

WRITTEN TESTIMONY FOR THE RECORD

April 17, 2025

HB25-1094

Chairperson Mullica, Members of the Committee:

Thank you for the opportunity to submit written testimony in opposition to HB25-1094. While pharmaceutical manufacturers have played an essential role in the development of life-saving treatments and innovative therapies, they cannot and should not be regarded as impartial sources when it comes to shaping healthcare policy. Drug companies frequently engage in tactics that prioritize profits over patients, distort the true cost of treatment, and impede access to affordable medications. The time has come for lawmakers to address these practices and protect the interests of patients, families, and taxpayers.

Pharmaceutical companies alone determine the launch price and subsequent increases of prescription drugs—without regulation or oversight. Between 2008 and 2021, the launch prices for new drugs increased by 20% each year. In 2021, the median list price for a year's supply of a brand-name drug reached an astonishing \$180,000, compared to just \$2,000 in 2008.

This trend continues year after year. From January 2022 to January 2023, over 4,200 drugs saw price increases, nearly half of which outpaced inflation. The average price hike was 15.2%. Notably, 9 of the 10 drugs with the steepest price increases had no rebates—meaning patients, insurers, and taxpayers bore the full cost.

Drug companies also manipulate the patent system to delay generic competition. Among the ten top-selling drugs, there is an average of 74 patents per drug—66% of which were filed after FDA approval. This practice, known as “patent thickening,” has led to a 68% increase in brand drug prices since 2012.

Three of the top ten drugs face no generic or biosimilar competition, costing patients and the healthcare system an estimated \$167 billion. In 2016, while generics made up 82% of prescriptions filled, patented drugs accounted for 63% of total drug spending.

Brand-name drug makers routinely pay generic and biosimilar manufacturers to delay bringing more affordable alternatives to market. These “pay-for-delay” settlements inflate drug spending by as much as \$37.1 billion annually. This scheme alone burdens patients with more than \$600 million in extra out-of-pocket costs each year and costs Medicare Part D an estimated \$2.3 billion.

Drug companies often claim high prices are necessary to fund research and development (R&D). However, the reality tells a different story. The ten largest drug companies spent \$36 billion more on sales and marketing than on R&D. In 2018, only 19% of total U.S. drug sales revenue went to research efforts.

Even publicly funded research is not always properly acknowledged. Nearly 15% of patents based on NIH-funded research between 2012 and 2021 failed to fully disclose federal support. And in 2019, just 20 companies were responsible for over 80% of all R&D activities in the pharmaceutical sector.

Pharmaceutical companies spend roughly \$6 billion annually on direct-to-consumer (DTC) advertising. Between 2016 and 2018, \$17.8 billion was spent persuading patients to request specific drugs—often those with little added clinical benefit. During that same period, 58% of Medicare drug spending was tied to advertised drugs.

The influence of pharmaceutical marketing extends beyond consumers. Drug companies pay doctors more than \$2 billion annually, with over 2,500 physicians receiving at least \$500,000 each between 2014 and 2018. Evidence shows these payments result in increased prescriptions of costlier branded drugs, even when lower-cost alternatives exist—driving up spending by 4–12%.

Copay coupons may seem beneficial to patients, but in reality, they steer consumers toward more expensive medications and circumvent insurer efforts to manage costs. From 2008 to 2018, the number of drugs with coupons rose from 200 to over 800. In 2018 alone, coupon redemptions totaled \$13 billion. Eliminating copay coupons could reduce prescription drug costs by approximately \$1.2 billion annually.

The pharmaceutical industry's pricing and marketing practices are not just business strategies—they are barriers to access, affordability, and equity in our healthcare system. Lawmakers must see through the narratives promoted by drug manufacturers and take decisive steps to lower costs, foster competition, and prioritize patients.

Thank you for your time and attention to this important matter. I urge you to support legislation that holds drug companies accountable and brings transparency and fairness to our prescription drug system.

Respectfully submitted,

Terrance D. Carroll

April 16, 2025

Senator Kyle Mullica, Chair
Senator Dafna Michaelson Jenet, Vice Chair
Colorado Senate Health & Human Services Committee

RE: Small Business Majority's support for HB25-1094: Pharmacy Benefit Manager Practices

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I'm pleased to provide testimony on House Bill 25-1094, legislation that would require Pharmacy Benefit Managers (PBMs) to be compensated only through a flat fee on each transaction.

Access to affordable, quality healthcare is crucial to small businesses' ability to compete with large corporations for talented employees, in addition to ensuring entrepreneurs and their employees get the care they need. Health coverage is most small businesses' largest expense outside of payroll. That's why it's worrisome that our [research](#) found small businesses are struggling amid rising healthcare costs, with 76% saying that prescription drug prices in America are too high. It's not surprising that [90%](#) of small business owners support proposals that would bring down the cost of prescription drugs.

