



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1056: PRESCRIPTION DRUG BENEFIT INFORMATION TRANSPARENCY

**Prime Sponsors:**

Rep. DeGraaf

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**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill places disclosure restrictions and requirements on pharmacy benefit managers and health care consultants.

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

- State Expenditures
- State Revenue
- State Diversion

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$104,347 to the Department of Regulatory Agencies.

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

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$113,413	\$113,413
Diverted Funds	\$113,413	\$113,413
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.7 FTE	0.7 FTE

Fund sources for these impacts are shown in the tables below. While the bill includes a provision stating that the Department of Regulatory Agencies must implement the bill within existing appropriations, this fiscal note still estimates the cost for the department to implement the bill.

**Table 1A**  
**State Expenditures**

<b>Fund Source</b>	<b>Budget Year</b> <b>FY 2026-27</b>	<b>Out Year</b> <b>FY 2027-28</b>
General Fund	\$0	\$0
Cash Funds	\$104,347	\$104,347
Federal Funds	\$0	\$0
Centrally Appropriated	\$9,066	\$9,066
<b>Total Expenditures</b>	<b>\$113,413</b>	<b>\$113,413</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.7 FTE</b>

**Table 1B**  
**State Diversions**

<b>Fund Source</b>	<b>Budget Year</b> <b>FY 2026-27</b>	<b>Out Year</b> <b>FY 2027-28</b>
General Fund	-\$113,413	-\$113,413
Cash Funds	\$113,413	\$113,413
<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>

## **Summary of Legislation**

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.

Additionally, 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.

The bill authorizes the Division of Insurance in the Department of Regulatory Agencies (DORA) to enforce these provisions and makes failure to comply a deceptive trade practice.

## **State Revenue**

The bill may increase state revenue from the creation of a new unfair method of competition and deceptive trade practice 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. This 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 \$113,413 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 \$113,000 annually 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**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$35,112	\$35,112
Legal Services	\$69,235	\$69,235
Centrally Appropriated Costs	\$9,066	\$9,066
FTE – Personal Services	0.4 FTE	0.4 FTE
FTE – Legal Services	0.3 FTE	0.3 FTE
<b>Total Costs</b>	<b>\$113,413</b>	<b>\$113,413</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.7 FTE</b>

## **Department of Regulatory Agencies**

The bill specifies that DORA must implement the bill within existing appropriations; however, DORA will have staff and legal services costs beginning in FY 2026-27, as outlined below.

### **Staff**

Beginning in FY 2026-27, 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.

### **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.

## **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. It is assumed that health insurers will have a high level of compliance with the law and that any violation of the legislation will result in minimal number of new cases reviewed by the courts. Thus, 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.

## **Effective Date**

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

## **State Appropriations**

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The fiscal note estimates that the bill requires an appropriation of \$104,347, and 0.4 FTE, from the Division of Insurance Cash Fund to the Department of Regulatory Agencies. Of this amount, \$69,235 is reappropriated to the Department of Law with an additional 0.3 FTE. However, the bill includes a provision stating that the department must implement the bill within existing appropriations.

## **State and Local Government Contacts**

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Health Care Policy and Financing

Personnel

Judicial

Regulatory Agencies

Law