



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

### HB 25-1253: YOUTH HEALTH PROTECTION ACT

**Prime Sponsors:**

Rep. Bradley

**Fiscal Analyst:**

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**Fiscal note status:** The fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

### Summary Information

**Overview.** The bill restricts various actions related to gender dysphoria and establishes legal protections for a variety of actions.

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

- State Expenditures
- State Revenue
- TABOR Refunds
- Local Government
- School Districts

**Appropriations.** For FY 2025-26, the bill requires a net reduction in appropriations of \$58,817 to various state agencies.

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

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$292,903
State Expenditures	-\$25,610	-\$32,388
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$292,903
Change in State FTE	3.0 FTE	3.0 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$0	\$292,903
<b>Total Revenue</b>	<b>\$0</b>	<b>\$292,903</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$57,313	\$57,259
Cash Funds	\$266,420	\$259,696
Federal Funds	-\$382,550	-\$382,550
Centrally Appropriated	\$33,207	\$33,207
<b>Total Expenditures</b>	<b>-\$25,610</b>	<b>-\$32,388</b>
<b>Total FTE</b>	<b>3.0 FTE</b>	<b>3.0 FTE</b>

## Summary of Legislation

The bill places the following requirements and restrictions related to gender dysphoria and medical care of minors:

- medical professionals or individuals may not perform, cause, or assist in the performance of medical related treatments that are deemed inconsistent with the minor's biological sex (violations by medical professional constitutes unprofessional conduct);
- state funds, including through a government health plan, may not be used on any health care service related to gender transition procedures;
- parental consent is required for any treatment or activity that is designed to form a minor's conception of sex and gender or treat gender dysphoria or nonconformity; and
- government employees must report a minor's desire to present as a different gender to the minor's parent or guardian.

Further, the bill establishes the following legal protections:

- a civil right of action for anyone harmed by a violation of the bill;
- whistleblower protections for anyone who reports violations of the bill;
- protections against state disciplinary action for anyone for communicating or providing guidance or counsel in accordance with their conscience or religious beliefs; and
- whistleblower protections for anyone who reports what they believe to be a violation of law or health care best practices, gross mismanagement, or a threat to public health or safety.

## Assumptions

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The fiscal note assumes a high degree of compliance with the law by state employees and regulated professionals. However, given the high frequency of medical malpractice claims (including claims that are dismissed or end in no-fault settlements) and the broad legal protections provided in the bill, the fiscal note assumes an increase in accusations of non-compliance against both state employees and regulated professionals.

## Liability

Given that the bill creates liability for medical professionals who not only perform but assist in various medical treatments, and for those who not only provide treatment but engage in any activity designed to form a minor's conception of sex and gender, the fiscal note assumes a 10 percent increase in malpractice claims against state health professionals.

## Whistleblowing

Given that the bill provides whistleblower protections for anyone who reports any action that they believe to be harmful, whether or not harm materializes, the fiscal note assumes that current whistleblower protection violation claims against state employees will double.

## State Revenue

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The bill increases cash fund revenue by about \$300,000 starting in FY 2026-27 to the Division of Professions and Occupations (DPO) Cash Fund in the Department of Regulatory Agencies (DORA) to cover the costs of managing increased complaints for regulated health care professionals. The bill may also increase state revenue from court filing fees by a minimal amount.

## Fee Impact on Regulated Health Care Professionals

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Beginning in FY 2026-27, DORA will collect an additional \$300,000 per year in registration and renewal fees from about 340,000 regulated health care professionals each year. Due to the wide array of potential cost impacts on registered individuals across 30 regulated occupations, the fiscal note assumes that the department will increase licensing, certification, and registration fees by \$1 across all professions. This proposed fee is an estimate only; actual fees will be set administratively by DORA based on the cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee.

## Filing Fees

The bill will increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

## State Expenditures

On net, the bill decreases state expenditures by about \$30,000 annually. The bill increases costs in the Department of Personnel and Administration (DPA) and DORA, paid from the General Fund and the DPO Cash Fund. At the same time, the bill conditionally decreases state expenditures in the Department of Health Care Policy and Financing (HCPF) and across all state agencies for state employee health insurance. HCPF savings are from the General Fund and federal funds. These impacts are shown in Table 2 and described in the sections below.

**Table 2**  
**State Expenditures**  
**All Departments**

<b>Department</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Department of Personnel & Administration	\$439,863	\$439,863
Department of Regulatory Agencies	\$299,627	\$292,903
Department of Health Care Policy & Financing	-\$765,100	-\$765,100
<b>Total Costs</b>	<b>(\$25,610)</b>	<b>(\$32,388)</b>

## Department of Personnel and Administration

DPA's Risk Management Services oversees the state response to liability claims and lawsuits. Based on the expansion of legal protections and prohibitions under the bill, expenditures will increase to pay for additional legal services and settlement costs. Legal services are provided by the Department of Law at a rate of \$133.74 per hour. Costs are assumed to be paid from the General Fund in the first year. In future years, costs will be covered using reappropriated funds

collected from state agencies through common policies set during the annual budget process. At this time, it is assumed the source of these reappropriated funds will be General Fund, but may also include cash funds and federal funds, depending on the exact agencies impacted by future litigation.

### Medical Liability

DPA requires \$165,000 in settlement costs and 954 hours of legal services to resolve an additional 7 complex liability claims levied against state employees, including state medical professionals, annually. As discussed in the Assumptions Section these costs are based off of an estimated 10 percent increase in liability claims.

