

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 25-0153.01 Chelsea Princell x4335

SENATE BILL 25-124

SENATE SPONSORSHIP

Kirkmeyer and Gonzales J.,

HOUSE SPONSORSHIP

Brown and Garcia Sander,

Senate Committees
Health & Human Services

House Committees
Health & Human Services

A BILL FOR AN ACT

101 **CONCERNING OUTPATIENT DRUGS THAT ARE SOLD AT A DISCOUNT TO**
102 **NONPROFIT HOSPITALS THROUGH THE FEDERAL 340B DRUG**
103 **PRICING PROGRAM.**

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>.)

The bill requires nonprofit hospitals (hospitals) to use 340B profits to decrease out-of-pocket costs for low-income patients.

The bill requires entities covered under the federal 340B drug pricing program that are hospitals licensed by the state to report information related to their participation in the 340B program, their use

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
Amended 2nd Reading
May 5, 2025

SENATE
3rd Reading Unamended
March 26, 2025

SENATE
Amended 2nd Reading
March 25, 2025

of 340B program profits, their provision of charity care, their payments to third parties for 340B program-related services and compliance, and their use of contract pharmacies.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 3 to article
3 2.5 of title 25.5 as follows:

4 **PART 3**

5 **SAVING PEOPLE MONEY ON**
6 **PRESCRIPTION MEDICATIONS ACT**

7 **25.5-2.5-301. Short title.** THE SHORT TITLE OF THIS PART 3 IS
8 "SAVING PEOPLE MONEY ON PRESCRIPTION MEDICATIONS ACT".

9

10 **25.5-2.5-302. Definitions.** AS USED IN THIS PART 3, UNLESS THE
11 CONTEXT OTHERWISE REQUIRES:

12 (1) "340B DRUG" MEANS "MEANS A DRUG THAT:

13 (a) IS A COVERED OUTPATIENT DRUG WITHIN THE MEANING SET
14 FORTH IN 42 U.S.C. SEC. 256B;

15 (b) HAS BEEN SUBJECT TO ANY OFFER FOR REDUCED PRICES BY A
16 MANUFACTURER PURSUANT TO 42 U.S.C. SEC. 256b (a)(1); AND

17 (c) PURCHASED BY A 340B COVERED ENTITY, AS DEFINED IN 340B
18 (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICE ACT", 42 U.S.C. SEC.
19 256b (a)(4).

20 (2) "340B NET REVENUE" MEANS THE DIFFERENCE BETWEEN THE
21 AGGREGATED MARKET RATE COSTS AND THE AGGREGATED ACQUISITION
22 COSTS FOR 340B DRUGS.

23 (3) "340B PROGRAM" MEANS THE FEDERAL DRUG PRICING
24 PROGRAM DESCRIBED IN 42 U.S.C. SEC. 256b.

1 (4) "CHARITY CARE" MEANS FREE OR REDUCED-COST HEALTH
2 SERVICES PROVIDED BY A HOSPITAL TO PATIENTS WHO ARE UNABLE TO
3 PAY.

4 ==
5 (5) "CONTRACT PHARMACY" MEANS A PHARMACY THAT A
6 NONPROFIT HOSPITAL HAS CONTRACTED WITH TO DISPENSE 340B DRUGS
7 ON BEHALF OF THE NONPROFIT HOSPITAL TO PATIENTS OF THE NONPROFIT
8 HOSPITAL, WHETHER DISTRIBUTED IN-PERSON, BY MAIL, OR BY OTHER
9 MEANS.

10 ==
11 (6) "NONPROFIT HOSPITAL" MEANS A HOSPITAL THAT IS LICENSED
12 BY THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT AND IS A
13 PRIVATE NONPROFIT CORPORATION OR HOSPITAL PURSUANT TO 42 U.S.C.
14 SEC. 256b (a)(4)(L), (a)(4)(M), OR (a)(4)(O), BUT DOES NOT INCLUDE A
15 SOLE COMMUNITY HOSPITAL DESCRIBED IN 42 U.S.C. SEC. 256b (a)(4)(O),
16 A CRITICAL ACCESS HOSPITAL DESCRIBED IN 42 U.S.C. SEC. 256b
17 (a)(4)(N), AN INDEPENDENT NONPROFIT HOSPITAL WITH FEWER THAN FIFTY
18 LICENSED BEDS, DENVER HEALTH AND HOSPITALS, A COMPREHENSIVE
19 HEMOPHILIA DIAGNOSTIC TREATMENT CENTER DESCRIBED IN 42 U.S.C.
20 SEC. 256b (a)(4)(G), A FEDERALLY-QUALIFIED HEALTH CENTER AS
21 DEFINED IN 42 U.S.C. SEC. 1396d (l)(2)(B), RYAN WHITE CLINICS, THE
22 COLORADO STATE DRUG ASSISTANCE PROGRAM, OR CHILDREN'S HOSPITALS
23 IN COLORADO.

