



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: H. 3823 Introduced on January 31, 2019
Author: Mace
Subject: State Health Facility Licensure
Requestor: House Ways and Means
RFA Analyst(s): Griffith
Impact Date: April 3, 2019

Fiscal Impact Summary

This bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds because the Department of Health and Environmental Control (DHEC) will utilize current employees to support any increase in workloads that result from program changes outlined within the bill. The bill will decrease General Fund revenue by \$543,927 each year beginning in FY 2019-20 due to the elimination of the Certificate of Need (CON) program and the fees it collected.

Explanation of Fiscal Impact

Introduced on January 31, 2019

State Expenditure

This bill eliminates the Certificate of Need (CON) program. In doing so, DHEC shall not accept new applications or act on pending applications. The agency must notify existing facilities with a CON that they are no longer required to submit regular reports. In addition, the agency will discontinue the collection of CON-related fees.

The agency indicates that based on past experience and estimates from other states, the elimination of the CON program will increase licensure applications from health care facilities, thereby increasing workload. In order to support the increased workload, DHEC will transition the three FTEs who currently work mainly on CON applications to assist with additional licensure responsibilities. Therefore, there is no expenditure impact to the General Fund, Federal Funds, or Other Funds.

State Revenue

Pursuant to Section 44-7-150, the first \$750,000 of the fees imposed under the CON program are deposited into the General Fund, and the remaining amount collected is kept by DHEC for administrative costs of the program. The agency reports that it has collected an average of \$543,927 per year under the CON program. Therefore, this bill will decrease General Fund revenue by approximately \$543,927 each year beginning in FY 2019-20.

Local Expenditure and Local Revenue

N/A

A handwritten signature in blue ink that reads "Frank A. Rainwater".

Frank A. Rainwater, Executive Director