



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4495 Introduced on January 9, 2018
Author: Williams
Subject: Hospitals
Requestor: House Medical, Military, Public, and Municipal Affairs
RFA Analyst(s): A. Martin and Kokolis
Impact Date: January 25, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$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	Undetermined	\$0

Fiscal Impact Summary

This bill will have no impact on the General Fund, Federal Funds, or Other Funds because it does not alter the oversight or regulatory activities of the Department of Health and Environmental Control (DHEC) or the Department of Mental Health (DMH). Due to the lack of response from the surveyed localities, the revenue impact of this bill on local government is undetermined.

Explanation of Fiscal Impact

Introduced on January 9, 2018

State Expenditure

This bill prohibits a licensed hospital from charging fees for services rendered to uninsured patients that are in excess of the maximum fees charged to insured patients for the same services. Currently, each hospital is responsible for creating its own price list for services rendered by the hospital. The hospital then negotiates with multiple third-party payers such as commercial BlueCross BlueShield of South Carolina (BCBSSC), the Public Employee Benefit Authority (PEBA), Medicare, Medicaid, and others. The hospital and third-party payer establish negotiated prices for services rendered. The price the hospital accepts from the third-party payer may be significantly lower than the hospital price list prior to negotiations.

Department of Health and Environmental Control. DHEC indicates that this bill does not operationally affect the department’s oversight responsibilities. Therefore, this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

Department of Mental Health. Current law specifies that DMH must charge for the full cost of patient care. DMH has confirmed that there is no variation in the charges for insured versus uninsured patients of state mental health facilities. The agency indicates that this bill does not alter its responsibilities. Therefore, this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

Nine county owned hospitals currently exist within the state. These hospitals reside in the following counties: Abbeville, Allendale, Beaufort, Edgefield, Fairfield, Greenwood, Kershaw, Newberry, and Orangeburg. The Revenue and Fiscal Affairs Office contacted these county governments regarding the revenue impact of this bill; however, no response was received.

Each hospital establishes its own price list and negotiates its prices with third-party payers. An individual hospital might receive payment from several distinct third-party payers. Each payer negotiates its own rules for and levels of payment. The negotiated rates vary drastically between payers for the same service. If an individual payer offers different health insurance plans, the reimbursement rate for the same service may differ drastically between plans. The rules for reimbursement may also vary significantly depending on the payer. Medicare, for example, does not reimburse hospitals per inpatient procedure. Medicare establishes a flat fee per hospital case based on the primary diagnosis of the patient.

Without a specified benchmark reimbursement rate with which to compare hospital charges, we are unable to calculate the price differential. In addition, due to the lack of response from the surveyed localities, the local revenue impact is undetermined.



Frank A. Rainwater, Executive Director