

Agency Name:	Department Of Insurance		
Agency Code:	R200	Section:	78



Fiscal Year FY 2024-2025

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input checked="" type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Tom Watson	(803) 737-6141	twatson@doi.sc.gov
SECONDARY CONTACT:	Mia Mills	(803) 737-6111	mmills@doi.sc.gov

I have reviewed and approved the enclosed FY 2024-2025 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<u>Agency Director</u> 	<u>Board or Commission Chair</u>
	Michael Wise, ACAS, MAAA	

This form must be signed by the agency head – not a delegate.

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BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	PBM Legislation S*0520 Implementation	668,907	0	800,000	0	1,468,907	6.00	0.00	0.00	0.00	6.00
2	B1 - Recurring	Staff Retention and Recruitment	325,000	0	0	0	325,000	0.00	0.00	0.00	0.00	0.00
TOTALS			993,907	0	800,000	0	1,793,907	6.00	0.00	0.00	0.00	6.00

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	PBM Legislation S*0520 Implementation
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$668,907 Federal: \$0 Other: \$800,000 Total: \$1,468,907
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	6.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input checked="" type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input checked="" type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>S*0520 (Pharmacy Benefits) was signed into law by the Governor on 5/16/2023. In order for us to properly carryout the new requirements of this legislation, the Agency has determined that these FTE's will be needed. We will need to have our Earned Authority Level increased another \$800,000 where we will invoice companies for market conduct examinations and external reviews performed as apart of this new legislation. We intend to contract these services out via RFP.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	<p>We actually began starting the program during FY24 utilizing our existing cash balances, authority and vacancies. However, this approach is not sustainable long-term and that is why we are asking for the funding to support the new legislation</p>
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FUNDS

that was just passed and signed by the Governor on 5/16/2023. This request coincides with the fiscal impact provided during legislative review and consideration.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

S*0520 (Pharmacy Benefits) was signed into law by the Governor on 5/16/2023. AN ACT TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING ARTICLE 18 OF CHAPTER 71, TITLE 38, RELATING TO PHARMACY AUDIT RIGHTS, SO AS TO EXPAND THE RIGHTS AND DUTIES OF PHARMACIES DURING AUDITS; BY AMENDING ARTICLE 21 OF CHAPTER 71, TITLE 38, RELATING TO PHARMACY BENEFITS MANAGERS, SO AS TO DEFINE TERMS AND MAKE CONFORMING CHANGES; BY ADDING ARTICLE 23 TO CHAPTER 71, TITLE 38 SO AS TO DEFINE TERMS AND OUTLINE RESPONSIBILITIES AND DUTIES OF PHARMACY SERVICES ADMINISTRATIVE ORGANIZATIONS; AND BY REPEALING SECTION 38-71-147 RELATING TO FREEDOM OF SELECTION AND PARTICIPATION IN HEALTH INSURANCE POLICIES OR HEALTH MAINTENANCE ORGANIZATION PLANS.

These positions are needed to implement the new law.

Pharmacist I (1-FTE) / Program Coordinator I (2-FTE) / Program Coordinator II (1-FTE) / Admin. Coordinator I (1-FTE) / Attorney III (1-FTE)

Salary plus fringe = \$568,907

Operational Cost = \$100,000

TOTAL \$668,907

With an Authority Level increased of \$800,000.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Staff Retention and Recruitment
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Provide a brief, descriptive title for this request.

AMOUNT	General: \$325,000 Federal: \$0 Other: \$0 Total: \$325,000
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input checked="" type="checkbox"/>	Education, Training, and Human Development
	<input type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
<input type="checkbox"/>	Government and Citizens	

ACCOUNTABILITY OF FUNDS	<p>2.2.1 Provide Agency resources for CISR/AFE/APIR/PIR/CPCU/Aer/ACAS/CFE Trainings and designations for all approved staff.</p> <p>4.1.2 Update Succession/Workforce plans with inclusion in staff annual planning stages and evaluations.</p> <p>4.1.3 Periodically throughout the year, communicate and promote wellness benefits & initiatives to employees regularly and ensure they are aware of other wellness resources such as tobacco use programs, employee assistance programs and ergonomics options.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

	<p>The recipients will be new and existing employees. Over the last several years, the agency has struggled no different than most trying to attract talent. Many of the salaries posted for positions are met with less than adequate candidates. In fact,</p>
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RECIPIENTS OF FUNDS

many of them do not meet the minimum requirements of the positions being posted. Trying to hold salaries down to maintain equity with existing staff is difficult. The department of insurance requires skillsets with unique "insurance" experience. These skills demand higher salaries than what the State has normally for general classifications. With a increase in resources for retention and recruitment we believe we can attract and maintain a high quality workforce.

What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

JUSTIFICATION OF REQUEST

Expanding on what was provided above in "Recipient of Funds" above, our department has experienced high turnover over the last several years. Some of this is due to retirements, but much more is related to staff leaving for better paying opportunities and work-life balance. We approved a telecommuting policy in July 2022 where staff who qualify can participate up to 2 days per week. We may increase this to 3 days in the coming year. In FY21 our turnover rate was 20.9% and it continue to climb gradually with a rate of 23.3% at end of FY22.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan (3% reduction of fiscal year 2024-2025 Recurring General Fund Appropriations based upon guidelines provided)
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AMOUNT	\$193,666
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	None expected.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	<p>Almost all programs would be impacted by this "proposed" reduction. The Agency would attempt to reduce some of its operating costs in order to meet the mandated reduction.</p> <p><i>What programs or activities are supported by the General Funds identified?</i></p>
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SUMMARY	<p>To accomplish this reduction, we would have to postpone some of our planned IT initiatives; omit our normal advertising campaigns for flood and other disasters; and reduce contract labor. We continue to strive towards increasing our infrastructure as it relates to security and privacy. We continue to implement recommendations provided by the SC Dept. of Administration's Division of Technology (DTO). We also provide critical information to SC citizens regarding protection during disasters.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

We analyze and project all of our major expenditures each fiscal year. This allows us to plan and adjust accordingly to ensure that we are maintaining effectiveness and efficiencies.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	SCDOI's Efforts to Reduce Cost and Burden to Businesses and Citizens
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	The Agency routinely reviews all of its regulations to ensure that only minimal requirements are stipulated to carry out Title 38 and other insurance related laws. The savings is not readily quantifiable.
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Repeal or revision of regulations.
	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.
	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.
	<input type="checkbox"/>	Other

METHOD OF CALCULATION	N/A
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	We annually maintain and update a list of the fines and fees for the previous fiscal year and the associated statute. However, no immediate reductions are planned at this time.
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	The Department completed its review of regulations within the past few months. Noted by each regulation is the action the Department proposes to take over the next five years if any. This analysis can and will be made available upon request.
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	The South Carolina Department of Insurance is committed to designing and maintaining an insurance regulatory system that protects the public interest without imposing unnecessary costs on its licensees. Accordingly, the agency routinely reviews its processes, procedures and regulatory framework to automate processes that can be automated and to determine which regulations should be modified, streamlined or repealed. It recently completed its annual yearly review. The purpose of the review is to make regulation more effective or less burdensome in achieving regulatory objectives. Modifying regulations to comply with applicable law ensures that our consumers are afforded the protections intended by the legislature. Repealing unnecessary regulations may reduce the costs to licensees which may enable the licensee to provide coverage to the citizens of this state at a reasonable cost.
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?