



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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**Bill Number:** H. 3666 Amended by House Ways and Means on March 22, 2017  
**Author:** G.M. Smith  
**Subject:** Crisis Stabilization Unit Facilities  
**Requestor:** House Ways and Means  
**RFA Analyst(s):** Stein  
**Impact Date:** March 22, 2017

**Estimate of Fiscal Impact**

|                                  | <b>FY 2017-18</b> | <b>FY 2018-19</b> |
|----------------------------------|-------------------|-------------------|
| <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 impact on DHEC's Other Funds revenue resulting from fees generated from licensing crisis stabilization unit facilities.

**Explanation of Fiscal Impact**

**Amended by House Ways and Means on March 22**

**State Expenditure**

The amendment modifies language and sections referenced in the bill to ensure that crisis stabilization unit facilities (CSUF) are exempt from the certificate of need program. A crisis stabilization unit facility is re-defined as a facility, other than a health care facility, operated by the Department of Mental Health or operated in partnership with DMH. The amendment designates Section 44-7-170(A)(4) as the appropriate section to indicate that CSUFs are exempt from the certificate of need program, rather than Section 44-7-170(B) referenced in the original bill. The amendment retains language from the original bill requiring crisis stabilization facilities to be licensed by the Department of Health and Environmental Control.

**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

#### **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



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Frank A. Rainwater, Executive Director