



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4048 Introduced on March 23, 2017
Author: Herbkersman
Subject: Personal Emergency Response Systems
Requestor: Senate Medical Affairs
RFA Analyst(s): Kokolis
Impact Date: July 10, 2017

Estimate of Fiscal Impact

	FY 2017-18	FY 2018-19
State Expenditure		
General Fund	\$3,051,734	\$0
Other and Federal	\$7,120,714	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill will have a recurring expenditure impact on the General Fund of \$3,051,734 and on Federal Funds of \$7,120,714 because of rate increases associated with providing 5,700 Medicaid recipients with personal emergency response systems (PERS) that include nurse triage services by way of live phone contact. The expenditure is divided between the General Fund and Federal Funds based upon the current share of Medicaid expenditures funded by the federal government and federal Medicaid approval of the service rate increase.

Explanation of Fiscal Impact

Introduced on March 23, 2017

State Expenditure

This bill requires DHHS to issue, pursuant to its Medicaid Home and Community-based waiver, personal emergency response system devices to Medicaid recipients that include, in addition to emergency response services, unlimited twenty-four hour, seven-day a week live phone contact with experienced registered nurses for triage services. The bill applies to PERS devices issued initially on or after any necessary waiver is effective and to Medicaid recipients for whom it is necessary to replace their previously issued PERS devices on or after the waiver's effective date. A nurse triage call center must be accredited and separate from an emergency response call center.

Department of Health and Human Services. The department indicates this bill will have a total expenditure impact of \$10,172,448 in FY 2017-18, with a General Fund impact of \$3,051,734 and a Federal Funds impact of \$7,120,714. The increased expenditure is the

estimated rate increase PERS providers would charge for employing registered nurses to provide the triage service as required by the bill. Based on current DHHS policy requiring five registered nurses for every 250 patients served, the agency calculated PERS providers would hire approximately 114 registered nurses to serve the 5,700 Medicaid recipients currently using a PERS device. DHHS calculated the amount of expenditure based on PERS providers paying nurses \$30 an hour, 40 hours per week for 52 weeks and 30 percent of pay for fringe benefits, with a 10 percent administrative fee. The total cost is divided between the State and federal government based on the percentage of Medicaid payments funded by the federal government according to the Federal Medical Assistance Percentage formula. Under the formula, the federal government funds approximately 70 percent of South Carolina's Medicaid expenditures currently, with the remaining 30 percent funded by the State.

Current personal emergency response system costs are \$171,000 for hardware (\$30 per device for 5,700 users) and \$2,052,000 for service fees (\$360 annual rate for 5,700 users). The department is unable to calculate a cost for nurse triage capability due to the lack of data for this new service. From July 2016 to May 2017, approximately 375,000 unduplicated recipients visited the emergency room. The average expenditure per visit was \$1,600 (for Medicaid recipients, \$450 state and \$1,150 federal). Less than one percent of the 375,000 visits had a personal emergency response system claim during this time. While the bill may result in fewer emergency room visits due to the nurse triage feature, it is unlikely to have a large reduction in emergency room visit expenditures for Medicaid because the vast majority of waiver participants are also Medicare eligible and therefore Medicaid would not pick up those costs or savings.

The estimated expenditure is based on assumptions that any necessary waiver is granted in FY 2017-18, DHHS' eligibility policy is unchanged, the 5,700 current PERS users receive devices with the nurse triage service when the waiver is granted, and that any cost associated with triage centers includes the buildings and liability insurance, which would be passed on to DHHS through rate increases.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director