

ASSEMBLY BILL NO. 533—ASSEMBLYMAN BROWER

MARCH 15, 1999

Referred to Committee on Health and Human Services

SUMMARY—Makes various changes to provisions governing county hospital districts.
(BDR 40-1549)

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

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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 hospital districts; authorizing a board of county commissioners to create a hospital district for the sole purpose of contracting for hospital services under certain circumstances; authorizing district hospitals to join purchasing groups to purchase supplies, materials and equipment used by the hospital; authorizing district hospitals under certain circumstances to purchase supplies, material and equipment without complying with the Local Government Purchasing Act; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 450 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 6, inclusive, of this act.
3 **Sec. 2. 1. *A board of county commissioners may create a hospital***
4 ***district in an area where no hospital district exists for the sole purpose of***
5 ***contracting with a public agency or a privately owned hospital to provide***
6 ***the services of a hospital to the residents of the district. If such a contract***
7 ***is executed, the board of trustees:***
8 ***(a) Shall prepare a budget pursuant to NRS 450.650;***
9 ***(b) Shall levy a tax pursuant to NRS 450.660;***
10 ***(c) May accept donations pursuant to NRS 450.690;***
11 ***(d) May determine medical indigency pursuant to NRS 450.700; and***
12 ***(e) May borrow money and incur or assume indebtedness pursuant to***
13 ***NRS 450.665.***
14 **2. *A board of county commissioners shall not create a hospital***
15 ***district pursuant to this section unless it determines that:***

1 (a) *The proposed hospital district constitutes a geographic area of the*
2 *county that is not served by adequate medical services;*

3 (b) *There is no county hospital or the county hospital is not capable of*
4 *providing the necessary services; and*

5 (c) *The proposal is approved by a majority of the votes cast on the*
6 *issue by persons in the proposed hospital district.*

7 3. *If a hospital district is created pursuant to this section, the board*
8 *of county commissioners may be designated by ordinance as, ex officio,*
9 *the board of trustees of the hospital district, notwithstanding the*
10 *provisions of subsection 3 of NRS 450.620.*

11 **Sec. 3.** *The board of trustees may contract with a public agency or a*
12 *privately owned hospital to provide the services of a hospital to the*
13 *residents of the hospital district if it determines that:*

14 1. *There is a need to provide medical services to the residents of the*
15 *district which are not being provided by the district; or*

16 2. *It is less costly or more efficient to provide the services of a*
17 *hospital to the residents of the district by contracting with a public*
18 *agency or a privately owned hospital.*

19 **Sec. 4.** 1. *The board of trustees may contract with a company*
20 *which manages hospitals for the rendering of management services in a*
21 *district hospital.*

22 2. *The agreement may provide:*

23 (a) *That the chief executive officer of the hospital must be an*
24 *employee of the company which manages the hospital; and*

25 (b) *That the hospital may, in accordance with the requirements of*
26 *section 6 of this act, purchase supplies, materials and equipment through*
27 *the purchasing contracts of the company which manages the hospital, or*
28 *through a purchasing group, without complying with the requirements*
29 *for competitive bidding set forth in chapter 332 of NRS.*

30 **Sec. 5.** 1. *A district hospital may, with the approval of the board of*
31 *trustees, become a member of a purchasing group for the purpose of*
32 *purchasing supplies, materials and equipment used by the district*
33 *hospital.*

34 2. *A district hospital that becomes a member of a purchasing group*
35 *may, in accordance with the requirements of section 6 of this act,*
36 *purchase supplies, materials and equipment through the purchasing*
37 *group without complying with the requirements for competitive bidding*
38 *set forth in chapter 332 of NRS.*

39 **Sec. 6.** *A district hospital that is authorized pursuant to section 4 or*
40 *5 of this act to purchase supplies, materials and equipment in accordance*
41 *with this section through the purchasing contracts of the company that*
42 *manages the hospital or through a purchasing group may purchase the*

1 *supplies, materials and equipment without complying with the*
2 *requirements for competitive bidding set forth in chapter 332 of NRS if:*

3 *1. The documents pertaining to the proposed purchase, including,*
4 *without limitation, the prices available to the company or purchasing*
5 *group, are summarized in writing and, together with a sworn statement*
6 *by an officer or agent of the company or purchasing group that the*
7 *prices were obtained by the company or purchasing group through a*
8 *process of competitive bidding, are presented to the board of trustees at*
9 *its next regularly scheduled meeting; and*

10 *2. The board of trustees, after reviewing the summary and statement,*
11 *finds that the proposed purchase will be made at a lower price than the*
12 *lowest price reasonably obtainable by the hospital through competitive*
13 *bidding pursuant to chapter 332 of NRS or available to the hospital*
14 *pursuant to NRS 333.470 and approves the proposed purchase.*

15 **Sec. 7.** NRS 450.550 is hereby amended to read as follows:

16 450.550 As used in NRS 450.550 to 450.750, inclusive, *and section 2*
17 *to 6, inclusive, of this act*, unless the context otherwise requires:

18 1. "Board of trustees" means:

19 (a) A board of hospital trustees:

20 (1) Elected pursuant to NRS 450.620; or

21 (2) Appointed pursuant to NRS 450.625; or

22 (b) A board of county commissioners, if that board enacts an ordinance
23 which provides that the board of county commissioners is, ex officio, the
24 board of hospital trustees.

25 2. "District hospital" means a hospital constructed, maintained and
26 governed pursuant to NRS 450.550 to 450.750, inclusive.

27 **Sec. 8.** NRS 450.620 is hereby amended to read as follows:

28 450.620 1. Except as otherwise provided in subsection 2 and NRS
29 450.625, if a hospital district is created pursuant to NRS 450.550 to
30 450.750, inclusive, the board of county commissioners shall provide by
31 ordinance for:

32 (a) The number of members of the board of trustees;

33 (b) The term of office of the trustees, which must not exceed 4 years;
34 and

35 (c) The times and manner of the election of the trustees, which must be
36 nonpartisan.

37 2. If a hospital district specified in subsection 1 does not include
38 territory within more than one county, the board of county commissioners
39 may enact an ordinance providing that the board of county commissioners
40 is, ex officio, the board of hospital trustees of the district hospital. If such
41 an ordinance is enacted in a county:

42 (a) The county commissioners shall serve as the hospital trustees of the
43 district hospital during their terms of office as county commissioners; and

1 (b) If hospital trustees have been elected pursuant to subsection 1, the
2 term of office of each hospital trustee of the district hospital who is serving
3 in that capacity on the effective date of the ordinance is terminated as of the
4 effective date of the ordinance.

5 3. ~~1A~~ *Except as otherwise provided in section 2 of this act, a* board of
6 county commissioners shall not enact an ordinance pursuant to subsection 2
7 unless it determines that:

8 (a) The county has fully funded its indigent care account created
9 pursuant to NRS 428.010;

10 (b) The county has fulfilled its duty to reimburse the hospital for
11 indigent care provided to qualified indigent patients; and

12 (c) During the previous calendar year:

13 (1) At least one of the hospital's accounts payable was more than 90
14 days in arrears;

15 (2) The hospital failed to fulfill its statutory financial obligations,
16 including the payment of taxes, premiums for industrial insurance or
17 contributions to the public employees' retirement system;

18 (3) One or more of the conditions relating to financial emergencies
19 set forth in subsection 1 of NRS 354.685 existed at the hospital; or

20 (4) The hospital received notice from the Federal Government or the
21 State of Nevada that the certification or license of the hospital was in
22 imminent jeopardy of being revoked because the hospital had not carried
23 out a previously established plan of action to correct previously noted
24 deficiencies found by the regulatory body.