

## REPORT OF THE LEGISLATIVE SUBCOMMITTEE

(Lowe, Pitts, GM Smith, Hosey & Finlay – Staff Contact: Ryan Burnaugh)

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### HOUSE BILL 3666

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H. 3666 -- Rep. G.M. Smith: A BILL TO AMEND SECTION 44-7-130, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS FOR THE STATE CERTIFICATION OF NEED AND HEALTH FACILITIES LICENSURE ACT, SO AS TO DEFINE "CRISIS STABILIZATION UNIT FACILITY"; TO AMEND SECTION 44-7-170, AS AMENDED, RELATING TO THE APPLICABILITY OF THE CERTIFICATE OF NEED PROCESS TO CERTAIN PROJECTS, SO AS TO MAKE THE PROCESS INAPPLICABLE TO CRISIS STABILIZATION UNIT FACILITIES; AND TO AMEND SECTION 44-7-260, AS AMENDED, RELATING TO REQUIREMENTS FOR LICENSURE FOR HEALTH FACILITIES, SO AS TO REQUIRE CRISIS STABILIZATION UNIT FACILITIES TO OBTAIN A LICENSE FROM THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL.

***Summary of Bill:***

Creates a definition for "Crisis Stabilization Unit Facility" so that the Crisis Stabilization Units funded in the FY 2016-17 appropriations bill are exempt from the Certificate of Need process.

***Estimated Revenue Impact:***

This bill will have no expenditure impact on General Fund or Federal Funds. A minimal expenditure impact is expected on Other Funds of the Department of Health and Environmental Control for administration of a new licensing program and on Other Funds of the Department of Mental Health for licensing a facility as a crisis stabilization unit.

This bill has no revenue impact on the General Fund or Federal Funds. It may have a minimal Other Fund impact for DHEC because of fee revenue generated from licensing crisis stabilization unit facilities.

***Subcommittee Recommendation:***

Favorable with Amendment

***Summary of Amendment:***

Corrects language to ensure the Crisis Stabilization Units are exempt from CON.

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

RAVENEL/CHARLTON  
MARCH 8, 2017

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CLERK OF THE HOUSE

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REP. G.M. SMITH PROPOSES THE FOLLOWING AMENDMENT  
No. TO H. 3666 (COUNCIL\VR\3666C001.CC.VR17):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY  
STRIKING ALL AFTER THE ENACTING WORDS AND  
INSERTING:**

**/ SECTION 1. SECTION 44-7-130 OF THE  
1976 CODE, AS LAST AMENDED BY ACT 173 OF  
2014, IS FURTHER AMENDED BY ADDING AN  
APPROPRIATELY NUMBERED ITEM AT THE END TO  
READ:**

**“(26) ‘CRISIS STABILIZATION UNIT  
FACILITY’ MEANS A FACILITY, OTHER THAN A  
HEALTH CARE FACILITY, OPERATED BY THE**

**DEPARTMENT OF MENTAL HEALTH OR OPERATED IN PARTNERSHIP WITH THE DEPARTMENT OF MENTAL HEALTH THAT PROVIDES A SHORT-TERM RESIDENTIAL PROGRAM, OFFERING PSYCHIATRIC STABILIZATION SERVICES AND BRIEF, INTENSIVE CRISIS SERVICES TO INDIVIDUALS EIGHTEEN AND OLDER, TWENTY-FOUR HOURS A DAY, SEVEN DAYS A WEEK.”**

**SECTION 2. SECTION 44-7-170(A) OF THE 1976 CODE, AS LAST AMENDED BY ACT 278 OF 2010, IS FURTHER AMENDED TO READ:**

**“(A) THE FOLLOWING ARE EXEMPT FROM CERTIFICATE OF NEED REVIEW:**

**(1)THE ACQUISITION BY A PERSON OF MEDICAL EQUIPMENT TO BE USED SOLELY FOR RESEARCH, THE OFFERING OF AN INSTITUTIONAL HEALTH SERVICE BY A PERSON SOLELY FOR RESEARCH, OR THE OBLIGATION OF A CAPITAL**

**EXPENDITURE BY A PERSON TO BE MADE SOLELY FOR RESEARCH IF IT DOES NOT:**

**(A) AFFECT THE CHARGES IMPOSED BY THE PERSON FOR THE PROVISION OF MEDICAL OR OTHER PATIENT CARE SERVICES OTHER THAN THE SERVICES THAT ARE INCLUDED IN THE RESEARCH;**

**(B) CHANGE THE BED CAPACITY OF A HEALTH CARE FACILITY; OR**

**(C) SUBSTANTIALLY CHANGE THE MEDICAL OR OTHER PATIENT CARE SERVICES PROVIDED BY THE PERSON.**

**A WRITTEN DESCRIPTION OF THE PROPOSED RESEARCH PROJECT MUST BE SUBMITTED TO THE DEPARTMENT IN ORDER FOR THE DEPARTMENT TO DETERMINE IF THESE CONDITIONS ARE MET. A CERTIFICATE OF NEED IS REQUIRED IN ORDER TO CONTINUE USE OF THE EQUIPMENT OR SERVICE AFTER THE EQUIPMENT OR SERVICE IS NO LONGER BEING USED SOLELY FOR RESEARCH;**

