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REPORT OF THE GENERAL GOVERNMENT SUBCOMMITTEE

(Cobb-Hunter, Hayes, Herbkersman, Gagnon, & Moss – Staff Contact: Ryan Tooley)

HOUSE BILL 5236

H. 5236 -- Reps. Bannister and Herbkersman: TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 44-6-50, RELATING TO RESPONSIBILITIES OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES OR A SUCCESSOR AGENCY, SO AS TO MAKE CERTAIN CHANGES CONCERNING MEDICAID CLAIMS PROCESSING CONTRACTS.

Received by Ways and Means: 3/7/2024

Summary of Bill:

The General Government subcommittee reported favorably. This bill would authorize the Department of Health and Human Services, or its successor agency, to award contracts and procurements of Medicaid systems and services using competitively solicited National Association of State Procurement Officials (NASPO) ValuePoint Master Cooperative Purchasing Agreements.

Estimated Revenue Impact:

Due to a reduction in work hours and processing time needed for conducting Requests for Proposals (RFPs), DHHS anticipates this bill will result in General Fund expenditure savings of approximately \$83,300 and a Federal Fund savings of approximately \$83,300 per contract completed through NASPO.

Other Notes/Comments:

N/A



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.

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|------------------------|----------------------|-----------------------------|
| Bill Number: | H. 5236 | Introduced on March 6, 2024 |
| Author: | Bannister | |
| Subject: | Medicaid | |
| Requestor: | House Ways and Means | |
| RFA Analyst(s): | Boggs | |
| Impact Date: | March 25, 2024 | |

Fiscal Impact Summary

This bill permits the Department of Health and Human Services (DHHS), or a successor agency, to award contracts or procure Medicaid systems and services using the National Association of State Procurement Officials (NASPO) ValuePoint Master Cooperative Purchase Agreements. These purchasing agreements (agreements) are competitively solicited purchasing agreements that are developed and awarded through NASPO.

Currently, the procurement of Medicaid services and systems is completed through a competitive bid or Request for Proposal (RFP) through the Division of Procurement Services at the State Fiscal Accountability Authority (SFAA). This procurement process may take 18-24 months depending on the time required to complete key steps in the procurement process. NASPO agreements will provide DHHS with an additional channel to procure required services and systems. As NASPO agreements have already been vetted, negotiated, and awarded for certain Medicaid services, the time and effort it takes DHHS to acquire these systems and services is significantly reduced. DHHS estimates that the current steps necessary to develop and issue an RFP requires 3,300 work hours and 20.17 months in processing time resulting in \$280,500 in costs. DHHS estimates that the steps necessary to award a contract through NASPO requires 1,340 work hours and 5.67 months in processing time resulting in \$113,900 in costs. Therefore, DHHS anticipates that each contract processed through the NASPO award system will result in a savings of 1,960 work hours and 14.5 months in processing time. This will lead to a per contract savings of approximately \$166,600, of which \$83,300 is General Funds and \$83,300 is Federal Funds. The total annual savings depends upon the number of procurement that DHHS is able to complete with a NASPO agreement. Therefore, this bill will result in an undetermined General Funds and Federal Funds expenditure savings beginning in FY 2024-25.

Explanation of Fiscal Impact

Introduced on March 6, 2024

State Expenditure

This bill permits DHHS, or a successor agency, to award contracts or procure Medicaid systems and services using NASPO agreements. These agreements are competitively solicited purchasing agreements that are developed and awarded through NASPO.

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State Revenue

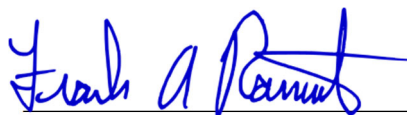
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
125th Session, 2023-2024

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~~Indicates Matter Stricken~~

Indicates New Matter

H. 5236

STATUS INFORMATION

General Bill

Sponsors: Reps. Bannister and Herbkersman

Document Path: LC-0419VR24.docx

Introduced in the House on March 6, 2024

Ways and Means

Summary: Medicaid

HISTORY OF LEGISLATIVE ACTIONS

| Date | Body | Action Description with journal page number |
|-------------|-------------|--|
| 3/6/2024 | House | Introduced and read first time (House Journal-page 45) |
| 3/6/2024 | House | Referred to Committee on Ways and Means (House Journal-page 45) |

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VERSIONS OF THIS BILL

[03/06/2024](#)

A BILL

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION [44-6-50](#), RELATING TO RESPONSIBILITIES OF THE DEPARTMENT OF HEALTH AND

HUMAN SERVICES OR A SUCCESSOR AGENCY, SO AS TO MAKE CERTAIN CHANGES CONCERNING MEDICAID CLAIMS PROCESSING CONTRACTS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section [44-6-50](#)(2) of the S.C. Code is amended to read:

(2) Contract for operation of certified Medicaid management information claims processing system. ~~For the first year of its operation it shall contract for such system with the Department of Social Services.~~ In reliance upon the prior notification published by the National Association of State Procurement Officials (NASPO) for any multi-state solicitation it issues, the Department of Health and Human Services or a successor agency is authorized to award contracts and procure Medicaid systems and services using competitively solicited NASPO ValuePoint Master Cooperative Purchasing Agreements. Sections [11-35-1520](#)(3) and [11-35-4810](#)(4) are not applicable.

SECTION 2. This act takes effect upon approval by the Governor.

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