



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1094: PHARMACY BENEFIT MANAGER PRACTICES

Prime Sponsors:

Rep. Brown; Johnson
Sen. Pelton B.; Roberts

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Published for: House Health & Human Services**Drafting number:** LLS 25-0095**Version:** Initial Fiscal Note**Date:** February 5, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill regulates pharmacy benefit manager pricing practices and places disclosure requirements on them.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Diversions

Appropriations. For FY 2025-26, the bill requires an appropriation of \$7,554 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$9,499	\$9,499
Diverted Funds	\$9,499	\$9,499
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$7,554	\$7,554
Federal Funds	\$0	\$0
Centrally Appropriated	\$1,945	\$1,945
Total Expenditures	\$9,499	\$9,499
Total FTE	0.1 FTE	0.1 FTE

**Table 1B
State Diversions**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	-\$9,499	-\$9,499
Cash Funds	\$9,499	\$9,499
Net Diversion	\$0	\$0

Summary of Legislation

Pharmacy benefit managers (PBMs) negotiate prices between pharmaceutical companies and pharmacies and process pharmacy claims. The bill places disclosure requirements on PBMs and regulates pricing practices including by prohibiting PBMs from keeping income from anything other than a flat-dollar service fee per prescription drug. The Department of Regulatory Agencies (DORA) must promulgate rules for regulation enforcement.

State Diversions

Starting in FY 2025-26, this bill diverts about \$9,500 per year from the General Fund to the Division of Insurance Cash Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in DORA by about \$9,500 per year beginning in FY 2025-26. These costs, paid from the Division of Insurance Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$7,554	\$7,554
Centrally Appropriated Costs	\$1,945	\$1,945
Total Costs	\$9,499	\$9,499
Total FTE	0.1 FTE	0.1 FTE

Staff

DORA requires 0.1 FTE to further regulate PBMs as required by the bill. Based on the current volume of complaints DORA receives regarding PBMs and the average time to process these complaints, the fiscal note assumes that the new regulations will result in an additional one to two complaints per month requiring an additional 200 hours of work per year.

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, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

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 2025-26, the bill requires an appropriation of \$7,554 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.1 FTE.

Departmental Difference

DORA, in consultation with the Department of Law, estimates that the bill increases department expenditures by \$20,005 and 0.2 FTE in FY 2025-26 and ongoing. This estimate assumes that the bill requires additional data collection to determine PBM compliance. The fiscal note assumes that the existing infrastructure for PBM rulemaking and investigation is sufficient to implement this bill.

State and Local Government Contacts

Health Care Policy and Financing

Regulatory Agencies

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).