**(2) THE OFFICES OF A LICENSED PRIVATE PRACTITIONER WHETHER FOR INDIVIDUAL OR GROUP PRACTICE EXCEPT AS PROVIDED FOR IN SECTION 44-7-160(1) AND (6);**

**(3) THE REPLACEMENT OF LIKE EQUIPMENT FOR WHICH A CERTIFICATE OF NEED HAS BEEN ISSUED WHICH DOES NOT CONSTITUTE A MATERIAL CHANGE IN SERVICE OR A NEW SERVICE;**

**(4) CRISIS STABILIZATION UNIT FACILITIES. NOTWITHSTANDING SUBSECTION (C), CRISIS STABILIZATION FACILITIES DO NOT REQUIRE A WRITTEN EXEMPTION FROM THE DEPARTMENT.**

**SECTION 3. SECTION 44-7-260(A) OF THE 1976 CODE, AS LAST AMENDED BY ACT 47 OF 2011, IS FURTHER AMENDED TO READ:**

**“(A) IF THEY PROVIDE CARE FOR TWO OR MORE UNRELATED PERSONS, THE FOLLOWING FACILITIES OR SERVICES MAY NOT BE ESTABLISHED, OPERATED, OR MAINTAINED IN THIS STATE WITHOUT FIRST OBTAINING A LICENSE IN THE MANNER PROVIDED BY THIS ARTICLE AND REGULATIONS PROMULGATED BY THE DEPARTMENT:**

**(1) HOSPITALS, INCLUDING GENERAL AND SPECIALIZED HOSPITALS;**

**(2) NURSING HOMES;**

**(3) RESIDENTIAL TREATMENT FACILITIES FOR CHILDREN AND ADOLESCENTS;**

**(4) AMBULATORY SURGICAL FACILITIES;**

**(5) ~~RESERVED~~ CRISIS STABILIZATION UNIT FACILITIES;**

**(6) COMMUNITY RESIDENTIAL CARE FACILITIES;**

**(7) FACILITIES FOR CHEMICALLY DEPENDENT OR ADDICTED PERSONS;**

**(8) END-STAGE RENAL DIALYSIS UNITS;**

**(9) DAY-CARE FACILITIES FOR ADULTS;**

**(10) ANY OTHER FACILITY OPERATING FOR THE DIAGNOSIS, TREATMENT, OR CARE OF PERSONS SUFFERING FROM ILLNESS, INJURY OR OTHER INFIRMITY AND FOR WHICH THE DEPARTMENT HAS ADOPTED STANDARDS OF OPERATION BY REGULATION.**

- (11) INTERMEDIATE CARE FACILITIES FOR PERSONS WITH INTELLECTUAL DISABILITY;**
- (12) FREESTANDING OR MOBILE TECHNOLOGY.**
- (13) FACILITIES WHEREIN ABORTIONS ARE PERFORMED.**
- (14) BIRTHING CENTERS.”**

**SECTION 4. THIS ACT TAKES EFFECT UPON APPROVAL BY THE GOVERNOR./**

**RENUMBER SECTIONS TO CONFORM.**

**AMEND TITLE TO CONFORM.**



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
 (803)734-0640 • RFA.SC.GOV/IMPACTS

**Bill Number:** H. 3666 Introduced on February 2, 2017  
**Author:** G.M. Smith  
**Subject:** Crisis Stabilization Unit Facilities  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Stein  
**Impact Date:** March 3, 2017

**Estimate of Fiscal Impact**

	FY 2017-18	FY 2018-19
<b>State Expenditure</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
<b>State Revenue</b>		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
<b>Local Expenditure</b>	\$0	\$0
<b>Local Revenue</b>	\$0	\$0

**Fiscal Impact Summary**

This bill would have no expenditure impact on the General Fund or Federal Funds. A minimal expenditure impact is expected on Other Funds of the Department of Health and Environmental Control (DHEC) for administration of a new licensing program and on Other Funds of the Department of Mental Health (DMH) for licensing a facility as a crisis stabilization unit.

This bill would have no revenue impact on the General Fund or Federal Funds. The bill may have a minimal Other Fund impact for DHEC because of fee revenue generated from licensing crisis stabilization unit facilities.

