

**First Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 25-0153.01 Chelsea Princell x4335

**SENATE BILL 25-124**

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**SENATE SPONSORSHIP**

**Kirkmeyer and Gonzales J.,**

**HOUSE SPONSORSHIP**

**Brown and Garcia Sander,**

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**Senate Committees**  
Health & Human Services

**House Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING OUTPATIENT DRUGS THAT ARE SOLD AT A DISCOUNT TO**  
102                    **NONPROFIT HOSPITALS THROUGH THE FEDERAL 340B DRUG**  
103                    **PRICING PROGRAM.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill requires nonprofit hospitals (hospitals) to use 340B profits to decrease out-of-pocket costs for low-income patients.

The bill requires entities covered under the federal 340B drug pricing program that are hospitals licensed by the state to report information related to their participation in the 340B program, their use

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

SENATE  
3rd Reading Unamended  
March 26, 2025

SENATE  
Amended 2nd Reading  
March 25, 2025



1 STATE OF COLORADO HAS BOTH A SPECIFIED INTEREST IN AND PROPER  
2 RESPONSIBILITY TO MONITOR NONPROFIT HOSPITALS COVERED UNDER THE  
3 340B PROGRAM AND ENSURE THEY ARE APPROPRIATELY SERVING THEIR  
4 COMMUNITIES AND THE TAXPAYER INTERESTS OF THE STATE.

5 **25.5-2.5-303. Definitions.** AS USED IN THIS PART 3, UNLESS THE  
6 CONTEXT OTHERWISE REQUIRES:

7 (1) "340B DRUG" MEANS A COVERED OUTPATIENT DRUG, AS  
8 DEFINED IN 42 U.S.C. SEC. 1396r-8 (k)(2), WHETHER SELF-ADMINISTERED  
9 OR PROVIDER-ADMINISTERED, THAT IS SUBJECT TO REDUCED PRICES BY A  
10 MANUFACTURER PURSUANT TO 42 U.S.C. SEC. 256b (a)(1) AND IS  
11 PURCHASED BY A NONPROFIT HOSPITAL.

12 (2) "340B PROFITS" MEANS THE DIFFERENCE BETWEEN  
13 AGGREGATED PAYMENTS RECEIVED FROM INSURERS, PAYERS, AND  
14 SELF-PAYING PATIENTS FOR ALL 340B DRUGS AND AGGREGATED  
15 ACQUISITION COSTS PAID FOR ALL 340B DRUGS.

16 (3) "340B PROGRAM" MEANS THE FEDERAL DRUG PRICING  
17 PROGRAM DESCRIBED IN 42 U.S.C. SEC. 256b.

18 (4) "CHARITY CARE" MEANS FREE OR REDUCED-COST HEALTH  
19 SERVICES PROVIDED BY A HOSPITAL TO PATIENTS WHO ARE UNABLE TO  
20 PAY.

21         
22 (5) "CONTRACT PHARMACY" MEANS A PHARMACY THAT A  
23 NONPROFIT HOSPITAL HAS CONTRACTED WITH TO DISPENSE 340B DRUGS  
24 ON BEHALF OF THE NONPROFIT HOSPITAL TO PATIENTS OF THE NONPROFIT  
25 HOSPITAL, WHETHER DISTRIBUTED IN-PERSON, BY MAIL, OR BY OTHER  
26 MEANS.

27

1           (6) "NONPROFIT HOSPITAL" MEANS A HOSPITAL THAT IS LICENSED  
2 BY THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT AND IS A  
3 PRIVATE NONPROFIT CORPORATION OR HOSPITAL PURSUANT TO 42 U.S.C.  
4 SEC. 256b (a)(4)(L), (a)(4)(M), OR (a)(4)(O), BUT DOES NOT INCLUDE A  
5 SOLE COMMUNITY HOSPITAL DESCRIBED IN 42 U.S.C. SEC. 256b (a)(4)(O),  
6 A CRITICAL ACCESS HOSPITAL DESCRIBED IN 42 U.S.C. SEC. 256b  
7 (a)(4)(N), DENVER HEALTH AND HOSPITALS, A COMPREHENSIVE  
8 HEMOPHILIA DIAGNOSTIC TREATMENT CENTER DESCRIBED IN 42 U.S.C.  
9 SEC. 256b (a)(4)(G), A FEDERALLY-QUALIFIED HEALTH CENTER AS  
10 DEFINED IN 42 U.S.C. SEC. 1396d (1)(2)(B), RYAN WHITE CLINICS, THE  
11 COLORADO STATE DRUG ASSISTANCE PROGRAM, OR CHILDREN'S HOSPITALS  
12 IN COLORADO.

