**South Carolina General Assembly**

124th Session, 2021-2022

**H. 3223**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Davis, Magnuson, May, Haddon, Caskey, M.M. Smith, Bennett, Jones, Bustos, Cogswell, Morgan, Burns, Elliott, Trantham, G.R. Smith, McGarry, Taylor, Hiott, Erickson, Lowe, Hewitt and Felder

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Companion/Similar bill(s): 290, 3161

Introduced in the House on January 12, 2021

Currently residing in the House Committee on **Medical, Military, Public and Municipal Affairs**

Summary: State Health Facility Licensure Act

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/9/2020 House Prefiled

12/9/2020 House Referred to Committee on **Medical, Military, Public and Municipal Affairs**

1/12/2021 House Introduced and read first time ([House Journal‑page 121](file:///h:\hj\20210112.docx))

1/12/2021 House Referred to Committee on **Medical, Military, Public and Municipal Affairs** ([House Journal‑page 121](file:///h:\hj\20210112.docx))

1/13/2021 House Member(s) request name added as sponsor: Haddon, Caskey

1/26/2021 House Member(s) request name added as sponsor: M.M.Smith

2/18/2021 House Member(s) request name added as sponsor: Bennett, Jones, Bustos, Cogswell, Morgan, Burns, Elliott, Trantham, G.R.Smith, McGarry

2/25/2021 House Member(s) request name added as sponsor: Taylor, Hiott, Erickson, Lowe, Hewitt

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**VERSIONS OF THIS BILL**

[12/9/2020](file:///p:\pprever\2021-22\3223_20201209.docx)

**A** **BILL**

TO AMEND SECTIONS 44‑7‑110, 44‑7‑120, 44‑7‑130, 44‑7‑140, 44‑7‑150, AND 44‑7‑320, CODE OF LAWS OF SOUTH CAROLINA, 1976, ALL RELATING TO THE REGULATION OF HEALTH CARE FACILITIES IN THE STATE, SO AS TO ELIMINATE REFERENCES TO CERTIFICATE OF NEED REQUIREMENTS; TO REPEAL SECTIONS 44‑7‑160, 44‑7‑170, 44‑7‑180, 44‑7‑190, 44‑7‑200, 44‑7‑210, 44‑7‑220, 44‑7‑225, 44‑7‑230, AND 44‑7‑240 ALL RELATING TO THE CERTIFICATE OF NEED PROGRAM; TO RENAME ARTICLE 3, CHAPTER 7, TITLE 44 AS “STATE HEALTH FACILITY LICENSURE ACT”; AND FOR OTHER PURPOSES.

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

SECTION 1. Section 44‑7‑110 of the 1976 Code is amended to read:

“Section 44‑7‑110. This article may be cited as the ‘State ~~Certification of Need and~~ Health Facility Licensure Act’.”

SECTION 2. Section 44‑7‑120 of the 1976 Code is amended to read:

“Section 44‑7‑120. The purpose of this article is to ~~promote cost containment, prevent unnecessary duplication of health care facilities and services, guide the establishment of health facilities and services which will best serve public needs, and~~ ensure that high quality services are provided in health facilities in this State. To achieve these purposes, this article requires~~:~~

~~(1)~~ ~~the issuance of a Certificate of Need before undertaking a project prescribed by this article;~~

~~(2)~~ ~~adoption of procedures and criteria for submittal of an application and appropriate review before issuance of a Certificate of Need;~~

~~(3)~~ ~~preparation and publication of a State Health Plan;~~

~~(4)~~ the licensure of facilities rendering medical, nursing, and other health care.”