**Explanation of Fiscal Impact**

**Introduced on February 2, 2017**

**State Expenditure**

This bill amends the State Certification of Need and Health Facility Licensure Act by creating a new category of facility for crisis stabilization units operated or authorized by the Department of Mental Health (DMH). The bill exempts these facilities from the certificate of need process but requires their licensure in the manner specified in the bill and in accordance with DHEC regulations. Crisis stabilization units provide short-term residential treatment twenty-four hours a day, seven days a week for people experiencing a mental health crisis. Treatment offered would consist of psychiatric stabilization services, detoxification services, and brief, intensive crisis services. The average length of stay for an individual would be three to five days.

DMH operated a short-stay facility in Charleston from 1999 to 2009 and plans to open a community-based, short-stay crisis stabilization program in March or April 2017. Currently there is no licensing category for this type of facility (or program). Therefore, at this time, DMH expects to seek licensure as a community residential care facility (CRCF) with assisted living, which may require multiple waivers of DHEC's CRCF regulations.

**Department of Mental Health.** The department indicates that this bill will have no expenditure impact on the General Fund or Federal Funds. This bill would have a minimal expenditure impact on Other Funds. The department is planning to open a community-based crisis stabilization program within one month. DMH has licensed similar programs in the past as community residential care facilities and received waivers from DHEC in order to operate since licensing regulations regarding crisis stabilization units do not exist. Once a fee schedule has been approved, this bill may increase Other Funds expenditures by DMH, but the amount is expected to be minimal and managed within the department's existing resources.

**Department of Health and Environmental Control.** The department reports that this bill would require the department to promulgate new regulations and fee schedule, create and process new application forms, design new computer applications, train staff and the community on the new regulations, and inspect each crisis stabilization unit for compliance with licensure requirements. The department reports that these new responsibilities would require an additional expenditure of approximately \$9,039 annually in operating expenses for a temporary employee, with an additional expenditure of \$1,012 in the first year for office equipment. The Office of Revenue and Fiscal Affairs anticipates that the department will accomplish these tasks within the current Other Funds spending authority for the facility licensing program.

**State Revenue**

Currently, there are no regulations regarding the licensure of crisis stabilization unit facilities. DMH does not currently operate crisis stabilization facilities, and DHEC does not charge or collect fees for such facilities from DMH. If this bill is enacted, DHEC will promulgate regulations and establish a fee schedule which must first be approved by the General Assembly. At that time, it is anticipated that the fee schedule will offset any additional expenditures associated with this new license and inspection requirement. The fees are expected to be minimal. This bill would have no revenue impact on the General Fund or Federal Funds.

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director



**South Carolina General Assembly**  
122nd Session, 2017-2018

**H. 3666**

**STATUS INFORMATION**

General Bill

Sponsors: Rep. G.M. Smith

Document Path: l:\council\bill\nbd\11095vr17.docx

Companion/Similar bill(s): 354

Introduced in the House on February 2, 2017

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

Summary: Certificate of need

**HISTORY OF LEGISLATIVE ACTIONS**

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/2/2017	House	Introduced and read first time ( <u>House Journal-page 39</u> )
2/2/2017	House	Referred to Committee on <b>Ways and Means</b> ( <u>House Journal-page 39</u> )

View the latest [legislative information](#) at the website

**VERSIONS OF THIS BILL**

2/2/2017

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**A BILL**

TO AMEND SECTION 44-7-130, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS FOR THE STATE CERTIFICATION OF NEED AND HEALTH FACILITIES LICENSURE ACT, SO AS TO DEFINE "CRISIS STABILIZATION UNIT FACILITY"; TO AMEND SECTION 44-7-170, AS AMENDED, RELATING TO THE APPLICABILITY OF THE CERTIFICATE OF NEED PROCESS TO CERTAIN PROJECTS, SO AS TO MAKE THE PROCESS INAPPLICABLE TO CRISIS STABILIZATION UNIT FACILITIES; AND TO AMEND SECTION 44-7-260, AS AMENDED, RELATING TO REQUIREMENTS FOR LICENSURE FOR HEALTH FACILITIES, SO AS TO REQUIRE CRISIS STABILIZATION UNIT FACILITIES TO OBTAIN A LICENSE FROM THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL.

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

SECTION 1. Section 44-7-130 of the 1976 Code, as last amended by Act 173 of 2014, is further amended by adding an appropriately numbered item at the end to read:

"( ) "Crisis stabilization unit facility" means a facility operated or authorized by the Department of Mental Health providing a short-term residential program offering psychiatric stabilization services, detoxification services, and brief, intensive crisis services twenty-four hours a day, seven days a week."

SECTION 2. Section 44-7-170(B)(7) of the 1976 Code, as last amended by Act 278 of 2010, is further amended to read:

1       “(7) health care facilities owned and operated by the federal  
2 government; and

3       (8) crisis stabilization unit facilities.”

4  
5 SECTION 3. Section 44-7-260(A)(5) of the 1976 Code, as last  
6 amended by Act 278 of 2010, is further amended to read:

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8       “(5) ~~Reserved~~ crisis stabilization unit facilities;”

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10 SECTION 4. This act takes effect upon approval by the Governor.

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