



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. 3833	Signed by Governor on May 13, 2022
Author:	Erickson	
Subject:	Psychology Interjurisdictional Compact	
Requestor:	House of Representatives	
RFA Analyst(s):	Wren	
Impact Date:	July 25, 2022	

Fiscal Impact Summary

This bill allows for the entry of the South Carolina Board of Examiners in Psychology (board) into the Psychology Interjurisdictional Compact (PSYPACT), permitting eligible psychologists to practice telepsychology and temporary in-person psychology across state boundaries.

The overall expenditure impact on the Department of Labor, Licensing, and Regulation (LLR) is undetermined. However, the bill will increase Other Funds expenditures of the agency by at least \$51,200 in FY 2022-23 for 1.0 FTE and miscellaneous expenses and by at least \$50,200 each year thereafter. Further, this bill will increase Other Funds expenditures of the agency by an undetermined amount due to unknown costs related to entering into the compact, such as additional meetings of the board, an annual compact assessment on member states, potential investigatory costs stemming from adverse action taken on licensees, and participation in the compact's data system.

This bill is not expected to have an expenditure impact on the State Law Enforcement Division (SLED), as we anticipate that any increase in the number of background checks can be managed within the normal course of agency business.

This bill will have no expenditure impact on the Department of Health and Human Services (DHHS) since the agency does not anticipate that the bill will result in any changes to its current policy or have material changes in the utilization of services.

This bill will have no expenditure impact on the Department of Insurance (DOI) or the Public Employee Benefit Authority (PEBA) or other state agencies, because the potential increase in access to medical coverage under this bill is not expected to significantly affect insurance premiums or the agencies' responsibilities.

The Board of Examiners in Psychology falls under the Division of Professional and Occupational Licensing. Proviso 81.3 of the FY 2022-23 Appropriations Act requires LLR to remit 10 percent of the board's expenditures to the General Fund annually unless the board has an overall negative ending cash balance. Since the board's total expenditures are undetermined, the revenue impact on the General Fund is also undetermined. However, General Fund revenue would increase by at least \$5,100 in FY 2022-23 and by at least \$5,000 each year thereafter for

the new FTE and miscellaneous costs, assuming the board will not have a negative ending cash balance.

This bill may increase Other Funds revenue of SLED by \$1,150 beginning in FY 2022-23 due to fees collected by SLED for criminal records checks.

This bill could result in more accessibility for certain covered medical services. DOI anticipates this will not result in an increase in premiums within the state and will not increase insurance premium taxes. Therefore, this bill will have no revenue impact for insurance premium taxes.

Explanation of Fiscal Impact

Signed by Governor on May 13, 2022

State Expenditure

This bill allows for the entry of the South Carolina Board of Examiners in Psychology (board) into the Psychology Interjurisdictional Compact (PSYPACT), permitting eligible psychologists to practice telepsychology and temporary in-person psychology across state boundaries. The bill provides for the structure, functions, powers, and duties of the Psychology Interjurisdictional Compact Commission (commission), the collective governing agency overseeing the implementation of PSYPACT. The commission shall pay the reasonable expenses of its establishment, organization, and ongoing activities and may levy on and collect an annual assessment from each compact state or impose fees on other parties. The bill additionally establishes the qualifications for licensure as a psychologist under PSYPACT and provides for the compact states' rights and obligations, including those involving adverse action. Data from the compact suggests that about 3 percent to 4 percent of licensed psychologists in each compact state go on to apply for licensure through the compact, although this number may rise in the future as the compact becomes more established. From this, we estimate that approximately 34 psychologists of the 969 psychologists currently licensed under the board may apply for licensure through the compact if this relationship holds. Furthermore, the bill requires initial applicants to have satisfactory results from fingerprint records checks conducted by SLED and the Federal Bureau of Investigation (FBI). Costs associated with the criminal background checks are paid for by the applicants.

Department of Labor, Licensing and Regulation. This bill authorizes the board, under the administration of LLR, to afford legal recognition to psychologists licensed in other states in a manner consistent with the terms of the compact. The board must have a mechanism in place for receiving and investigating complaints about licensees, may investigate and take adverse action on a psychologist licensed under the compact, and must report any adverse action taken in accordance with the rules of the commission. Any witness fees, travel expenses, mileage, and other fees related to an investigation must be paid by the board. The board must additionally participate in the commission's coordinated licensure database by maintaining and submitting a uniform data set on all licensees in the state.

The bill allows for the commission to levy and collect an annual assessment from each compact state or impose fees on other parties. PSYPACT Rule 10.2 states that a compact state will be

charged \$10 per PSYPACT participating psychologist licensed in that state, with a maximum amount of \$6,000 charged annually per compact state. The board shall appoint one delegate to act on behalf of the state during annual meetings of the commission and any additional meetings. The commission will provide for delegate expenses relating to travel, lodging, and food out of the annual assessment it receives. Further, we estimate that 34 psychologists licensed under the board may apply for licensure through the compact, which will result in an expense of \$340.

