



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. 0343	Introduced on January 10, 2023
Author:	Shealy	
Subject:	Crisis Stabilization Units	
Requestor:	Senate Medical Affairs	
RFA Analyst(s):	Griffith and Wren	
Impact Date:	March 13, 2023 - Updated for Additional Agency Response	

Fiscal Impact Summary

This bill expands the definition of a crisis stabilization unit facility to include all short-term residential stabilization and intensive crisis services for ages five and older in addition to those operated by or in partnership with the Department of Mental Health. The bill also expands the age range that these facilities serve from age eighteen and over to age five and older. All crisis stabilization unit facilities are currently exempt from the Certificate of Need review as they do not meet the definition of health care facility, and the bill does not change this process. However, these facilities will now come under licensure and oversight requirements pursuant to Section 44-7-260.

This bill is not expected to impact expenditures for DHEC since the agency anticipates being able to update the current regulation and can create standards for the licensure, maintenance, and operation of these facilities for individuals ages five to seventeen within existing appropriations and with existing staff. However, the number of potential new applicants and licensees is unknown. If the number increases significantly, the bill may impact DHEC's expenditures.

Based on information provided by the Department of Health and Human Services (DHHS), this bill may shift some of the patients under eighteen years of age that are currently being served in local emergency departments or other healthcare facilities to the crisis stabilization unit facilities. Additionally, this bill may expand overall utilization as some patients who were never served elsewhere may now utilize the crisis stabilization unit services. DHHS indicates that the total cost to implement the provisions of this bill is approximately \$8,319,000, and the state portion of this cost will be up to \$2,500,000 in FY 2023-24. However, the agency anticipates being able to manage this within existing appropriations. Crisis stabilization services are not currently covered by Medicaid. DHHS plans to submit an amendment to the State Plan to the Centers for Medicare and Medicaid Services to add these services. Through Proviso 117.153 of the FY 2022-23 Appropriations Act, DHHS developed grant opportunities to establish crisis stabilization services in hospitals across the state. Any remaining grant funds will be used for behavioral health initiatives in FY 2023-24. The General Fund expenditure impact on the agency beginning in FY 2024-25 is undetermined, as DHHS will need to review utilization after implementation to determine the on-going cost.

This impact statement has been updated to include a response from DHHS.

Explanation of Fiscal Impact

Updated for Additional Agency Response on March 13, 2023

Introduced on January 10, 2023

State Expenditure

This bill amends the definition of a crisis stabilization unit facility to include all short-term residential stabilization and intensive crisis services. Currently, a crisis stabilization unit must be operated by or in partnership with the Department of Mental Health. The bill also expands the definition to include services for age five and older, instead of age eighteen and older.

Department of Health and Environmental Control. DHEC indicates that crisis stabilization unit facilities are currently exempt from Certificate of Need review since the term crisis stabilization unit is not included in the definition of a health care facility, among other things. This bill does not change this process. Under this bill, these facilities will not need a written exemption from the agency.

However, these facilities will now come under licensure and oversight requirements pursuant to Section 44-7-260. DHEC will need to update current regulation that governs standards for crisis stabilization unit facilities to remove the requirement that the facility must be operated by or in partnership with the Department of Mental Health. The agency will also need to create standards for the licensure, maintenance, and operation of facilities serving ages five to seventeen. Further, DHEC will issue licenses and conduct inspections pursuant to current regulation. DHEC anticipates being able to manage updating the current regulation and creating the additional standards within existing appropriations and with existing staff. However, the number of potential new applicants and licensees is unknown. If the number increases significantly, the bill may impact DHEC's expenditures.

Department of Health and Human Services. DHHS indicates that expanding the minimum age served from eighteen to five will increase capacity at the crisis stabilization unit facilities and likely increase overall services utilization. DHHS estimates that most individuals under the age of eighteen are currently using local emergency departments or other health care facilities for these services. This bill may shift some of the patients under eighteen years of age that are currently being served elsewhere to the crisis stabilization unit facilities. Additionally, DHHS anticipates that some patients who were never served elsewhere may now utilize the crisis stabilization unit facilities. Crisis stabilization services are not currently covered by Medicaid. However, DHHS plans to submit a State Plan amendment to the Centers for Medicare and Medicaid Services to add these services. Under Proviso 117.153 of the FY 2022-23 Appropriations Act, DHHS developed \$35,000,000 in grant opportunities to establish crisis stabilization services in hospitals across the state. Any remaining grant funds will be used for behavioral health initiatives in FY 2023-24. DHHS indicates that the total cost to implement the provisions of this bill is approximately \$8,319,000. This estimate assumes fifty-six new crisis stabilization beds at a rate of \$407 per day. Further, DHHS anticipates that the state portion will be an amount up to \$2,500,000 in FY 2023-24. However, the agency anticipates being able to manage this within existing appropriations. The General Fund expenditure impact on the agency beginning in FY 2024-25 is undetermined, as DHHS will need to review the utilization of

services after implementation. *This section of the impact statement has been updated to include a response from DHHS.*

State Revenue

N/A

Local Expenditure and Local Revenue

N/A

Introduced on January 10, 2023

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However, these facilities will now come under licensure and oversight requirements pursuant to Section 44-7-260. DHEC will need to update current regulation that governs standards for crisis stabilization unit facilities to remove the requirement that the facility must be operated by or in partnership with the Department of Mental Health. The agency will also need to create standards for the licensure, maintenance, and operation of facilities serving ages five to seventeen. Further, DHEC will issue licenses and conduct inspections pursuant to current regulation. DHEC anticipates being able to manage updating the current regulation and creating the additional standards within existing appropriations and with existing staff. However, the number of potential new applicants and licensees is unknown. If the number increases significantly, the bill may impact DHEC's expenditures.

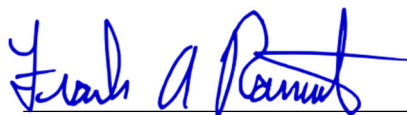
Department of Health and Human Services. The expenditure impact of this bill on DHHS is pending, contingent upon a response.

State Revenue

N/A

Local Expenditure and Local Revenue

N/A



Frank A. Rainwater, Executive Director