24 **25.5-2.5-303. Use of 340B drug net revenue.** == == == (1) A
25 NONPROFIT HOSPITAL SHALL NOT USE 340B NET REVENUE FOR THE
26 FOLLOWING PURPOSES:

27 (a) COMPENSATION OR EXPENSE REIMBURSEMENT FOR THE

1 NONPROFIT HOSPITAL'S BOARD OF DIRECTORS;

2 (b) TAX PENALTIES OR FINES ISSUED AGAINST THE NONPROFIT

3 HOSPITAL;

4 (c) EXPENSES RELATED TO ADVERTISING AND PUBLIC RELATIONS

5 THAT PROMOTE THE NONPROFIT HOSPITAL'S IMAGE, SERVICES, OR

6 PROPOSALS, NOT INCLUDING COMMUNICATIONS REQUIRED BY LAW OR

7 THAT ARE ESSENTIAL FOR PATIENT SAFETY AND PATIENT INFORMATION;

8 (d) LOBBYING EXPENSES AND OTHER COSTS INTENDED TO

9 INFLUENCE LEGISLATION OR BALLOT MEASURES AT THE LOCAL, STATE, OR

10 FEDERAL LEVEL;

11 (e) TRAVEL, LODGING, FOOD, OR BEVERAGE EXPENSES FOR THE

12 NONPROFIT HOSPITAL'S BOARD OF DIRECTORS AND OFFICERS; █

13 (f) GIFTS OR ENTERTAINMENT EXPENSES; AND

14 (g) SALARIES FOR THE NONPROFIT HOSPITAL'S CHIEF EXECUTIVE

15 OFFICER, CHIEF FINANCIAL OFFICER, CHIEF ADMINISTRATIVE OFFICER,

16 CHIEF OPERATIONS OFFICER, OR ANY OTHER SENIOR EXECUTIVE OFFICER

17 AT THE VICE PRESIDENT LEVEL OR ABOVE.

18 (2)(a) A NONPROFIT HOSPITAL THAT IS A REPORTING HOSPITAL, AS

19 DEFINED IN SECTION 25.5-1-701, MUST SPEND AT LEAST EIGHTY PERCENT

20 OF 340B NET REVENUE ON DIRECT PATIENT SERVICES OR CAPITAL

21 IMPROVEMENTS THAT MAINTAIN OR INCREASE ACCESS TO PATIENT CARE

22 FOR LOW-INCOME POPULATIONS.

23 (b) FOR PURPOSES OF SUBSECTION (2)(a) OF THIS SECTION, DIRECT

24 PATIENT SERVICES INCLUDES:

25 (I) CHARITY CARE;

26 (II) THE DIFFERENCE BETWEEN MEDICARE AND MEDICAID

27 PAYMENTS AND THE COST OF CARE;

1 (III) FINANCIAL SUPPORT PROVIDED TO A FEDERALLY QUALIFIED
2 HEALTH CENTER, A CRITICAL ACCESS HOSPITAL AS DESCRIBED IN 42 U.S.C
3 SEC. 256b (a)(4)(N), OR OTHER 340B COVERED ENTITY, AS DEFINED IN
4 340B (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICE ACT", 42 U.S.C.
5 SEC. 256b (a)(4). THAT IS NOT A HOSPITAL, FOR THE PURPOSE OF
6 INCREASING ACCESS TO CARE FOR LOW-INCOME PATIENTS; AND

7 (IV) OTHER HEALTH-CARE PRODUCTS AND SERVICES PROVIDED
8 FOR LOW-INCOME PATIENTS THAT ARE OTHERWISE NOT REIMBURSED OR
9 REIMBURSED AT BELOW COST.

