



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. 4794 Introduced on January 13, 2026
Subject: Pharmacy Benefits Managers - Trade Practices
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Welsh
Impact Date: March 5, 2026 - Updated for Revised Analysis and Fiscal Impact

Fiscal Impact Summary

This bill expands the list of prohibited practices by Pharmacy Benefits Managers (PBMs) enumerated in Section 38-71-2230. This bill prohibits PBMs from engaging in actions including: spread pricing, patient steering to pharmacies in which the PBM has a financial interest, penalties or inducements to influence pharmacy choice, failing to honor maximum allowable cost prices, failure to pay sales taxes, restricting early refills in certain circumstances, delaying prior authorization decisions, selling prescription data for marketing purposes, engaging in drug repackaging markups, and operating without proper licensure. This bill also requires cost sharing calculated at the point-of-sale to include all rebates that will be applied in connection with dispensing the drug. Violations of this bill's provisions are considered unfair trade practices.

This bill will have no fiscal impact on the Department of Insurance (DOI), the Department of Health and Human Services (DHHS), or the Public Employee Benefit Authority (PEBA). Each agency anticipates any additional duties required by this bill can be managed within the normal course of business.

This bill may impact revenue collected by DOI for fines due to violations of the bill. However, as the number of violations that will occur is unknown, the potential revenue impact is undetermined.

PEBA anticipates this bill will reduce revenue collected from prescription drug rebates. Currently, all prescription drug rebates are retained by PEBA for administration of the State Health Plan. This bill requires these rebates to be credited towards the product allowance for which patient cost share is calculated. PEBA estimates this will result in a revenue loss to the State Health Plan of approximately \$1,400,000 that will need to be offset by an increase in plan 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 depending upon any change to the distribution of prescription drug rebates. 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 impact to PEBA.

Explanation of Fiscal Impact

Updated for Revised Analysis and Fiscal Impact on March 5, 2026 Introduced on January 13, 2026

State Expenditure

This bill expands the list of prohibited practices by PBMs enumerated in Section 38-71-2230. This bill prohibits PBMs from engaging in actions including: spread pricing, patient steering to pharmacies in which the PBM has a financial interest, penalties or inducements to influence pharmacy choice, failing to honor maximum allowable cost prices, failure to pay sales taxes, restricting early refills in certain circumstances, delaying prior authorization decisions, selling prescription data for marketing purposes, engaging in drug repackaging markups, and operating without proper licensure. This bill also requires cost sharing calculated at the point-of-sale to include all rebates that will be applied in connection with dispensing the drug. Violations of this bill's provisions are considered unfair trade practices.

This bill will have no expenditure impact on DOI, DHHS, or PEBA. Each agency anticipates any additional duties required by this bill can be managed within the normal course of business.

PEBA estimates this bill will result in an annual revenue loss to the State Health Plan of approximately \$1,400,000 that will need to be offset by an increase in plan premiums. The additional premium expenses will be split between state agencies, local governments and employees.

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

State Revenue

This bill expands the list of prohibited practices by PBMs enumerated in Section 38-71-2230. This bill also specifies that a violation must be considered to have occurred each time a prohibited act is committed. DOI enforces actions prohibited under Section 38-71-2230 through administrative penalties including fines pursuant to Section 38-2-10.

This bill may impact revenue collected by DOI for fines due to violations of the bill. However, as the number of violations that will occur is unknown, the potential revenue impact is undetermined.

PEBA anticipates this bill will reduce revenue collected from prescription drug rebates. Currently, all prescription drug rebates are retained by PEBA for administration of the State Health Plan. This bill requires these rebates to be credited towards the product allowance for which patient cost share is calculated. PEBA estimates this will result in a revenue loss to the

State Health Plan of approximately \$1,400,000 that will need to be offset by an increase in plan premiums.

Based on PEBA's response, we anticipate this bill may result in an increase in health insurance premiums depending upon any change to the distribution of prescription drug rebates. 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 revenue impact to PEBA.

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



Frank A. Rainwater, Executive Director