13           25.5-2.5-304. Use of 340B drug profits.                  (1) A  
14 NONPROFIT HOSPITAL SHALL NOT USE 340B PROFITS FOR THE FOLLOWING  
15 PURPOSES:

16           (a) MORE THAN THIRTY-FIVE PERCENT OF TOTAL ANNUAL  
17 COMPENSATION OR EXPENSE REIMBURSEMENT FOR THE NONPROFIT  
18 HOSPITAL'S BOARD OF DIRECTORS;

19           (b) TAX PENALTIES OR FINES ISSUED AGAINST THE NONPROFIT  
20 HOSPITAL;

21           (c) EXPENSES RELATED TO ADVERTISING AND PUBLIC RELATIONS  
22 THAT PROMOTE THE NONPROFIT HOSPITAL'S IMAGE, SERVICES, OR  
23 PROPOSALS, NOT INCLUDING COMMUNICATIONS REQUIRED BY LAW OR  
24 THAT ARE ESSENTIAL FOR PATIENT SAFETY AND PATIENT INFORMATION;

25           (d) LOBBYING EXPENSES AND OTHER COSTS INTENDED TO  
26 INFLUENCE LEGISLATION OR BALLOT MEASURES AT THE LOCAL, STATE, OR  
27 FEDERAL LEVEL;

1 (e) TRAVEL, LODGING, FOOD, OR BEVERAGE EXPENSES FOR THE  
2 NONPROFIT HOSPITAL'S BOARD OF DIRECTORS AND OFFICERS; AND

3 (f) GIFTS OR ENTERTAINMENT EXPENSES.

4 **25.5-2.5-305. Hospital transparency reporting.** (1) BEGINNING  
5 JULY 1, 2026, AND BY JULY 1 EACH YEAR THEREAFTER, A NONPROFIT  
6 HOSPITAL SHALL SUBMIT A REPORT TO THE STATE DEPARTMENT ON  
7 BEHALF OF THE NONPROFIT HOSPITAL AND EACH OFF-SITE FACILITY  
8 ASSOCIATED WITH THE NONPROFIT HOSPITAL IN THE FORM AND MANNER  
9 DETERMINED BY THE STATE DEPARTMENT. THE REPORT MUST CONTAIN  
10 THE FOLLOWING INFORMATION REGARDING THE PRIOR YEAR:

11 (a) DELINEATED BY FORM OF INSURANCE OR PAYER TYPE,  
12 INCLUDING MEDICAID, MEDICARE, COMMERCIAL INSURANCE,  
13 SELF-INSURED EMPLOYERS, AND UNINSURED:

14 (I) AGGREGATED ACQUISITION COSTS PAID FOR 340B DRUGS USED  
15 TO CALCULATE 340B PROFITS;

16 (II) AGGREGATED PAYMENTS RECEIVED FROM INSURERS, PAYERS,  
17 AND SELF-PAYING PATIENTS FOR ALL 340B DRUGS THAT WERE USED TO  
18 CALCULATE 340B PROFITS; AND

19 (III) TOTAL NUMBER OF PRESCRIPTIONS AND THE PERCENTAGE OF  
20 THE NONPROFIT HOSPITAL'S PRESCRIPTIONS THAT WERE FILLED USING  
21 340B DRUGS;

22 == ==

23 (b) TOTAL OPERATING COSTS OF THE NONPROFIT HOSPITAL AND  
24 ITEMIZED COSTS RELATED TO PROVIDING CHARITY CARE; AND

25 (c) TOTAL PAYMENTS MADE TO:

26 (I) CONTRACT PHARMACIES FOR 340B PROGRAM-RELATED  
27 SERVICES AND OTHER FUNCTIONS;

1 (II) THIRD-PARTY ADMINISTRATORS FOR MANAGING ANY  
2 COMPONENTS OF THE NONPROFIT HOSPITAL'S 340B PROGRAM; AND

3 (III) ANY OTHER THIRD PARTY IN CONNECTION WITH 340B  
4 PROGRAM-RELATED COMPLIANCE, LEGAL, EDUCATIONAL, OR  
5 ADMINISTRATIVE COSTS.

6 (2) AN OFFICER OF THE NONPROFIT HOSPITAL SHALL CERTIFY THE  
7 COMPLETENESS AND ACCURACY OF THE REPORT SUBMITTED PURSUANT TO  
8 SUBSECTION (1) OF THIS SECTION.

9 (3) THE STATE DEPARTMENT SHALL COLLECT THE REPORTS  
10 DESCRIBED IN SUBSECTION (1) OF THIS SECTION TO PREPARE A REPORT  
11 DETAILING INFORMATION RECEIVED FROM NONPROFIT HOSPITALS,  
12 INCLUDING 340B PROGRAM REVENUE ACROSS ALL NONPROFIT HOSPITALS  
13 IN THE STATE. BEGINNING SEPTEMBER 15, 2026, AND EACH SEPTEMBER 15  
14 THEREAFTER, THE STATE DEPARTMENT SHALL SUBMIT THE AGGREGATED  
15 REPORT TO THE GENERAL ASSEMBLY AND PUBLISH ALL REPORTS  
16 SUBMITTED BY A NONPROFIT HOSPITAL PURSUANT TO SUBSECTION (1) OF  
17 THIS SECTION ON A PUBLICLY ACCESSIBLE WEBSITE.

