



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.

Bill Number: H. 4791 Introduced on January 13, 2026
Subject: Drug Acquisition Cost Surveys and Reimbursement Guidelines
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Welsh
Impact Date: February 24, 2026

Fiscal Impact Summary

This bill requires pharmacies permitted in this state to cooperate with federal and state acquisition cost surveys. This bill prohibits pharmacy benefits managers from reimbursing a pharmacy or pharmacist at less than the National Average Drug Acquisition Cost (NADAC) rate plus a dispensing fee of no less than the current S.C. Medicaid professional dispensing fee. Additionally, this bill provides alternative minimums when a NADAC rate is not available and allows pharmacists to file a complaint with the Department of Insurance (DOI) when they have not been properly reimbursed. This bill takes effect upon approval of the Governor.

The Department of Health and Human Services (DHHS) anticipates this bill will result in a recurring fiscal impact of \$60,000,000 to \$65,000,000 beginning in FY 2026-27. DHHS expects this bill will alter current Medicaid reimbursement methodology. DHHS currently uses the fee-for-service (FFS) reimbursement model which applies the lesser reimbursement between actual acquisition cost, wholesale acquisition cost, and maximum allowable cost. DHHS reports that these benchmarks are typically below NADAC rates. DHHS will request an increase in General Fund appropriations to cover this expense.

This bill requires DOI to field complaints from pharmacists who are not properly reimbursed along with any resulting appeals. DOI anticipates implementation of this bill will require up to 2.0 FTEs at the program coordinator level with salary and fringe totaling an estimated \$151,450. Non-recurring expenditures are expected to total up to \$4,000 for equipment and training. The total cost to DOI will range from \$77,725 to \$155,450 beginning in FY 2026-2027, depending upon whether 1.0 or 2.0 FTEs are required. DOI will request an increase in General Fund appropriations for these expenses.

The Public Employee Benefit Authority (PEBA) anticipates this bill will result in a recurring additional claims expense to the State Health Plan of about \$105,006,000 each year upon implementation. PEBA based this estimate on a review of current contracted rates compared to the NADAC rate plus required dispensing fee. PEBA estimates the impact would amount to a 7.3 percent increase in plan pharmacy payments each year. PEBA will request an increase in General Fund appropriations to cover this gap during the remainder of the year at the time 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.

Explanation of Fiscal Impact

Introduced on January 13, 2026

State Expenditure

This bill requires pharmacies permitted in this state to cooperate with federal and state acquisition cost surveys. This bill prohibits pharmacy benefits managers from reimbursing a pharmacy or pharmacist at less than the National Average Drug Acquisition Cost (NADAC) rate plus a dispensing fee of no less than the current S.C. Medicaid professional dispensing fee. Additionally, this bill provides alternative minimums when a NADAC rate is not available and allows pharmacists to file a complaint with the Department of Insurance (DOI) when they have not been properly reimbursed.

Department of Health and Human Services. DHHS expects this bill will alter current Medicaid reimbursement methodology. DHHS currently uses the fee-for-service (FFS) reimbursement model which applies the lesser reimbursement between actual acquisition cost, wholesale acquisition cost, and maximum allowable cost. DHHS reports that these benchmarks are typically below NADAC rates. Therefore, DHHS anticipates this bill will result in an increase in expenses of \$60,000,000 to \$65,000,000 beginning in FY 2026-27. DHHS anticipates requesting a General Fund appropriation to cover the increase in expenses.

DHHS also notes this bill does not exclude 340B drugs from reimbursement at NADAC rates. FFS Medicaid is limited by federal law to reimburse at the 340B ceiling price for 340B claims and cannot reimburse at NADAC rates without conflicting with existing legal requirements. DHHS anticipates that if 340B drugs were excluded from this bill's reimbursement requirements the expenditure impact would decrease to \$36,000,000 to \$41,000,000 annually.

Department of Insurance. This bill requires DOI to field complaints from pharmacists who are not properly reimbursed along with any resulting appeals. DOI anticipates implementation of this bill will require up to 2.0 FTEs at the program coordinator level with salary and fringe totaling an estimated \$151,450. Non-recurring expenditures are expected to total up to \$4,000 for equipment and training. The total cost to DOI will range from \$77,725 to \$155,450 beginning in FY 2026-2027, depending upon whether 1.0 or 2.0 FTEs are required. DOI will request an increase in General Fund appropriations for these expenses.

Public Employee Benefit Authority. PEBA anticipates this bill will result in a recurring additional claims expense to the State Health Plan of about \$105,006,000 each year upon implementation. PEBA based this estimate on a review of current contracted rates compared to

the NADAC rate plus required dispensing fee. PEBA estimates the impact would amount to a 7.3 percent increase in plan pharmacy payments each year. PEBA will request an increase in General Fund appropriations to cover this gap during the remainder of the year at the time 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.

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.

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.

Local Revenue

N/A



Frank A. Rainwater, Executive Director