While there is no shortage of finger-pointing about who is driving up costs, for too long PBMs have quietly [inflated prices](#), raking in billions in profits. PBMs were initially created to help reduce drug costs, but they now face growing scrutiny about their role in driving up prescription medication costs and spending. We support this legislation because requiring PBMs to be compensated only through a flat fee on each transaction would prohibit PBMs from profiting through complex prescription drug pricing schemes. This ensures they fully and equally reimburse pharmacies and requires that they pass on savings from negotiations to consumers, including small business owners and their employees.

If this legislation is enacted, it would help level the playing field for small businesses because it would make health insurance plans more affordable, thus making it easier for them to offer the type of quality health plans that help attract and retain talented employees. This can be particularly valuable in industries where labor is in short supply and talent retention is a significant concern. What's more, when prescription drug costs are lowered, employees may find it easier to access necessary medications. Improved access to medication can lead to better health outcomes and potentially reduce sick leave and absenteeism among employees, increasing productivity for businesses. Also, because the bill requires equal reimbursement to small, independent pharmacies, it would in turn support these small businesses providing critical services to communities, especially rural communities.

By passing House Bill 1094, we would rein in the price of prescription drugs in Colorado. High prices hurt small businesses' bottom lines and can even cause patients to ration or go without vital medication. We urge you to pass this legislation to ensure the Colorado small business community can access the prescription drugs they need to thrive without worrying if they can afford it.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority

April 16, 2025

Senator Kyle Mullica, Chair
Senator Dafna Michaelson Jenet, Vice Chair
Colorado Senate Health & Human Services Committee

RE: Small Business Majority's support for HB25-1094: Pharmacy Benefit Manager Practices

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Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority



April 16, 2025

The Honorable Kyle Mullica
Chair, Colorado Senate Health & Human Services Committee
200 E Colfax
RM 346
Denver, CO 80203

HB25-1094 Pharmacy benefit manager practices – SUPPORT

Dear Chair Mullica, Vice Chair Michaelson Jenet, and members of the Senate Health & Human Services Committee:

The American Pharmacists Association (APhA) supports [House Bill \(HB\) 25-1094](#) (Rep. Brown), which will protect Colorado patients' access to their medications and their trusted health care professional, the pharmacist. By preserving pharmacists' crucial role in ensuring patients' access to their medications, Colorado can ensure that its communities receive the best possible health care.

As a result of the predatory practices of pharmacy benefit managers (PBMs), patients' access to medications from their local pharmacist across the country has declined¹, taxpayer dollars have been funneled into corporate profits², and generationally owned community pharmacies have been driven out of business.³ A study found that PBM tactics forced Oregon Medicaid to overpay \$1.9M on a single drug, where PBMs marked up the drug by 800 percent.⁴ Appropriate government oversight is necessary to address the misaligned incentives in the PBM industry that prioritize profits over patients. HB25-1094 would address many of the underlying issues that harm patients, Colorado taxpayers, and pharmacists by prohibiting PBMs from earning income based on the cost of prescriptions, while permitting an assessment of a flat-dollar service fee and addressing misaligned incentives by prohibiting a PBM from designing formularies that would benefit themselves and potentially hurt patients.

Another critical focus of HB25-1094 is maintaining patient access to their lifesaving medications and preserving the pharmacist-patient relationship. Increasing PBM transparency and ensuring sustainable reimbursement to pharmacies will help keep local community pharmacy doors open and protect access to care, particularly for populations in rural and underserved Coloradan communities.

¹ Rose J, Krishnamoorth R. Why your neighborhood community pharmacy may close. *The Hill*. Available at <https://thehill.com/blogs/congress-blog/healthcare/530477-why-your-neighborhood-community-pharmacy-may-close>

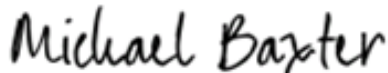
² 3 Axis Advisors. Analysis of PBM Spread Pricing in New York Medicaid Managed Care. Available at <http://www.ncpa.co/pdf/state-advoc/new-york-report.pdf>

³ Callahan C. Mom-and-pop pharmacies struggle to hang on. *Times Union*. Available at <https://www.timesunion.com/hudsonvalley/news/article/Mom-and-pop-pharmacies-struggle-to-hang-on-16187714.php>

⁴ <https://oregonpharmacy.org/2022/10/27/oregon-report/>

For these reasons, we support HB25-1094 and respectfully request your “AYE” vote. If you have any questions or require additional information, please do not hesitate to contact E. Michael Murphy, PharmD, MBA, APhA Senior Advisor for State Government Affairs, by email at mmurphy@aphanet.org.

