Colorado Lawmakers Were Busy in 2025 – What Employers Need to Know

Insights
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Colorado was once again busy this legislative session – and employers need to adjust their practices in order to adapt to some key new laws soon to take effect. We have highlighted below a few of the critical changes that will soon impact your workplace, and provided you with a plan for dealing with these upcoming changes.

FAMLI Program: Upcoming Expansions in 2026

Colorado employers will soon have new obligations related to the state's paid family and medical leave law. The Paid Family and Medical Leave Insurance (FAMLI) program launched in 2024, entitling employees to up to 12 weeks of paid leave for family or medical reasons, including:

- Bonding with a new child
- Caring for a seriously ill family member
- Recovering from a serious health condition
- Addressing needs related to domestic violence or military deployment

Effective January 1, 2026, recent legislative amendments will significantly expand benefits and adjust premium contributions:

Additional Leave for NICU Parents

Beginning in 2026, employees will be entitled to an additional 12 weeks of paid FAMLI leave if their newborn child requires care in a neonatal intensive care unit (NICU).

- This leave is in addition to the 12 weeks of standard FAMLI leave already available.
- As a result, qualifying employees may receive up to 24 total weeks of paid leave (12 weeks for bonding and 12 weeks for NICU care).
- This expanded benefit applies to claims arising on or after January 1, 2026.

Premium Reduction in 2026

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- The current rate remains 0.9% of wages per employee through December 31, 2025.
- Beginning January 1, 2026, the premium will decrease to 0.88% of wages per employee.
- Going forward, the FAMLI Division Director will set the premium annually by September 1, with a maximum cap of 1.2%.

Ban on Non-Competes and Non-Solicits for Healthcare Providers

Colorado's latest law, Senate Bill 25-083, prohibits most restrictive covenants for a wide range of healthcare providers—addressing both non-compete and customer non-solicit provisions in employment agreements entered into or renewed on or after August 6, 2025. You can read our full summary here.

Who's Covered

The ban will apply to these licensed professionals:

- Physicians (MDs/DOs) and physician assistants
- Advanced Practice Registered Nurses
- Certified Midwives
- Dentists

What's Forbidden

- Non-compete agreements that restrict providers from practicing their profession
- Patient non-solicitations that prevent providers from contacting or treating their patients after departure
- Any clause that restricts communication with patients about the provider's new practice location, contact info, or patients' right to choose their provider

Key Changes and Clarity

- Liquidated damages clauses for healthcare providers are eliminated, as employers can no longer use financial penalties to deter competition
- The law does not prohibit restrictive covenants for minority owners in a business sale, but such agreements must meet a specific formula limiting covenant duration based on compensation

Workers Compensation Changes Coming

House Bill 25-1300 (HB25-1300) expands physician choice in Colorado's workers' compensation system starting in 2028.

- Under current law, injured workers are presented with four accredited physicians by their employer or insurer.
- Beginning in 2028, the new law provides injured workers control over the selection of their primary treating physician in workers' compensation cases, allowing them to choose from any level I or level II accredited physician through the Division of Workers' Compensation (DOWC).
- Employers will be obligated to notify the employee of their right to select a physician from the Division's list within prescribed distance limitations.

More Changes on the Horizon?

Prior to the Bill's implementation date of January 1, 2028, Governor Polis has called for the creation of a working group of stakeholders, legislators, and agency staff to develop recommendations around implementation of the bill and legislations for the 2026 legislation session. The working group is tasked with addressing:

- Further clarifying the permissibility of in-house clinics that employ level 1 or 2 accredited physicians as an option available to injured workers;
- Clarifying that nothing precludes an employer or insurer from selecting any number of level 1 or level 2 accredited physicians to provide as a list of recommendations;
- The functionality of the DOWC's provider directory and clarifications around appropriate provider types to serve as a designated provider;
- The accreditation process for providers, including DOWC tracking of licensure and malpractice status;
- The applicability of the premium credit described in the Division of Insurance's Amended Regulation 5-1-1 Section 5(E);
- Clarification of any timelines, including around designation of and change of physician, or other legislative provisions to ensure workers receive prompt care; and
- Identifying mechanisms to lower costs.

Labor Requirements for Government Construction Projects

House Bill 25-1130 (HB25-1130) authorizes state government agencies to incorporate a project labor agreement (PLA) requirement for public projects of $1 million or more, if the PLA will promote successful project delivery by securing a skilled labor force for the project and if it will promote cost-efficiency, safety, quality, and timely completion of the project.

- HB25-1130 defines "PLA" as a prehire collective bargaining agreement between a lead contractor for a public project and construction labor organizations that establishes the terms and conditions of employment of the construction workforce for a given public project.

