRITERIA; AND

21 (B) PROVIDER SPECIALTY, EXPERIENCE, OR OTHER OBJECTIVE  
22 FACTORS; EXCEPT THAT ELIGIBILITY FOR THE PROGRAM MUST NOT BE  
23 LIMITED BY PROVIDER SPECIALTY.

24 (III) A PROGRAM DEVELOPED PURSUANT TO SUBSECTION (4)(b)(II)  
25 OF THIS SECTION:

26 (A) MUST NOT REQUIRE QUALIFIED PROVIDERS TO REQUEST  
27 PARTICIPATION IN THE PROGRAM; AND

1 (B) MAY INCLUDE LIMITING THE USE OF PRIOR AUTHORIZATION TO  
2 PROVIDERS WHOSE PRESCRIBING OR ORDERING PATTERNS DIFFER  
3 SIGNIFICANTLY FROM THE PATTERNS OF THEIR PEERS AFTER ADJUSTING  
4 FOR PATIENT MIX AND OTHER RELEVANT FACTORS AND IN ORDER TO  
5 PRESENT THOSE PROVIDERS WITH OPPORTUNITIES FOR IMPROVEMENT IN  
6 ADHERENCE TO THE CARRIER'S OR ORGANIZATION'S PRIOR AUTHORIZATION  
7 REQUIREMENTS.

8 (IV) At least annually, a carrier or AN organization shall:

9 (A) Reexamine a provider's prescribing or ordering patterns; ~~and~~

10 (B) Reevaluate the provider's status for exemption from ~~or other~~  
11 ~~alternative to~~ prior authorization requirements OR FOR INCLUSION IN THE  
12 PROGRAM DEVELOPED pursuant to ~~this~~ subsection (4)(b)(II) OF THIS  
13 SECTION; AND

14 ~~(B) (C) The carrier or organization shall inform~~ NOTIFY the  
15 provider of the provider's STATUS FOR exemption ~~status and provide~~  
16 ~~information on the data considered as part of its reexamination of the~~  
17 ~~provider's prescribing or ordering patterns for the twelve-month period of~~  
18 ~~review~~ OR INCLUSION IN THE PROGRAM.

19 (V) A PROGRAM DEVELOPED PURSUANT TO SUBSECTION (4)(b)(II)  
20 OF THIS SECTION MUST INCLUDE PROCEDURES FOR A PROVIDER TO  
21 REQUEST:

22 (A) AN EXPEDITED, INFORMAL RESOLUTION OF A CARRIER'S OR AN  
23 ORGANIZATION'S FAILURE OR REFUSAL TO INCLUDE THE PROVIDER IN THE  
24 PROGRAM; AND

25 (B) IF THE MATTER IS NOT RESOLVED THROUGH INFORMAL  
26 RESOLUTION, BINDING ARBITRATION AS SPECIFIED IN SUBSECTION  
27 (4)(b)(VI) OF THIS SECTION.

1 (VI) IF A PROVIDER REQUESTS BINDING ARBITRATION PURSUANT  
2 TO THE PROCEDURES A CARRIER OR AN ORGANIZATION DEVELOPS UNDER  
3 SUBSECTION (4)(b)(V)(B) OF THIS SECTION, THE FOLLOWING PROVISIONS  
4 GOVERN THE ARBITRATION PROCEDURE:

5 (A) THE PROVIDER AND CARRIER OR ORGANIZATION SHALL  
6 JOINTLY SELECT AN ARBITRATOR FROM THE LIST OF ARBITRATORS  
7 APPROVED PURSUANT TO SECTION 10-16-704 (15)(b). NEITHER THE  
8 PROVIDER NOR THE CARRIER OR ORGANIZATION IS REQUIRED TO NOTIFY  
9 THE DIVISION OF THE ARBITRATION OR OF THE SELECTED ARBITRATOR.

