



**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.*

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<b>Bill Number:</b>	S. 0858	Introduced on January 9, 2024
<b>Author:</b>	Davis	
<b>Subject:</b>	Hospital at Home	
<b>Requestor:</b>	Senate Medical Affairs	
<b>RFA Analyst(s):</b>	Griffith and Boggs	
<b>Impact Date:</b>	January 12, 2024	

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### **Fiscal Impact Summary**

This bill exempts acute hospital care at home programs and services delivered by a licensed acute care hospital from Certificate of Need (CON) review. The bill also requires the Department of Health and Environmental Control (DHEC) to promulgate regulations for licensing the acute hospital care at home programs and services of an acute care hospital.

This bill will increase General Fund expenses of DHEC by \$92,675 in FY 2024-25 for 1.0 FTE to manage the acute hospital care at home program and for supplies and equipment for the new position. Expenses will decrease to \$85,902 each year thereafter. The department will request a General Fund appropriation increase to cover these expenses.

The overall expenditure impact of this bill on the Department of Health and Human Services (DHHS) is undetermined and cannot be quantified at this time without the agency undertaking extensive research into this new service delivery option. However, DHHS estimates that internal system-related costs for tasks such as creating new provider types and implementing claims processing changes will result in a \$400,000 increase to General Fund expenses. The agency will need to explore reimbursement methodologies for these services, determine and address provider enrollment, legislative and regulatory issues, utilization management, program integrity, and health equity. Additionally, if the bill is implemented, the agency would be required to amend its State Plan, managed care organization contracts, hospital contracts, and other agency vendor contracts. Further, any potential cost savings in hospital expenditures are also undetermined at this time. We will update this fiscal impact statement if the agency provides additional information.

The Medical University of South Carolina (MUSC) anticipates that this bill will have no fiscal impact on the agency since the requirements of the bill can be managed within the normal course of business.

## Explanation of Fiscal Impact

**Introduced on January 9, 2024**

### **State Expenditure**

This bill exempts acute hospital care at home programs and services delivered by a licensed acute care hospital from CON review. The bill also requires DHEC to promulgate regulations for licensing an acute care hospital's acute hospital care at home programs and services. DHEC currently administers the CON program and provides written determinations of exemptions. However, pursuant to the provisions of the bill, the delivery of acute hospital care at home programs and services by a licensed acute care hospital does not require a written exemption from DHEC. Additionally, patients enrolled in such a program shall not be considered within the licensed bed capacity of the hospital participating in the program.

**Department of Health and Environmental Control.** The bill requires DHEC to promulgate regulations for licensing the acute hospital care at home programs and services of an acute care hospital. DHEC indicates that this process will include research of acute hospital care at home, drafting reasonable standards for the programs, and undergoing the rulemaking process for the promulgation of regulations. Further, once regulations are promulgated, DHEC will need to inspect programs for compliance and enforce violations. Before beginning inspections, the department will need to develop inspection checklists and guidance and provide training to DHEC staff and the regulated community.

As a result of the additional duties imposed on DHEC, the department will need 1.0 FTE, a Program Coordinator I position. Recurring General Fund expenditures are expected to total \$85,902 for salary and fringe for the new FTE, supplies, and contractual costs. Nonrecurring expenditures are expected to total \$6,773 for supplies and equipment related to the new position. In total, the bill will increase General Fund expenditures of DHEC by \$92,675 in FY 2024-25. Expenses will decrease to \$85,902 each year thereafter. DHEC will request a General Fund appropriation increase to cover these expenses.

**Department of Health and Human Services.** DHHS operates South Carolina Healthy Connections (Medicaid), which pays medical bills for eligible low-income families and individuals. Currently, DHHS does not participate in the hospital care at home program. The overall expenditure impact of this bill on DHHS is undetermined and cannot be quantified at this time without the agency undertaking extensive research. However, DHHS estimates that internal system-related costs for tasks such as creating new provider types and implementing claims processing changes will result in a \$400,000 increase to General Fund expenses. The agency will need to explore reimbursement methodologies for these services, determine and address provider enrollment, legislative and regulatory issues, utilization management, program integrity, and health equity. Additionally, if implemented, the agency would be required to amend its State Plan, managed care organization contracts, hospital contracts, and other agency vendor contracts. Further, any potential cost savings in hospital expenditures are also undetermined. We will update this fiscal impact statement if the agency provides additional information.

**Medical University of South Carolina.** MUSC is the state's only comprehensive academic health system focused on preserving and optimizing human life through education, research, and patient care. MUSC educates and employs physicians in the state who will be required to adhere to the requirements of this bill. MUSC anticipates that this bill will have no fiscal impact on the agency since the requirements of the bill can be managed within the normal course of business.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



Frank A. Rainwater, Executive Director