



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3132 Introduced on January 10, 2017
Author: G.M. Smith
Subject: Hospice programs
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Kokolis and Stein
Impact Date: February 23, 2017 - Updated for revised agency response

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$83,063	\$12,679
Other and Federal	\$0	\$48,650
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$48,650
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will have an expenditure impact of \$83,063 on the General Fund in FY 2017-18 to enable the Department of Health and Environmental Control to implement the provisions of this expanded licensing program prior to the approval of a fee schedule by the General Assembly. Thereafter, recurring costs are estimated at \$61,329. The department anticipates recurring expenses will shift to \$12,679 in General Funds and \$48,650 in Other Funds as fees are collected. Other Funds revenue is expected to increase by \$48,650 from fees beginning in FY 2018-19. This fiscal impact statement has been updated based on a revised response from the Department of Health and Environmental Control.

Explanation of Fiscal Impact

Introduced on January 10, 2017

Updated for Revised Agency Response

State Expenditure

This bill requires all licensed hospices to register each of their multiple locations with the Department of Health and Environmental Control (DHEC). The department is authorized to deny, suspend, or revoke approvals of multiple locations when the department determines that requirements are not being met. The department must develop procedures for registering multiple locations, promulgate regulations, and provide for hearing procedures. DHEC is authorized to establish reasonable fees with which to administer the program.

Department of Health and Environmental Control. The department's revised response reports that this bill would require the department to hire an additional inspector and to re-

allocate inspection responsibilities among existing staff inspectors, as mandatory inspections would increase from the current level of 96 facilities to 235 facilities in the first year of operation. Salary and employer contributions are estimated at \$50,102 for the one new FTE. Operating expenses, including travel and supplies, are estimated at \$11,227 resulting in an estimate of \$61,329 in recurring expenditures. In addition, the department will need to hire temporary personnel to develop a program interface between existing software to comply with certain requirements of the bill. The one-time cost for software developers is estimated at \$21,734. As the fee schedule approval process may take as long as eighteen months, this bill would have an expenditure impact of \$83,063 on the General Fund for at least the first year of operation. Beginning in FY 2018-19, the department estimates that the expenditures will be split between \$12,679 in General Funds and \$48,650 in Other Funds.

State Revenue

The bill authorizes the Department of Health and Environmental Control to establish reasonable fees in order to administer the registration program. All fees are to be retained by the department. DHEC estimates that there are currently 139 multiple locations, and that fees will be established initially at \$350 per location. This would generate \$48,650 in additional Other Funds revenue to offset expenditures beginning in FY 2018-19.

Local Expenditure

N/A

Local Revenue

N/A

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State Expenditure

This bill makes changes to the licensure requirements for hospice providers. A hospice that wishes to expand its licensed service area to include additional counties must first notify and then receive approval from the Department of Health and Environmental Control (DHEC). A hospice may not establish, conduct, or maintain multiple locations or represent itself as such without first registering the multiple locations with DHEC.

Department of Health and Environmental Control. The department indicates this bill will have an expenditure impact on the General Fund of \$8,046 for equipment, supplies, fixed charges, and contractual services in order to meet the new requirements. There is no expenditure impact on Other Funds or Federal Funds.

State Revenue

DHEC currently charges fees to help fund the Hospice program. The agency anticipates a need to raise the current fee to meet the new licensure requirements; however, the regulation promulgation process requires legislative review. Therefore, the revenue impact on the General Fund is undetermined. There is no revenue impact on Other Funds or General Funds.

Local Expenditure and Local Revenue

N/A



Frank A. Rainwater, Executive Director