10 (B) THE SELECTED ARBITRATOR SHALL DETERMINE THE  
11 PROVIDER'S ELIGIBILITY TO PARTICIPATE IN THE CARRIER'S OR  
12 ORGANIZATION'S PROGRAM BASED ON THE PROGRAM CRITERIA DEVELOPED  
13 PURSUANT TO SUBSECTION (4)(b)(II) OF THIS SECTION;

14 (C) WITHIN THIRTY DAYS AFTER THE DATE THE ARBITRATOR  
15 ACCEPTS THE MATTER, THE PROVIDER AND THE CARRIER OR  
16 ORGANIZATION SHALL SUBMIT TO THE ARBITRATOR WRITTEN MATERIALS  
17 IN SUPPORT OF THEIR RESPECTIVE POSITIONS;

18 (D) THE ARBITRATOR MAY RENDER A DECISION BASED ON THE  
19 WRITTEN MATERIALS SUBMITTED PURSUANT TO SUBSECTION (4)(b)(VI)(C)  
20 OF THIS SECTION OR MAY SCHEDULE A HEARING, LASTING NOT LONGER  
21 THAN ONE DAY, FOR THE PROVIDER AND CARRIER OR ORGANIZATION TO  
22 PRESENT EVIDENCE;

23 (E) WITHIN THIRTY DAYS AFTER THE DATE THE ARBITRATOR  
24 RECEIVES THE WRITTEN MATERIALS OR, IF A HEARING IS CONDUCTED, THE  
25 DATE OF THE HEARING, THE ARBITRATOR SHALL ISSUE A WRITTEN  
26 DECISION STATING WHETHER THE PROVIDER IS ELIGIBLE FOR THE  
27 PROGRAM; AND

1 (F) IF THE ARBITRATOR OVERTURNS THE CARRIER'S OR  
2 ORGANIZATION'S FAILURE OR REFUSAL TO INCLUDE THE PROVIDER IN THE  
3 PROGRAM, THE CARRIER OR ORGANIZATION SHALL PAY THE ARBITRATOR'S  
4 FEES AND COSTS, AND IF THE ARBITRATOR AFFIRMS THE CARRIER'S OR  
5 ORGANIZATION'S FAILURE OR REFUSAL TO INCLUDE THE PROVIDER IN THE  
6 PROGRAM, THE PROVIDER SHALL PAY THE ARBITRATOR'S FEES AND COSTS.

7

8 (c) (I) WHEN A CARRIER OR AN ORGANIZATION APPROVES A PRIOR  
9 AUTHORIZATION REQUEST FOR A SURGICAL PROCEDURE FOR WHICH PRIOR  
10 AUTHORIZATION IS REQUIRED, THE CARRIER OR ORGANIZATION SHALL NOT  
11 DENY A CLAIM FOR AN ADDITIONAL OR A RELATED HEALTH-CARE  
12 PROCEDURE IDENTIFIED DURING THE AUTHORIZED SURGICAL PROCEDURE  
13 IF:

14 (A) THE PROVIDER, WHILE PROVIDING THE APPROVED SURGICAL  
15 PROCEDURE TO TREAT THE COVERED PERSON, DETERMINES, IN  
16 ACCORDANCE WITH GENERALLY ACCEPTED STANDARDS OF MEDICAL  
17 PRACTICE, THAT PROVIDING A RELATED HEALTH-CARE PROCEDURE,  
18 INSTEAD OF OR IN ADDITION TO THE APPROVED SURGICAL PROCEDURE, IS  
19 MEDICALLY NECESSARY AS PART OF THE TREATMENT OF THE COVERED  
20 PERSON AND THAT, IN THE PROVIDER'S CLINICAL JUDGMENT, TO INTERRUPT  
21 OR DELAY THE PROVISION OF CARE TO THE COVERED PERSON IN ORDER TO  
22 OBTAIN PRIOR AUTHORIZATION FOR THE ADDITIONAL OR RELATED  
23 HEALTH-CARE PROCEDURE WOULD NOT BE MEDICALLY ADVISABLE;

24 (B) THE ADDITIONAL OR RELATED HEALTH-CARE PROCEDURE IS A  
25 COVERED BENEFIT UNDER THE COVERED PERSON'S HEALTH BENEFIT PLAN;

26 (C) THE ADDITIONAL OR RELATED HEALTH-CARE PROCEDURE IS  
27 NOT EXPERIMENTAL OR INVESTIGATIONAL;