LLR is unable to determine if additional board meetings will be required to implement PSYPACT. The cost breakdown of board meetings includes a \$50 per diem for each board member, a 62.5 cent per mile mileage reimbursement, and a \$2,156 court reporter fee. The board consists of eight members.

This bill creates additional administrative duties that cannot be managed by existing staff. Therefore, LLR anticipates that it will require 1.0 FTE to handle criminal background check processing, process applications, assist with board meetings, and assist with other duties as assigned. Salary and fringe benefits for an Administrative Assistant will total \$47,700, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this portion of the bill will increase Other Funds expenditures of the agency by \$51,200 in FY 2022-23. Expenses will decrease to \$50,200 each year thereafter.

The total expenditure impact of this bill on LLR is undetermined due to unknown expenditures related to the annual assessment levied by the commission, investigatory expenses stemming from adverse action taken against licensees, participation in the commission's data system, and additional board meetings.

Public Employee Benefit Authority. This bill could result in more accessibility for certain covered medical services. PEBA anticipates being able to manage any additional expenditures that may arise from this bill without having to increase state insurance premiums. Therefore, this bill will have no expenditure impact for PEBA or state agencies to cover any additional medical services.

Department of Insurance. This bill could result in more accessibility for certain covered medical services. DOI anticipates this will not result in an increase in premiums within the state, nor will it result in a change in DOI's responsibilities. Therefore, this bill will have no expenditure impact for DOI.

Department of Health and Human Services. This bill allows the compact to establish a set of standards for telepsychology services to be provided across state lines between compact member states. The creation of the compact and standardization of practices will increase the availability of care, including telehealth services, as service providers would be allowed to practice across state lines in compact member states. DHHS indicates they do not anticipate this legislation will result in any changes to the current policy or material changes in utilization of services. Therefore, this bill is not expected to have an expenditure impact on DHHS.

State Law Enforcement Division. We anticipate that this bill will require SLED to perform activities that can be conducted in the normal course of agency business. Therefore, we do not expect that this bill will have an expenditure impact on the agency due to the provision requiring a criminal history records check and fingerprinting for applicants to the board.

State Revenue

This bill allows for the entry of the South Carolina Board of Examiners in Psychology (board) into the Psychology Interjurisdictional Compact (PSYPACT), permitting eligible psychologists to practice telepsychology and temporary in-person psychology across state boundaries. The bill provides for the structure, functions, powers, and duties of the Psychology Interjurisdictional Compact Commission (commission), the collective governing agency overseeing the implementation of PSYPACT. The commission shall pay the reasonable expenses of its establishment, organization, and ongoing activities and may levy on and collect an annual assessment from each compact state or impose fees on other parties. Furthermore, the bill requires initial applicants to have satisfactory results from fingerprint records checks conducted by SLED and the FBI. Costs associated with the criminal background checks are paid for by the applicants.

Department of Labor, Licensing and Regulation. PSYPACT does not authorize the board to charge a fee for licensure or services associated with the compact. Therefore, this bill will have no impact on Other Funds revenue of LLR.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2022-23 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures unless the board has an overall negative ending cash balance for the current and prior completed fiscal years. Since the total amount of increased expenses to the board is unknown, the total revenue impact of this bill on the General Fund is undetermined. However, General Fund revenue will increase by at least \$5,100 in FY 2022-23 and by at least \$5,000 each year thereafter for the new FTE and miscellaneous costs, assuming the board will not have an overall negative ending cash balance. Additional expenses for board meetings and other miscellaneous expenses are unknown.

Department of Insurance. This bill could result in more accessibility for certain covered medical services. DOI anticipates this will not result in an increase in premiums within the state and therefore will not increase insurance premium taxes. Therefore, this bill will have no revenue impact for insurance premium taxes.

State Law Enforcement Agency. We anticipate that the bill may increase the number of criminal records checks that SLED is required to perform. The total cost for a criminal records check is \$51.75, of which \$25 is retained by SLED. The vendor, Identogo, receives \$13.50, and the remainder of the fee, \$13.25, is remitted to the FBI. Pursuant to Section 23-3-115(A), revenue generated by criminal records checks performed by SLED up to an amount of \$4,461,000 must be deposited in the General Fund. Any revenue over that amount is retained by SLED.

LLR indicates that based on historical data there is an average of 46 initial licenses granted for psychologists each year. If background checks are performed on an average of 46 individuals a year, revenue would increase by approximately \$1,150 each fiscal year. Based upon information provided by SLED, RFA estimates that the agency collected approximately \$5,500,000 in FY 2020-21 for its \$25 portion of the background check fee. Assuming a similar pattern in future years and since this amount is over the \$4,461,000 amount that is allocated to the General Fund, we anticipate that Other Funds revenue of SLED will increase by \$1,150 beginning in FY 2022-23 as a result of the potential increase in background check fees. There would be no increase to General Fund revenue as a result of this portion of the bill.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director