



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	Introduced on February 9, 2021
Author:	Erickson	
Subject:	Psychology Interjurisdictional Compact	
Requestor:	House Medical, Military, Public, and Municipal Affairs	
RFA Analyst(s):	Coomer, Gardner, Miller, and Payne	
Impact Date:	August 6, 2021 Updated to Include Additional Agency Impact	

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 \$51,228 in FY 2021-22 and by \$50,228 each year thereafter for the addition of 1.0 FTE. Further, this bill will increase Other Funds expenditures of LLR 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. The bill does not provide for a compact state to charge compact privilege fees to offset increased expenditures related to the compact.

This bill will have no expenditure impact on the State Law Enforcement Division (SLED), as we anticipate that the requirements of the bill 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 overall revenue impact of this bill on the General Fund is undetermined. LLR does not anticipate its remittance to the General Fund under Proviso 81.3 of the FY 2021-22 Appropriations Act will exceed a few hundred dollars. However, the bill may increase General Fund revenue by approximately \$1,150 in FY 2021-22 and each year thereafter due to fees collected by SLED for state 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 therefore will not increase insurance premium taxes. Therefore, this bill will have no revenue impact for insurance premium taxes.

This fiscal impact statement has been updated to include an agency impact for SLED.

Explanation of Fiscal Impact

Updated to Include Additional Agency Impact on August 6, 2021

Introduced on February 9, 2021

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. The compact has been actively accepting applications since July 2020, and 14 states are participating so far. 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 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.

LLR is unable to determine if additional board meetings will be required to implement PSYPACT. The cost breakdown of board meetings includes a \$35 per diem for each board member, a 56 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 \$47,728, and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this bill will increase Other Funds expenditures of the agency by \$51,228 in FY 2021-2022 and by \$50,228 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. Discussions with other states currently participating in PSYPACT indicate that expenditures related to the implementation of this compact may be minimal, although these costs may increase as compact participation increases.

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 through 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 have not received a response from SLED regarding the expenditure impact of this bill. However, 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 state criminal history records check and fingerprinting for applicants to the board. *This section of the fiscal impact statement has been updated to include an agency impact for SLED.*

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 revenue impact on LLR.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2021-22 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Because the total amount of increased costs to the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund. However, LLR anticipates the revenue impact of this bill on the General Fund will not exceed a few hundred dollars.

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 have not received a response from SLED regarding the revenue impact of this bill. However, we anticipate that the bill may increase the number of state 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 Federal Bureau of Investigation. Pursuant to Section 23-3-115(A), revenue generated by state 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 there have been an average of about 46 initial licenses granted for psychologists between FY 2016-17 and FY 2019-20. If state background checks are performed on an average of 46 individuals a year, revenue would increase by approximately \$1,150 each fiscal year. In FY 2018-19, SLED generated approximately \$1,300,000 in total from state criminal records checks. As a note, we are not using FY 2019-20 data due to the impact of the COVID-19 pandemic on state background checks processing. We do not anticipate that the total increase in revenue due to state background checks will be more than the \$4,461,000 cap on revenue deposited to the General Fund. Based upon this, the increase in revenue of \$1,150 will be deposited to the General Fund in FY 2021-22 and each year thereafter, and there is no increase in Other Funds of SLED. *This section of the fiscal impact statement has been updated to include an agency impact for SLED.*

Local Expenditure

N/A

Local Revenue

N/A

Updated for Additional Agency Response on March 3, 2021

Introduced on February 9, 2021

State Expenditure

This bill provides 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, including state and national background checks with fingerprints, and provides for the compact states' rights and obligations, including those involving adverse action. The compact has been actively accepting applications since July 2020, and fourteen states are participating so far. Data from the compact suggests that about 3% to 4% 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, RFA estimates that approximately thirty-four psychologists of the 969 psychologists currently licensed under the board may apply for licensure through the compact if this relationship holds.

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. 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.

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.

LLR is unable to determine if additional board meetings will be required to implement PSYPACT. The cost breakdown of board meetings includes a \$35 per diem for each board member, a 56 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 additional 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 \$47,728 and other recurring operating expenses will total \$2,500. Non-recurring infrastructure costs associated with this position will total \$1,000. Therefore, this bill will increase Other Funds expenditures by \$51,228 in FY 2021-2022 and by \$50,228 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. Discussions with other states currently participating in PSYPACT indicate that expenditures related to the implementation of this compact may be minimal, although these costs may increase as compact participation increases.

This fiscal impact has been updated for an additional response from LLR.

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 through 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 their current policy, or material changes in utilization of services. Therefore, this bill is not expected to have a fiscal impact on DHHS.

State Law Enforcement Division. The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

State Revenue

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 revenue impact on LLR.

The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures. Because the total amount of increased costs to the board is unknown, LLR is unable to determine the exact revenue impact to the General Fund. However, LLR anticipates the revenue impact of this bill on the General Fund will not exceed a few hundred dollars.

This fiscal impact has been updated for an additional response from LLR.

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. This bill may increase the number of state criminal records checks that SLED is required to perform. Pursuant to Section 23-3-115(A), revenue generated by state 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. The revenue impact of this bill on the General Fund and the Other Funds of SLED is pending, contingent upon a response from the agency.

Local Expenditure

N/A

Local Revenue

N/A

Introduced on February 9, 2021

State Expenditure

This bill enters South Carolina into 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, including state and national background checks with fingerprints, and provides for the compact states' rights and obligations, including those involving adverse action. The compact has been actively accepting applications since July 2020, and fourteen states are participating so far. Data from the compact suggests that about 3% to 4% 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.

Department of Labor, Licensing and Regulation. This bill authorizes the Board of Examiners in Psychology (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 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. Furthermore, 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.

The bill allows for the commission to levy and collect an annual assessment from each compact state or impose fees on other parties. A commission bylaw 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 expenditure impact of this bill on LLR is pending, contingent upon a response from the agency.

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 through 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 their current policy, or material changes in utilization of services. Therefore, this bill is not expected to have a fiscal impact on DHHS.

State Law Enforcement Division. The expenditure impact of this bill on SLED is pending, contingent upon a response from the agency.

State Revenue

Department of Labor, Licensing and Regulation. The board falls under the Division of Professional and Occupational Licensing. Pursuant to Proviso 81.3 of the FY 2019-20 Appropriations Act, LLR is required to remit annually to the General Fund an amount equal to 10 percent of expenditures.

The revenue impact of this bill on the General Fund and the Other Funds of LLR is pending, contingent upon a response from the agency.

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. This bill may increase the number of state criminal records checks that SLED is required to perform. Pursuant to Section 23-3-115(A), revenue generated by state 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. The revenue impact of this bill on the General Fund and the Other Funds of SLED is pending, contingent upon a response from the agency.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director