1 (D) AFTER COMPLETING THE ADDITIONAL OR RELATED  
2 HEALTH-CARE PROCEDURE AND BEFORE SUBMITTING A CLAIM FOR  
3 PAYMENT, THE PROVIDER NOTIFIES THE CARRIER OR ORGANIZATION THAT  
4 THE PROVIDER PERFORMED THE ADDITIONAL OR RELATED HEALTH-CARE  
5 PROCEDURE AND INCLUDES IN THE NOTICE THE INFORMATION REQUIRED  
6 UNDER THE CARRIER'S OR ORGANIZATION'S CURRENT PRIOR  
7 AUTHORIZATION REQUIREMENTS POSTED IN ACCORDANCE WITH  
8 SUBSECTION (2)(a)(I) OF THIS SECTION; AND

9 (E) THE PROVIDER IS COMPLIANT WITH THE CARRIER'S OR  
10 ORGANIZATION'S POST-SERVICE CLAIMS PROCESS, INCLUDING SUBMISSION  
11 OF THE CLAIM WITHIN THE CARRIER'S OR ORGANIZATION'S REQUIRED  
12 TIMELINE FOR CLAIMS SUBMISSIONS.

13 (II) WHEN A PROVIDER PROVIDES AN ADDITIONAL OR A RELATED  
14 HEALTH-CARE PROCEDURE AS DESCRIBED IN THIS SUBSECTION (4)(c), THE  
15 CARRIER OR ORGANIZATION SHALL NOT DENY THE CLAIM FOR THE INITIAL  
16 SURGICAL PROCEDURE FOR WHICH THE CARRIER OR ORGANIZATION  
17 APPROVED A PRIOR AUTHORIZATION REQUEST ON THE BASIS THAT THE  
18 PROVIDER PROVIDED THE ADDITIONAL OR RELATED HEALTH-CARE  
19 PROCEDURE.

20 (5) **Duration of approval.** (a) Upon approval by the carrier or  
21 organization, a prior authorization is valid for at least one ~~hundred eighty~~  
22 ~~days~~ CALENDAR YEAR after the date of approval and continues for the  
23 duration of the authorized course of treatment. Except as provided in  
24 subsection (5)(b) of this section, once approved, a carrier or AN  
25 organization shall not retroactively deny the prior authorization request  
26 for a health-care service.



27 (6) **Rules - enforcement.** (a) The commissioner may adopt rules

1 as necessary to implement this section.

2 (b) THE COMMISSIONER MAY ENFORCE THE REQUIREMENTS OF THIS  
3 SECTION AND IMPOSE A PENALTY OR OTHER REMEDY AGAINST A PERSON  
4 THAT VIOLATES THIS SECTION.

5 (7) **Definitions.** As used in this section:

6 (e) "Private utilization review organization" or "organization" ~~has~~  
7 ~~the same meaning as set forth~~ MEANS A PRIVATE UTILIZATION REVIEW  
8 ORGANIZATION, AS DEFINED in section 10-16-112 (1)(a), THAT HAS A  
9 CONTRACT WITH AND PERFORMS PRIOR AUTHORIZATION ON BEHALF OF A  
10 CARRIER.

11    
12 **SECTION 3.** In Colorado Revised Statutes, 10-16-124.5, **amend**  
13 (2)(a)(II)(A), (2)(c)(II)(A), (3)(a) introductory portion, (3)(a)(I),  
14 (3)(a)(VI), (3)(b) introductory portion, (5), and (6); **repeal** (3)(a)(II) and  
15 (4); and **add** (3.3), (3.5), (5.5), and (6.5) as follows:

16 **10-16-124.5. Prior authorization form - drug benefits - rules**  
17 **of commissioner - definitions - repeal.** (2) (a) Except as provided in  
18 subsection (2)(b) or (2)(c) of this section, a prior authorization request is  
19 deemed granted if a carrier or pharmacy benefit management firm fails to:

20 (II) For prior authorization requests submitted electronically:

21 (A) Notify the prescribing provider, within two business days after  
22 receipt of the request, that the request is approved, denied, or incomplete,  
23 and if incomplete, indicate the specific additional information, consistent  
24 with criteria posted pursuant to ~~subparagraph (H) of paragraph (a) of~~  
25 ~~subsection (3)~~ SUBSECTION (3.5)(a) of this section, that is required to  
26 process the request; or

