



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number:	S. 0368	Introduced on January 15, 2019
Author:	Climer	
Subject:	Insurance Companies and Health Maintenance Organizations	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Miller and Shuford	
Impact Date:	February 5, 2019	

Fiscal Impact Summary

The fiscal impact of this bill is pending, contingent upon a response from the Department of Insurance (DOI) and the Public Employee Benefit Authority (PEBA).

Explanation of Fiscal Impact

Introduced on January 15, 2019

State Expenditure

This bill requires every health maintenance organization or insurance contract issued in the state to cover tests for early detection of cardiovascular disease for insured males 45 to 76 years old and insured females 55 to 76 years old. The insured must be diabetic and have a risk of developing coronary heart disease, based on a Framingham Heart Study coronary prediction algorithm score of intermediate or higher. The bill specifies minimum coverage must provide for certain non-invasive screening up to \$200, every five years. This bill takes effect on January 1, 2020.

The Affordable Care Act of 2010 (ACA) requires the State to defray the cost of private insurers for mandated additional benefits unless the benefit is an essential benefit under the ACA, among other exceptions. 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 state would have to pay the increased costs of coverage. If litigation is required to resolve this issue, then additional expenses may be incurred.

Department of Insurance (DOI). 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 Benefits Authority (PEBA). PEBA is working to provide an estimated fiscal impact for this bill. Therefore, the expenditure impact of this bill is pending, contingent upon a response from PEBA.

State Revenue

Again, the impact upon State revenue will depend upon the legal conclusion of whether the newly mandated benefit is considered an essential benefit under the ACA. 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 one and one quarter percent. Premium taxes are paid quarterly and is allocated as follows: one percent to the South Carolina Forestry Commission, one percent to the aid to fire district account within the State Treasury, one quarter of one percent to the aid to emergency medical services regional councils within the Department of Health and Environmental Control (DHEC), and the remaining ninety-seven and three-fourths percent to the General Fund. Premium taxes are paid quarterly. The first three payments, paid in June, September, and December of the current year, are estimated using the prior year's actual tax liability. The final payment is made in March of the following year and is the difference between the actual premium tax liability owed in that year and the prior payments made. Insurance companies may choose to pay more than their estimated quarterly payments to offset any anticipated increase in premium tax liability in the current year. RFA assumes no insurance company will choose to pay more than their estimated quarterly payments due to increased premiums from this bill. 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.

If the coverage is determined to be a mandated new benefit, and the State is liable for the cost, then the premiums would not increase, and there would be no increase in General Fund revenue or Other Funds revenue.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director