# ASSEMBLY BILL NO. 386–COMMITTEE ON HEALTH AND HUMAN SERVICES

MARCH 4, 1999

Referred to Committee on Health and Human Services

SUMMARY—Makes various changes concerning financial matters affecting medical treatment provided to low-income persons in this state. (BDR S-519)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets **[**~~omitted material~~**]** is material to be omitted.

AN ACT relating to public welfare; requiring the Department of Human Resources to conduct a study of the methodology used in determining the amount of payments made to certain hospitals that treat Medicaid, indigent or other low-income patients; providing monetary assistance to restore a certain base amount in the fund for the institutional care of the medically indigent; providing for the allocation and transfer of certain funding for the treatment of Medicaid, indigent and other low-income patients; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** 1. The Department of Human Resources shall conduct a study of the methodology used in determining the amount and distribution of payments made to public and private hospitals pursuant to NRS 422.387. The study must review:

(a) Whether the payments received by hospitals based on the volume of medical care provided to Medicaid patients, indigent patients and other low-income patients are equitable;

(b) Whether it is feasible to redistribute payments to increase payments to hospitals located in rural counties;

(c) Whether it is feasible to redistribute payments to provide payments to private hospitals located in counties that have a public hospital; and

(d) Alternative sources of revenue that may be used to offset the cost of care provided to Medicaid patients, indigent patients and other low-income patients.

2. The Department shall seek to obtain relevant information from public and private hospitals as part of the study. Any such information obtained by the Department may be used only for the purpose of conducting the study.

3. The Department shall complete the study and submit a copy of its findings and recommendations on or before July 1, 2000, to the Governor, the Interim Finance Committee and the Legislative Committee on Health Care.

**Sec. 2.** 1. The state controller shall, as soon as practicable after July 1, 1999, transfer from the intergovernmental transfer account in the general fund to the fund for the institutional care of the medically indigent created pursuant to NRS 428.470 the amount necessary to restore the amount in the fund for the institutional care of the medically indigent to $300,000.

2. The money transferred to the fund for the institutional care of the medically indigent pursuant to subsection 1 may be used to provide assistance to a county for a payment required by an interlocal agreement which became due during fiscal year 1998-1999 or becomes due during fiscal year 1999-2000 or 2000-2001.

3. As used in this section, "interlocal agreement" has the meaning ascribed to it in NRS 428.440.

**Sec. 3.** 1. Except as otherwise provided in subsection 2:

(a) In a county whose population is more than 100,000 but less than 400,000, the state plan for Medicaid must allocate among any private hospitals that are qualified to receive a payment pursuant to NRS 422.387 and that are located in a county which does not have a public hospital or hospital district, $4,800,000 or the amount of the uncompensated costs of the hospitals as defined in the state plan for Medicaid, whichever is less, for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

(b) The state plan for Medicaid may allocate among any private hospitals that are qualified to receive a payment pursuant to NRS 422.387 and that are located in a county which does not have a public hospital or hospital district:

(1) In a county whose population is more than 35,000 but less than 100,000, $2,000,000 or the amount of the uncompensated costs of the hospitals as defined in the state plan for Medicaid, whichever is less, for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

(2) In a county whose population is less than 35,000, $1,000,000 or the amount of the uncompensated costs of the hospitals as defined in the state plan for Medicaid, whichever is less, for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

(c) If a private hospital receives a payment pursuant to paragraph (a) or (b), the county within which the hospital is located shall transfer to the Department of Human Resources:

(1) If the payment was received pursuant to paragraph (a), $1,550,000 for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

(2) If the payment was received pursuant to subparagraph (1) of paragraph (b), $1,500,000 or 75 percent of the amount received by the hospital, whichever is less, for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

(3) If the payment was received pursuant to subparagraph (2) of paragraph (b), $750,000 or 75 percent of the amount received by the hospital, whichever is less, for the fiscal year 1999-2000 and for the fiscal year 2000-2001.

2. If federal law changes the amount payable pursuant to paragraph (a) of subsection 2 of NRS 422.387:

(a) The respective amounts required to be allocated and transferred pursuant to subsection 1 must be reduced proportionally in accordance with the limits of federal law.

(b) The Administrator of the Division of Health Care Financing and Policy of the Department of Human Resources shall adopt a regulation specifying the amount of the reductions required by paragraph (a).

**Sec. 4.** This act becomes effective on July 1, 1999.

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