



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1094: PHARMACY BENEFIT MANAGER PRACTICES

Prime Sponsors:

Rep. Brown; Johnson
Sen. Pelton B.; Roberts

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting number: LLS 25-0095

Version: Final Fiscal Note

Date: August 13, 2025

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

Summary Information

Overview. The bill regulates pharmacy benefit manager pricing practices and places disclosure requirements on them.

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

- State Expenditures
- State Diversions

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	\$9,499
Diverted Funds	\$0	\$9,499
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.1 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$0	\$7,554
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$1,945
Total Expenditures	\$0	\$9,499
Total FTE	0.0 FTE	0.1 FTE

**Table 1B
State Diversions**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	-\$9,499
Cash Funds	\$0	\$9,499
Net Diversion	\$0	\$0

Summary of Legislation

Pharmacy benefit managers (PBMs) negotiate prices between pharmaceutical companies and pharmacies and process pharmacy claims on behalf of health insurers. The bill places limitations on fees that a PBM may charge a health insurer. Specifically, it allows PBMs to charge a flat fee for drugs disbursed to a cover individual and allows these fees to vary based on certain factors. It also adds new disclosure requirements on PBMs and sets minimum reimbursement rates to certain types of pharmacies based on the acquisition costs of drugs. The bill requires contracts between PBMs and health insurers to allow annual audits to ensure contract compliance. The Department of Regulatory Agencies (DORA) must promulgate rules for regulation enforcement.

State Diversions

Starting in FY 2026-27, this bill diverts about \$9,500 per year from the General Fund to the Division of Insurance Cash Fund. This revenue diversion occurs because the bill increases costs in the Division of Insurance in the Department of Regulatory Agencies, 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 \$9,500 per year beginning in FY 2026-27. These costs, paid from the Division of Insurance Cash Fund, are summarized in Table 2 and discussed below.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$0	\$7,554
Centrally Appropriated Costs	\$0	\$1,945
Total Costs	\$0	\$9,499
Total FTE	0.0 FTE	0.1 FTE

Staff

DORA requires 0.1 FTE to further regulate PBMs as required by the bill. Based on the current volume of complaints DORA receives regarding PBMs and the average time to process these complaints, the fiscal note assumes that the new regulations will result in an additional one to two complaints per month requiring an additional 200 hours of work per year.

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, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

Effective Date

The bill was signed into law by the Governor on May 30, 2025, and takes effect on January 1, 2027, assuming no referendum petition is filed.

Departmental Difference

In FY 2026-27 and ongoing, DORA estimates that the bill increases department expenditures by \$20,005 and 0.2 FTE. The Department of Law, estimates that they will need to provide 600 hours of legal services for DORA to perform this work at a total cost of \$80,244. These estimate assumes that the bill requires additional data collection to determine PBM compliance. The fiscal note assumes that the existing infrastructure for PBM rulemaking and investigation is sufficient to implement this bill.

State and Local Government Contacts

Law

Regulatory Agencies

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](#).