27 (c) For nonurgent prior authorization requests related to a covered

1 person's HIV prescription drug coverage, the prior authorization request  
2 is deemed granted if a carrier or pharmacy benefit management firm fails  
3 to:

4 (II) For prior authorization requests submitted electronically:

5 (A) Notify the prescribing provider within one business day after  
6 receipt of the request that the request is approved, denied, or incomplete,  
7 and if incomplete, indicate the specific additional information, consistent  
8 with criteria posted pursuant to ~~subsection (3)(a)(H)~~ SUBSECTION (3.5)(a)  
9 of this section, that is required to process the request; or

10 (3) (a) ~~On or before July 31, 2014,~~ The commissioner shall  
11 develop, by rule, a uniform prior authorization process that:

12 (I) Is made available electronically by the carrier or pharmacy  
13 benefit management firm, ~~but that~~ does not require the prescribing  
14 provider to submit a prior authorization request electronically, AND  
15 SATISFIES THE REQUIREMENTS OF SUBSECTION (3.3) OF THIS SECTION;

16 (II) ~~Requires each carrier and pharmacy benefit management firm~~  
17 ~~to make the following available and accessible in a centralized location~~  
18 ~~on its website:~~

19 (A) ~~Its prior authorization requirements and restrictions, including~~  
20 ~~a list of drugs that require prior authorization;~~

21 (B) ~~Written clinical criteria that are easily understandable to the~~  
22 ~~prescribing provider and that include the clinical criteria for~~  
23 ~~reauthorization of a previously approved drug after the prior authorization~~  
24 ~~period has expired; and~~

25 (C) ~~The standard form for submitting requests;~~

26 (VI) Requires carriers and pharmacy benefit management firms,  
27 when notifying a prescribing provider of its decision to deny a prior



1 authorization request, to include THE INFORMATION REQUIRED BY SECTION  
2 10-16-112.5 (3)(c)(II) AND a notice that the covered person has a right to  
3 appeal the adverse determination pursuant to sections 10-16-113 and  
4 10-16-113.5.

5 (b) In developing the uniform prior authorization process, the  
6 commissioner shall take into consideration ~~the recommendations, if any,~~  
7 ~~of the work group established pursuant to subsection (4) of this section~~  
8 ~~and~~ the following:

9 (3.3) STARTING JANUARY 1, 2027, IF A PROVIDER SUBMITS A PRIOR  
10 AUTHORIZATION REQUEST TO A CARRIER OR PBM THROUGH A SECURE  
11 ELECTRONIC TRANSMISSION SYSTEM THE CARRIER OR PBM USES THAT  
12 COMPLIES WITH THE MOST RECENT VERSION OF THE NATIONAL COUNCIL  
13 FOR PRESCRIPTION DRUG PROGRAMS SCRIPT STANDARD, OR ITS  
14 SUCCESSOR STANDARD, AND 21 CFR 1311, THE CARRIER OR PBM SHALL  
15 ACCEPT AND RESPOND TO THE REQUEST THROUGH THE SECURE ELECTRONIC  
16 TRANSMISSION SYSTEM.

17 (3.5) (a) ON AND AFTER JANUARY 1, 2026, A CARRIER SHALL POST  
18 ON THE CARRIER'S PUBLIC-FACING WEBSITE, IN A READILY ACCESSIBLE,  
19 STANDARDIZED, SEARCHABLE FORMAT, PRIOR AUTHORIZATION  
20 REQUIREMENTS AS APPLICABLE TO THE PRESCRIPTION DRUG FORMULARY  
21 FOR EACH HEALTH BENEFIT PLAN THE CARRIER OFFERS, INCLUDING THE  
22 FOLLOWING INFORMATION:

23 (I) THE CARRIER'S PRIOR AUTHORIZATION REQUIREMENTS AND  
24 RESTRICTIONS, INCLUDING A LIST OF DRUGS THAT REQUIRE PRIOR  
25 AUTHORIZATION;