Sincerely,



Michael Baxter
Vice President, Government Affairs

cc: Senator Dafna Michaelson Jenet, Vice Chair
Senator Scott Bright
Senator John Carson
Senator Lisa Cutter
Senator Lindsey Daugherty
Senator Lisa Frizell
Senator Iman Jodeh
Senator Mike Weissman
Emily Zadvorny, PharmD, BCPS, Executive Director, Colorado Pharmacists Society

About APhA: APhA is the largest association of pharmacists in the United States advancing the entire pharmacy profession. APhA represents pharmacists in all practice settings, including community pharmacies, hospitals, long-term care facilities, specialty pharmacies, community health centers, physician offices, ambulatory clinics, managed care organizations, hospice settings, and government facilities. **Our members strive to improve medication use, advance patient care and enhance public health. In Colorado, with 5,100 licensed pharmacists and 5,920 pharmacy technicians, APhA represents pharmacists, students, and pharmacy technicians that practice in numerous settings and provide care to many of your constituents.** As the voice of pharmacy, APhA leads the profession and equips members for their role as the medication expert in team-based, patient-centered care. APhA inspires, innovates, and creates opportunities for members and pharmacists worldwide to optimize medication use and health for all.



April 17, 2025

The Honorable Kyle Mullica
Chairperson
Senate Health and Human Services Committee
Colorado General Assembly

Re: Support for Colorado HB 1094

Dear Chairperson Mullica, Vice Chairperson Jenet, and Members of the Senate Health and Human Services Committee:

On behalf of the Alliance for Transparent and Affordable Prescriptions (ATAP) Action Network, I am writing to express our support for **Colorado HB 1094** and ask that the committee advance this legislation. **Colorado HB 1094** seeks to ensure that patients do not pay inflated costs for their prescriptions by increasing transparency and accountability for Pharmacy Benefit Managers (PBMs).

Founded in 2017, ATAP works to address prescription drug costs and patient access to affordable treatment by regulating PBM practices and reforming the drug industry through educational outreach and grassroots advocacy initiatives at both the state and federal levels. ATAP is concerned about the role PBMs play regarding the alarming price increases in the total cost and out-of-pocket costs of prescription drugs for patients, resulting in the loss of patient access to affordable and life-saving medications. As you may be aware, PBMs are third-party entities that are hired by insurers and health plan sponsors to manage and administer prescription drug benefit plans. Using their intermediary position, PBMs:

- Negotiate rebates and discounts with pharmaceutical manufactures in exchange for including the manufacturer's drug on the PBMs tiered formulary.
- Determine which medication the PBM will cover and how much the patient will pay for their medication per the tiered formularies.
- Negotiate rebates and discounts for medications, meant to drive down the cost of medications for patients, which are pocketed by the PBMs within opaque contracts.
- Prohibit pharmacists from informing patients that the copayment amount for their medications may be higher than paying the retail ("cash") price for their medication.

Colorado HB 1094 seeks to remedy these practices by regulating PBMs, including by: allowing PBMs to earn income derived from the assessment of a flat-dollar service fee; prohibiting a PBM from earning income based on the cost of a prescription drug; and prohibiting a PBM from designing a formulary to favor a certain branded pharmaceutical or biologic. ATAP strongly supports this legislation as it would prohibit PBMs from deriving any income based on the list price of a medication. As such, PBMs would only be able to retain flat dollar amounts, consistent with fair market value, for their services and PBM service fees would be unassociated with coverage or formulary placement decisions. These reforms would address a major market distortion in our current drug pricing system, remove the incentive for PBMs to prefer drugs with high list prices, and ensure Colorado patients are better able to afford their prescription medications at the pharmacy counter.



ATAP is happy to be a resource as the committee considers **Colorado HB 1094**. If you have any questions about our position, or if you would simply like to learn more about how PBMs operate in the marketplace, please contact: Eleni Valanos at evalanos@hhs.com.

Sincerely,

Michael Schweitz, MD
President, ATAP Action Network

April 17, 2025

Senate Health and Human Services Committee
200 E Colfax Avenue
Denver, CO 80203

Re: Support for Colorado HB 1094

Dear Chairperson Daugherty, Vice Chairperson Young, and Members of the Colorado House Health and Human Services Committee:

On behalf of the Association of Women in Rheumatology (AWIR), our rheumatology members across the country, including members from our local Colorado chapter, I am writing in full support of **Colorado HB1094**, which would increase access and affordability for patients struggling to afford expensive medications.

AWIR is dedicated to promoting the science and practice of Rheumatology, fostering the advancement and education of women in Rheumatology, and advocating access to the highest quality health care, and management of patients with Rheumatic diseases.

Our members treat patients that often require specialty medications that can be hard to access and financially afford. One of the main reasons for this struggle is that patients are paying an inflated price for their specialty medications. Pharmacy benefit managers (PBMs) negotiate with manufacturers to provide rebates or discounts from the list price of a medication in exchange for placement on a PBM or health plan's formulary.