SECTION 3. Section 44‑7‑130 of the 1976 Code is amended to read:

“Section 44‑7‑130. As used in this article:

(1) ~~‘Affected person’ means the applicant, a person residing within the geographic area served or to be served by the applicant, persons located in the health service area in which the project is to be located and who provide similar services to the proposed project, persons who before receipt by the department of the proposal being reviewed have formally indicated an intention to provide similar services in the future, persons who pay for health services in the health service area in which the project is to be located and who have notified the department of their interest in Certificate of Need applications, the State Consumer Advocate, and the State Ombudsman. Persons from another state who would otherwise be considered ‘affected persons’ are not included unless that state provides for similar involvement of persons from South Carolina in its certificate of need process.~~

~~(2)~~ ‘Ambulatory surgical facility’ means a facility organized and administered for the purpose of performing surgical procedures for which patients are scheduled to arrive, receive surgery, and be discharged on the same day. The owner or operator makes the facility available to other providers who comprise an organized professional staff.

~~(3)~~(2) ‘Board’ means the State Board of Health and Environmental Control.

~~(4)~~ ~~Reserved.~~

~~(5)~~ ~~‘Competing applicants’ means two or more persons or health care facilities as defined in this article who apply for Certificates of Need to provide similar services or facilities in the same service area within a time frame as established by departmental regulations and whose applications, if approved, would exceed the need for services or facilities.~~

~~(6)~~(3) ‘Community residential care facility’ means a facility which offers room and board and provides a degree of personal assistance for two or more persons eighteen years old or older.

~~(7)~~(4) ‘~~Day‑care~~ Daycare facility for adults’ means a facility for adults eighteen years or older which:

(a) offers in a group setting a program of individual and group activities and therapies;~~. The program~~

(b) is directed toward providing community‑based care for those in need of a supportive setting for less than twenty‑four hours a day~~, thereby preventing~~ to prevent unnecessary institutionalization~~,~~; and

(c) ~~shall provide~~ provides a minimum of four and a maximum of fourteen hours of operation a day.

~~(8)~~(5) ‘Department’ means the Department of Health and Environmental Control.

~~(9)~~ ~~‘The federal act’ means Title VI of the United States Public Health Service Act (the Hill‑Burton Construction Program); Title XVI of the United States Public Health Service Act (National Health Planning and Resources Development Act of 1974—Public Law 93‑641); grants for all center and facility construction under Public Law 91‑211 (community mental health centers’ amendments to Title II, Public Law 88‑164, Community Mental Health Centers Act); grants for all facility construction under Public Law 91‑517 (developmental disabilities services and facilities construction amendments of 1970 to Part C, Title I, grants for construction of facilities for persons with intellectual disability—Public Law 88‑164); and other federal programs as may exist or be enacted which provide for the construction of hospitals or related health facilities.~~

~~(10)~~(6) ‘Health care facility’ means, at a minimum, acute care hospitals, psychiatric hospitals, alcohol and substance abuse hospitals, nursing homes, ambulatory surgical facilities, hospice facilities, radiation therapy facilities, rehabilitation facilities, residential treatment facilities for children and adolescents, intermediate care facilities for persons with intellectual disability~~,~~ and narcotic treatment programs~~, and any other facility for which Certificate of Need review is required by federal law~~.

~~(11)~~(7) ‘Health service’ means clinically related, diagnostic, treatment, or rehabilitative services and includes alcohol, drug abuse, and mental health ~~services for which specific standards or criteria are prescribed in the State Health Plan~~.

~~(12)~~(8) ‘Hospital’ means a facility organized and administered to provide overnight medical or surgical care or nursing care of illness, injury, or infirmity ~~and may provide obstetrical care, and~~ in which all diagnoses, treatment, or care is administered by or under the direction of persons currently licensed to practice medicine, surgery, or osteopathy~~. Hospital may~~ and which may provide obstetrical care and include residential treatment facilities for children and adolescents in need of mental health treatment which are physically a part of a licensed psychiatric hospital,~~. This definition does not include~~ not including facilities which are licensed by the Department of Social Services.

~~(13)~~(9) ‘Nursing home’ means a facility with an organized nursing staff to maintain and operate organized facilities and services to accommodate two or more unrelated persons over a period exceeding twenty‑four hours which is operated either in connection with a hospital or as a freestanding facility for the express or implied purpose of providing intermediate or skilled nursing care for persons who are not in need of hospital care.

