



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 4927 Introduced on January 24, 2024
Author: Herbkersman
Subject: Executive Office at Health Policy
Requestor: House Judiciary
RFA Analyst(s): Boggs
Impact Date: February 13, 2024

Fiscal Impact Summary

This bill restructures the current mental health state agencies by creating the Executive Office of Health and Policy (EOHP) in FY 2024-25. This office will consist of the Department of Health Financing (DHF), the Department of Public Health (DPH), the Department of Aging (Aging), the Department of Intellectual and Related Disabilities (DIRD), and the Department of Behavioral Health and Substance Abuse Services (DBHSAS). This bill also dissolves the Department of Alcohol and Other Drug Abuse Services (DAODAS), the Department of Disabilities and Special Needs (DDSN), the Department of Health and Human Services (DHHS), and the Department of Mental Health (DMH) and moves all existing FTEs and appropriated funds of these agencies to the appropriate department within the EOHP. All applicable bonded indebtedness, real and personal property, assets, liabilities, contracts, regulations, or policies of DHHS, DPH, Aging, DDSN, DMH, or DAODAS will continue in effect in the name of the EOHP or the appropriate component division. The Department of Administration (Admin) will assist with the transfer of operating expenses and any other such transfers as specified in this bill.

Based on a response received on similar legislation, DDSN anticipates a one-time expense of less than \$10,000 in FY 2024-25 related to changing the department name and logo. Additionally, dependent upon any additional responsibilities that may arise due to the restructuring, DDSN anticipates this bill may have an additional undetermined expenditure impact beginning in FY 2024-25.

Based on a response received on similar legislation, DMH anticipates this this bill result in an undetermined expenditure impact in FY 2024-25 as this bill would likely affect the overall SCEIS master data structure, organizational workflows, systematic program workflows, such as procurement authority and budget authorization, and additional changes needed for contractual agreements held by DMH. DMH also anticipates a potential increase in expenditures due to this bill, dependent upon any additional responsibilities that may arise due to the restructuring.

Beginning July 1, 2024, the Department of Health and Environmental Control (DHEC) is abolished and DPH and the Department of Environmental Services (DES) are established. This bill relocates DPH under the EOHP. Based on a response received on similar legislation, DHEC anticipates this bill will have no fiscal impact for the agency.

Based on a response received on similar legislation, DHHS anticipates this bill may result in an expenditure savings for the agency beginning in FY 2024-25, dependent upon consolidation of overlapping administrative costs. The agency also would be required to update twenty-five Medicaid provider manuals and complete other ancillary administrative tasks as result of this bill. DHHS anticipates being able to manage these costs within existing staff and appropriations.

Based on a response received on similar legislation, DAODAS, anticipates, among other potential impacts, that the rent will be higher than it current pays. DAODAS anticipates this bill may have an additional undetermined expenditure impact beginning in FY 2024-25.

Based on a response received on similar legislation, Aging anticipates an undetermined expenditure impact beginning in FY 2024-25. This impact will depend, among other things, on whether the software that the agency is currently implementing, OASIS, will need to be updated, modified, or replaced due to this bill. This software provides multiple functions including tracking grant commitments to Area Agencies on Aging (AAA), contact information for citizens served by the agency, the Regional AAA, and their providers. This data will include items of information and referrals as well as what services have been authorized for the citizen or referrals to other groups who can provide the needed services. Aging also anticipates that there could also be additional costs for office relocation, video recreation, and literature reprint.

Based on a response received on similar legislation, The Governor's Office and Admin anticipate that any costs associated with this bill can be managed with existing staff and appropriations.

Additionally, this bill may have an undetermined Other Funds revenue impact beginning in FY 2024-25, depending upon the transfer of any revenues from the current health agencies to the newly created EOHP. Additionally, among other potential impacted revenues, Aging currently generates \$35,000 of other income through the bed locator contract with DHHS. Given current language, it is unclear if Aging will continue to receive this income. It is also unclear as to whether Aging will continue to receive funding from the Administration for Community Living and No Wrong Door programs. These funds are allocated to the ten regional AAAs that provide services through their Aging and Disability Resource Center (ADRC) programs.

Explanation of Fiscal Impact

Introduced on January 24, 2024

State Expenditure

This bill restructures the current mental health state agencies by creating the EOHP in FY 2024-25. This office will consist of DHF, DPH, Aging, DIRD, and DBHSAS. This bill also dissolves DAODAS, DDSN, DHHS, and DMH and moves all existing FTEs and appropriated funds to the appropriate department within the EOHP. All applicable bonded indebtedness, real and personal property, assets, liabilities, contracts, regulations, or policies of DHHS, DPH, Aging, DDSN, DMH, or DAODAS will continue in effect in the name of the EOHP or the appropriate component division. Employees of DHHS, DPH, Aging, DDSN, DMH, or DAODAS shall maintain their same status with the appropriate component department of the EOHP. Admin will

assist with the transfer of operating expenses and any other such transferred as specified in this bill.