The list price of the drug is what the patient is paying for their medication, not the rebated price that the PBM or health plan paid for the drug. What is hidden from public view is higher price drugs bringing in higher profits for PBMs through the accumulation of rebates.

According to UnitedHealth Group's 2022 second quarter earnings report, "revenues of \$80.3 billion grew 13% Year-Over-Year, with double-digit growth at both Optum (UH PBM) and UnitedHealthcare (UH insurance)."¹ This increase is staggeringly high compared to majority of pharmaceutical manufacturers.

There is a reason why the Federal Trade Commission (FTC) commissioned an investigation into PBM practices in 2022 and has since release two reports highlighting how PBMs have blocked patient's access to competing lower-cost drugs.

¹ <https://www.sec.gov/Archives/edgar/data/731766/000073176622000033/a2022q2exhibit991.htm#:~:text=UnitedHealth%20Group's%20second%20quarter%202022,at%20both%20Optum%20and%20UnitedHealthcare.&text=econd%20quarter%202022%20earnings%20from,contributions%20from%20across%20the%20enterprise.>

HB1094 would reform how PBMs operate by allowing PBMs to earn income derived from the assessment of a flat-dollar service fee; prohibiting a PBM from earning income based on the cost of a prescription drug; and prohibiting a PBM from designing a formulary to favor a certain branded pharmaceutical or biologic. These reforms would effectively curtail the exploitative practice of spread pricing and ensure that PBMs' financial incentives are "de-linked" from coverage or formulary placement decisions, aligning their compensation with the provision of actual value to patients. As advocates for improved healthcare access and affordability, AWIR believes that these legislative efforts will make a meaningful impact on the lives of patients, particularly those with chronic rheumatologist conditions.

Again, we request full support for **HB1094** and thank you for your willingness to consider this critical legislation for Colorado patients struggling to pay for their medications.

Respectfully,

Gwenesta Melton, MD
Vice President
AWIR

Stephanie Ott, MD
Advocacy Co-Chair
AWIR

Liudmila Kastsianok, MD
Colorado Chapter
AWIR

Heather Finlayson, PA-C
Colorado Chapter
AWIR



April 17, 2025
The Honorable Kyle Mullica
Chair, House Health and Human Services Committee
200 E Colfax
RM 307
Denver, CO 80203

Dear Chair Mullica and Members of the Committee,

I am writing today on behalf of the National Association of Benefits and Insurance Professionals Colorado Chapter (NABIP - Colorado) – a member organization representing consultants, licensed agents and brokers who are engaged in the sale and service of health insurance and other ancillary products and serving employers and consumers in all fifty states– to bring your attention to concerns regarding pharmacy benefit manager practices in HB 1094.

NABIP - Colorado acknowledges and understands that regulations and increased transparency around PBMs are important. However, this bill will lead to significant increases in premiums, which feels counter to the objective.

Removing pay for performance contracting for PBMs will increase premiums in the Colorado fully insurance market by at least \$118 million dollars annually. This is a market that is already struggling with double digit rate increases every year. These increases will further drive any able groups to the level funded market and cause adverse risks in the fully-insured market. Small businesses struggle to pay the already high premiums and can't afford increases caused by expensive legislation. HB 1094 will result in significant increases paid by the consumer, without any additional benefits or services. These additional dollars will go directly to pharmaceutical manufacturers.

Increasing reimbursement to all pharmacies at NADAC and a reasonable and adequate dispensing fee is estimated to cost another \$74 million in premiums annually. This bill will not save Coloradans money on healthcare.

On behalf of NABIP-Colorado, I would like to thank you for your attention and consideration on this matter. NABIP-Colorado supports policy that will improve the health and lives of all Coloradans; however, we caution taking drastic steps that will make care more expensive for all.

Sincerely,

Tammy L. Niederman

Tim Hebert

Co-Legislative Chairs, NABIP-Colorado



LCS Committees <committees.lcs.ga@coleg.gov>

Re: HB 25-1094

1 message

Sara Almerri <almerriuk@hotmail.com>

Thu, Apr 17, 2025 at 9:40 AM

To: "Committees.lcs.ga@coleg.gov" <Committees.lcs.ga@coleg.gov>

The Colorado health care system is broken because the American health care system is a disaster. It is tragic for me to say this but the United States spends the most and has the worst outcomes of any modern country. How did we get here?

