

REPORT OF THE ECONOMIC DEVELOPMENT SUBCOMMITTEE MEETING

(B. Newton, Whitmire, Lowe, Weeks, Dillard) – Staff: Will McClellan

HOUSE BILL 5173 Rural Emergency Hospital Designation

Summary of Bill:

This bill amends Section 44-7-130(17), which defines a hospital under state law, to include in the definition all hospitals that convert to the new Rural Emergency Hospital designation created by the federal Consolidated Appropriations Act of 2021. Adding the designation to state law would align state hospital designations with federal ones and would allow the State of South Carolina to draft licensing and staffing rules for the new designation.

The Rural Emergency Hospital designation allows converted hospitals to receive a roughly 5% higher Medicare reimbursement rate, in addition to a \$3.2 million annual stipend. To get the additional funding, converted hospitals must only offer emergency room and outpatient services. This designation would also render any converted hospital ineligible for the 340B drug pricing program.

Estimated Fiscal Impact:

The Revenue and Fiscal Affairs Office (RFA) estimates that this bill will have no expenditure impact on the Department of Health and Human Services (DHHS) or the Department of Public Health (DPH), as both agencies anticipate that any responsibilities created by the bill can be managed with existing staff and resources.

This bill may result in a minimal revenue decrease for DPH. Regulation 60-16.201(G) requires an annual \$10 licensure fee per inpatient bed. If an eligible hospital transitions to REH designation, the facility will no longer have inpatient beds, and therefore, no longer contribute these fees. DPH anticipates this revenue loss will be minimal as only a small number of hospitals with 50 or fewer beds are eligible for this designation.

RFA contacted all forty-six counties regarding this legislation and received responses from the counties of Charleston, Dorchester, Florence, Horry, and Lancaster. These counties indicate that the bill will have no expenditure impact.

Subcommittee Action/Explanation:

H. 5173 received favorable report from the Ways & Means Economic Development Legislative Subcommittee on March 24th, 2026.

Full Committee Action/Explanation:

N/A

Other Notes/Comments:

The Senate has an identical bill to H. 5173 – S. 895. It currently resides in the Senate Medical Affairs Committee.



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:	H. 5173	Introduced on February 11, 2026
Subject:	Hospitals	
Requestor:	House Ways and Means	
RFA Analyst(s):	Boggs	
Impact Date:	March 12, 2026	

Fiscal Impact Summary

This bill expands the definition of hospitals in Article 3 of Chapter 7, Title 44, related to the State Health Facility Licensure Act to include rural emergency hospitals (REH). Effective January 1, 2023, REHs were established as a new Medicare provider type pursuant to the federal Consolidated Appropriations Acts of 2021.

This bill will have no expenditure impact on the Department of Health and Human Services (DHHS) or the Department of Public Health (DPH), as both agencies anticipate that any responsibilities created by this bill can be managed within existing staff and appropriations.

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Explanation of Fiscal Impact

Introduced on February 11, 2026

State Expenditure

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State Revenue

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Local Expenditure

RFA contacted all forty-six counties regarding this legislation and received responses from the counties of Charleston, Dorchester, Florence, Horry, and Lancaster. These counties indicate that the bill will have no expenditure impact.

Local Revenue

N/A



Frank A. Rainwater, Executive Director

South Carolina General Assembly
126th Session, 2025-2026

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Indicates New Matter

H. 5173

STATUS INFORMATION

General Bill

Sponsors: Reps. Hewitt, Bannister and G.M. Smith

Companion/Similar bill(s): 895

Document Path: LC-0429VR26.docx

Introduced in the House on February 11, 2026

Currently residing in the House Committee on **Ways and Means**

Summary: Hospitals

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
2/11/2026	House	Introduced and read first time (House Journal-page 46)
2/11/2026	House	Referred to Committee on Ways and Means (House Journal-page 46)

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VERSIONS OF THIS BILL

[02/11/2026](#)

A BILL

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION [44-7-130](#), RELATING TO HEALTHCARE FACILITY DEFINITIONS, SO AS TO CHANGE THE DEFINITION OF HOSPITAL.

Whereas, the federal government, by and through the Centers for Medicare and Medicaid Services, published a final rule, effective January 1, 2023, establishing Rural Emergency Hospitals as a new Medicare provider type pursuant to the Consolidated Appropriations Acts of 2021; and

Whereas, this designation was created to respond to rural hospital closures and give rural communities greater access to healthcare; and

Whereas, it is the intent of the General Assembly to clarify that this designation shall exist in South Carolina in order to provide greater access to care in rural communities. Now, therefore,

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

SECTION 1. Section [44-7-130](#)(17) of the S.C. Code is amended to read:

(17) "Hospital" means a facility that is organized and administered to provide overnight medical or surgical care or nursing care for an illness, injury, or infirmity and must provide on-campus emergency services; that may provide obstetrical care; and in which all diagnoses, treatment, or care is administered by or under the direction of persons currently licensed to practice medicine, surgery, or osteopathy. This shall include all hospitals that convert to Rural Emergency Hospitals pursuant to 42 C.F.R. Part 485 Subpart E and Section 125 of the Consolidated Appropriations Act of 2021.

"Hospital" may include a residential treatment facility for children, adolescents, or young adults in need of mental health treatment that is physically a part of a licensed psychiatric hospital. This definition does not include facilities that are licensed by the Department of Social Services. A residential treatment facility for children, adolescents, or young adults in need of mental health treatment that is physically part of a licensed psychiatric hospital is not required to provide on-campus emergency services.

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

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