



Fiscal Note

Legislative Council Staff

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SB 26-138: REDUCING ADMINISTRATIVE BURDENS ON HEALTH CARE

Prime Sponsors:
Sen. Daugherty; Mullica
Rep. Stewart K.

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Summary Information

Overview. The bill repeals and modifies certain requirements placed on health care facilities and insurance carriers and limits how other requirements may be placed on them by state departments.

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

- State Revenue
- State Expenditures
- State Diversions

Appropriations. For FY 2026-27, on net the bill requires an appropriation of \$72,075 to the Department of Health Care Policy and Financing and the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Revenue	\$0	\$0	\$0	\$0
State Expenditures	\$79,318	\$84,115	-\$9,281	-\$81,853
Diverted Funds	-\$11,060	-\$20,108	-\$82,237	-\$113,120
Change in TABOR Refunds	\$0	\$0	\$0	\$0
Change in State FTE	0.6 FTE	0.8 FTE	0.1 FTE	-0.6 FTE

Fund sources for these impacts are shown in the tables below. The diverted fund estimate reflects a reduction in the amount diverted from the General Fund.

**Table 1A
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
General Fund	\$36,379	\$41,098	\$28,769	\$12,330
Cash Funds	-\$682	-\$9,555	-\$67,279	-\$91,554
Federal Funds	\$36,378	\$41,098	\$28,768	\$12,329
Centrally Appropriated	\$7,243	\$11,473	\$461	-\$14,958
Total Expenditures	\$79,318	\$84,114	-\$9,281	-\$81,853
Total FTE	0.6 FTE	0.8 FTE	0.1 FTE	-0.6 FTE

**Table 1B
 State Diversions**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
General Fund	\$11,060	\$20,108	\$82,237	\$113,120
Cash Funds	-\$11,060	-\$20,108	-\$82,237	-\$113,120
Net Transfer	\$0	\$0	\$0	\$0

Summary of Legislation

The bill repeals and modifies certain requirements placed on health care facilities and insurance carriers and limits how other requirements may be placed on them by various state departments by setting new requirements on licensing processes and rule review and promulgation.

Repeals and Modifications of Requirements Placed on Private Entities

The bill repeals the following requirements from current law:

- the price transparency requirements placed on health insurance carriers by [Senate Bill 24-080](#), with this repeal effective when this bill becomes law; and
- the substance use disorder training requirements placed on certain licensed medical professionals by [SB 19-228](#), which were later amended by [House Bill 21-1276](#), with agencies required to repeal of rules on this topic by January 1, 2027.

The bill modifies the process for health care facilities to screen patients into financial assistance programs by:

- allowing use of third-party data or a questionnaire in place of a uniform application in certain circumstances;
- establishing new notice and appeal processes; and
- requiring HCPF to adopt rules governing these processes, including timelines, methodologies, and documentation standards

Licensing Requirements

The bill requires health facilities licenses issued by the Department of Public Health and Environment (CDPHE) to be renewed every two years, rather than annually.

Under current law, CDPHE may waive certain health facility licensing requirements. The bill requires these waivers to remain valid unless the facility performs substantial modifications.

Rule Review and Promulgation

The bill requires the Division of Insurance in the Department of Regulatory Agencies (DORA) and the Department of Health Care Policy and Financing (HCPF) to conduct a performance audit of all of their promulgated rules and present their findings every five years starting in January 2029.

The bill prohibits HCPF from making changes to the Indigent Care program through regulatory guidance that is not adopted in rule and subject to timeline and stakeholder requirements, except in response to emergent and immediate trends.

Finally, the bill requires HCPF to establish by rule the content and format of hospital transparency reporting and to provide hospitals and a statewide hospital association at least 15 days to review reports prior to publication.

Background and Assumptions

The State Administrative Procedure Act (APA) outlines a procedure for review of rules promulgated by state agencies. The rule review is conducted by Office of Legislative Legal Services in concert with the relevant state agency and recommendations are made to the Committee on Legal Services. The existing rule review considers high-level factors such as continued need, effectiveness, and authority under state statute, but does not mandate a performance audit, formalized cost-benefit analysis, staffing assessments, or evaluations of stakeholder engagement. Thus, the fiscal note assumes that the bill expands the rule review process for DORA and HCPF.

Additionally, the bill requires the first of these rule audits to be completed by January 2029, about three and a half years from the bill's effective date. This is a condensed timeline that is not in line with the current rule review timeline. Thus, the fiscal note assumes that DORA and HCPF will need additional resources in the first three years.

State Revenue

By requiring CDPHE licensees to be renewed every two years instead of annually, the bill changes when CDPHE receives license renewal fee revenue. The fiscal note assumes that renewal timelines for different facilities will be staggered so that CDPHE will issue renewals for half of all facilities every year and the impact on the fee collection timeline will be minimal.