While, I appreciate your desire to try and fix this broken system House Bill 25-1094 will only make things worse and drive up costs. In a better system there would not be Pharmacy Benefit Managers. But to eliminate PBMs under the current system without doing anything else will drive up costs - Just ask yourself why are the big drug companies pushing this issue not just in Colorado but across the Country - do you honestly think they are seeking to contain costs? Please represent us the people!!!
Thank you

Kind Regards,
Sara Almerri
Sent from my iPad

Sent from [Outlook for iOS](#)

Aaron Broadwell, MD
President

April 17, 2025

Gary Feldman, MD
Immediate Past President

Senate Health and Human Services Committee
200 E Colfax Avenue
Denver, CO 80203

Madelaine Feldman, MD
VP, Advocacy & Government Affairs

Michael Saitta, MD, MBA
Treasurer

Re: Support HB 1094 – Delink PBM Compensation and Drug Prices

Firas Kassab, MD
Secretary

Chair Mullica, Vice Chair Jenet, and Members of the Senate Health and Human Services Committee:

Erin Arnold, MD
Director

The Coalition of State Rheumatology Organizations (CSRO) supports HB 1094 which would sever the connection between pharmacy benefit manager compensation and prescription drug prices. CSRO serves the practicing rheumatologist and is comprised of over 40 state rheumatology societies nationwide with a mission of advocating for excellence in the field of rheumatology and ensuring access to the highest quality of care for the management of rheumatologic and musculoskeletal disease.

Leyka Barbosa, MD
Director

Kostas Botsoglou, MD
Director

Mark Box, MD
Director

Rheumatologic diseases, such as rheumatoid arthritis, psoriatic arthritis and lupus, are systemic and incurable, but innovations in medicine over the last several decades have enabled rheumatologists to better manage these conditions. With access to the right treatment early in the disease, patients can generally delay or even avoid damage to their bones and joints, as well as reduce reliance on pain medications and other ancillary services, thus improving their quality of life.

Michael Brooks, MD
Director

Amish Dave, MD, MPH
Director

PBM Practices Harm Patients

Rheumatology patients were among the first to experience the harmful repercussions of pharmacy benefit manager (PBM) business practices because rheumatologic conditions regularly require complex, and often expensive, specialty medications. These PBM business practices were built on a system of perverse incentives, where the higher a drug’s list price, the greater the income potential for the PBM. As a result, prescription drug formularies are designed to maximize PBM revenues. Time and time again, we’ve seen our patients switched between different medications when PBMs change their formularies to higher-priced drugs when they have more to gain from rebates and fees set at a percentage of the list price. These tactics benefit the PBMs financially, while our patients see none of the savings accrued to the PBMs.

Harry Gewanter, MD, MACR
Director

Adrienne Hollander, MD
Director

Robert Levin, MD
Director

Amar Majjho, MD
Director

Gregory Niemer, MD
Director

The three largest PBMs —Caremark Rx, Express Scripts (ESI), and OptumRx— control 80% of the prescriptions filled in the United States, according to the Federal Trade Commission.¹ This vertical integration allows the PBMs to control which medication patients can take (through formulary construction), when they can take these medications (through utilization management), where they can purchase their medications (through pharmacy networks), and how much they must pay for their drugs (through cost-sharing). Currently, all of these decision points are leveraged to maximize PBM profits rather than provide the patient with the best care at the greatest savings. This consolidated healthcare system is not good for patients or the government as it causes competition that only raises drug prices.

Joshua Stalow, MD
Director

EXECUTIVE OFFICE

Leslie Del Ponte
Executive Director

Formulary design decisions are disastrous for patients who pay coinsurance because their out-of-pocket cost is based on list price of the medication – not what the PBM

actually pays. An analysis by Drug Channels estimates that the spread between list and net price for insurers was over \$200 billion in 2021.ⁱⁱ A 2021 report by the Texas Department of Insurance demonstrated that patients see marginal benefit from the supposed PBM “savings.” Of \$5,709,118,113 in rebates generated by PBMs for Texas insurers, only 21% made it back to patients in the form of direct savings.ⁱⁱⁱ

Break the Connection between PBM Compensation and Drug Prices

CSRO supports HB 1094 as it would break the connection between the PBM’s compensation and the list price of the drug. This legislation would disincentivize PBMs from preferring higher priced medications because they would no longer benefit from the size of the rebate or fee. Instead, PBMs would be reimbursed on a flat compensation fee – a model currently used by several more transparent PBMs. This approach would improve program stewardship and beneficiary access to affordable, clinically driven coverage. In the employer market, innovative PBMs are successfully using this model and provide fully transparent compensation models that offer savings to employers and patients. We support legislation at the state and federal level that applies this model to all PBMs.

On behalf of practicing rheumatologists throughout Colorado, we request that you support HB 1094. We thank you for your consideration and are happy to further detail our comments to the committee upon request.

Respectfully,



Aaron Broadwell, MD, FACR
President
Board of Directors



Madelaine A. Feldman, MD, FACR
VP, Advocacy & Government Affairs
Board of Directors

ⁱ Federal Trade Commission. “[FTC Sues Prescription Drug Middlemen for Artificially Inflating Insulin Drug Prices.](#)” September 2024.

ⁱⁱ Drug Channels. “[Warped Incentives Update: The Gross-to-Net Bubble Exceeded \\$200 Billion in 2021 \(rerun\).](#)” July 2022.