18 **25.5-2.5-306. Access to 340B drugs.** UNLESS THE RECEIPT OF  
19 340B DRUGS IS PROHIBITED BY THE FEDERAL DEPARTMENT OF HEALTH  
20 AND HUMAN SERVICES, A MANUFACTURER, WHOLESALER, THIRD-PARTY  
21 LOGISTICS PROVIDER, OR REPACKAGER, OR AN AGENT, CONTRACTOR, OR  
22 AFFILIATE OF A MANUFACTURER, WHOLESALER, THIRD-PARTY LOGISTICS  
23 PROVIDER, OR REPACKAGER, INCLUDING AN ENTITY THAT COLLECTS OR  
24 PROCESSES HEALTH INFORMATION, SHALL NOT, DIRECTLY OR INDIRECTLY,  
25 DENY, RESTRICT, PROHIBIT, DISCRIMINATE AGAINST, OR OTHERWISE LIMIT  
26 THE ACQUISITION OF A 340B DRUG BY, OR DELIVERY OF A 340B DRUG TO,  
27 A HOSPITAL THAT IS EITHER A SOLE COMMUNITY HOSPITAL DESCRIBED IN

1 42 U.S.C. SEC. 256b (a)(4)(O) OR A CRITICAL ACCESS HOSPITAL  
2 DESCRIBED IN 42 U.S.C. SEC. 256b (a)(4)(N).

3 **25.5-2.5-307. Request of information.** (1) BEGINNING  
4 NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER, THE JOINT BUDGET  
5 COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION TO THE STATE  
6 DEPARTMENT REQUESTING INFORMATION ON ANY LOSSES AND COSTS TO  
7 THE STATE MEDICAL ASSISTANCE PROGRAM ARISING FROM NONPROFIT  
8 HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT HOSPITAL  
9 PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM.

10 (2) BEGINNING NOVEMBER 1, 2026, AND ANNUALLY THEREAFTER,  
11 THE JOINT BUDGET COMMITTEE SHALL ISSUE A REQUEST FOR INFORMATION  
12 TO THE DEPARTMENT OF PERSONNEL AND ADMINISTRATION ON ANY  
13 LOSSES AND COSTS TO THE STATE MEDICAL ASSISTANCE PROGRAM ARISING  
14 FROM NONPROFIT HOSPITAL PURCHASES OF 340B DRUGS AND NONPROFIT  
15 HOSPITAL PRACTICES RELATED TO PARTICIPATION IN THE 340B PROGRAM,  
16 INCLUDING THE TOTAL AGGREGATE VALUE OF LOST MANUFACTURER  
17 REBATE REVENUE.

18 **25.5-2.5-308. Enforcement.** (1) A VIOLATION OF THIS PART 3 IS  
19 CONSIDERED AN UNFAIR AND DECEPTIVE TRADE PRACTICE PURSUANT TO  
20 SECTION 6-1-105 AND SUBJECT TO ENFORCEMENT BY THE ATTORNEY  
21 GENERAL.

22 (2) THE ATTORNEY GENERAL MAY INVESTIGATE AND BRING A CIVIL  
23 ACTION AGAINST THE NONPROFIT HOSPITAL IN A COURT OF COMPETENT  
24 JURISDICTION FOR A VIOLATION OF THIS PART 3.

25 (3) THE ATTORNEY GENERAL SHALL ESTABLISH A PROCESS FOR  
26 INDIVIDUALS TO REPORT SUSPECTED VIOLATIONS OF THIS PART 3 TO THE  
27 ATTORNEY GENERAL AND A PROCESS FOR THE ATTORNEY GENERAL TO

1 PROMPTLY AND FULLY INVESTIGATE REPORTS OF SUSPECTED VIOLATIONS.

2 **SECTION 2.** In Colorado Revised Statutes, 6-1-105, **add** (1)(iii)  
3 as follows:

4 **6-1-105. Unfair or deceptive trade practices - definitions.**

5 (1) A person engages in a deceptive trade practice when, in the course of  
6 the person's business, vocation, or occupation, the person:

7 (iii) VIOLATES PART 3 OF ARTICLE 2.5 OF TITLE 25.5.

8 **SECTION 3.** In Colorado Revised Statutes, 24-31-101, **amend**  
9 (1)(i)(XXII) and (1)(i)(XXIII); and **add** (1)(i)(XXIV) as follows:

10 **24-31-101. Powers and duties of attorney general.** (1) The  
11 attorney general:

12 (i) May independently initiate and bring civil and criminal actions  
13 to enforce state laws, including actions brought pursuant to:

14 (XXII) Part 14 of article 12 of title 38; ~~and~~

15 (XXIII) Section 24-34-806; AND

16 (XXIV) PART 3 OF ARTICLE 2.5 OF TITLE 25.5.

17 **SECTION 4. Safety clause.** The general assembly finds,  
18 determines, and declares that this act is necessary for the immediate  
19 preservation of the public peace, health, or safety or for appropriations for  
20 the support and maintenance of the departments of the state and state  
21 institutions.