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Subject: DHEC Update on Intent to Transfer Home Health Services

Just a quick note to let you know that the DHEC Board will hold a special meeting later today to approve the transfer of DHEC's home health services to a national home health company with strong South Carolina ties. This transfer is being conducted pursuant to SC Code Section 44-69-30 and **will ensure continuation of care for the agency's home health patients and continued employment for our affected staff.**

The home health program does not receive any state or federal funding and has been supported by its own revenues for almost 50 years. Approximately three years ago, the revenues brought in started to become insufficient to cover the costs of the program in three of our four service regions. The primary reason that profitability has declined is increased competition from private home health providers. The marketplace has changed since 1966 when DHEC began providing home health services, and there are many more viable choices for home health services statewide, with at least one agency licensed to provide home health services in every county.

After a thorough review of the program this summer, we determined that the time had come for DHEC to exit the home health market place and let the private sector fill this need. DHEC capably filled this need for many decades, but the health care landscape has matured over the years and the private sector can now provide these services effectively.

The proceeds from the transfer will be deposited into the Public Health Fund at closing, which we anticipate will be December 31, 2015. Pursuant to SC Code Section 44-69-30, the funds deposited in this fund must be used solely by the department to support basic public health services determined necessary by the department, and the appropriation of the funds must be through the General Appropriations Act. The amount to be contributed to the Public Health Fund will be disclosed at or shortly after the board meeting late this afternoon.

I will provide more information to you following today's Board meeting later this evening. In the meantime, please don't hesitate to contact me if you have any questions.

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