ⁱⁱⁱ Texas Department of Insurance. “[Prescription Drug Cost Transparency-Pharmacy Benefit Managers](#)”. 2021.

April 16, 2025

Senator Kyle Mullica, Chair
Senate Committee on Health and Human Services

Re: Support HB25-1094 Pharmacy Benefit Manager Practices

Dear Senator Mullica and distinguished members of the Committee,

On behalf of the Diabetes Patient Advocacy Coalition (DPAC), I write to voice our support for HB25-1094. DPAC is a grassroots alliance of thousands of people with diabetes, caregivers, patient advocates, health professionals, disease organizations and companies working collaboratively to promote and support public policy initiatives to improve the health of people with diabetes.

We support HB25-1094 as a critical step to remove the perverse financial incentives for pharmacy benefit managers (PBMs) that are driving up prescription drug costs in America. The harmful practices of PBMs disproportionately affect patients with chronic conditions such as diabetes. The Federal Trade Commission (FTC) has been investigating the three largest PBMs in the country for inflating insulin prices and steering patients toward higher-cost insulin products to increase their profits. The covert rebate practices employed by PBMs significantly contribute to higher out-of-pocket costs for patients at the pharmacy counter. One in four diabetes patients ration insulin due to its high cost. Rationing medically necessary insulin can have life-threatening health consequences, including heart disease, stroke, kidney failure, amputation of the lower extremities, and blindness.

By prioritizing expensive medications that yield the highest rebates from manufacturers, PBMs create a system that ultimately disadvantages patients. This opaque practice perpetuates a cycle where patients bear the financial burden while plans and PBMs profit. The entire structure is misaligned, leading patients to pay more for medications than they should. Among its several provisions, HB25-1094 would prohibit a PBM from designing a formulary to favor a certain branded pharmaceutical or biologic.

The bill would be a strong step to make the medications prescribed by their providers more affordable, especially for our most vulnerable citizens. Thank you for your consideration of this legislation. Please do not hesitate to reach out to me (ecallahan@diabetespac.org) should you have any questions or need more information.

Respectfully,



Erin M. Callahan
Chief Operating Officer
Diabetes Patient Advocacy Coalition

Patient Name	Service Date	Total Amt Charged	Category	Drug Cost per Infusion	Total Drug Cost for the Year	Price Difference Year to Year
H, STACY	2/28/2025	\$74,996.85	Medical	\$74,304.00	\$148,608.00	\$6,664.44
H, STACY	2/29/2024	\$71,835.95	Medical	\$70,971.78	\$141,943.56	\$6,759.24
H, STACY	2/22/2023	\$68,395.10	Medical	\$67,592.16	\$135,184.32	\$7,047.48
H, STACY	8/22/2022	\$65,168.05	Medical	\$64,068.42	\$128,136.84	\$7,626.84
H, STACY	2/26/2021	\$60,863.47	Medical	\$60,255.00	\$120,510.00	\$3,510.00
H, STACY	8/28/2020	\$59,105.37	Medical	\$58,500.00	\$117,000.00	
					Average Yearly Increase	\$6,321.60

ROBIN R. ROSSENFELD, ESQ.

Admitted in Colorado, New York, Florida

9 South Downing Street, Denver, CO 80209

(303) 284-8708 (720) 934-7081 (cell)

My apologies for not testifying live, as I intended to do last week. I am an attorney, hold an MBA from New York University, and am retired State employee. Because I am a retired State employee who receives PERA benefits, I wanted to know why HB 25-1094 does not include State employees in the statutory scheme. I have written to the bill sponsor posing this same question and shared my research.

Earlier this year, a similar bill, Senate Bill 62, was introduced in the State of New Mexico. Many, if not most, of the provisions in the New Mexico bill were identical in effect to what has been introduced here. This makes sense as both bills were drafted and are being heavily lobbied by Pharma.

One key difference between the two bills is that New Mexico Senate Bill 62 specifically includes State employees. The bill in New Mexico, however, was dropped after their nonpartisan staff at the Legislative Finance Committee did a well researched Fiscal Impact Report showing that the inclusion of State employees would cost the State of New Mexico tens of millions of dollars. In other words, the claims that House Bill 1094 will save money are belied by the Fiscal Impact Report in New Mexico prepared in response to a bill pushed by the very same drug companies who are fighting to pass HB 1094 here.

Links to both Senate Bill 62 and the Fiscal Impact Report from New Mexico follow for your reference.

Thank you.

