



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0339 Introduced on January 10, 2023
Author: Davis
Subject: PEBA Coverage of Contraceptives
Requestor: Senate Finance
RFA Analyst(s): Tipton and Boggs
Impact Date: February 2, 2023

Fiscal Impact Summary

This bill requires coverage of prescription contraceptives for the dependents of active and retired state employees under the State Health Plan (SHP) as well as all group health insurance and health maintenance organization policies in the state. This bill takes effect upon approval by the Governor.

PEBA anticipates this bill will have no expenditure impact on the Public Employee Benefit Authority (PEBA) or the SHP beyond the amount requested in the FY 2023-24 budget. PEBA reports that the annual expense to the SHP for coverage of contraceptives for covered dependents, without patient cost sharing, is approximately \$3,153,000. For FY 2023-24, PEBA has included the cost for the routine coverage of contraceptives for dependents of active or retired employees without patient cost sharing. Additionally, if this bill takes effect prior to July 1, 2023, PEBA anticipates being able to manage the cost within existing appropriations.

The Department of Health and Human Services (DHHS) anticipates that this bill will have no expenditure impact as it does not operationally change the agency's responsibilities. Currently, the Medicaid State Plan allows for contraceptives. Therefore, this bill does not impact Medicaid provider policy or reimbursement rates.

This bill will have no expenditure impact on the Department of Insurance (DOI), as it does not operationally change the agency's responsibilities. DOI further reports that contraceptive coverage is considered an essential health benefit under the Affordable Care Act (ACA) of 2010 and coverage of contraceptives by private insurers became federally mandated in 2017.

Further, this bill will have no impact on insurance premiums tax revenue as private insurers are currently covering contraceptives, pursuant to a 2017 federal mandate.

Explanation of Fiscal Impact

Introduced on January 10, 2023

State Expenditure

This bill requires coverage of prescription contraceptives for the dependents of active and retired state employees under the SHP without patient cost sharing. The bill further extends the

contraceptive coverage requirement to all individual and group health insurance and health maintenance organization policies in the state and provides a statutory definition of contraceptives. This bill takes effect upon approval by the Governor.

Public Employee Benefit Authority. This bill requires PEBA to provide coverage of contraceptives to dependents of active and retired state employees under the SHP without applying patient cost sharing provisions. According to PEBA, the annual expense to the SHP of routine birth control coverage for members covered as children without cost sharing is approximately \$3,153,000. In prior years, the SHP covered dependents' contraceptives based on medical need and with patient cost sharing. However, PEBA has included the cost of routine coverage of dependent contraceptives, with no patient cost sharing, in its budget request for FY 2023-24. Additionally, if this bill takes effect prior to July 1, 2023, PEBA anticipates being able to manage the cost within existing appropriations.

Department of Health and Human Services. DHHS is responsible for administration of the state's Medicaid program, Healthy Connections. DHHS anticipates that this bill will have no expenditure impact as it does not operationally change the responsibilities of the department. Additionally, the Medicaid State Plan allows for contraceptives. Therefore, this bill will have no to impact Medicaid provider policy or reimbursement rates.

Department of Insurance. This bill requires coverage of contraceptives by all individual and group health insurance and health maintenance organization policies in the state, regulated by DOI. The agency indicates that this bill does operationally change the agency's responsibilities and will have no expenditure impact. DOI further reports that contraceptive coverage is considered an essential health benefit under the ACA and coverage of contraceptives by private insurers is federally mandated. Therefore, this bill is not anticipated to impact private insurance premium rates.

State Revenue

This bill requires coverage of prescription contraceptives for all individual and group health insurance and health maintenance organization policies in the state. DOI indicates that this requirement was federally mandated in 2017, and that any resulting premium increases have likely already been realized. Therefore, this bill will have no impact on insurance premiums tax revenue.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director