### Whistleblower Protections

DPA requires \$91,000 in settlement costs and 417 hours of legal services to resolve a two additional complex whistleblowing claims levied against state employees annually. As discussed in the Assumptions Section these costs are based off of an estimated 100 percent increase in annual whistleblowing claims.

**Table 2A**  
**State Expenditures**  
**Department of Personnel and Administration**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Legal Services	\$183,358	\$183,304
State Litigation and Risk Impacts (Whistleblower)	\$91,376	\$91,376
State Litigation and Risk Impacts (Medical Liability)	\$165,129	\$165,129
FTE – Personal Services	0.0 FTE	0.0 FTE
FTE – Legal Services	0.8 FTE	0.8 FTE
<b>Total Costs</b>	<b>\$439,863</b>	<b>\$439,863</b>
<b>Total FTE</b>	<b>0.8 FTE</b>	<b>0.8 FTE</b>

### Department of Regulatory Agencies

DORA regulates nearly 340,000 health care professionals across 30 occupations. In the past year, the department received about 7,260 complaints related to these professionals. As discussed in the Assumptions Section, the fiscal note assumes the bill will increase the number of complaints across all health care professions by 10 percent each year, or about 725 additional complaints. Processing, investigating, and resolving these complaints requires staff and legal services as discussed below.

## Staff

Currently DORA spends on average 1 hour per complaint on processing. Complaints that require investigation result in 10 additional hours per complaint, and an additional 28 hours per complaint that is referred to the Attorney General's office. Assuming that most complaints are easily resolved, workload in the department is projected to increase by 1.7 FTE.

## Legal Services

Based on the number of complaints requiring hearings, appeals, and that are referred to the Department of Law, DORA requires 945 hours of legal services per year beginning in FY 2025-26

**Table 2B**  
**State Expenditures**  
**Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$129,986	\$129,986
Operating Expenses	\$2,176	\$2,176
Capital Outlay Costs	\$6,670	\$0
Legal Services	\$127,588	\$127,534
Centrally Appropriated Costs	\$33,207	\$33,207
FTE – Personal Services	1.7 FTE	1.7 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
<b>Total Costs</b>	<b>\$299,627</b>	<b>\$292,903</b>
<b>Total FTE</b>	<b>2.2 FTE</b>	<b>2.2 FTE</b>

## Department of Health Care Policy and Financing

HCPF costs will decrease by about \$765,000 annually, split evenly between General Funds and federal funds, as this is what HCPF currently spends on health care service related to gender transition procedures through state medical assistance programs. However, if these services are determined to be medically necessary failing to cover them may conflict with federal requirements.

## **State Employee Health Insurance**

The bill decreases state employee health care costs for gender transition services. This may result in a decrease in insurance premiums paid by state agencies. Preliminarily, the two health insurers providing coverage for state employees estimated savings of about \$415,000 per year. The exact impact on state employee insurance premiums will depend on business decisions made by insurers and a variety of factors. It is assumed any savings will be addressed through the annual budget process based on any adjustment to premiums made by insurers and the future share of premiums that is paid by the state and by employees.

## **Other Agency Impacts**

The bill is also expected to impact the Judicial Department and all state agencies that interact with minors.

### **Judicial Department**

As described above the bill is expected to increase the number of civil cases filed and increase workload for the Judicial Department. If resources dedicated to the settlement process as described above are appropriated, this impact is expected to be minimal.

### **State Agencies with Interaction with Minors**

Workload will increase in several state agencies that interact with minors to promulgate rules in line with the bill's requirements. The fiscal note assumes this workload is absorbable within current resources.

## **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 include employee insurance and supplemental employee retirement payments, are shown in the expenditure table above.

## **TABOR Refunds**

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

## Local Government and School Districts

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Similar to the state, local governments, school districts, and any entity that interacts with minors will have increased risk of litigation and workload impacts to update policies.

## Effective Date

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

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For FY 2025-26, the bill requires the following appropriations:

- \$439,863 General Fund to the Department of Personnel and Administration for risk management. Of this, \$183,358 is reappropriated to the Department of Law, with 0.8 FTE;
- \$266,420 from the DPO Cash Fund to the Department of Regulatory Agencies, and 1.7 FTE. Of this, \$127,588 is reappropriated to the Department of Law with an additional 0.5 FTE; and
- a reduction of \$765,100 to the Department of Health Care Policy and Financing, split evenly between General Fund and Federal Funds.

## Departmental Difference

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The Department of Personnel estimates that the bill increases costs \$1,337,580 per year beginning in FY 2025-26, of which \$697,960 is reappropriated to the Department of Law for liability legal services. First-year costs are paid from the General Fund, and future year costs are paid using reappropriated funds from a variety of sources.

The Department of Law estimates that the total number of legal services required by the Department of Regulatory Agencies will equate to \$1,213,691 and 5.0 FTE annually. These estimates assume that complex claims against state employees will increase by 20 claims annually. The fiscal note assumes they will increase by 9 claims annually, based on the assumption of a high level of compliance with the bill by state employees and medical professionals.

The Department of Health Care Policy and Financing assumes that gender affirming care is federally considered medically necessary and that the Medicaid and CHP+ programs are required to provide coverage under federal law. Under this assumption, the department estimates that there will be no savings as a result of the bill.



## State and Local Government Contacts

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Governor

Health Care Policy and Financing

Judicial

Law

Personnel

Public Health and Environment

Regulatory Agencies