~~(14)~~(10) ‘Facility for chemically dependent or addicted persons’ means a facility organized to provide outpatient or residential services to chemically dependent or addicted persons and their families based on an individual treatment plan including diagnostic treatment, individual and group counseling, family therapy, vocational and educational development counseling, and referral services.

~~(15)~~(11) ‘Person’ means an individual, a trust or estate, a partnership, a corporation including an association, joint stock company, insurance company, and a health maintenance organization, a health care facility, a state, a political subdivision, or an instrumentality including a municipal corporation of a state, or any legal entity recognized by the State.

~~(16)~~(12) ‘Residential treatment facility for children and adolescents’ means a facility operated for the assessment, diagnosis, treatment, and care of two or more ‘children and adolescents in need of mental health treatment’ which provides:

(a) a special education program with a minimum program defined by the South Carolina Department of Education;

(b) recreational facilities with an organized youth development program; and

(c) residential treatment for a child or adolescent in need of mental health treatment.

~~(17)~~ ~~‘Solely for research’ means a service, procedure, or equipment which has not been approved by the Food and Drug Administration (FDA) but which is currently undergoing review by the FDA as an investigational device. FDA research protocol and any applicable Investigational Device Exemption (IDE) policies and regulations must be followed by a facility proposing a project ‘solely for research’.~~

~~(18)~~(13) ‘Children, adolescents, and young adults in need of mental health treatment’ in a residential treatment facility means a child, adolescent, or young adult under age twenty‑one who manifests a substantial disorder of cognitive or emotional process, which lessens or impairs to a marked degree that child’s, adolescent’s, or young adult’s capacity either to develop or to exercise age‑appropriate or age‑adequate behavior~~. The behavior includes~~ including, but ~~is~~ not limited to, marked disorders of mood or thought processes, severe difficulties with self‑control and judgment including behavior dangerous to self or others, and serious disturbances in the ability to care for and relate to others.

~~(19)~~(14) ‘Intermediate care facility for persons with intellectual disability’ means a facility that serves four or more persons with intellectual disability or persons with related conditions and provides health or rehabilitative services on a regular basis to individuals whose mental and physical conditions require services including room, board, and active treatment for their intellectual disability or related conditions.

~~(20)~~ ~~‘Freestanding or mobile technology’ means medical equipment owned or operated by a person other than a health care facility for which the total cost is in excess of that prescribed by regulation and for which specific standards or criteria are prescribed in the State Health Plan.~~

~~(21)~~ ~~‘Like equipment with similar capabilities’ means medical equipment in which functional and technological capabilities are identical to the equipment to be replaced; and the replacement equipment is to be used for the same or similar diagnostic, therapeutic, or treatment purposes as currently in use; and does not constitute a material change in service or a new service.~~

~~(22)~~(15) ‘Facilities wherein abortions are performed’ means a facility, other than a hospital, in which any second trimester or five or more first trimester abortions are performed in a month.

~~(23)~~(16) ‘Radiation therapy facility’ means a person or a health care facility which provides or seeks to provide mega‑voltage therapeutic services to patients through the use of high energy radiation.

~~(24)~~(17) ‘Birthing center’ means a facility or other place where human births are planned to occur. This does not include the usual residence of the mother or any facility that is licensed as a hospital or the private practice of a physician who attends the birth.

~~(25)~~(18) ‘Freestanding emergency service’ also referred to as an off‑campus emergency service, means an extension of an existing hospital emergency department that is an off‑campus emergency service, which ~~and that~~ is intended to provide comprehensive emergency service,~~. The hospital shall have a valid license and be in operation to support the off‑campus emergency service.~~ but does not include a service that does not provide twenty‑four hour, seven day per week operation or that is not capable of providing basic services as defined for hospital emergency departments. A service that does not qualify as a freestanding emergency service must not be classified as a freestanding emergency service and must not advertise or display or exhibit any signs or symbols that would identify the service as a freestanding emergency service.

