



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:	H. 4069	Introduced on February 20, 2025
Subject:	Patient-Friendly Billing	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Boggs	
Impact Date:	March 4, 2025	

Fiscal Impact Summary

This bill requires healthcare facilities to provide the patient with a written or an electronic version of the itemized bill of the costs of each service and supply provided during the visit. The itemized bill must be submitted by the facility no later than the thirtieth day after the facility receives a final payment on the provided service from a third party. This bill also lists how a healthcare facility must notify the patient of their right to receive an itemized bill and allows for a patient to waive their right to receive an itemized copy. Additionally, the appropriate licensing authority shall take disciplinary action against the facility for the violation as if the facility violated as applicable licensing law.

The Department of Mental Health (DMH) states that there will be an estimated non-recurring expense of \$1,200, \$834 in salary and \$366 in fringe benefits, for an IT Business Analyst III to convert all currently provided itemized ledgers from abbreviations and medical procedure codes to plain language descriptions as required by this bill. The agency anticipates being able to manage these expenses within existing appropriations.

The Department of Health and Human Services (DHHS) administers Medicaid for the state through Healthy Connections. DHHS states that this bill will have no fiscal impact on the agency as it does not impact Medicaid provider rates or reimbursements. Further, Medicaid providers are required to accept, as payment in full, the amounts paid by DHHS plus any copayment required by DHHS. Therefore, there is no additional billing of patients for services.

The Department of Alcohol and Other Drug Abuse Services (DAODAS) does not provide direct healthcare services to patients. Therefore, changes in billing practices will only impact the agency to the extent that DAODAS provides guidance and/or assistance to healthcare service providers receiving DAODAS services. DAODAS anticipates that any changes or updates to existing billing practices can be managed within existing appropriations.

The Department of Vocational Rehabilitation (VR) does not bill their consumers for health services or supplies. Therefore, this bill will have no expenditure impact on the agency.

The Department of Veterans' Affairs (DVA) currently oversees five of South Carolina's six state-run veteran nursing homes. DVA will take over the sixth state-run veteran nursing home from DMH on July 1, 2025. The agency outsources the healthcare billing for these six facilities

to a third-party vendor. DVA anticipates the billing vendor would need to hire an additional six employees, one for each nursing home, to scan and itemize the services and supplies. The annual cost per employee would be \$60,000. Therefore, this bill would result in an increase of \$360,000 in expenses beginning in FY 2025-26 to cover the increased vendor costs. DVA anticipates this amount to increase as the agency opens additional state-run veteran nursing homes. DVA will request General Fund appropriations for these additional expenses.

The Department of Public Health (DPH) is already required to provide itemized billing for the agency's Title X program. Further, the agency recently implemented an electronic health records system that would be capable of handling the billing requirements of this bill. Therefore, the billing requirements will have no expenditure impact for DPH.

DPH also noted that Section 44-7-327 (C) of this bill states that the appropriate licensing authority shall take disciplinary action against a healthcare facility for the violation as if the healthcare facility violated an applicable licensing law. If this responsibility were to fall on DPH, it would result in an undetermined expenditure impact for the agency. However, the agency is not clear as to their responsibilities for this oversight at this time.

The fiscal impact of this bill is pending for the Medical University of South Carolina (MUSC), contingent upon a response from the agency.

The Revenue and Fiscal Affairs Office (RFA) contacted all counties to determine the impact on county hospitals. RFA received a response from the counties of Beaufort, Chesterfield, and Horry. Chesterfield and Horry Counties anticipate this bill will have no expenditure impact. Beaufort County expressed concern that this bill could result in an undetermined expenditure impact for their local hospital.

Explanation of Fiscal Impact

Introduced on February 20, 2025

State Expenditure

This bill requires healthcare facilities that request payment from a patient after providing a healthcare service or related supply to a patient to provide the patient with a written or an electronic version of the itemized bill of the costs of each service and supply provided during the visit. The itemized bill must be submitted by the facility no later than the thirtieth day after the facility receives a final payment on the provided service from a third party. This bill also lists how a healthcare facility must notify the patient of their right to receive an itemized bill and allows for a patient to waive their right to receive an itemized copy.

