



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-084: MEDICAID ACCESS TO PARENTERAL NUTRITION

Prime Sponsors:

Sen. Mullica; Simpson
Rep. Bradfield; Rydin

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Published for: Senate Health & Human Services

Drafting number: LLS 25-0194

Version: Initial Fiscal Note

Date: February 10, 2025

Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires the Department of Health Care Policy and Financing to establish Medicaid reimbursement rates for parenteral nutrition that encourage participation from infusion pharmacies.

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

- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$767,742 to the Department of Health Care Policy and Financing.

**Table 1
State Fiscal Impacts**

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$767,742	\$869,862
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$383,871	\$434,931
Cash Funds	\$0	\$0
Federal Funds	\$383,871	\$434,931
Centrally Appropriated	\$0	\$0
Total Expenditures	\$767,742	\$869,862
Total FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to establish policies and Medicaid reimbursement levels that encourage an adequate level of market participation from infusion pharmacies that prepare and dispense parenteral nutrition. Adequate levels of participation ensure that Medicaid members who require parenteral nutrition have access to at least two infusion pharmacies.

By November 1, 2025, and each year thereafter, the department must report certain data to the General Assembly regarding these provisions.

Background

Parenteral nutrition is a method of providing nutritional support directly into the bloodstream through a catheter. Colorado's Medicaid program, Health First Colorado, reimburses infusion pharmacy providers for parenteral nutrition claims for both children and adults. Each reimbursement includes a dispensing fee to cover the provider's cost of preparing the infusion, which consists of measuring and combining multiple compounds.

Assumptions

The fiscal note assumes that HCPF will encourage provider participation by increasing the dispensing fee from \$11.91 to \$235.86 per claim. This fee amount reflects actual administrative costs for pharmacies to provide complex infusion services, as reported by four current Medicaid pharmacies. Some expenditure impacts could shift if the fee amount changes.

The fiscal note also assumes that members who require parenteral nutrition already receive it due to the nature of its medical necessity. Any utilization increases from members who currently pay out-of-pocket and can now access therapy under Medicaid is assumed to be small. As such, the fiscal note does not reflect an increase in total claims.

State Expenditures

The bill increases state expenditures in HCPF by about \$768,000 in FY 2025-26 and \$870,000 in FY 2026-27 and ongoing. These costs, paid from the General Fund and federal funds, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Department of Regulatory Agencies and the Department of Law.

Table 2
State Expenditures
Department of Health Care Policy and Financing

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Parenteral Nutrition Dispensing Fees	\$732,542	\$834,662
Contracting Services	\$35,200	\$35,200
<u>Total Costs</u>	<u>\$767,742</u>	<u>\$869,862</u>
General Fund	\$383,871	\$434,931
Federal Funds	\$383,871	\$434,931

Parenteral Nutrition Dispensing Fees

HCPF expenditures for parenteral nutrition dispensing fees will increase by an estimated \$733,000 in FY 2025-26 and \$835,000 in FY 2026-27 and ongoing. The amount of fees will depend on a variety of factors, including the prevalence of members who use the service, number of participating pharmacy providers, and federal matching funds.

The fiscal note assumes that:

- the number of eligible members and claims will remain constant;
- the dispensing fee will increase to reflect the actual cost to provide infusion services; and
- parenteral nutrition infusion is eligible for a 50 percent federal match.

Based on these assumptions, the department will receive about 3,700 claims each year and compensate pharmacy providers at a rate of \$235.86 per claim – an \$834,662 increase from the current rate of \$44,389 per year. Claims are prorated in the first year based on the bill’s effective date.

Contracting Services

Starting in FY 2025-26, HCPF requires \$35,200 to hire a contractor to conduct an annual rate review of reimbursement levels and market participation. Based on the requirements in the bill, the fiscal note assumes that a contractor will perform 160 hours of work at rate of \$220 per hour. Actual costs will be determined through the contracting process.

Other Agency Impacts

The bill increases workload in the Department of Regulatory Agencies (DORA) to conduct outreach to registered pharmacists and the Department of Law to provide legal counsel related to rulemaking and ongoing administration of the program. This workload is expected to be minimal and can be accomplished within existing appropriations.

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 the following appropriations to the Department of Health Care Policy and Financing:

- \$383,871 from the General Fund; and
- \$383,871 from federal funds.

State and Local Government Contacts

Corrections

Law

Health Care Policy and Financing

Public Health and Environment

Human Services

Regulatory Agencies