



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1002: MEDICAL NECESSITY DETERMINATION INSURANCE COVERAGE

**Prime Sponsors:**

Rep. Brown; Gilchrist  
Sen. Amabile; Pelton B.

**Fiscal Analyst:**

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**Bill Outcome:** Signed into Law

**Drafting number:** LLS 25-0094

**Version:** Final Fiscal Note

**Date:** July 21, 2025

**Fiscal note status:** The final fiscal note reflects the enacted bill.

### Summary Information

**Overview.** The bill codifies and clarifies mental health parity requirements in state law.

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

- Minimal State Workload

**Appropriations.** No appropriation is required.

**Table 1**  
**State Fiscal Impacts**

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

## Summary of Legislation

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The bill codifies and clarifies mental health parity requirements in state law. Specifically, the bill:

- codifies the federal Mental Health Parity and Addiction Equity Act (MHPAEA) into state law;
- clarifies existing state law around mental health parity; and
- requires the use of clinical standards from select national organizations to ensure parity.

## Background

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The Mental Health Parity and Addiction Equity Act (MHPAEA) requires there to be no material difference in insurance coverage for physical health services and mental health services. This means that cost sharing requirements, prior authorization requirements, medical necessity and level of care assessments, and treatment coverage cannot make it harder to access mental health services than physical health services. The American Society of Addiction Medicine (ASAM) creates clinical criteria for substance use disorder level of care assessments that are used to ensure parity. The Department of Health Care and Financing (HCPF) and the Department of Regulatory Agencies (DORA) are responsible for ensuring mental health parity in Colorado for Medicaid and private health insurers, respectively.

## State Expenditures

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Workload will minimally increase in HCPF and DORA to update rules and regulations. Since these departments already enforce federal mental health parity requirements, additional work required to enforce requirements codified into state law is expected to be minimal.

## Effective Date

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The bill was signed into law by the Governor on March 20, 2025, and takes effect on January 1, 2026, assuming no referendum petition is filed.

## State and Local Government Contacts

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Health Care Policy and Financing  
Law

Regulatory Agencies

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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](#).