**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 44‑7‑255 SO AS TO REQUIRE EACH HOSPITAL OR HOSPITAL SYSTEM LICENSED OR APPLYING FOR LICENSURE IN THE STATE OF SOUTH CAROLINA TO DEVELOP A STRATEGIC PLAN TO ENSURE THAT UNDERSERVED POPULATIONS HAVE MEANINGFUL ACCESS TO HEALTH CARE IN THE EVENT OF A MERGER, ACQUISITION, OR OTHER REORGANIZATION AND TO PROVIDE A REPORT TO THE GENERAL ASSEMBLY DETAILING THE STRATEGIC PLAN, TO PROHIBIT THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL FROM ISSUING A LICENSE TO ANY HOSPITAL OR HOSPITAL SYSTEM BEFORE THE ENTITY SUBMITS THE REQUIRED REPORT TO THE GENERAL ASSEMBLY, AND FOR OTHER PURPOSES.

Whereas, the first two decades of the twenty‑first century have witnessed significant organizational changes to the health care sector that have led to mergers, affiliations, partnerships, acquisitions, and closures of hospitals and hospital systems; and

Whereas, according to the North Carolina Rural Health Research Partnership, from 2005‑2016, there were fifteen rural hospital mergers in the State of South Carolina; and

Whereas, the trend of hospital system mergers and acquisitions continued into 2018 when the board of trustees for the Medical University of South Carolina voted to acquire four rural hospitals in the State from a Tennessee‑based health system: Chester Regional Medical Center, Springs Memorial Hospital in Lancaster, Carolinas Hospital System in Florence, and Carolinas Hospital System‑Marion in Mullins; and

Whereas, the shifting health care landscape also is evident in mergers of large medical systems, as with the merger of the state’s two largest hospital systems, Palmetto Health and Greenville Health System. These systems merged in 2018 and now deliver hospital services under the banner Prisma Health, effectively combining more than a dozen hospitals across the Midlands and Upstate into one hospital system; and

Whereas, while mergers and acquisitions can be beneficial to hospital systems as a way to maximize capital, whether by shedding hospitals, consolidating services, or expanding the organizational footprint, data shows that consolidation between close competitors leads to substantial price increases for hospitals, insurers, and physicians, without offsetting gains in improved quality or enhanced efficiency. Moreover, mergers between hospitals not in the same geographic area can lead to increases in price and decreased access to certain services for some populations; and

Whereas, importantly, evidence also shows that patient quality of care suffers from a lack of competition, and unchecked hospital consolidation causes serious harm to patients and to the health care system as a whole. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 3, Chapter 7, Title 44 of the 1976 Code is amended by adding:

“Section 44‑7‑255. (A) Each hospital or hospital system licensed or applying for licensure in the State of South Carolina shall develop a strategic plan to ensure that any merger, acquisition, affiliation, partnership, or other organizational change will not result in increased patient costs or decreased access to services and programs for any patient constituency, including underserved populations. The plan prepared by a hospital system must address how patients will continue to have meaningful access to services and programs in the event there is any change in service delivery within the hospital system, including for underserved populations.

(B) By January 2, 2021, each hospital or hospital system shall provide a report to the General Assembly, detailing the strategic plan developed in accordance with subsection (A). The objective of each plan must be to ensure that the hospital or hospital system continues to offer the same or enhanced services and programs to all patient constituencies, including underserved populations, without increases in costs resulting from any merger or other organizational change.

(C) The strategic plan and report required by this section is a condition of licensure. Failure to comply is grounds for denial, revocation, or suspension of the hospital or hospital system’s license or for a monetary penalty, as authorized by Section 44‑7‑320.

(D) The Department of Health and Environmental Control is prohibited from issuing a license to a hospital or hospital system before the hospital or hospital system complies with the requirements of this section.”

SECTION 2. This act takes effect upon approval by the Governor.

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