



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

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**Revised Fiscal Note**

(replaces fiscal note dated January 29, 2024)

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<b>Drafting Number:</b>	LLS 24-0413	<b>Date:</b>	February 9, 2024
<b>Prime Sponsors:</b>	Sen. Kirkmeyer; Ginal Rep. Hartsook; Duran	<b>Bill Status:</b>	Senate State Affairs
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**Bill Topic:** **RX DRUG AFFORDABILITY BOARD EXEMPT ORPHAN DRUGS**

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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Diversion	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill repeals the Colorado Prescription Drug Affordability Review Board's authority to perform affordability reviews and set upper payments for orphan drugs. It minimally increases state workload starting in FY 2024-25.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The revised fiscal note reflects the introduced bill. It has been updated to reflect new workload assumptions.

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**Summary of Legislation**

The bill repeals the authority of the Colorado Prescription Drug Affordability Review Board (PDAB) to conduct an affordability review or to establish an upper payment limit for a prescription drug used to treat a rare disease or condition as designated by the U.S Food and Drug Administration.

**Background**

The Colorado Prescription Drug Affordability Review Board is a Type 1 board in the Division of Insurance in the Department of Regulatory Agencies (DORA) with the authority to review prescription drug costs, evaluate their impact on Coloradans, and set an upper payment limit for prescription drugs that are deemed unaffordable.

The Department of Health Care Policy and Financing (HCPF) and federal Medicaid agencies enter into rebate agreements with drug manufacturers to ensure that the price Medicaid pays for a drug is consistent with the best price for which a manufacturer sells the drug. As such, HCPF does not currently cover the drugs impacted by the bill.

## **State Expenditures**

The bill minimally increases workload for the PDAB in DORA to review drugs for orphan drug status and update the drug affordability review process. 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 and costs can be accomplished within existing appropriations.

## **Effective Date**

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

## **State and Local Government Contacts**

Health Care Policy and Financing

Law

Regulatory Agencies

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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](#).