26 (II) WRITTEN CLINICAL CRITERIA THAT ARE EASILY  
27 UNDERSTANDABLE TO THE PRESCRIBING PROVIDER AND THAT INCLUDE THE

1 CLINICAL CRITERIA FOR REAUTHORIZATION OF A PREVIOUSLY APPROVED  
2 DRUG AFTER THE PRIOR AUTHORIZATION PERIOD HAS EXPIRED;

3 (III) THE STANDARD FORM FOR SUBMITTING PRIOR AUTHORIZATION  
4 REQUESTS;

5 (IV) THE HEALTH BENEFIT PLAN TO WHICH THE FORMULARY  
6 APPLIES;

7 (V) EACH PRESCRIPTION DRUG THAT IS COVERED UNDER THE  
8 HEALTH BENEFIT PLAN, INCLUDING BOTH GENERIC AND BRAND-NAME  
9 VERSIONS OF A PRESCRIPTION DRUG;

10 (VI) ANY PRESCRIPTION DRUGS ON THE FORMULARY THAT ARE  
11 PREFERRED OVER OTHER PRESCRIPTION DRUGS OR ANY ALTERNATIVE  
12 PRESCRIPTION DRUGS THAT DO NOT REQUIRE PRIOR AUTHORIZATION;

13 (VII) ANY EXCLUSIONS FROM OR RESTRICTIONS ON COVERAGE,  
14 INCLUDING:

15 (A) ANY TIERING STRUCTURE, INCLUDING COPAYMENT AND  
16 COINSURANCE REQUIREMENTS;

17 (B) PRIOR AUTHORIZATION, STEP THERAPY, AND OTHER  
18 UTILIZATION MANAGEMENT CONTROLS;

19 (C) QUANTITY LIMITS; AND

20 (D) WHETHER ACCESS IS DEPENDENT UPON THE LOCATION WHERE  
21 A PRESCRIPTION DRUG IS OBTAINED OR ADMINISTERED; AND

22 (VIII) THE APPEAL PROCESS FOR A DENIAL OF COVERAGE OR  
23 ADVERSE DETERMINATION FOR AN ITEM OR SERVICE FOR A PRESCRIPTION  
24 DRUG.

25 (b) THE COMMISSIONER SHALL ADOPT RULES AS NECESSARY TO  
26 IMPLEMENT THIS SUBSECTION (3.5).

27 (4) (a) ~~Within thirty days after May 15, 2013, the commissioner~~

1 shall establish a work group comprised of representatives of:  
2 (I) The department of regulatory agencies;  
3 (II) Local and national carriers;  
4 (III) Captive and noncaptive pharmacy benefit management firms;  
5 (IV) Providers, including hospitals, physicians, advanced practice  
6 registered nurses with prescriptive authority, and pharmacists;  
7 (V) Drug manufacturers;  
8 (VI) Medical practice managers;  
9 (VII) Consumers; and  
10 (VIII) Other stakeholders deemed appropriate by the  
11 commissioner.

12 (b) The work group shall assist the commissioner in developing  
13 the prior authorization process and shall make recommendations to the  
14 commissioner on the items set forth in paragraph (b) of subsection (3) of  
15 this section. The work group shall report its recommendations to the  
16 commissioner no later than six months after the commissioner appoints  
17 the work group members. Regardless of whether the work group submits  
18 recommendations to the commissioner, the commissioner shall not delay  
19 or extend the deadline for the adoption of rules creating the prior  
20 authorization process as specified in paragraph (a) of subsection (3) of  
21 this section.

22 (5) (a) Notwithstanding any other provision of law, ~~on and after~~  
23 ~~January 1, 2015~~ AND EXCEPT AS PROVIDED IN SUBSECTIONS (5)(b) AND  
24 (5.5) OF THIS SECTION, every prescribing provider shall use the prior  
25 authorization process developed pursuant to subsection (3) of this section  
26 to request prior authorization for coverage of drug benefits, and every  
27 carrier and pharmacy benefit management firm shall use that process for

1 prior authorization for drug benefits.

