



# 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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**Bill Number:** H. 4795 Introduced on January 13, 2026  
**Subject:** Pharmacy Benefits Manager Drug Modifications  
**Requestor:** House Labor, Commerce, and Industry  
**RFA Analyst(s):** Welsh  
**Impact Date:** February 24, 2026

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### Fiscal Impact Summary

This bill permits drug coverage plan modifications only under certain conditions. Currently, changes to drug coverage may occur throughout the benefit year. This bill permits modifications to drug coverage at the time of coverage renewal, if the change is uniform among plans with identical coverage, and if the modification is disclosed by written notice to interested parties. This bill also specifies the types of modifications that require written notice and allows enrollees the option to receive notice by email. This bill takes effect upon approval of the Governor.

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.

This bill may increase expenses for the Department of Insurance's (DOI). While the bill may result in fewer plan modifications, the new requirement for written notice of drug benefit plan modifications may be subject to DOI. DOI indicates it may need to hire 1.0 FTE at the program coordinator level with salary and fringe totaling an estimated \$75,725 of which \$45,300 is salary and \$30,425 is fringe. If necessary, DOI anticipates nonrecurring expenditures of \$2,000 for equipment and training. The total cost to DOI will be up to \$77,725 beginning in FY 2026-2027, depending upon whether an FTE is required. DOI may request an increase in General Fund appropriations for this expense.

The Public Employee Benefit Authority (PEBA) does not anticipate a direct expenditure impact from this bill. However, PEBA notes this bill could prevent the State Health Plan from introducing coverage for lower cost alternatives launched during a plan year. As an example, PEBA anticipates the launch of biosimilar replacements for some of the State Health Plan's most expensive drugs during the 2027 plan year. PEBA reports its contractor estimates delaying the introduction of lower cost drugs during the 2027 plan year will reduce savings available to the State Health Plan by \$50,000,000 to \$78,000,000.

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 permits drug coverage plan modifications only under certain conditions. Currently, changes to drug coverage may occur throughout the benefit year. This bill permits modifications to drug coverage at the time of coverage renewal, if the change is uniform among plans with identical coverage, and if the modification is disclosed by written notice to interested parties. This bill also specifies the types of modifications that require written notice and allows enrollees the option to receive notice by email. This bill takes effect upon approval of the Governor.

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

**Department of Insurance.** This bill may increase expenses for DOI. While the bill may result in fewer plan modifications, the new requirement for written notice of drug benefit plan modifications may be subject to DOI oversight. DOI indicates it may need to hire 1.0 FTE to help manage the additional oversight responsibilities. The expense for this FTE would total an estimated \$75,725, of which \$45,300 is salary and \$30,425 is fringe. DOI anticipates non-recurring expenditures of \$2,000 for equipment and training for the FTE. The total cost to DOI may be \$77,725 beginning in FY 2026-27, depending upon whether an FTE is required. DOI may request an increase in General Fund appropriations for this expense.

**Public Employee Benefit Authority.** PEBA does not anticipate a direct expenditure impact from this bill. However, PEBA notes this bill could prevent the State Health Plan from introducing coverage for lower cost alternatives launched during a plan year. As an example, PEBA anticipates the launch of biosimilar replacements for some of the State Health Plan's most expensive drugs during the 2027 plan year. PEBA reports its contractor estimates delaying the introduction of lower cost drugs during the 2027 plan year will reduce savings available to the State Health Plan by \$50,000,000 to \$78,000,000.

### **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