HB 25B-1012

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25B-1012: PRESCRIPTION DRUG BENEFIT INFO TRANSPARENCY

Prime Sponsors:
Rep. DeGraaf

Fiscal Analyst:
Anna Gerstle, 303-866-4375
anna.gerstle@coleg.gov

Bill Outcome: Postponed Indefinitely
Drafting number: LLS 25B-0011

Version: Final Fiscal Note
Date: September 8, 2025

Fiscal note status: This fiscal note reflects the introduced bill. The bill was postponed indefinitely by the House Health and Human Services Committee on August 21, 2025; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. The bill would have prohibited pharmacy benefit managers and health care consultants from making false statements related to legality or safety of alternative prescription drug sourcing programs, required certain information disclosures, and authorized pharmacy stewardship and alternative prescription drug sourcing programs.

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

- State Revenue
- State Expenditures
- State Diversions
- TABOR Refunds

Appropriations. The bill would have required an appropriation of $67,509 in the current FY 2025-26 and $104,340 in FY 2026-27 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0	$0
State Expenditures	$74,408	$113,406	$113,406
Diverted Funds	$74,408	$113,406	$113,406
Change in TABOR Refunds	$0	$0	$0
Change in State FTE	0.5 FTE	0.7 FTE	0.7 FTE

Table 1A
State Expenditures

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	$0	$0	$0
Cash Funds	$67,509	$104,340	$104,340
Federal Funds	$0	$0	$0
Centrally Appropriated	$6,899	$9,066	$9,066
Total Expenditures	**$74,408**	**$113,406**	**$113,406**
Total FTE	**0.5 FTE**	**0.7 FTE**	**0.7 FTE**

Table 1B
State Diversions

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-$74,408	-$113,406	-$113,406
Cash Funds	$74,408	$113,406	$113,406
Net Diversion	**$0**	**$0**	**$0**

Summary of Legislation

The bill creates the Prescription Drug Sourcing Transparency and Integrity Act, to be enforced by the Division of Insurance in the Department of Regulatory Agencies (DORA).

Information Requirements

The bill prohibits a pharmacy benefit manager or health care consultant from knowingly making or disseminating false or misleading statements about the legality or safety of a lawful alternative prescription drug sourcing program. The bill also requires that a pharmacy benefit manager or health care consultant provide certain cost information for each prescription drug dispensed under the plan, if requested by a self-funded employer or health benefit plan sponsor.

Authorized Prescription Drug Programs

The bill specifies that pharmacy stewardship programs and alternative prescription drug sourcing programs, including those for importing prescription drugs, are authorized when implemented in compliance with federal and state law.

Enforcement

A violation of the bill's requirements is an unfair method of competition and an unfair or deceptive practice, to be enforced by the Commissioner of Insurance. In addition to current penalties, the commissioner may:

- issue a public letter of admonition for a first violation;
- assess a $1,000 fine for a second violation;
- assess a $2,000 fine for a third violation; and
- revoke the pharmacy benefit manager's registration or refer the matter to the Department of Law to begin a civil action for a fourth or subsequent violation.

The bill specifies that DORA must implement the bill within existing appropriations, and that each day during which a violation continues constitutes a separate violation.

Fine revenue is deposited in the Health Insurance Affordability Enterprise (HIAE) Cash Fund, to be used to reduce premium increases associated with the enterprise and avoid health insurance coverage loss for those in the individual market or the health benefit exchange.

State Revenue

The bill potentially increases state revenue from the creation of a new unfair method of competition in the business of insurance, as outlined below.

Civil Penalties

A person committing a deceptive trade practice in the business of insurance may be subject to a civil penalty of up to $3,000 for each act, with potentially higher penalties for willful or repeat violations, plus the additional penalties specified in the bill. Given that insurers are assumed to comply with the requirements of the bill, and the wide range in potential penalty amounts in any cases that are pursued by the commissioner, the fiscal note cannot estimate the potential impact of these civil penalties.

Penalty revenue from the current $3,000 penalty is deposited into the General Fund and penalty revenue from the fines specified in the bill is deposited in the HIAE Cash Fund. Penalty revenue is subject to TABOR.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings to appeal deceptive trade practice actions taken by the Division of Insurance in DORA. Revenue from filing fees is subject to TABOR.

State Diversion

This bill diverts $74,408 in FY 2025-26 and $113,406 per year beginning in FY 2026-27 from the General Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in DORA, 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 $74,000 in FY 2025-26, and $113,000 beginning in FY 2026-27. These costs, paid from the Division of Insurance Cash Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Judicial Department.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	$27,399	$35,105	$35,105
Legal Services	$40,110	$69,235	$69,235
Centrally Appropriated Costs	$6,899	$9,066	$9,066
FTE – Personal Services	0.3 FTE	0.4 FTE	0.4 FTE
FTE – Legal Services	0.2 FTE	0.3 FTE	0.3 FTE
Total Costs	**$74,408**	**$113,406**	**$113,406**
Total FTE	**0.5 FTE**	**0.7 FTE**	**0.7 FTE**

Department of Regulatory Agencies

The bill specifies that DORA must implement the bill within existing appropriations; however, the department will have staff and legal services costs beginning in the current FY 2025-26 to implement the bill.

Staff

Beginning in FY 2025-26, DORA requires 0.4 FTE in the Division of Insurance to implement the bill's requirements. Of this amount, 0.2 FTE will review complaints alleging non-compliance with the bill's disclosure and information requirements by health care consultants and pharmacy benefit managers, and 0.1 FTE is required to enforce penalties when violations are found. In addition, 0.1 FTE is required to conduct outreach related to information requirements, pharmacy stewardship programs, and alternative prescription drug sourcing programs, as some self-funded plans and sponsors are not currently within the division's regulatory scope. Staffing costs assume an additional three complaints filed each month and five to ten violations per year, and are prorated for a December 2025 start date.

Legal Services

DORA will require 500 hours of legal services per year to implement the changes to the division's enforcement authority and advise on penalty enforcement. It is assumed referred civil actions will be minimal. Legal services are provided by the Department of Law at a rate of $138.47 per hour. Legal hours in the first year are prorated for a December 2025 start date.

Health Insurance Affordability Enterprise

The bill may minimally increase workload in the HIAE to accept penalty revenue.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed from the addition of a new deceptive trade practice, through the Colorado Consumer Protection Act or as a result of DORA referring a case to the Department of Law. It is assumed that pharmacy benefit managers and health care consultants will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes any cases can be accomplished within existing resources and that no change in appropriations is required.

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, indirect cost assessments, and other costs, are shown in Table 2 above.

TABOR Refunds

The bill is expected to minimally increase the amount of state revenue required to be refunded to taxpayers in FY 2026-27. The bill does not change current expectations that the state will be below its revenue limit in the current FY 2025-26. This estimate assumes the July update to the June 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27.

In FY 2026-27 and any future years when the state is over its revenue limit, increased cash fund revenue will reduce the amount of General Fund available to spend or save, and increased General Fund revenue will increase the TABOR refund obligation, but result in no net change to the amount of General Fund available to spend or save.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to conduct occurring on or after that date.

State Appropriations

The bill specifies that DORA must implement the bill within existing appropriations; however, the bill requires the following appropriations to the Department of Regulatory Agencies from the Division of Insurance Cash Fund:

- in FY 2025-26, $67,509 and 0.3 FTE; of which $40,110 is reappropriated to the Department of Law, with an additional 0.2 FTE; and
- in FY 2026-27, $104,340 and 0.4 FTE; of which $69,235 is reappropriated to the Department of Law with 0.3 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Judicial

Law

Personnel

Regulatory Agencies