



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	S. 0290	Introduced on January 12, 2021
Author:	Climer	
Subject:	State Health Facility Licensure Act	
Requestor:	Senate	
RFA Analyst(s):	Wren	
Impact Date:	January 13, 2022	

Fiscal Impact Summary

This bill eliminates the Certificate of Need (CON) program. The bill will have no expenditure impact on the Department of Health and Environmental Control (DHEC) because the agency plans to utilize current employees in this program to support any increase in workloads that result from additional licensure applications from facilities. Based upon a preliminary analysis, repealing CON and removing the limitation on the number of nursing home beds in the state may potentially increase Medicaid costs for nursing home services. The Department of Health and Human Services (DHHS) is reviewing the bill, and we will update this impact if additional information is available.

The bill will decrease General Fund revenue by approximately \$633,000 each year beginning in FY 2022-23 due to the elimination of the CON program and the corresponding filing fees.

Explanation of Fiscal Impact

Introduced on January 12, 2021

State Expenditure

This bill eliminates the CON program. In doing so, DHEC may not accept new applications or act on pending applications. The agency must notify existing facilities with a CON that they are no longer required to submit regular reports. In addition, the agency will discontinue the collection of CON-related fees.

Department of Health and Environment Control. DHEC indicates that based on past experience and estimates from other states, the elimination of the CON program will increase licensure applications from health care facilities, thereby increasing workload. In order to support the increased workload, DHEC will transition the 3.0 FTEs who mainly work on CON applications to assist with additional licensure responsibilities. Therefore, the bill will have no expenditure impact on DHEC.

Department of Health and Human Services. Based upon a preliminary analysis, repealing CON and removing the limitation on the number of nursing home beds in the state may potentially increase Medicaid costs for nursing home services. The agency is reviewing the bill, and we will update this impact if additional information is available.

State Revenue

This bill eliminates the CON program. In doing so, DHEC may not accept new applications or act on pending applications. Pursuant to Section 44-7-150, the first \$750,000 of the fees imposed under the CON program are deposited into the General Fund, and the remaining amount collected is retained by DHEC for administrative costs of the program. The agency collected approximately \$633,000 in FY 2020-21 under the CON program. Therefore, we anticipate that this bill will decrease General Fund revenue by approximately \$633,000 each year beginning in FY 2022-23.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director