



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3809 Introduced on February 21, 2017
Author: Finlay
Subject: Reimbursement for Contraceptive Drugs
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Gable, Kokolis, Shuford, and Stein
Impact Date: March 6, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$218,400	\$0
Other and Federal	\$1,965,000	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill would have a \$218,400 expenditure impact to the General Fund and a \$1,965,000 expenditure impact to Federal Funds in FY 2017-18 for Medicaid funded contraceptives.

Explanation of Fiscal Impact

Introduced on February 21, 2017

State Expenditure

This bill requires all individual and health insurance policies issued or renewed on or after January 1, 2018, providing coverage for contraceptive drugs to provide reimbursement for a twelve-month refill of said drugs obtained at one time by the insured after the insured has completed the initial supply of the drugs. Additionally, all Medicaid health plans issued or renewed as of January 1, 2018, are required to include the dispensing of contraceptive drugs with a twelve-month supply at one time, unless a patient requests a smaller supply or the prescribing provider instructs that the patient must receive a smaller dose. Finally, contracts with managed care plans must allow for on-site dispensing of the prescribed contraceptive drugs at family practice clinics, if available.

Department of Insurance (DOI). This bill would require individual and health insurance policies to be updated to reflect the change in timing for reimbursement of contraceptive drugs. DOI would be responsible for reviewing these updated policies. Because the implementation date of the bill is January 1, 2018, we anticipate DOI would be able to manage the costs of reviewing the forms within existing appropriations. Therefore, this bill is not expected to have an expenditure impact on the General Fund, Other Funds, or Federal Funds for DOI.

Public Employee Benefits Authority (PEBA). The State Health Plan is a self-funded insurance benefits program that is not defined as an insurer pursuant to State insurance laws. Therefore, this bill will not operationally or fiscally impact PEBA and would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds for PEBA.

Department of Health and Human Services (HHS). This bill requires Medicaid health plans to include the dispensing of contraceptive drugs with a twelve-month supply, unless either the patient or the proscribing provider recommends against it. HHS indicates this bill will have an expenditure impact to the General Fund and Federal Funds in FY 2017-18. The state share of the average per-claim cost for contraceptives is approximately \$1.95 per month of coverage after netting out anticipated rebates and the enhanced federal share for family planning services. Medicaid eligibility is proven on a per-month basis, so requiring the dispensing of annual supplies creates a risk that a member will receive an entire year's supply and then lose eligibility, increasing the number of months of Medicaid-funded contraceptives in total. The department anticipates this bill would result in the coverage of an additional 112,000 months of contraceptives annually, increasing General Fund expenditures by \$218,400 for the additional months of coverage. The Medicaid match necessary to provide additional months of contraceptives would be an expenditure impact to Federal Funds of \$1,965,600 in FY 2017-18.

Department of Health and Environmental Control (DHEC). This bill requires contracts with managed care plans to allow on-site dispensing of the prescribed contraceptive drugs at family practice clinics, if available. DHEC currently has an arrangement with SC Medicaid to allow for the dispensing and billing of up to a thirteen-cycle supply of contraceptives. Therefore, these clients are already receiving the required supply and would not have an impact on the General Fund, Other Funds, or Federal Funds. Approximately 10,800 Medicaid fee-for-service members accessed contraceptives from DHEC in 2016. Of those, 3,500 received a thirteen-cycle supply.

Additionally, the bill requires all Medicaid health plans to include a twelve-month supply of contraceptive drugs. Because DHEC's current agreement allows for a thirteen-cycle supply of contraceptive drugs, a twelve-month supply may require individuals to come to a clinic every ten to eleven months rather than once a year. This increase in clinic visit increases the responsibilities of the clinic staff, however this increased work load would be managed within existing staff. Therefore, this bill would not have an expenditure impact on the General Fund, Other Funds, or Federal Funds for DHEC.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director