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. 0915 Amended by the Senate on February 20, 2024
Author:	Peeler
Subject:	Executive Office of Health Policy
Requestor:	Senate Medical Affairs
RFA Analyst(s):	Boggs and Bryant
Impact Date:	February 21, 2024

Fiscal Impact Summary

This amended bill creates of the Executive Office of Health and Policy (EOHP). Additionally, this bill, as amended, requires the director of the Department of Behavioral Health (DBH) to establish a program to provide alcohol and drug abuse intervention, prevention, and treatment services for public schools, and specifies that funds for the program must be appropriated by the General Assembly from the Education Improvement Act (EIA) Fund as it determines appropriate.

This bill, as amended, specifies that 11 percent of the revenue generated by the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink will be allocated to the Department of Health Financing (DHF) to reimburse the department for services related to the rehabilitation of alcoholics and drug addicts. The bill also removes language requiring local governments to receive the same amount of revenue from the alcoholic liquor by the drink excise tax that they received from mini bottle tax revenues in FY 2004-05.

Additionally, this amended bill, adds the Department of Veterans' Affairs (DVA) to the list of agencies that can be reported under the Omnibus Adult Protection Act in order to keep abuse, neglect, and exploitation cases in veteran's homes under the jurisdiction of the South Carolina Law Enforcement Division (SLED).

The Department of Disabilities and Special Needs (DDSN) anticipates a one-time expense of less than $10,000 in FY 2024-25 related to changing the department name and logo. DDSN does not anticipate an increase in expenditures as long as the budget line items for IDEA-Part C are transferred to the agency.

The Department of Mental Health (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.

The Department of Health and Human Services (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. This amended bill further states that DHHS must monitor and undertake evaluations at least twice a year of third-party transportation-related contracts. The fiscal impact on DHHS for this portion of the bill is pending, contingent a response from the agency.

The Department of Alcohol and Other Drug Abuse Services (DAODAS) anticipates this bill may have an additional undetermined expenditure impact beginning in FY 2024-25.

The Department of Aging (Aging) anticipates an undetermined expenditure impact beginning in FY 2024-25. This impact will depend on, among other things, 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. These 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.

The Governor's Office and the Department of Administration (Admin) anticipate that any costs associated with this bill can be managed with existing staff and appropriations.

The Department of Revenue (DOR) and DVA anticipate that this bill will have no fiscal impact on the agencies.

Beginning July 1, 2024, the Department of Health and Environmental Control (DHEC) is abolished, and the Department of Public Health (DPH) and the Department of Environmental Services (DES) are established. This bill relocates DPH under the EOHP and modifies certain responsibilities for DPH and DES. DHEC anticipates that this bill will have no fiscal impact on the agency.

This bill also modifies the appeal process for a number of decisions made by DPH and DES. Currently, the appeal process is either through circuit court or an internal appeal process. This bill sets the appeal process through the ALC. We anticipate any additional responsibilities due to this bill for the ALC can be managed with existing staff and within existing 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 these funds. 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.

This bill will result in a transfer of an undetermined amount of revenue from Other Funds to DBH, depending upon the amount appropriated by the General Assembly from the EIA Fund.

This bill will reduce funding to local governments by approximately $5,926,000 beginning in FY 2024-25 for eleven percent of the revenue generated by the alcoholic liquor by the drink excise tax that will be re-allocated to DHP.

Explanation of Fiscal Impact

Amended by the Senate on February 20, 2024
State Expenditure
This amended bill creates the EOHP. Additionally, this bill, as amended, requires the director of DBH to establish a program to provide alcohol and drug abuse intervention, prevention, and treatment services for public schools, and specifies that funds for the program must be appropriated by the General Assembly from the EIA Fund as it determines appropriate. Further, the bill removes the requirement that DOR, in consultation with the State Treasurer, determine whether the amount of revenue that state agencies and local entities receive from the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink exceeds the amount they received from mini bottle tax revenues in FY 2004-05.

This bill, as amended, specifies that 11 percent of the revenue generated by the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink will be allocated to DHF to reimburse the department for services related to the rehabilitation of alcoholics and drug addicts. The bill also removes language requiring local governments to receive the same amount of revenue from the alcoholic liquor by the drink excise tax that they received from mini bottle tax revenues in FY 2004-05.

Department of Revenue. This bill will have no expenditure impact on DOR. The bill removes the requirement that DOR, in consultation with the State Treasurer, determine whether the amount of revenue that state agencies and local entities receive from the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink exceeds the amount they received from mini bottle tax revenues in FY 2004-05. The bill also changes the distribution of the revenue generated by the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink from counties to DHF, which can be managed by the agency.

Department of Veterans' Affairs. This bill adds DVA to the list of agencies that can be reported under the Omnibus Adult Protection Act to keep abuse, neglect, and exploitation cases in veteran's homes under the jurisdiction of SLED. This is current practice and clarifies existing legislation. Therefore, DVA states that this bill will have no fiscal impact on the agency.

Department of Disabilities and Special Needs. 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. DHEC anticipates that this bill will have no fiscal impact on the agency.

Administrative Law Courts. This bill also modifies the appeal process for a number of decisions made by DPH and DES. Currently, the appeal process is either through circuit court or an internal appeal process. This bill sets the appeal process through the ALC. We anticipate any additional responsibilities due to this bill for the ALC can be managed with existing staff and within existing appropriations.

Department of Mental Health. 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. 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.

Further, this amended bill states that DHHS must monitor and undertake evaluations at least twice a year of third-party transportation-related contracts. The fiscal impact on DHHS for this portion of the bill is pending, contingent a response from the agency.

Department of Alcohol and Other Drug Abuse Services. DAODAS anticipates this bill may have an additional undetermined expenditure impact beginning in FY 2024-25.

Department of Administration. 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. The Governor's Office anticipates being able to handle any requirements of this bill within existing staff and appropriations.

Department of Aging. Aging anticipates an undetermined expenditure impact beginning in FY 2024-25. This impact will depend on, among other things, 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 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. Therefore, the bill may result in an undetermined impact on Other Funds of Aging.

Local Expenditure
N/A

Local Revenue
This bill, as amended, specifies that 11 percent of the revenue generated by the excise tax on the gross proceeds of the sales of alcoholic liquor by the drink will be allocated to DHF to reimburse the department for services related to the rehabilitation of alcoholics and drug addicts. Currently, this revenue is allocated to the counties on a per capita basis for educational purposes relating to the use of alcoholic liquors and the rehabilitation of alcoholics and drug addicts. The bill also removes language requiring local governments to receive the same amount of revenue from the alcoholic liquor by the drink excise tax that they received from mini bottle tax revenues in FY 2004-05. This provision of the bill will reduce local government revenue by approximately $5,926,000 beginning in FY 2024-25 for the revenue generated by the alcoholic liquor by the drink excise tax that will be re-allocated to DHP.

Currently, in order for the local AAAs to provide the matching dollars required for their federal grants, Aging allows them to use their state dollars to match the Older American's Act funds they receive. The funding provided by Aging is approximately $3 million per year. If funding for Aging is reduced, there could be a reduction in local AAAs federal grants.

Introduced on January 9, 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 with the advice and consent of the Senate. 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. 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. DHEC anticipates this bill will have no fiscal impact of the agency.

Department of Mental Health. 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. Admin, DAODAS, DHHS, Aging, and the Governor's Office are continuing to analyze the impact of this bill. This fiscal impact is pending, contingent upon a response from these agencies.

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.

Local Expenditure
N/A

Local Revenue
N/A

Frank A. Rainwater, Executive Director

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