

From: Heigel, Catherine E. <heigelce@dhec.sc.gov>
To: Patel, SwatiSwatiPatel@gov.sc.gov
CC: Veldran, KatherineKatherineVeldran@gov.sc.gov
Godfrey, RobRobGodfrey@gov.sc.gov
Read, Jenniferreadjh@dhec.sc.gov
Phillips, Katherine A.PHILLIKA@dhec.sc.gov

Date: 11/18/2015 6:32:55 PM

Subject: Confidential: Home health transfer

Swati,

I just left you a voicemail regarding a special DHEC board meeting that will take place tomorrow afternoon to approve the transfer of DHEC's home health business to a national home health company with strong SC ties. This privatization initiative will ensure continuation of care for the agency's home health patients and continuation of employment for our affected staff. Home health does not receive any state or federal funding and has been supported by its own revenues for almost 50 years. Approximately 3 years ago, the revenues brought in started to become insufficient to cover the costs of the program in 3 of our 4 regions. The primary driver of the profitability decline was competition from the private sector, which has steadily increased over the last several years. After a thorough review of the program this summer, we determined that the time had come for DHEC to exit the market place and let the private sector fill the home health need. Government capably filled the need for many decades, but now the private sector can do it more cost-effectively. The proceeds from the transfer will be deposited into a public health fund (subject the General Assembly appropriations) at closing (12/31/15). The amount to be contributed to the public health fund will be disclosed after the board meeting tomorrow.

Please let me know if you have any questions.

Best,
Catherine