~~(26)~~ ~~‘Crisis stabilization unit facility’ means a facility, other than a health care facility, operated by the Department of Mental Health or operated in partnership with the Department of Mental Health that provides a short‑term residential program, offering psychiatric stabilization services and brief, intensive crisis services to individuals eighteen and older, twenty‑four hours a day, seven days a week.~~”

SECTION 4. Section 44‑7‑140 of the 1976 Code is amended to read:

“Section 44‑7‑140. The department is designated the sole state agency for control and administration of the ~~granting of Certificates of Need and~~ licensure of health facilities and other activities necessary to be carried out under this article.”

SECTION 5. Section 44‑7‑150 of the 1976 Code is amended to read:

“Section 44‑7‑150. In carrying out the purposes of this article, the department shall:

(1) require reports and make inspections and investigations as considered necessary;

(2) to the extent that is necessary to effectuate the purposes of this article, enter into agreements with other departments, commissions, agencies, and institutions, public or private;

(3) adopt in accordance with Article I of the Administrative Procedures Act substantive and procedural regulations considered necessary by the department and approved by the board to carry out the department’s licensure ~~and Certificate of Need~~ duties under this article~~, including regulations to deal with competing applications~~;

(4) accept on behalf of the State and deposit with the State Treasurer, any grant, gift, or contribution made to assist in meeting the cost of carrying out the purpose of this article and expend it for that purpose~~;~~

~~(5)~~ ~~the department may charge and collect fees to cover the cost of operating the Certificate of Need program, including application fees, filing fees, issuance fees, and nonapplicability/exemption determination fees. The department shall develop regulations which set fees as authorized by this article. The level of these fees must be determined after careful consideration of the direct and indirect costs incurred by the department in performing its various functions and services in the Certificate of Need program. All fees and procedures for collecting fees must be adopted pursuant to procedures set forth in the Administrative Procedures Act. Any fee collected pursuant to this section in excess of seven hundred fifty thousand dollars must be retained by the department and designated for the administrative costs of the Certificate of Need program. The first seven hundred fifty thousand dollars collected pursuant to this section must be deposited into the general fund of the State. Until fees are promulgated through regulation, all fees established as of January 1, 2009, remain in effect~~.”

SECTION 6. Section 44‑7‑320 of the 1976 Code is amended to read:

Section 44‑7‑320. (A)(1) The department may deny, suspend, or revoke licenses or assess a monetary penalty, or both, against a person or facility for:

(a) violating a provision of this article or departmental regulations;

(b) ~~permitting, aiding, or abetting the commission of an unlawful act relating to the securing of a Certificate of Need or the establishment, maintenance, or operation of a facility requiring certification of need or licensure under this article;~~

~~(c)~~ engaging in conduct or practices detrimental to the health or safety of patients, residents, clients, or employees of a facility or service. This provision does not refer to health practices authorized by law;

~~(d)~~(c) refusing to admit and treat alcoholic and substance abusers, the mentally ill, or persons with intellectual disability, whose admission or treatment has been prescribed by a physician who is a member of the facility’s medical staff~~;~~, or discriminating against alcoholics, the mentally ill, or persons with intellectual disability solely because of the alcoholism, mental illness, or intellectual disability; and

~~(e)~~(d) failing to allow a team advocacy inspection of a community residential care facility by the South Carolina Protection and Advocacy System for the Handicapped, Inc., as allowed by law.

(2) Consideration to deny, suspend, or revoke licenses or assess monetary penalties, or both, is not limited to information relating to the current licensing period but includes consideration of all pertinent information regarding the facility and the applicant.

