



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3132 Signed by Governor on May 19, 2017
Author: G.M. Smith
Subject: Hospice Programs
Requestor: House of Representatives
RFA Analyst(s): Heineman
Impact Date: July 19, 2017

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 increase General Fund expenditures by \$83,063 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.

Explanation of Fiscal Impact

Signed by Governor on May 19, 2017

State Expenditure

This bill clarifies language regarding the terms hospice, parent hospice, primary office, and multiple locations. This bill requires that a hospice that wishes to expand its licensed service area to include additional counties first must obtain approval from Department of Health and Environmental Control (DHEC). Additionally, DHEC shall publish the required list of licensed hospices on its website. This bill clarifies the process that a hospice must follow to apply for a license to register a multiple location and that approval is contingent upon meeting certain specified criteria. The registration and approval of a multiple location is effective for a period that coincides with the parent hospice's license. Additionally, DHEC is authorized to deny, suspend, or revoke approvals of multiple locations when there is evidence that certain requirements are not being met and that DHEC shall approve a request to expand the service area to include additional counties only when requested in a properly filed application.

This bill requires that all hospices complete and return a joint annual report to DHEC and the Revenue and Fiscal Affairs Office. Additionally, when DHEC conducts annual inspections of hospices it shall rotate inspections among each location for hospices that have multiple locations. This bill requires all unused medications [classified as Schedule II, III, IV, or V controlled substances] that were used for the care of a patient receiving hospice outpatient care be transferred to the hospice for immediate disposal. Upon disposal of unused medications, the hospice nurse will record the method of disposal in the medical record. This bill would take effect immediately upon approval by the Governor.

Department of Health and Environmental Control. The department reports that this bill would require hiring an additional inspector and re-allocating 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.

Revenue and Fiscal Affairs Office. The agency indicates that receiving the joint annual reports submitted by all hospices is not expected to require any additional resources. Therefore, this bill does not have an expenditure impact on the General Fund, Federal Funds, or 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 partially offset expenditures beginning in FY 2018-19.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director