2 (b) (I) A CARRIER OR PBM THAT PROVIDES DRUG BENEFITS UNDER  
3 A HEALTH BENEFIT PLAN SHALL NOT IMPOSE PRIOR AUTHORIZATION  
4 REQUIREMENTS UNDER THE HEALTH BENEFIT PLAN MORE THAN ONCE  
5 EVERY THREE YEARS FOR A DRUG THAT IS APPROVED BY THE FDA AND  
6 THAT IS A CHRONIC MAINTENANCE DRUG IF THE CARRIER OR PBM HAS  
7 PREVIOUSLY APPROVED A PRIOR AUTHORIZATION FOR THE COVERED  
8 PERSON FOR USE OF THE CHRONIC MAINTENANCE DRUG.

9 (II) THIS SUBSECTION (5)(b) DOES NOT APPLY IF:

10 (A) THERE IS EVIDENCE THAT THE AUTHORIZATION WAS OBTAINED  
11 FROM THE CARRIER OR PBM BASED ON FRAUD OR MISREPRESENTATION;

12 (B) FINAL ACTION BY THE FDA OR OTHER REGULATORY AGENCIES,  
13 OR THE MANUFACTURER, REMOVES THE CHRONIC MAINTENANCE DRUG  
14 FROM THE MARKET, LIMITS ITS USE IN A MANNER THAT AFFECTS THE  
15 AUTHORIZATION, OR COMMUNICATES A PATIENT SAFETY ISSUE THAT  
16 WOULD AFFECT THE AUTHORIZATION ALONE OR IN COMBINATION WITH  
17 OTHER AUTHORIZATIONS;

18 (C) A GENERIC EQUIVALENT OR DRUG THAT IS BIOSIMILAR, AS  
19 DEFINED IN 42 U.S.C. SEC. 262 (i)(2), TO THE PRESCRIBED CHRONIC  
20 MAINTENANCE DRUG IS ADDED TO THE CARRIER'S OR PBM'S DRUG  
21 FORMULARY; OR

22 (D) THE WHOLESALE ACQUISITION COST OF THE CHRONIC  
23 MAINTENANCE DRUG EXCEEDS A DOLLAR AMOUNT AS ESTABLISHED BY  
24 THE COMMISSIONER BY RULE, WHICH AMOUNT MUST BE NO LESS THAN  
25 THIRTY THOUSAND DOLLARS FOR A TWELVE-MONTH SUPPLY OR FOR A  
26 COURSE OF TREATMENT THAT IS LESS THAN TWELVE MONTHS IN  
27 DURATION.

1 (III) NOTHING IN THIS SUBSECTION (5)(b) REQUIRES A CARRIER OR  
2 PBM TO PAY FOR A BENEFIT:

3 (A) THAT IS NOT A COVERED BENEFIT UNDER THE HEALTH BENEFIT  
4 PLAN; OR

5 (B) IF THE PATIENT IS NO LONGER A COVERED PERSON UNDER THE  
6 HEALTH BENEFIT PLAN ON THE DATE THE CHRONIC MAINTENANCE DRUG  
7 WAS PRESCRIBED, DISPENSED, ADMINISTERED, OR DELIVERED.

8 (IV) AS USED IN THIS SUBSECTION (5)(b), "CHRONIC MAINTENANCE  
9 DRUG" HAS THE MEANING SET FORTH IN SECTION 12-280-103 (9.5).

10 [REDACTED]

11 (5.5) (a) NO LATER THAN JANUARY 1, 2026, A CARRIER OR PBM  
12 SHALL ADOPT A PROGRAM, DEVELOPED IN CONSULTATION WITH PROVIDERS  
13 PARTICIPATING WITH THE CARRIER, TO ELIMINATE OR SUBSTANTIALLY  
14 MODIFY PRIOR AUTHORIZATION REQUIREMENTS IN A MANNER THAT  
15 REMOVES THE ADMINISTRATIVE BURDEN FOR QUALIFIED PROVIDERS, AS  
16 DEFINED UNDER THE PROGRAM, AND THEIR PATIENTS FOR CERTAIN  
17 PRESCRIPTION DRUGS AND RELATED DRUG BENEFITS BASED ON ANY OF THE  
18 FOLLOWING:

19 (I) THE PERFORMANCE OF PROVIDERS WITH RESPECT TO  
20 ADHERENCE TO NATIONALLY RECOGNIZED, EVIDENCE-BASED MEDICAL  
21 GUIDELINES, APPROPRIATENESS, EFFICIENCY, AND OTHER QUALITY  
22 CRITERIA; AND

23 (II) PROVIDER SPECIALTY, EXPERIENCE, OR OTHER OBJECTIVE  
24 FACTORS; EXCEPT THAT ELIGIBILITY FOR THE PROGRAM MUST NOT BE  
25 LIMITED BY PROVIDER SPECIALTY.