(3) If in the department’s judgment conditions or practices exist in a facility that pose an immediate threat to the health, safety, and welfare of the residents, the department immediately may suspend the facility’s license and shall contact the appropriate agencies for placement of the residents. Within five calendar days of the suspension a preliminary hearing must be held to determine if the immediate threatening conditions or practices continue to exist. If they do not, the license must be immediately reinstated. Whether the license is reinstated or suspension remains due to the immediate threatening conditions or practices, the department may proceed with the process for permanent revocation pursuant to this section.

(B) Should the department determine to assess a penalty, deny, suspend, or revoke a license, it shall send to the appropriate person or facility, by certified mail, a notice setting forth the particular reasons for the determination. The determination becomes final thirty days after the mailing of the notice, unless the person or facility, within such thirty‑day period, requests in writing a contested case hearing before the board, or its designee, pursuant to the Administrative Procedures Act. On the basis of the contested case hearing, the determination involved must be affirmed, modified, or set aside. Judicial review may be sought in accordance with the Administrative Procedures Act.

(C) The penalty imposed by the department for violation of this article or its regulations must be not less than one hundred nor more than five thousand dollars for each violation of any of the provisions of this article. Each day’s violation is considered a subsequent offense.

(D) Failure to pay a penalty within thirty days is grounds for suspension, revocation, or denial of a renewal of a license. ~~No~~ A license ~~may~~ must not be issued, reissued, or renewed until all penalties finally assessed against a person or facility have been paid.

(E) ~~No Certificate of Need may be issued to any person or facility until a final penalty assessed against a person or a facility has been paid.~~

~~(F)~~ All penalties collected pursuant to this article must be deposited in the state treasury and credited to the general fund of the State.”

SECTION 7. A. Sections 44‑7‑160, 44‑7‑170, 44‑7‑180, 44‑7‑190, 44‑7‑200, 44‑7‑210, 44‑7‑220, 44‑7‑225, 44‑7‑230, and 44‑7‑240 of the 1976 Code are repealed.

B. Beginning on the effective date of this act, there is no requirement for issuance of a Certificate of Need for any project or operation of a facility in this State. The department shall not take any action on pending applications for a Certificate of Need and shall notify a facility that has a pending application that there is no requirement for issuance of a Certificate of Need and shall identify any licensing requirements which are applicable to the facility’s proposed project or operation. For a facility with an existing Certificate of Need, the department shall notify the facility that it is no longer required to submit periodic reports or to submit architectural or engineering drawings and specifications and that the department shall not make further inspections to determine compliance with the Certificate of Need, as there is no such requirement in the State, and shall identify any licensing requirements which are applicable to the facility’s proposed project or operation. Beginning on the effective date of the act, the department shall not accept new applications for a Certificate of Need, shall review its relevant regulations for purposes of submitting revised regulations to the General Assembly for approval that implement the provisions of this act, and shall update its website and other publicly available information to reflect that there is no requirement under the laws of the State for issuance of a Certificate of Need for a project or operation of a facility and summarizing the licensing requirements and associated application process applicable to a facility for any projects or operations. A court with jurisdiction over a case resulting from an appeal of a denial of a Certificate of Need application that is pending on the effective date of this act shall issue an appropriate order of dismissal that includes in its findings that there is no requirement for a Certificate of Need for any project or operation of a facility in this State.

SECTION 8. Article 3, Chapter 7, Title 44 of the 1976 Code is renamed the “State Health Facility Licensure Act”.

SECTION 9. The repeal or amendment by this act of any law, whether temporary or permanent or civil or criminal, does not affect pending actions, rights, duties, or liabilities founded thereon, or alter, discharge, release or extinguish any penalty, forfeiture, or liability incurred under the repealed or amended law, unless the repealed or amended provision shall so expressly provide. After the effective date of this act, all laws repealed or amended by this act must be taken and treated as remaining in full force and effect for the purpose of sustaining any pending or vested right, civil action, special proceeding, criminal prosecution, or appeal existing as of the effective date of this act, and for the enforcement of rights, duties, penalties, forfeitures, and liabilities as they stood under the repealed or amended laws.

SECTION 10. This act takes effect upon approval by the Governor.

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