The Governor, with the advice and consent of the Senate, must appoint the Secretary of Health and Policy to act as the head and governing authority of the office. Further, this bill lists the duties of the secretary to include developing a cohesive, coordinated, and comprehensive State Health Plan for public health services provided by the component departments housed within the office so that there is a maximum level of coordination among the component departments. The secretary shall also establish and appoint members to a health planning advisory committee to provide advice in the development of the plan. Members of the advisory committee should include health care providers, consumers, payers, and public health professionals. Members of the advisory committee are allowed the usual mileage and subsistence as provided for members of boards, committees, and commissions.

The component departments shall be headed by a department director appointed by the secretary. The secretary shall develop the budget for the office with each component department constituting a separate program area. Except as outlined in this bill, DHF, DPH, Aging, and DIRD shall operate as component departments of EHOP in FY 2024-25 using the authority and funds appropriated to DHHS, DPH, Aging, and DDSN as standalone agencies in the appropriations act of 2024. Also, DBHSAS shall operate as a component department of the EOHP in the FY 2024-25 using the authority and funds appropriated to DMH and DAODAS as standalone agencies in the appropriations act of 2024. Further, all applicable bonded indebtedness, real and personal property, assets, liabilities, contracts, regulations, or policies of the merging agencies shall continue in effect in the name of the EOHP or the appropriate component division.

This bill also repeals Chapter 9, Title 44. Further, this bill directs the Code Commissioner to change the headings in Article 1, Chapter 6, Title 44; Chapter 1, Title 44; Chapter 20, Title 44; and Chapter 9, Title 44 in S.C. Code to reflect the new departments.

Department of Disabilities and Special Needs. Based on a response received on similar legislation, DDSN anticipates a one-time expense of less than \$10,000 in FY 2024-25 related to changing the department name and logo. Additionally, dependent upon any additional responsibilities that may arise due to the restructuring, DDSN anticipates this bill may have an additional undetermined expenditure impact.

Department of Health and Environmental Control. Beginning July 1, 2024, DHEC is abolished and DPH and DES are established. This bill relocates DPH under the new EOHP. Based on a response received on similar legislation, DHEC anticipates this bill will have no fiscal impact of the agency.

Department of Mental Health. Based on a response received on similar legislation, DMH anticipates that this bill would likely affect the overall SCEIS master data structure, organizational workflows, systematic program workflows, such as procurement authority and budget authorization, and additional changes needed for contractual agreements held by DMH.

DMH anticipates this bill may increase expenses, dependent upon the department responsibilities under the new structure. Therefore, this bill will have an undetermined expenditure impact for DMH beginning in FY 2024-25.

Department of Health and Human Services. Based on a response received on similar legislation, DHHS will be required to update twenty-five Medicaid provider manuals and complete other ancillary administrative tasks as result of this bill. Any impact on SCEIS master data is unknown. However, the agency anticipates being able to manage this non-recurring cost within existing appropriations. Additionally, DHHS anticipates it could realize a decrease in administrative cost depending on the consolidation of overlapping administrative functions beginning in FY 2024-25. Therefore, this bill may result in an undetermined expenditure savings for DHHS beginning in FY 2024-25.

Department of Alcohol and Other Drug Abuse Services. Based on a response received on similar legislation, the agency anticipates that the rent will be higher than it current pays. Therefore, DAODAS anticipates this bill may have an additional undetermined expenditure impact beginning in FY 2024-25.

Department of Administrative. Based on a response on similar legislation, Admin will assist with the transfer of operating expenses and any other such transfers as specified in this bill. The agency anticipates that any requirements of this bill can be handled within existing staff and appropriations.

Governor's Office. Based on a response received on similar legislation, the Governor's Office anticipates being able to handle any requirements of this bill within existing staff and appropriations.

Department of Aging. Based on a response received on similar legislation, Aging anticipates an undetermined expenditure impact beginning in FY 2024-25. This impact will depend, among other things, on whether the software that the agency is currently implementing, OASIS, will need to be updated, modified, or replaced due to this bill. This software provides multiple functions including tracking grant commitments to AAA, contact information for citizens served by the agency, the Regional AAA, and their providers. This data will include items of information and referrals as well as what services have been authorized for the citizen or referrals to other groups who can provide the needed services. Alternatives that allow Aging to still use the software and stay compliant with the federal reporting requirements for the Older Americans Act range from an unknown amount up to \$123,695 with additional licensing costs. Aging anticipates that there could also be additional costs for office relocation, video recreation, and literature reprint. Therefore, the expenditure impact for this bill on Aging is undetermined.

State Revenue

This bill will result in a transfer of undetermined amount of revenue from current mental health agencies to the newly created EOHP in FY 2024-25.

Currently, Aging also generates \$35,000 of other income through the bed locator contract with DHHS. Aging is unsure, based on this bill, whether it will continue to receive this income. It is also unclear as to whether Aging will continue to receive funding from the Administration for Community Living and No Wrong Door programs. These funds are allocated to the ten regional AAAs that provide services through their ADRC programs.

Local Expenditure

N/A

Local Revenue

N/A



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