Further, this bill lists what an itemized bill must include, that the facility may issue the itemized bill electronically, that a patient is entitled to request an itemized bill at any time after the initial copy, that initial waiver of the right to an itemized bill does not prevent the patient from later receiving an itemized bill upon request, and that a health care facility is not able to pursue debt collection against a patient unless the facility has complied with these requirements.

Additionally, the appropriate licensing authority shall take disciplinary action against the facility for the violation as if the facility violated applicable licensing law.

Department of Mental Health. DMH states that currently all statements delivered to patients include an itemized ledger of all services and supplies. However, these itemized ledgers use abbreviations and medical procedure codes. Therefore, to comply with this bill, these abbreviations and medical procedure codes would need to be converted to plain language descriptions. The conversion would require approximately three working days for an IT Business Analyst III to complete. Based on the work time and average hourly cost, this would result in an estimated non-recurring expense of \$1,200, \$834 in salary and \$366 in fringe benefits. There would not be a projected increase in other operating expenses due to the printing and mailing of the statements as they would be processed by an outsourced vendor. The inpatient division process would not require any changes. The agency anticipates being able to manage these expenses within existing appropriations.

Department of Health and Human Services. DHHS administers Medicaid for the state through Healthy Connections. DHHS states that this bill will have no fiscal impact on the agency as it does not impact Medicaid provider rates or reimbursements. Further, Medicaid providers are required to accept, as payment in full, the amounts paid by DHHS plus any copayment required by DHHS. Regarding Medicaid beneficiaries, the amount a patient owes to a provider will always be zero unless there was an unpaid copayment. Therefore, since Medicaid patients do not receive a bill for services, the bill will not impact DHHS.

Department of Alcohol and Other Drug Abuse Services. DAODAS does not provide direct healthcare services to patients. Therefore, changes in billing practices will only impact the agency to the extent that DAODAS provides guidance and/or assistance to healthcare service providers receiving DAODAS services. DAODAS anticipates that any changes or updates to existing billing practices can be managed within existing appropriations.

Department of Vocational Rehabilitation. VR does not bill their consumers for health services or supplies. Therefore, this bill will have no expenditure impact on the agency.

Department of Veterans' Affairs. DVA currently oversees five of South Carolina's six state-run veteran nursing homes. DVA will take over the sixth state-run veteran nursing home from DMH on July 1, 2025. The agency outsources the healthcare billing for these six facilities to a third-party vendor. DVA anticipates the billing vendor would need to hire an additional six employees, one for each nursing home, to scan and itemize the services and supplies. The annual cost per employee would be \$60,000. Therefore, this bill would result in an increase of \$360,000 expenses beginning in FY 2025-26 to cover the increased vendor costs. DVA anticipates this amount to increase as the agency opens additional state-run veteran nursing homes. The agency will request General Fund appropriations for these expenses.

Department of Public Health. Section 44-7-327 (B) of this bill requires healthcare facilities that request payment from a patient after providing a healthcare service or related supply to a patient to provide the patient with a written or an electronic version of the itemized bill of the costs of

each service and supply provided during the visit. DPH is already required to provide itemized billing for the agency's Title X program. Further, the agency recently implemented an electronic health records system that would be capable of handling the billing requirements of this bill. Therefore, this section of the bill will have no expenditure impact for DPH.

Section 44-7-327 (C) of this bill states that the appropriate licensing authority shall take disciplinary action against a healthcare facility for the violation as if the healthcare facility violated an applicable licensing law. If this responsibility were to fall on DPH, it would result in an undetermined expenditure impact for the agency. However, DPH states that it is not clear as to their responsibilities for this section at this time.

Medical University of South Carolina. The fiscal impact of this bill on MUSC is pending, contingent upon a response from the agency.

State Revenue

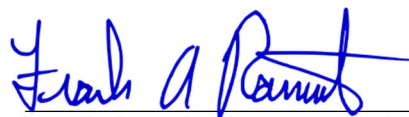
N/A

Local Expenditure

RFA contacted all counties to determine the impact on county hospitals. RFA received a response from the counties of Beaufort, Chesterfield, and Horry. Chesterfield and Horry Counties anticipate this bill will have no expenditure impact. Beaufort County expressed concern that this bill could result in an undetermined expenditure impact for their local hospital.

Local Revenue

N/A



Frank A. Rainwater, Executive Director