State Diversion

The bill reduces the amount of funds diverted from the General Fund to the Division of Insurance Cash Fund by \$11,060 in FY 2026-27, \$20,108 in FY 2027-28, \$82,237 in FY 2028-29 and \$113,120 in future years. This reduced diversion occurs because the bill, on net, decreases costs in the Division of Insurance, which is funded with premium tax revenue. This revenue will be credited to the General Fund, rather than used by the Division of Insurance.

State Expenditures

On net, the bill increases state expenditures by \$80,000 in FY 2026-27 and \$84,000 in FY 2027-28, and decreases state expenditures by \$9,000 in FY 2028-29 and \$82,000 in future years. HCPF costs are split evenly from the General Fund and federal funds, and DORA costs and savings are from the Division of Insurance Cash Fund. Additionally, the bill impacts workload for CDPHE. These impacts are shown in Table 2 and discussed below.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Health Care Policy & Financing	\$90,378	\$104,222	\$72,956	\$31,267
Regulatory Agencies	-\$11,060	-\$20,108	-\$82,237	-\$113,120
Total Costs	\$79,318	\$84,114	-\$9,281	-\$81,853

Department of Health Care Policy and Financing

HCPF requires 1.0 FTE to conduct the first rule audit and 0.3 FTE to conduct future rule audits. As discussed in the Background and Assumption section, the bill expands the current rule review process and condenses the timeline for the first review to be completed by January 2029. This staff will coordinate with HCPF’s current legal, rates, and program staff. Costs for this staff are shown in Table 2A below.

**Table 2A
 State Expenditures
 Department of Health Care Policy and Financing**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Personal Services	\$64,733	\$80,916	\$56,641	\$24,275
Operating Expenses	\$1,024	\$1,280	\$896	\$384
Capital Outlay Costs	\$7,000	\$0	\$0	\$0
Centrally Appropriated Costs	\$17,621	\$22,026	\$15,419	\$6,608
Total Costs	\$90,378	\$104,222	\$72,956	\$31,267
Total FTE	0.8 FTE	1.0 FTE	0.7 FTE	0.3 FTE

Department of Regulatory Agencies

On net, the bill decreases costs to DORA. The bill decreases costs by repealing price transparency requirements and increases costs by implementing new rule review requirements. These savings and costs are summarized in Table 2B and discussed below.

Price Transparency Savings

The bill decreases costs in DORA by \$123,000 and 1.0 FTE. The bill repeals the price transparency requirements placed on health insurance carriers by Senate Bill 24-080 for which DORA was appropriated 1.0 FTE. In the first year, these savings are prorated to the bill’s August 2026 effective date.

Rule Review Costs

Similar to HCPF, costs increase in DORA to conduct a performance audit of all rules. This requires staff and legal services as described below.

Staff

DORA requires 0.6 FTE to conduct the first rule audit and 0.1 FTE to conduct future rule audits. This staff would require legal services discussed below.

Legal Services

DORA requires 300 hours of legal services (0.2 FTE) in FY 2026-27 and FY 2027-28 to help conduct the first rule audit. In future years, the fiscal note assumes DORA can rely on work conducted for the first audit and any additional legal services hours can be absorbed within current resources. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

**Table 2B
 State Expenditures
 Department of Regulatory Agencies**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Personal Services	-\$49,223	-\$51,096	-\$67,279	-\$91,554
Operating Expenses	\$0	\$0	\$0	\$0
Capital Outlay Costs	\$7,000	\$0	\$0	\$0
Legal Services	\$41,541	\$41,541	\$0	\$0
Centrally Appropriated Costs	-\$10,378	-\$10,553	-\$14,958	-\$21,566
FTE – Personal Services	-0.4 FTE	-0.4 FTE	-0.6 FTE	-0.9 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE	0.0 FTE	0.0 FTE
Total Costs	-\$11,060	-\$20,108	-\$82,237	-\$113,120
Total FTE	-0.2 FTE	-0.2 FTE	-0.6 FTE	-0.9 FTE

Department of Public Health and Environment

Workload will minimally increase for CDPHE to promulgate new rules to require licensees to be renewed biannually instead of annually. Since CDPHE surveys facilities continuously as part of the complaint investigation process, the fiscal note assumes that the workload for facility surveys will be unaffected by the bill.

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 include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables 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 the following:

- an increase in appropriations of \$72,757 and 0.8 FTE to the Department of Health Care Policy and Financing, split evenly from General Funds and federal funds; and
- a decrease in appropriations of \$682 and 0.4 FTE to the Department of Regulatory Agencies from the Division of Insurance Cash Fund; and an increase in reappropriations to the Department of Law of \$41,541 and 0.2 FTE.

Departmental Difference

CDPHE estimates that the bill requires \$19,315 in FY 2026-27 and \$14,912 in future years to promulgate rules to require licensees to be renewed biannually instead of annually. CDPHE assumes this work will be complex and ongoing since it impacts all CDPHE-issued licenses. The fiscal note assumes this work will be absorbable since the change only impact timelines and not other more complex licensure requirements.

State and Local Government Contacts

Behavioral Health Administration	Law
Health Care Policy and Financing	Personnel
Human Services	Public Health and Environment
Information Technology	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](#).