



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-140: EXEMPT DRUGS FROM RX DRUG AFFORDABILITY BD REVIEWS

**Prime Sponsors:**

Sen. Frizell; Marchman  
Rep. Gilchrist; Johnson

**Fiscal Analyst:**

Brendan Fung, 303-866-4781  
brendan.fung@coleg.gov

**Published for:** Senate Health & Human Services  
**Drafting number:** LLS 26-0737

**Version:** Initial Fiscal Note  
**Date:** March 17, 2026

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

### Summary Information

**Overview.** The bill prohibits the Prescription Drug Affordability Review Board from conducting affordability reviews or setting upper payment limits for certain drugs.

**Types of impacts.** The bill is projected to affect the following areas in FY 2026-27 only:

- State Expenditures
- State Diversions

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$64,292 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	\$79,525	\$0
Diverted Funds	\$79,525	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.7 FTE	0.0 FTE

Funds sources for these impacts are shown in the tables below.

**Table 1A  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0
Cash Funds	\$64,292	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$15,233	\$0
<b>Total Expenditures</b>	<b>\$79,525</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.0 FTE</b>

**Table 1B  
 State Diversions**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	-\$79,525	\$0
Cash Funds	\$79,525	\$0
<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>

## Summary of Legislation

Under current law, the Prescription Drug Affordability Review Board (PDAB) in the Department of Regulatory Agencies (DORA) is prohibited from performing affordability reviews of, or establishing upper payment limits for, certain prescription drugs. The bill adds the following drugs to these restrictions:

- drugs that are designated by the federal government for rare diseases or conditions; and
- licensed biological products that are derived from human whole blood or plasma as indicated on product labeling approved by the federal government.

## State Diversion

This bill diverts around \$80,000 in FY 2026-27 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 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 \$80,000 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**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$54,646	\$0
Operating Expenses	\$896	\$0
Capital Outlay Costs	\$7,000	\$0
Contractor	\$1,750	\$0
Centrally Appropriated Costs	\$15,233	\$0
<b>Total Costs</b>	<b>\$79,525</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.0 FTE</b>

### Department of Regulatory Agencies

The department will have staff and legal services costs beginning in FY 2026-27 to implement the bill.

#### Staff

In FY 2026-27, DORA requires 0.7 FTE Statistical Analyst II to review between 600 and 700 drugs on the PDAB eligibility list for orphan drug designation and licensed biological status, prior to consideration from the board. This estimate assumes that each drug will need to be searched on the federal U.S. Food and Drug Administration (FDA) website for specific strengths and dosages, approved indications, and ingredient labels, at a rate of two hours per drug. Currently, the eligibility list is created once every three or four years; therefore, workload may increase again in FY 2029-30 or FY 2030-31 to the extent that new drugs are added to the list and require designation verification.

#### Contractor

DORA requires \$1,750 to hire a contractor that can create a list of terms for the division to properly identify blood or plasma products on FDA labels, as well as ingredients that would be considered a cannabinoid. Costs are estimated for five hours of work, at a rate of \$350 per hour. Actual costs will be determined through the procurement process.

## **Legal Services**

The department may require legal counsel, provided by the Department of Law, related to implementation and ongoing administration of the program. Any increase in workload can be accomplished within existing appropriations.

## **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**

---

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

---

For FY 2026-27, the bill requires an appropriation of \$64,292 from the Division of Insurance Cash Fund to the Department of Regulatory Agencies, and 0.7 FTE.

## **State and Local Government Contacts**

---

Law

Regulatory Agencies

Public Health and Environment

---

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](#).