26 (b) A PROGRAM DEVELOPED PURSUANT TO SUBSECTION (5.5)(a) OF  
27 THIS SECTION:

1 (I) MUST NOT REQUIRE QUALIFIED PROVIDERS TO REQUEST  
2 PARTICIPATION IN THE PROGRAM; AND

3 (II) MAY INCLUDE LIMITING THE USE OF PRIOR AUTHORIZATION TO  
4 PROVIDERS WHOSE PRESCRIBING OR ORDERING PATTERNS DIFFER  
5 SIGNIFICANTLY FROM THE PATTERNS OF THEIR PEERS AFTER ADJUSTING  
6 FOR PATIENT MIX AND OTHER RELEVANT FACTORS AND IN ORDER TO  
7 PRESENT THOSE PROVIDERS WITH OPPORTUNITIES FOR IMPROVEMENT IN  
8 ADHERENCE TO THE CARRIER'S OR ORGANIZATION'S PRIOR AUTHORIZATION  
9 REQUIREMENTS.

10 (c) AT LEAST ANNUALLY, A CARRIER OR PBM SHALL:

11 (I) REEXAMINE A PROVIDER'S PRESCRIBING OR ORDERING  
12 PATTERNS;

13 (II) REEVALUATE THE PROVIDER'S STATUS FOR EXEMPTION FROM  
14 PRIOR AUTHORIZATION REQUIREMENTS OR FOR INCLUSION IN THE  
15 PROGRAM DEVELOPED PURSUANT TO SUBSECTION (5.5)(a) OF THIS  
16 SECTION; AND

17 (III) NOTIFY THE PROVIDER OF THE PROVIDER'S STATUS FOR  
18 EXEMPTION OR INCLUSION IN THE PROGRAM.

19 (d) A PROGRAM DEVELOPED PURSUANT TO SUBSECTION (5.5)(a) OF  
20 THIS SECTION MUST INCLUDE PROCEDURES FOR A PROVIDER TO REQUEST:

21 (I) AN EXPEDITED, INFORMAL RESOLUTION OF A CARRIER'S OR  
22 PBM'S FAILURE OR REFUSAL TO INCLUDE THE PROVIDER IN THE PROGRAM;  
23 AND

24 (II) IF THE MATTER IS NOT RESOLVED THROUGH INFORMAL  
25 RESOLUTION, BINDING ARBITRATION AS SPECIFIED IN SUBSECTION (5.5)(e)  
26 OF THIS SECTION.

27 (e) IF A PROVIDER REQUESTS BINDING ARBITRATION PURSUANT TO

1 THE PROCEDURES A CARRIER OR A PBM DEVELOPS UNDER SUBSECTION  
2 (5.5)(d)(II) OF THIS SECTION, THE FOLLOWING PROVISIONS GOVERN THE  
3 ARBITRATION PROCEDURE:

4 (I) THE PROVIDER AND CARRIER OR PBM SHALL JOINTLY SELECT  
5 AN ARBITRATOR FROM THE LIST OF ARBITRATORS APPROVED PURSUANT TO  
6 SECTION 10-16-704 (15)(b). NEITHER THE PROVIDER NOR THE CARRIER OR  
7 PBM IS REQUIRED TO NOTIFY THE DIVISION OF THE ARBITRATION OR OF  
8 THE SELECTED ARBITRATOR.

