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.

Bill Number:	H. 4562 Introduced on May 8, 2025
Subject:	Healthcare Services
Requestor:	House Labor, Commerce, and Industry
RFA Analyst(s):	Welsh and Boggs
Impact Date:	February 13, 2026 - Updated for Revised Analysis and Fiscal Impact

Fiscal Impact Summary

This bill enacts the Patients' Right to Transparency and Timely Access to Healthcare Services Act to regulate prior authorization, step therapy for prescription drugs, and utilization review practices for health insurance plans. This bill prohibits health benefit plans from requiring prior authorization for certain preventive services, outpatient mental health and substance use disorder treatment, and pain medication for terminally ill patients. This bill also exempts providers from having to obtain prior authorization for specific services for twelve months if at least 80 percent of their requests are approved. Additionally, this bill requires prior authorization processes to be transparent, evidence-based, and clinically appropriate with notice and appeal rights. Further, this bill limits insurers' ability to impose repeat authorizations for chronic conditions, change prescription drug coverage or cost-sharing during a policy year, and retroactively deny claims once authorization is granted. This bill sets guidelines and exceptions for step therapy for prescription drugs including requirements for the process of establishing a step therapy protocol, exemptions, and overrides. The bill also requires continuity of care when patients change insurance carriers or plans, mandates annual public reporting on prior authorization and step therapy decisions, and directs the Department of Insurance (DOI) to enforce the provisions. This bill takes effect upon approval of the Governor and applies to health insurance or health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2027.

This bill will have no fiscal impact on DOI. DOI anticipates any additional duties required by this bill, including required annual certifications and reports, can be managed within the normal course of business.

This bill will have no expenditure impact on the Department of Health and Human Services (DHHS) as it does not operationally or fiscally impact the agency.

The Public Employee Benefit Authority (PEBA) anticipates this bill will result in a recurring additional claims expense to the State Health Plan of about $735,453,000 beginning in 2027. PEBA based this estimate on an 18.9 percent factor applied to forecasted State Health Plan medical and pharmacy spending for 2027. PEBA will request an increase in General Fund appropriations to cover this gap during the initial half-year of implementation; thereafter, the impact to claims expense will be offset by increases to insurance premiums. The additional premium expenses will be split between state agencies, local governments and employees.

Based on PEBA's response, we anticipate this bill may result in an increase in health insurance premiums due to the changes to prior authorization among other items. 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. Therefore, this bill may increase the General Fund and Other Fund revenue. However, as the increase to health insurance premiums is unknown, the increase to General Fund and Other Fund revenues is undetermined.

This fiscal impact has been updated for revised analysis and fiscal impact and to include the expenditure impact to DHHS and PEBA.

Explanation of Fiscal Impact

Updated for Revised Analysis and Fiscal Impact on February 13, 2026
Introduced on May 8, 2025
State Expenditure
This bill enacts the Patients' Right to Transparency and Timely Access to Healthcare Services Act to regulate prior authorization, step therapy for prescriptions drugs, and utilization review practices for health insurance plans. This bill prohibits health benefit plans from requiring prior authorization for certain preventive services, outpatient mental health and substance use disorder treatment, and pain medication for terminally ill patients. This bill also exempts providers from having to obtain prior authorization for twelve months for specific services if at least 80 percent of their requests are approved. Additionally, this bill requires prior authorization processes to be transparent, evidence-based, and clinically appropriate with notice and appeal rights. Further, this bill limits insurers' ability to impose repeat authorizations for chronic conditions, change prescription drug coverage or cost-sharing during a policy year, and retroactively deny claims once authorization is granted. This bill sets guidelines and exceptions for step therapy for prescription drugs including requirements for the process of establishing a step therapy protocol, exemptions, and overrides. The bill also requires continuity of care when patients change insurance carriers or plans, mandates annual public reporting on prior authorization and step therapy decisions. This bill takes effect upon approval of the Governor and applies to health insurance or health benefit plans delivered, issued for delivery, or renewed on or after January 1, 2027. Additionally, DOI is directed to enforce these provisions and promulgate regulations related to the bill's requirements on or before January 1, 2028.

Department of Insurance. This bill will have no fiscal impact on DOI. DOI anticipates any additional duties required by this bill, including required annual certifications and reports, can be managed within the normal course of business.

Health and Human Services. This bill will have no expenditure impact on the DHHS as it does not operationally or fiscally impact the agency.

Public Employee Benefit Authority. PEBA anticipates this bill will result in a recurring additional claims expense to the State Health Plan of about $735,453,000 beginning in 2027. PEBA based this estimate on an 18.9 percent factor applied to forecasted State Health Plan medical and pharmacy spending for 2027. PEBA will request an increase in General Fund

appropriations to cover this gap during the initial half-year of implementation; thereafter, the impact to claims expense will be offset by increases to insurance premiums. The additional premium expenses will be split between state agencies, local governments and employees.

This section has been updated to include the expenditure impact to DHHS and PEBA.

State Revenue
Based on PEBA's response, we anticipate this bill may result in an increase in health insurance premiums due to the changes to prior authorization, among other items. 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. Therefore, this bill may increase the General Fund and Other Fund revenue. However, as the increase to health insurance premiums is unknown, the increase to General Fund and Other Fund revenues is undetermined.

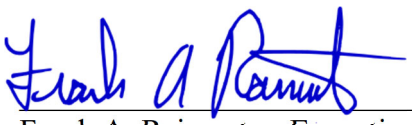
To note, DOI anticipates this bill will not trigger the requirement that the state defray the increase in premium expenses as regulation of prior authorization does not introduce new benefits.

This section has been updated for revised analysis and fiscal impact.

Local Expenditure
As discussed above, this bill will increase health insurance premium for the State Health Plan. This will result in an increase in expenses for local governments who participate in the State Health Plan and will depend on the split between employer and employee contributions.

This section has been updated for revised analysis and fiscal impact.

Local Revenue
N/A



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