Robin R. Rossenfeld

<https://www.nmlegis.gov/Sessions/25%20Regular/bills/senate/SB0062.pdf>

<https://www.nmlegis.gov/Sessions/25%20Regular/firs/SB0062.PDF>

April 14, 2025

The Honorable Kyle Mullica
Chair, Senate Health and Human Services Committee
200 E. Colfax, Room 346
Denver, Colorado 80203

RE: HB 25-1222 and HB 25-1094 – NCPA supports

Dear Chair Mullica, Vice Chair Michaelson Jenet, and Members of the Committee:

I am writing on behalf of the National Community Pharmacists Association (NCPA) in support of PBM reform provisions in HB 25-1222 and HB 25-1094. We are pleased that the bills recognize the need to control drug costs in Colorado, provide transparency for patients and employers regarding their prescription drug benefits programs, and establish greater oversight of the pharmacy benefit managers (PBMs) that administer those benefits.

NCPA represents the interest of America's community pharmacists, including the owners of nearly 19,000 independent community pharmacies across the United States and approximately 122 independent community pharmacies in Colorado. These pharmacies employed more than 1,300 residents and they filled more than 7.2 million prescriptions in 2023.

Community pharmacists have long known that opaque PBM practices not only hamper patients' ability to obtain pharmacy services from their trusted community pharmacists, but those practices can also lead to higher drug costs for both patients and plan sponsors. Due to the massive consolidation and vertical integration in the health insurance market¹, the three largest PBM's control 80% of the prescription drug market² giving them the power to engage in abusive practices which limit patient access, increase drug costs and threaten the viability of small business pharmacies.

NCPA strongly supports the proposed amendment to use the National Average Drug Acquisition Cost (NADAC) benchmark as the foundation for drug product reimbursement, as found in both HB 25-1222 and HB 25-1094. While not perfect, NADAC is an average that is determined by a monthly nationwide survey, which usually makes its reimbursement fair and reasonable to community pharmacies. We also support the use of a cost-based dispensing fee per the state's Medicaid fee-for-service methodology, such as found in HB 25-1222. We prefer Medicaid program's data-driven cost to dispense over the less certain "reasonable and adequate" dispensing fee per HB 25-1094. However, in either approach to establishing a professional dispensing fee, we urge regular updating to keep the figure reflective of a pharmacy's cost to dispense.

¹ <https://ncpa.org/sites/default/files/2023-01/verical-bus-chart.jpg>

² [Drug Channels: The Top Pharmacy Benefit Managers of 2021: The Big Get Even Bigger](#)

In combination, by enacting these reimbursement measures to address both NADAC for product reimbursement and an appropriate professional dispensing fee, Colorado would be approaching the stature of leaders West Virginia, Tennessee, and Kentucky in creating transparent cost-based reimbursement regiments that sustain independent community pharmacies.

Thank you for receiving our perspective. We urge you to advance this critical legislation. We wish to thank the prime sponsors for their leadership on the bills. If you have any questions, please do not hesitate to contact me at (703) 600-1186 or joel.kurzman@ncpa.org.

Sincerely,

A handwritten signature in black ink that reads "Joel Kurzman". The signature is written in a cursive style and is centered within a light gray rectangular box.

Joel Kurzman
Director, State Government Affairs

My name is Stacy Hodgson. Thank you for letting me speak about HB25-1094. I was diagnosed with Multiple Sclerosis Christmas Day, 2019. In 2020 my DMT (Disease Modifying Therapy) Ocrevous was \$117,000/year, and now in 2025 it has risen to \$148,608, that is a \$31,608 increase in 5 years. The average increase in those 5 years has been approx. \$6,000. See attached table.

PBM's play a large, but mostly unknown role, in the availability and cost of the drugs offered by insurers. This includes what drugs are listed on a formulary, and at what tier they appear on the formulary—which designates the dollar amount a patient pays out of pocket. Another segment of control PBM's have is what pharmacies patients get their medications from. This means you may live a block away from Walgreens, but the PBM says you can only use King Soopers, which is much further away.

PBMs, insurers, and manufacturers enter into price and rebate agreements that are not transparent to the consumer, meaning the consumer is not able to see if those rebates were passed on to them, so the cost of your drug remains higher even though a rebate or lower price was agreed upon between the 3. PBM's are allowed to profit from prescription drug prices, while Coloradoans continue to pay higher prices.

This bill would reduce the money a PBM can earn to a flat fee, not allowing financial incentives to dictate which drugs are allowed on to your formulary and not allowing PBM's earn money based on the prices of the drugs. I urge you to vote YES on HB25-1094.

Thank you for your time.



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Written Testimony Opposing Colorado House Bill 25-1094

Submitted by Maya Wheeler, Executive Director

Wezesha Dada Center (WDC)

April 17, 2025

To the Honorable Chair Kyle Mullica and Members of the Senate Health and Human Services Committee:

Thank you for the opportunity to submit testimony regarding House Bill 25-1094.

