



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:	S. 0588	Introduced on March 2, 2023
Author:	Adams	
Subject:	Vision Care Plans	
Requestor:	Senate Banking and Insurance	
RFA Analyst(s):	Vesely	
Impact Date:	February 14, 2024 - Updated for Additional Agency Response	

Fiscal Impact Summary

This bill amends Section 38-71-440, which details the definitions and operations of health benefits plans, with particular focus on eye care. Vision care organizations are entities that provide optional insurance plans that provide eyecare benefits through a network of providers. This bill expands what must be covered in a vision care plan for those health maintenance organizations, vision care organizations, and health benefits plans that choose to provide eye care coverage.

The Department of Insurance (DOI) anticipates this bill will have no expenditure impact for the agency. In addition, DOI indicates that because this bill does not mandate an additional health benefit or change the benchmark plan but instead modifies the optional health coverage of eyecare, they believe that this bill does not require state defrayal of costs pursuant to the Affordable Care Act (ACA).

The Public Employee Benefit Authority (PEBA) anticipates there is no expenditure impact to the agency, as all premiums are paid by the members and there are no state contributions to the State Vision Plan that may be impacted by this bill. However, they do anticipate that this bill will cause premiums and out of pocket costs to rise for subscribers to the State Vision Plan.

The Department of Health and Human Services (DHHS) indicates that this bill will likely increase the cost of Medicaid in the by creating new requirements for vision care plans that could lead to Medicaid Health Maintenance Organization (HMO) contract changes. However, the potential amount of the increase is currently undetermined. The impact on Medicaid expenses will depend on how these changes alter service delivery costs and contracts upon renewal and is undetermined at this time.

This bill may result in an undetermined increase in General Fund and Other Funds revenue from insurance premium taxes beginning in FY 2024-25 because of the expansion of eye care benefits. Insurance companies that provide vision coverage insurance are subject to a tax levied at 1.25 percent of the total value of the premiums written. Of these premium taxes, 97.75 percent is transferred to the General Fund, 1.00 percent is transferred to the S.C. Forestry Commission, 1.00 is transferred to the V-SAFE program, and 0.25 percent is transferred to the EMS regional

councils to fund EMS and paramedic training. However, the amount of tax revenue is based on the amount of premiums written, which is currently unknown.

This impact statement has been updated to include a response from DHHS.

Explanation of Fiscal Impact

Updated for Additional Agency Response on February 14, 2024

Introduced on March 2, 2023

State Expenditure

This bill amends Section 38-71-440, which details the definitions and operations of health benefits plans, with particular focus on eye care. Vision care organizations are entities that provide optional insurance plans that provide eyecare benefits through a network of providers. This bill expands what must be covered in a vision care plan for those health maintenance organizations, vision care organizations, and health benefits plans that choose to provide eye care coverage.

DOI indicates that because this bill does not mandate an additional health benefit or change the benchmark plan but instead modifies the optional health coverage of eyecare, they believe that this bill does not require state defrayal of costs pursuant to the Affordable Care Act (ACA).

Department of Insurance. DOI supervises and regulates health insurance in South Carolina. DOI anticipates that any impact of this bill, including handling the complaints process for individuals aggrieved by a violation of sections implemented in this bill, will be able to be handled with existing staff and resources.

Public Employee Benefits Authority. PEBA sponsors the voluntary, fully insured State Vision Plan. PEBA states that there is no expenditure impact to the agency, as all premiums are paid by the members and there are no state contributions associated with the State Vision Plan. However, because this bill imposes new requirements on vision plans, PEBA anticipates that this bill will materially raise premiums and out of pocket costs for the 404,402 persons on the State Vision Plan, though the specific increase is unknown.

Department of Health and Human Services. DHHS anticipates that there will be no expenditure impact to the agency directly as any supervisory requirements as a result of this bill fall to DOI and not DHHS. However, they anticipate that there will be an eventual increase in Medicaid expenditures once Medicaid HMOs need to re-negotiate contracts with providers of vision care. DHHS anticipates that this bill will raise costs by requiring changes to existing agreements with eye care material providers and optical labs to meet the new requirements in the bill. However, this impact is undetermined as the potential changes to service costs and contracts is unknown at this time.

This impact statement has been updated to include a response from DHHS.

State Revenue

Insurance companies must pay a tax on insurance premiums for most types of insurance.

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Local Expenditure

N/A

Local Revenue

N/A

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Department of Health and Human Services. DHHS may be impacted by this bill as it administers Medicaid through Healthy Connections Medicaid. This expenditure impact is pending, contingent upon a response from DHHS.

State Revenue

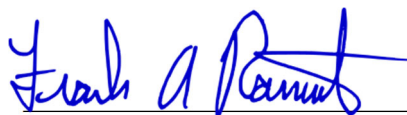
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Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director