Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note Memorandum

TO: Members of the Senate Appropriations Committee

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Fiscal Assessment of L.003 to SB25-084

This memorandum is an assessment of the fiscal impact of the attached proposed amendment L.003 to SB25-084. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

Senate Bill 25-084, as amended by the Senate Health and Human Services Committee, requires the Department of Health Care Policy and Financing (HCPF) to establish Medicaid dispensing fee rates by October 1, 2025, that encourage an adequate level of market participation from infusion pharmacies to prepare and dispense parenteral nutrition.

Amendment L.003 pushes the bill's implementation date to January 1, 2026, and caps the dispensing fee for that calendar year at 30 percent of the infusion pharmacy's administrative costs. Additionally, with the adoption of Amendment L.003, HCPF must report on the number of new infusion pharmacies participating in the state Medicaid program

Fiscal Impact of Amendment

The initial fiscal note published on February 10, 2025, assumes that HCPF will increase the dispensing fee to 100 percent of administrative costs to encourage adequate levels of market participation. Despite the reduced cap in Amendment L.003 only applying to the first calendar year, this fiscal memo assumes that HCPF will continue to implement a 30 percent rate until participation can be assessed. If the fee amount is insufficient to bring additional pharmacies in, the fiscal note assumes the fee will be adjusted in future legislation.

Thus, relative to the initial fiscal note, the amendment decreases state expenditures in HCPF by about $658,000 in FY 2025-26 and $651,000 annually thereafter, split evenly between General Fund and federal fund, by:

- extending the implementation date by three months;
- reducing the fee increase to 30 percent; and
- eliminating the need for a contractor to investigate what constitutes a rate that encourages an adequate level of market participation.

Bill's Revised Fiscal Impact with Amendment

As amended, the bill increases state expenditures in HCPF by about $110,000 in FY 2025-26 and $219,000 in future years. These costs, split between the General Fund and federal funds, are shown in Tables 1 and 1A and discussed below.

Table 1
State Fiscal Impacts with Amendment L.003

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	$0	$0
State Expenditures	$109,664	$219,326
Transferred Funds	$0	$0
Change in TABOR Refunds	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE

Table 1A
State Expenditures with Amendment L.003

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	$54,832	$109,663
Cash Funds	$0	$0
Federal Funds	$54,832	$109,663
Centrally Appropriated	$0	$0
Total Expenditures	**$109,664**	**$219,326**
Total FTE	**0.0 FTE**	**0.0 FTE**

State Expenditures

Department of Health Care Policy and Financing

HCPF expenditures for parenteral nutrition dispensing fees will increase by an estimated $110,000 in FY 2025-26 and $219,000 in future years. 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:

- an infusion pharmacy's administrative cost to prepare TPN is $235.86 per claim;
- the dispensing fee will increase to 30 percent of an infusion pharmacy's administrative cost in the first year and remain constant in future years;
- the number of eligible members and claims will remain constant; 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 $70.76 per claim – a $58.80 increase from the current rate of $11.91 per TPN claim. Claims are prorated in the first year based on a January 1, 2026 start date.

State Appropriations

For FY 2025-26, the bill requires the following appropriations to the Department of Health Care Policy and Financing:

- $54,832 from the General Fund; and
- $54,832 from federal funds.