



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0589 As amended by Senate Labor, Commerce, and Industry on February 2, 2016
Author: Lourie
Subject: Music Therapy Practice Act
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): Stein, Fulmer, and Kokolis
Impact Date: May 16, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$1,336,440	\$0
Other and Federal	\$3,207,360	\$0
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	\$8,900	\$0
Other and Federal	\$3,207,360	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill is expected to increase General Fund expenditures by \$1,336,440 and increase Federal Fund expenditures by \$3,118,360 by the Department of Health and Human Services annually beginning in FY 2016-17. This bill is expected to increase Other Fund expenditures by the Department of Labor, Licensing and Regulation by \$89,000 annually beginning in FY 2016-17.

This bill is expected to generate Other Fund license fee revenue of \$89,000 from this new professional license requirement which would offset the corresponding increased expenditure by the Department of Labor, Licensing and Regulation. This bill is expected to generate up to \$3,118,360 in Federal Medicaid fund reimbursements for expenditures made by the Department of Health and Human Services offsetting Federal Fund expenditures.

Additionally, General Fund revenue would increase by approximately \$8,900, or ten percent of the additional expenditures, pursuant to Proviso 81.3 of the FY 2015-16 Appropriations Act.

Explanation of Fiscal Impact

**Explanation of Amendment by Senate Labor, Commerce and Industry Committee
 Adopted on February 2, 2016**

State Expenditure

Senate Bill 589 amends Title 40 by adding Chapter 85 establishing the Music Therapy Practice Act. The amendment restructures the proposed five-member advisory group whose members

were appointed by the director of the Department of Labor, Licensing and Regulation in the bill as originally filed with a five-member board whose members are appointed by the Governor. The amendment requires music therapists to collaborate with medical professionals prior to providing services and to collaborate with therapists during treatment. All other provisions of the bill remain unchanged by the amendment.

Department of Labor, Licensing and Regulation. The Department reports that this bill would require 1.00 new FTE position for an Administrative Assistant to support the work of the advisory committee and to administer the license program. The estimated increase in Other Fund expenditures of \$89,000 annually for salary, fringe benefits, and operating expenses would be offset by the new Other Fund license fees. Otherwise, this bill would have no expenditure impact on the General Fund or Federal Funds.

Public Employee Benefit Authority (PEBA). PEBA reports that since the bill does not require insurance coverage for music therapy expenditures there would be no expenditure impact on the State Health Plan. This bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds in regard to PEBA.

Department of Health and Human Services (DHHS). The department estimates this bill will increase General Fund expenditures by \$1,336,440 and Federal Fund expenditures by \$3,118,360. The annual cost of \$4,454,800 is based on the seventy music therapists currently licensed becoming board certified and Medicaid-enrolled. Music therapists bill Medicaid by the forty-five minute time unit. Medicaid allows a therapist to be reimbursed for a maximum of 2,000 time units per year at a rate of \$31.82 per unit. Assuming all seventy therapists claimed the maximum reimbursement the total cost to DHHS would be \$4,454,800. The General Fund expenditure would be thirty percent or \$1,336,440. The federal expenditure would be \$3,118,360 and would be reimbursed by the federal Medicaid program. This estimate does not account for any increase in the number of licensed and board-certified music therapists that might occur following enactment of this bill.

State Revenue

Pursuant to Proviso 81.3 of the FY 2015-16 Appropriations Act, each professional and occupational licensing board must remit annually to the General Fund an amount equal to ten percent of their expenditures. Since LLR estimates expenditures for this program at \$89,000 it is expected that LLR will remit \$8,900 from new license fees into the General Fund in FY 2016-17.

Local Expenditure

N/A

Local Revenue

N/A

Explanation of Bill Filed March 24, 2015

State Expenditure

Senate Bill 589 amends Title 40 by adding Chapter 85 establishing the Music Therapy Practice Act. The bill creates a five-member Music Therapy Advisory Group to assist the director of the Department of Labor, Licensing and Regulation (LLR) in regulating the professional practice of

music therapy. Members are to serve without compensation, but may receive mileage, and must meet at least once a year. The bill requires anyone using the title of “music therapist” to become licensed by LLR and specifies license requirements. The bill authorizes LLR to set license fees.

Department of Labor, Licensing and Regulation. The Department reports that this bill would require 1.00 new FTE position for an Administrative Assistant to support the work of the advisory committee and to administer the license program. The estimated increased expenditures of \$89,000 annually for salary, fringe benefits, and operating expenses would be offset by the new Other Fund license fees. Otherwise, this bill would have no expenditure impact on the General Fund or Federal Funds.

State Revenue

Pursuant to Proviso 81.3 of the FY 2014-15 Appropriations Act, each professional and occupational licensing board must remit annually to the General Fund an amount equal to ten percent of their expenditures. Since LLR estimates expenditures for this program at \$89,000 it is expected that LLR will remit \$8,900 from new license fees into the General Fund in FY 2015-16.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director