

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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.

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.

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

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

PART 3

**SAVING PEOPLE MONEY ON
PRESCRIPTION MEDICATIONS ACT**

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

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

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

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

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

(c) PURCHASED BY A 340B COVERED ENTITY, AS DEFINED IN 340B (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICE ACT", 42 U.S.C. SEC. 256b (a)(4). AS USED IN THIS SUBSECTION (2)(c), A DRUG IS CONSIDERED "PURCHASED" IF IT WOULD HAVE BEEN PURCHASED BUT FOR THE RESTRICTION OR LIMITATION DESCRIBED IN SECTION 6-29-105.

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

1 (3) "340B PROGRAM" MEANS THE FEDERAL DRUG PRICING
2 PROGRAM DESCRIBED IN 42 U.S.C. SEC. 256b.

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

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

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

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

1 FOLLOWING PURPOSES:

2 (a) COMPENSATION OR EXPENSE REIMBURSEMENT FOR THE
3 NONPROFIT HOSPITAL'S BOARD OF DIRECTORS;

4 (b) TAX PENALTIES OR FINES ISSUED AGAINST THE NONPROFIT
5 HOSPITAL;

6 (c) EXPENSES RELATED TO ADVERTISING AND PUBLIC RELATIONS
7 THAT PROMOTE THE NONPROFIT HOSPITAL'S IMAGE, SERVICES, OR
8 PROPOSALS, NOT INCLUDING COMMUNICATIONS REQUIRED BY LAW OR
9 THAT ARE ESSENTIAL FOR PATIENT SAFETY AND PATIENT INFORMATION;

10 (d) LOBBYING EXPENSES AND OTHER COSTS INTENDED TO
11 INFLUENCE LEGISLATION OR BALLOT MEASURES AT THE LOCAL, STATE, OR
12 FEDERAL LEVEL;

13 (e) TRAVEL, LODGING, FOOD, OR BEVERAGE EXPENSES FOR THE
14 NONPROFIT HOSPITAL'S BOARD OF DIRECTORS AND OFFICERS;

15 (f) GIFTS OR ENTERTAINMENT EXPENSES; AND

16 (g) SALARIES FOR THE NONPROFIT HOSPITAL'S CHIEF EXECUTIVE
17 OFFICER, CHIEF FINANCIAL OFFICER, CHIEF ADMINISTRATIVE OFFICER,
18 CHIEF OPERATIONS OFFICER, OR ANY OTHER SENIOR EXECUTIVE OFFICER
19 AT THE VICE PRESIDENT LEVEL OR ABOVE.

20 (2) (a) A NONPROFIT HOSPITAL THAT IS A REPORTING HOSPITAL, AS
21 DEFINED IN SECTION 25.5-1-701, MUST SPEND AT LEAST EIGHTY PERCENT
22 OF 340B NET REVENUE ON DIRECT PATIENT SERVICES OR CAPITAL
23 IMPROVEMENTS THAT MAINTAIN OR INCREASE ACCESS TO PATIENT CARE
24 FOR LOW-INCOME POPULATIONS.

25 (b) FOR PURPOSES OF SUBSECTION (2)(a) OF THIS SECTION, DIRECT
26 PATIENT SERVICES INCLUDES:

27 (I) CHARITY CARE;

1 (II) THE DIFFERENCE BETWEEN MEDICARE AND MEDICAID
2 PAYMENTS AND THE COST OF CARE;

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

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

12

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

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

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

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

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

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

26 (II) ANY OTHER ENTITY, THAT IS NOT A 340B COVERED ENTITY AS
27 DEFINED 340B (a)(4) OF THE FEDERAL "PUBLIC HEALTH SERVICES ACT",

1 42 U.S.C. SEC. 256b (a)(4) OR A CONTRACT PHARMACY, FOR MANAGING
2 ANY ASPECT OF THE COVERED ENTITY'S 340B PROGRAM.

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

13 **25.5-2.5-306. Request of information.** (1) BEGINNING
14 NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER, THE JOINT BUDGET
15 COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION TO THE STATE
16 DEPARTMENT REQUESTING INFORMATION ON ANY LOSSES AND COSTS TO
17 THE STATE MEDICAL ASSISTANCE PROGRAM ARISING FROM NONPROFIT
18 HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT HOSPITAL
19 PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM.

20 (2) BEGINNING NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER,
21 THE JOINT BUDGET COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION
22 TO THE DEPARTMENT OF PERSONNEL AND ADMINISTRATION ON ANY
23 LOSSES AND COSTS TO THE STATE MEDICAL ASSISTANCE PROGRAM ARISING
24 FROM NONPROFIT HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT
25 HOSPITAL PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM,
26 INCLUDING THE TOTAL AGGREGATE VALUE OF LOST MANUFACTURER
27 REBATE REVENUE.

1



2

SECTION 2. Safety clause. The general assembly finds,

3

determines, and declares that this act is necessary for the immediate

4

preservation of the public peace, health, or safety or for appropriations for

5

the support and maintenance of the departments of the state and state

6

institutions.