



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 4214	Introduced on March 7, 2019
Author:	Rose	
Subject:	Medical Care for Children with Autism	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Miller and Shuford	
Impact Date:	March 15, 2019	

Fiscal Impact Summary

The fiscal impact of this bill is pending, contingent upon a response from the Department of Insurance (DOI).

This bill will have no expenditure impact for the Public Employee Benefit Authority (PEBA) because all age limits and the limits regarding coverage related to age and dollar amounts in the State Health Plan for autistic spectrum disorder (ASD) were removed for the health care plan in 2015.

Explanation of Fiscal Impact

Introduced on March 7, 2019

State Expenditure

This bill adds a uniform definition for autism spectrum disorder (ASD) in the South Carolina Intellectual Disability, Related Disabilities, Head Injuries, and Spinal Cord Injuries Act §44-20-10 et seq. and the Accident and Health Insurance §38-71-10 et seq. Additionally, this amended bill would expand the required insurance coverage by deleting existing age limits. Furthermore, the bill expands the definition of insurer to include admitted and non-admitted insurers and expands the definition of the health insurance plan to include all health insurance policies and health benefit plans for the purposes of ASD coverage. This bill takes effect upon signing of the Governor.

Current law defines autism or ASD in a slightly different manner under each of these code sections. The modified definition reflects the current medically accepted definition of ASD and does not alter the function of §§44-20-10 et seq. and 38-71-10 et seq. It does not fiscally or operationally impact the Department of Disabilities and Special Needs or the Department of Insurance. Therefore, the updated definition would not have an expenditure impact for these agencies.

This bill also broadens ASD insurance coverage by broadening the definition of insurer and health insurance plan. Further, this bill removes the age limits for diagnoses to be eligible for coverage and the age limit for coverage. Additionally, behavioral therapy is no longer subject to a maximum spending limit.

Current law includes a narrower definition of insurer and health care plan. Additionally, a person must be diagnosed by the age of eight to be eligible to receive coverage and insurers must

cover a person until he is eighteen. Also, under current law behavioral therapy is covered only up to \$50,000 plus inflation.

Under the Affordable Care Act (ACA), the State may be required to pay the cost of the additional coverage for qualified health care plans. This determination rests on whether the services required by the bill are considered a new additional benefit or an extension of current benefits. At this time, the answer to these legal questions is unclear. There is no history of a state triggering the reimbursements or precedent for state payments for expanded coverage requirements, and the responsibilities of a state with regard to this component of the ACA have not been established. If State liability is established, then the estimated costs are described below. If litigation is required to resolve this issue, then additional expenses may be incurred.

Department of Insurance (DOI). The bill will expand the coverage requirements for ASD beginning in July 2019. DOI is working to provide an actuarial analysis, as required by §2-7-73 for bills mandating health insurance coverage. Therefore, the expenditure impact of this bill is pending, contingent upon a response from DOI.

Public Employee Benefit Authority (PEBA). This bill will expand the coverage required for ASD beginning in July 2019. PEBA indicates there will be no expenditure impact because all age limits and spending caps were removed from the State Health Plan in 2015. Therefore, no expenditure impact is expected for PEBA.

State Revenue

The impact on insurance premium tax revenue will depend upon the legal conclusion of whether the newly mandated benefit is considered an essential benefit under the ACA. If the coverage is determined to be a mandated new benefit, and the State defrays the cost, then the premiums will not increase. Insurance premium tax revenue will not increase if the premiums do not increase and there will be no increase in General Fund revenue or Other Funds revenue.

If the mandated coverage is not defrayed by the state, any increase in premiums for private insurers as a result of this bill would increase insurance premiums. An increase in premiums would increase premium tax. The premium tax is 1.25 percent. Premium taxes are paid quarterly and is allocated as follows: 1 percent to the South Carolina Forestry Commission, 1 percent to the aid to fire district account within the State Treasury, 0.25 percent to the aid to emergency medical services regional councils within the Department of Health and Environmental Control (DHEC), and the remaining 97.75 percent to the General Fund.

DOI is working to provide an actuarial analysis, as required by §2-7-73 for bills mandating health insurance coverage which should include an estimate for the increase in premiums. Therefore, the revenue impact of this bill is pending, contingent upon a response from DOI.

Local Expenditure and Revenue

N/A



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