

April 16, 2025

Senator Kyle Mullica, Chair
Senator Dafna Michaelson Jenet, Vice Chair
Colorado Senate Health & Human Services Committee

RE: Small Business Majority's support for HB25-1094: Pharmacy Benefit Manager Practices

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I'm pleased to provide testimony on House Bill 25-1094, legislation that would require Pharmacy Benefit Managers (PBMs) to be compensated only through a flat fee on each transaction.

Access to affordable, quality healthcare is crucial to small businesses' ability to compete with large corporations for talented employees, in addition to ensuring entrepreneurs and their employees get the care they need. Health coverage is most small businesses' largest expense outside of payroll. That's why it's worrisome that our [research](#) found small businesses are struggling amid rising healthcare costs, with 76% saying that prescription drug prices in America are too high. It's not surprising that [90%](#) of small business owners support proposals that would bring down the cost of prescription drugs.

While there is no shortage of finger-pointing about who is driving up costs, for too long PBMs have quietly [inflated prices](#), raking in billions in profits. PBMs were initially created to help reduce drug costs, but they now face growing scrutiny about their role in driving up prescription medication costs and spending. We support this legislation because requiring PBMs to be compensated only through a flat fee on each transaction would prohibit PBMs from profiting through complex prescription drug pricing schemes. This ensures they fully and equally reimburse pharmacies and requires that they pass on savings from negotiations to consumers, including small business owners and their employees.

If this legislation is enacted, it would help level the playing field for small businesses because it would make health insurance plans more affordable, thus making it easier for them to offer the type of quality health plans that help attract and retain talented employees. This can be particularly valuable in industries where labor is in short supply and talent retention is a significant concern. What's more, when prescription drug costs are lowered, employees may find it easier to access necessary medications. Improved access to medication can lead to better health outcomes and potentially reduce sick leave and absenteeism among employees, increasing productivity for businesses. Also, because the bill requires equal reimbursement to small, independent pharmacies, it would in turn support these small businesses providing critical services to communities, especially rural communities.

By passing House Bill 1094, we would rein in the price of prescription drugs in Colorado. High prices hurt small businesses' bottom lines and can even cause patients to ration or go without vital medication. We urge you to pass this legislation to ensure the Colorado small business community can access the prescription drugs they need to thrive without worrying if they can afford it.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority