



# SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

## STATEMENT OF ESTIMATED FISCAL IMPACT

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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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<b>Bill Number:</b>	H. 3202	Introduced on January 14, 2025
<b>Subject:</b>	Diagnostic and Supplemental Breast Examination Insurance	
<b>Requestor:</b>	House Labor, Commerce, and Industry	
<b>RFA Analyst(s):</b>	Welsh and Boggs	
<b>Impact Date:</b>	March 31, 2025	

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### Fiscal Impact Summary

This bill requires health insurance policies to provide diagnostic and supplemental breast examination coverage without cost-sharing requirements. This bill also provides exceptions to ensure the coverage requirement does not result in Health Savings Account inability under federal law.

This bill will have no expenditure impact on the Department of Health and Human Services (DHHS), which houses the state's Medicaid program, because Medicaid currently provides coverage for supplemental breast examinations and does not have cost-sharing requirements for members.

This bill will have no expenditure impact on the Department of Insurance (DOI) as it anticipates managing the provisions of this bill with existing appropriations. DOI notes this bill will require a revision to its review process that can be managed with existing resources.

The Public Employee Benefit Authority (PEBA) anticipates the removal of the patient cost share for diagnostic breast exams would necessitate a recurring expense totaling approximately \$997,000. PEBA based its estimate on incurred claims during the 2024 plan year. PEBA will request an increase in General Fund appropriations for this expense.

Additionally, according to DOI, this bill may be interpreted as creating a new health insurance coverage mandate. The Affordable Care Act (ACA) of 2010 requires states to defray the costs to private insurers of any new mandate for health insurance. This expenditure impact is undetermined depend upon whether defrayment is required and the resulting change to insurance costs. To date, the State has not enacted provisions requiring it to defray costs of an insurance mandate. Legislative direction for the administration of these payments and appropriations would be required.

This bill may have an impact on insurance premiums. Insurance premiums are taxed at 1.25 percent. Insurance premium tax revenue is distributed 2.25 percent to Other Funds and 97.75 percent to the General Fund. As this bill may impact premiums, it may increase the General Fund and Other Funds due to an increase in premium tax revenue. However, if this bill requires defrayment, there will be no impact on insurance premium tax revenue, as the cost of the benefit will be an obligation of the State. Therefore, the impact on state revenue is undetermined.

## Explanation of Fiscal Impact

**Introduced on January 14, 2025**

### **State Expenditure**

This bill requires health insurance policies to provide diagnostic and supplemental breast examination coverage without cost-sharing requirements. This bill also provides exceptions to ensure the coverage requirement does not result in Health Savings Account inability under federal law.

**Department of Health and Human Services.** DHHS houses Healthy Connections, the state's Medicaid program, which pays medical bills for eligible low-income families and individuals. Currently, Medicaid provides coverage for supplemental breast examinations and does not have cost-sharing requirements for members. Therefore, this bill will not impact Medicaid and will have no expenditure impact on the agency.

**Department of Insurance.** DOI anticipates this bill will require the agency to revise its review process to account for the new plan requirement. However, it expects the revisions would be limited to updating documents and can be managed with existing resources. Therefore, this bill will have no expenditure impact on DOI.

**Public Employee Benefit Authority.** PEBA anticipates the removal of the patient cost share for diagnostic breast exams would necessitate a recurring expense totaling approximately \$997,000. PEBA based its estimate on incurred claims during the 2024 plan year. PEBA will request an increase in General Fund appropriations for this expense.

Additionally, according to DOI, this bill may be interpreted as creating a new health insurance coverage mandate. The Affordable Care Act (ACA) of 2010 requires states to defray the costs to private insurers of any new mandate for health insurance. This expenditure impact is undetermined depend upon whether defrayment is required and the resulting change to insurance costs. To date, the State has not enacted provisions requiring it to defray costs of an insurance mandate. Legislative direction for the administration of these payments and appropriations would be required.

### **State Revenue**

This bill may have an impact on insurance premiums. Insurance premiums are taxed at 1.25 percent. Insurance premium tax revenue is distributed 2.25 percent to Other Funds and 97.75 percent to the General Fund. As this bill may impact premiums, it may increase the General Fund and Other Funds due to an increase in premium tax revenue. However, if this bill requires defrayment, there will be no impact on insurance premium tax revenue, as the cost of the benefit will be an obligation of the State. Therefore, the impact on state revenue is undetermined.

### **Local Expenditure**

N/A

### **Local Revenue**

N/A



Frank A. Rainwater, Executive Director