10

11 **25.5-2.5-304. Hospital transparency reporting.** (1) A
12 NONPROFIT HOSPITAL THAT IS A REPORTING HOSPITAL, AS DEFINED IN
13 SECTION 25.5-1-701, SHALL INCLUDE THE FOLLOWING INFORMATION IN
14 THE ANNUAL REPORT SUBMITTED PURSUANT TO SECTION 25.5-1-703(3):

15 (a) THE AGGREGATE ACQUISITION PRICE FOR PRESCRIPTION DRUGS
16 OBTAINED UNDER THE 340B PROGRAM;

17 (b) THE AGGREGATED MARKET PRICE FOR DRUGS OBTAINED UNDER
18 THE 340B PROGRAM AND DISPENSED OR ADMINISTERED TO PATIENTS;

19 (c) THE NUMBER OF TRANSACTIONS FOR PRESCRIPTION DRUGS
20 DESCRIBED IN SUBSECTION (1)(b) OF THIS SECTION;

21 (d) THE SUM OF THE AGGREGATED PAYMENTS MADE TO:

22 (I) A CONTRACT PHARMACY TO DISPENSE DRUGS OBTAINED UNDER
23 THE 340B PROGRAM;

24 (II) ANY OTHER ENTITY, THAT IS NOT A 340B COVERED ENTITY AS
25 DEFINED 340B (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICES ACT",
26 42 U.S.C. SEC. 256b (a)(4) OR A CONTRACT PHARMACY, FOR MANAGING
27 ANY ASPECT OF THE COVERED ENTITY'S 340B PROGRAM.

1 **25.5-2.5-305. Access to 340B drugs.** UNLESS THE RECEIPT OF
2 340B DRUGS IS PROHIBITED BY THE FEDERAL DEPARTMENT OF HEALTH
3 AND HUMAN SERVICES, A MANUFACTURER, THIRD-PARTY LOGISTICS
4 PROVIDER, OR REPACKAGER, OR AN AGENT, CONTRACTOR, OR AFFILIATE
5 OF A MANUFACTURER, THIRD-PARTY LOGISTICS PROVIDER, OR
6 REPACKAGER, INCLUDING AN ENTITY THAT COLLECTS OR PROCESSES
7 HEALTH INFORMATION, SHALL NOT, DIRECTLY OR INDIRECTLY, DENY,
8 RESTRICT, PROHIBIT, DISCRIMINATE AGAINST, OR OTHERWISE LIMIT THE
9 ACQUISITION OF A 340B DRUG BY, OR DELIVERY OF A 340B DRUG TO,
10 A 340B COVERED ENTITY, AS DEFINED IN 42 U.S.C. SEC. 256b (a)(4); A
11 PHARMACY CONTRACTED WITH 340B COVERED ENTITY, AS DEFINED IN
12 340B (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICES ACT", 42 U.S.C.
13 SEC. 256b (a)(4); OR A LOCATION OTHERWISE AUTHORIZED BY A 340B
14 COVERED ENTITY, AS DEFINED IN 340B (a)(4) OF THE FEDERAL "PUBLIC
15 HEALTH SERVICES ACT", 42 U.S.C. SEC. 256b (a)(4) TO RECEIVE AND
16 DISPENSE A 340B DRUG.

17 **25.5-2.5-306. Request of information.** (1) BEGINNING
18 NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER, THE JOINT BUDGET
19 COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION TO THE STATE
20 DEPARTMENT REQUESTING INFORMATION ON ANY LOSSES AND COSTS TO
21 THE STATE MEDICAL ASSISTANCE PROGRAM ARISING FROM NONPROFIT
22 HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT HOSPITAL
23 PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM.

24 (2) BEGINNING NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER,
25 THE JOINT BUDGET COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION
26 TO THE DEPARTMENT OF PERSONNEL AND ADMINISTRATION ON ANY
27 LOSSES AND COSTS TO THE STATE MEDICAL ASSISTANCE PROGRAM ARISING

1 FROM NONPROFIT HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT
2 HOSPITAL PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM,
3 INCLUDING THE TOTAL AGGREGATE VALUE OF LOST MANUFACTURER
4 REBATE REVENUE.

5



6 **SECTION 2. Safety clause.** The general assembly finds,
7 determines, and declares that this act is necessary for the immediate
8 preservation of the public peace, health, or safety or for appropriations for
9 the support and maintenance of the departments of the state and state
10 institutions.