- The authorization to incorporate a PLA requirement for public projects mirrors existing Colorado law, which authorizes PLA requirements for energy-sector public works projects.
- HB25-1130 is similar in many respects to a Biden-era executive order that was struck down following a consolidated bid protest. The key difference between HB25-1130 and the Biden Executive Order is that the latter *required* PLAs in public projects, as opposed to HB25-1130 which merely authorizes agencies to require PLAs if certain factors are met.
- Nevertheless, HB25-1130 may be similarly susceptible to challenges from general contractors via bid protests, on the grounds that a PLA requirement violates the Colorado Procurement Code's requirement that awards "be made to the responsible offeror whose proposal is determined . . . to be the most advantageous to the state."
- HB25-1130 will become effective July 1, 2027.

Expansion of Legal Protections for Transgender Individuals

- HB25-1312 expanded protections for transgender individuals by prohibiting deadnaming (where a transgendered employee is referred to by the individual's former name) or misgendering (where a transgendered employee is referred to by the incorrect pronoun of which she or he identifies with). Most provisions of the new law took effect immediately upon being signed by the Governor on May 16.
- While the majority of the bill addresses education and domestic matters, Section 8 of the bill amends the term "chosen name" in the Colorado Anti-discrimination Act as the name that an individual requests to be known as in connection to the individual's disability, race, creed, color, religion, sex, sexual orientation, gender identity, gender expression, marital status, familial status, national origin, or ancestry, so long as the name does not contain offensive language and the individual is not requesting the name for frivolous purposes. Section 8 also includes "chosen name and how the individual chooses to be expressed" as forms of gender expression for purposes of the "Colorado Anti-discrimination Act."

Efforts to Sidetrack AI Regulation Failed – What's Next?

Colorado passed a pioneering AI regulation, Senate Bill 24-205, back 2024. Although some stakeholders – including the Governor himself – attempted to modify its scope during the 2025 session, the law remains on track to take effect February 1, 2026. Absent any special session or federal intervention, Colorado businesses will need to comply with the nation's strictest AI regulation.

Who and What it Covers

- Applies to developers and deployers of "high-risk" AI systems influencing decisions in areas like hiring, promotions, finance, housing, and healthcare
- Offers a small-business exemption for entities under 50 employees, using only third-party data

Key Employer Obligations

- **Avoid algorithmic discrimination** by using "reasonable care"
- **Document and report** impact assessments for high-risk systems and submit compliance info to the AG for safe-harbor protection
- **Notify and appeal**: individuals must be informed when AI significantly influences decisions, and given an appeals process
- **AI disclosure**: any public-facing AI system must clearly notify users they're interacting with a machine

Current Status and Potential Changes

- A compromise bill (SB 318) aimed at delaying the law to 2027 and scaling back obligations failed just before adjournment
- Tech groups are urging a special session to revisit the law, but so far no new deadline or amendments have been scheduled

What Should Colorado Employers Do Now?

- **Review and update policies** to reflect HFWA and current FAMLI requirements.
- Begin preparing for the **NICU leave expansion and premium changes** taking effect in 2026.
- **Train HR personnel and managers** to handle overlapping leave laws and FAMLI eligibility determinations.
- Continue to **display updated COMPS Order #38 and Paid Leave posters** in the workplace.
- Monitor further guidance from the **Colorado Department of Labor and Employment (CDLE)** and the **FAMLI Division** ahead of 2026.
- Healthcare employers should **audit their agreements** and identify any non-competes or non-solicit clauses scheduled for renewal or signature after August 6. **Update your contract templates** to remove all banned restrictive covenant language and ensure clauses permitting patient communication are included, not prohibited. To the extent you need to **revise your policies and training**, add that to your to-do list.
- Map **AI usage** in HR, lending, and other workplace systems to determine if they trigger "high-risk" status. Start preparing bias risk assessments, documentation protocols, and transparency notices. Implement notice and appeal procedures for any consequential AI-driven decision.

Conclusion

For more information, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our Denver office. Make sure you are subscribed to Fisher Phillips' Insight System to

receive the most up-to-date information directly to your inbox.

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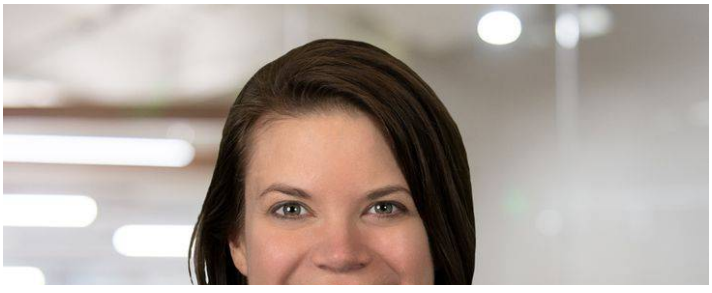

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