



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3132 Amended by the Senate on May 3, 2017
Author: G.M. Smith
Subject: Hospice Programs
Requestor: Senate Medical Affairs
RFA Analyst(s): Heineman
Impact Date: May 5, 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 as amended will have an expenditure impact on the General Fund of \$83,063 in FY 2017-18 and \$61,329 each year thereafter. However, the department anticipates that after a fee schedule is approved by the General Assembly, recurring expenditures would be reapportioned between the General Fund (\$12,679) and Other Fund license and registration fee revenues (\$48,650) beginning in FY 2018-19.

Explanation of Fiscal Impact

Amended by the Senate on May 3, 2017

State Expenditure

The amended bill clarifies language in the bill as introduced regarding the terms hospice, parent hospice, primary office, and multiple locations. The bill as amended requires that a hospice who wishes to expand its licensed service area to include additional counties must first obtain approval from Department of Health and Environmental Control (DHEC). Additionally, DHEC shall publish the required list of licensed hospices on its website. The amended 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, the bill as amended clarifies that 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.

The bill as amended 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. The amended bill requires all unused medications that were used for the care of a patient receiving outpatient care in hospice and are classified as Schedule II, III, IV, or V controlled substances be transferred to hospice for immediate disposal. Once unused medications are disposed of, the hospice nurse will record the method of disposal in the medical record. The amended bill would take effect immediately upon approval by the Governor.

Department of Health and Environmental Control. The department reports that this bill as amended would require the department to hire an additional inspector and to re-allocate 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 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 this bill requires them to perform activities that will be conducted within the normal course of agency business at no additional cost. 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

Introduced on January 10, 2017

Updated for Revised Agency Response

State Expenditure

This bill requires all licensed hospices to register each of their multiple locations with the Department of Health and Environmental Control (DHEC). The department is authorized to

deny, suspend, or revoke approvals of multiple locations when the department determines that requirements are not being met. The department must develop procedures for registering multiple locations, promulgate regulations, and provide for hearing procedures. DHEC is authorized to establish reasonable fees with which to administer the program.

Department of Health and Environmental Control. The department's revised response reports that this bill would require the department to hire an additional inspector and to re-allocate 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.

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 offset expenditures beginning in FY 2018-19.

Local Expenditure and Local Revenue

N/A

Introduced on January 10, 2017

State Expenditure

This bill makes changes to the licensure requirements for hospice providers. A hospice that wishes to expand its licensed service area to include additional counties must first notify and then receive approval from the Department of Health and Environmental Control (DHEC). A hospice may not establish, conduct, or maintain multiple locations or represent itself as such without first registering the multiple locations with DHEC.

Department of Health and Environmental Control. The department indicates this bill will have an expenditure impact on the General Fund of \$8,046 for equipment, supplies, fixed charges, and contractual services in order to meet the new requirements. There is no expenditure impact on Other Funds or Federal Funds.

State Revenue

DHEC currently charges fees to help fund the Hospice program. The agency anticipates a need to raise the current fee to meet the new licensure requirements; however, the regulation promulgation process requires legislative review. Therefore, the revenue impact on the General Fund is undetermined. There is no revenue impact on Other Funds or General Funds.

Local Expenditure and Local Revenue

N/A



Frank A. Rainwater, Executive Director