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:	S. 0920 Introduced on February 11, 2026
Subject:	Health Insurance
Requestor:	Senate Banking and Insurance
RFA Analyst(s):	Welsh
Impact Date:	March 24, 2026

Fiscal Impact Summary

This bill adds Article 25, entitled "Prior Authorization Determinations with Artificial Intelligence," to Chapter 71 of Title 38. This bill requires insurers to consider a patient's full medical history, unique clinical circumstances, and medical records when using artificial intelligence or similar tools to make decisions on healthcare coverage. Insurers must certify annually to the Department of Insurance (DOI) that artificial intelligence used to make decisions on healthcare coverage does not rely on group datasets, is applied in a fair manner, and does not discriminate against subscriber groups or enrollees. This bill also requires qualified professionals to review recommendations to deny, reduce, or defer requests for prior authorization generated by artificial intelligence. Further, insurers must disclose the use of artificial intelligence to enrollees, provide denial data upon request, and ensure personal information is handled in accordance with the federal Health Insurance Portability and Accountability Act (HIPAA). Additionally, the bill provides that DOI notify insurers of violations, conduct hearings on the alleged violations, and issue administrative penalties or initiate plans to correct infractions.

The Public Employee Benefit Authority (PEBA) anticipates this bill will have no expenditure impact as denials issued by Blue Cross Blue Shield of South Carolina, PEBA's third-party claims administrator, are currently reviewed by a clinician. The agency anticipates it can manage any additional responsibilities due to this bill with existing staff and within existing appropriations.

This bill requires DOI to receive annual certifications from insurers and enforce alleged noncompliance. DOI anticipates implementation of this bill will require between 5.0 and 9.0 new FTEs to receive complaints, investigate alleged violations, and preside over administrative hearings. Specifically, DOI anticipates it will require up to two paralegals, three investigators, two attorneys, and two hearing officers. Depending upon the number of positions required, the estimated salary and fringe for these new hires will range from $389,623 to $712,686 with an additional $10,000 to $18,000 for training and equipment. The total cost to DOI will range from $399,623 to $730,686 beginning in FY 2026-2027. Additionally, DOI notes it may incur additional costs beyond these estimates including contracting with medical experts during investigations and acquisition of additional office space. DOI will request an increase in General Fund appropriations for these expenses.

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.

This bill may have an impact on insurance premiums depending upon the impact on insurers' administrative costs. 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.

Explanation of Fiscal Impact

Introduced on February 11, 2026
State Expenditure
This bill adds Article 25, entitled "Prior Authorization Determinations with Artificial Intelligence," to Chapter 71 of Title 38. This bill requires insurers to consider a patient's full medical history, unique clinical circumstances, and medical records when using artificial intelligence or similar tools to make decisions on healthcare coverage. Insurers must certify annually to DOI that artificial intelligence used to make decisions on healthcare coverage does not rely on group datasets, is applied in a fair manner, and does not discriminate against subscriber groups or enrollees. This bill also requires qualified professionals to review recommendations to deny, reduce, or defer requests for prior authorization generated by artificial intelligence. Further, insurers must disclose the use of artificial intelligence to enrollees, provide denial data upon request, and ensure personal information is handled in accordance with HIPAA. Additionally, the bill provides that DOI notify insurers of violations, conduct hearings on the alleged violations, and issue administrative penalties or initiate plans to correct infractions.

PEBA anticipates this bill will have no expenditure impact as denials issued by Blue Cross Blue Shield of South Carolina, PEBA's third-party claims administrator, are currently reviewed by a clinician. The agency anticipates it can manage any additional responsibilities due to this bill with existing staff and within existing appropriations.

This bill requires DOI to receive annual certifications from insurers and enforce alleged noncompliance. DOI anticipates implementation of this bill will require new FTEs to receive complaints, investigate alleged violations, and preside over administrative hearings. The following table displays estimated salary and fringe for DOI's anticipated FTE additions.

Position	Salary & Fringe Per Position (est.)	Number of FTEs	Estimated Impact
Paralegal	$75,725	1 to 2	$75,725 to $151,450
Investigator	$66,560	2 to 3	$133,120 to $199,680
Attorney	$94,666	1 to 2	$94,666 to $189,332
Hearing Officer	$86,112	1 to 2	$86,112 to $172,224
Total	**-**	**5 to 9**	**$389,623 to $712,686**

In addition to the salary and fringe, the agency anticipates an increase of annual operating expenses ranging from $10,000 to $18,000 for training and equipment. The total cost to DOI will range from $399,623 to $730,686 beginning in FY 2026-2027, depending upon the number of FTEs required. Additionally, DOI notes it may incur additional costs beyond these estimates including contracting with medical experts during investigations and acquisition of additional office space. DOI will request an increase in General Fund appropriations for these expenses.

State Revenue
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.

This bill may have an impact on insurance premiums depending upon the impact on insurers' administrative costs. 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.

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director