As the Executive Director of the Wezesha Dada Center (WDC), I respectfully urge you to vote **no** on this bill. While HB25-1094 may be well-meaning in its intent, it will ultimately lead to increased prescription drug costs for Coloradans—particularly for the underrepresented and economically vulnerable communities we serve.

At WDC, we empower individuals—especially women, immigrants, and other marginalized populations—to achieve economic security and personal well-being. Many of the people we support are small business owners, career seekers, and caregivers who are already balancing the high costs of living and healthcare. Access to affordable medications is critical not just to their survival, but to their ability to participate in and contribute to Colorado's economy.

This issue is also deeply personal for me. I live with both diabetes and heart disease. I depend on affordable medications to manage my conditions and continue leading and serving my community. Any policy that results in higher drug prices poses a real threat—not only to my health—but to the health and stability of the many families we walk alongside.

Pharmacy Benefit Managers (PBMs) play an essential role in negotiating lower drug prices. While not perfect, they have helped keep costs down—not just for employers and health plans, but for many labor unions as well. In New Jersey, for example, the

Unite Here union is actively working to defeat a similar bill because of the harm it would cause to its members. Limiting the negotiating power of PBMs, as HB25-1094 proposes, will only shift the burden onto consumers—driving up prices across the board.

Senator Roberts, I want to personally thank you for your leadership in helping lower the cost of insulin for families like mine. That kind of action makes a real difference. But HB25-1094, while grounded in good intentions, threatens to reverse that progress and raise costs for countless Coloradans.

On behalf of our organization and the many individuals we serve who rely on accessible and affordable medications, I respectfully urge you to vote **no** on HB25-1094.

Thank you for your time and consideration.

Sincerely,

Maya Wheeler

Maya Wheeler

Executive Director

Colorado General Assembly – Senate Health & Human Services

Testimony of Lisbet Finseth
National Multiple Sclerosis Society
HB25-1094 – Pharmacy Benefit Manager Practices

Hello Chair Mullica and members of the Health & Human Services Committee. Thank you for the opportunity to speak to you today on the National Multiple Sclerosis Society's support position on House Bill 1094, which increases regulation on Pharmacy Benefit Managers, ensuring that patients are not directly or indirectly harmed from the business practices of PBMs through increasing costs of prescription drugs.

Multiple sclerosis (MS) is an unpredictable disease of the central nervous system, with an estimated 1 million people living with MS in the United States. The symptoms vary from person to person, and may include disabling fatigue, mobility challenges, cognitive changes and vision issues and can result in lifelong disability. Yet, this disease cannot be predicted and there is no cure. If treated appropriately with the right prescriptions in a timely manner, MS progression can be slowed.

Continually escalating prices are creating significant barriers to treatment, including higher costs, increased stress, and a greater burden for those who already live with a chronic, life-altering condition.

According to "The Use of Disease-Modifying Therapies in Multiple Sclerosis: Principles and Current Evidence," a consensus paper by the Multiple Sclerosis Coalition, evidence supports the initiation of treatment with an FDA-approved disease-modifying therapy (DMT) as soon as possible following a diagnosis, and that patients continue treatment without interruption. High prescription costs block patients from these necessary medications. MS disease-modifying therapies (DMTs) are essential for many people with MS—but their prices have skyrocketed. In 2022, the median annual price of brand MS DMTs is over \$100,000, up nearly \$30,000 from 2015. Six of the MS DMTs have increased in price more than 200% since they came on market. Even the generics are priced extraordinarily high. For example, Copaxone (20 mg) is a glatiramer acetate priced at \$86,554 a year (2023), which also has a generic alternative on the market. This generic, while substantially cheaper, is still \$23,725. This heavy financial burden often forces patients to choose between paying for their medication or paying for their rent or food.

Prolonging ineffective treatment (or skipping medication) may result in disease progression for patients. For those with diseases such as multiple sclerosis, delaying treatment can be a serious outcome.

Drug pricing is complex and there is dire need for increased regulation and transparency for middlemen within the system. In recent years it has been uncovered that consumers may be paying more than the actual cost of their medication (the price negotiated by the Pharmacy Benefit Manager). PBMs enter into price and rebate agreements that are not

transparent to the consumer. In addition, their profits are directly linked to the cost of the drug, and accessibility and formulary choices are based on these profit-driven decisions. These unknown and unregulated practices result in consumers over-paying for their medication and driving costs up over time for the consumer.

HB 1094 is necessary to protect Coloradans, and those living with MS, from continuously increasing drug prices. By de-linking PBM compensation, the industry is de-incentivized to continuously increase prices and instead, base their profit around their provided service. In addition, it protects pharmacies and ensures adequate reimbursement for pharmaceuticals, helping stabilize rural and independent pharmacies, maintaining access to these Colorado small businesses for patients trying to access their medication.

Medications must be affordable, and the process for getting them simple and transparent. Please support Coloradans and those living with MS by voting in favor of HB 1094. Thank you for your time.

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