



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1002: MEDICAL NECESSITY DETERMINATION INSURANCE COVERAGE

Prime Sponsors:

Rep. Brown; Gilchrist
Sen. Amabile; Pelton B.

Fiscal Analyst:

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Published for: House Health & Human Services**Drafting number:** LLS 25-0094**Version:** Initial Fiscal Note**Date:** January 25, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill codifies and clarifies mental health parity requirements in state law.**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill codifies and clarifies mental health parity requirements in state law. Specifically, the bill:

- codifies the federal Mental Health Parity and Addiction Equity Act (MHPAEA) into state law;
- clarifies existing state law around mental health parity; and
- requires the use of clinical standards from select national organizations to ensure parity.

Background

The Mental Health Parity and Addiction Equity Act (MHPAEA) requires there to be no material difference in insurance coverage for physical health services and mental health services. This means that cost sharing requirements, prior authorization requirements, medical necessity and level of care assessments, and treatment coverage cannot make it harder to access mental health services than physical health services. The American Society of Addiction Medicine (ASAM) creates clinical criteria for substance use disorder level of care assessments that are used to ensure parity. The Department of Health Care and Financing (HCPF) and the Department of Regulatory Agencies (DORA) are responsible for ensuring mental health parity in Colorado for Medicaid and private health insurers, respectively.

State Expenditures

Workload will minimally increase in HCPF and DORA to update rules and regulations. Since these departments already enforce federal mental health parity requirements, additional work required to enforce requirements codified into state law is expected to be minimal.

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

Regulatory Agencies

Law

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](#).