9 (II) THE SELECTED ARBITRATOR SHALL DETERMINE THE  
10 PROVIDER'S ELIGIBILITY TO PARTICIPATE IN THE CARRIER'S OR PBM'S  
11 PROGRAM BASED ON THE PROGRAM CRITERIA DEVELOPED PURSUANT TO  
12 SUBSECTION (5.5)(a) OF THIS SECTION;

13 (III) WITHIN THIRTY DAYS AFTER THE DATE THE ARBITRATOR  
14 ACCEPTS THE MATTER, THE PROVIDER AND THE CARRIER OR PBM SHALL  
15 SUBMIT TO THE ARBITRATOR WRITTEN MATERIALS IN SUPPORT OF THEIR  
16 RESPECTIVE POSITIONS;

17 (IV) THE ARBITRATOR MAY RENDER A DECISION BASED ON THE  
18 WRITTEN MATERIALS SUBMITTED PURSUANT TO SUBSECTION (5.5)(e)(III)  
19 OF THIS SECTION OR MAY SCHEDULE A HEARING, LASTING NOT LONGER  
20 THAN ONE DAY, FOR THE PROVIDER AND CARRIER OR PBM TO PRESENT  
21 EVIDENCE;

22 (V) WITHIN THIRTY DAYS AFTER THE DATE THE ARBITRATOR  
23 RECEIVES THE WRITTEN MATERIALS OR, IF A HEARING IS CONDUCTED, THE  
24 DATE OF THE HEARING, THE ARBITRATOR SHALL ISSUE A WRITTEN  
25 DECISION STATING WHETHER THE PROVIDER IS ELIGIBLE FOR THE  
26 PROGRAM; AND

27 (VI) IF THE ARBITRATOR OVERTURNS THE CARRIER'S OR PBM'S

1 FAILURE OR REFUSAL TO INCLUDE THE PROVIDER IN THE PROGRAM, THE  
2 CARRIER OR PBM SHALL PAY THE ARBITRATOR'S FEES AND COSTS, AND IF  
3 THE ARBITRATOR AFFIRMS THE CARRIER'S OR PBM'S FAILURE OR REFUSAL  
4 TO INCLUDE THE PROVIDER IN THE PROGRAM, THE PROVIDER SHALL PAY  
5 THE ARBITRATOR'S FEES AND COSTS.

6 (6) Upon approval by the carrier or pharmacy benefit management  
7 firm, a prior authorization is valid for at least one ~~hundred eighty days~~  
8 CALENDAR YEAR after the date of approval. If, as a result of a change to  
9 the carrier's formulary, the drug for which the carrier or pharmacy benefit  
10 management firm has provided prior authorization is removed from the  
11 formulary or moved to a less preferred tier status, the change in the status  
12 of the previously approved drug does not affect a covered person who  
13 received prior authorization before the effective date of the change for the  
14 remainder of the covered person's plan year. Nothing in this subsection  
15 (6) limits the ability of a carrier or pharmacy benefit management firm,  
16 in accordance with the terms of the health benefit plan, to substitute a  
17 generic drug, with the prescribing provider's approval and patient's  
18 consent, for a previously approved brand-name drug.

19 (6.5) THE COMMISSIONER MAY ENFORCE THE REQUIREMENTS OF  
20 THIS SECTION AND IMPOSE A PENALTY OR OTHER REMEDY AGAINST A  
21 PERSON THAT VIOLATES THIS SECTION.

22

23 **SECTION 4. Appropriation.** (1) For the 2024-25 state fiscal  
24 year, \$36,514 is appropriated to the department of regulatory agencies for  
25 use by the division of insurance. This appropriation is from the division  
26 of insurance cash fund created in section 10-1-103 (3)(a)(I), C.R.S. To  
27 implement this act, the division may use this appropriation as follows:



1 (a) \$29,332 for personal services, which amount is based on an  
2 assumption that the division will require an additional 0.4 FTE; and

3 (b) \$7,182 for operating expenses.

4 **SECTION 5. Act subject to petition - effective date -**  
5 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
6 the expiration of the ninety-day period after final adjournment of the  
7 general assembly; except that, if a referendum petition is filed pursuant  
8 to section 1 (3) of article V of the state constitution against this act or an  
9 item, section, or part of this act within such period, then the act, item,  
10 section, or part will not take effect unless approved by the people at the  
11 general election to be held in November 2024 and, in such case, will take  
12 effect on the date of the official declaration of the vote thereon by the  
13 governor.

14 (2) This act applies to conduct occurring on or after January 1,  
15 2026.