

SENATE BILL NO. 370—COMMITTEE ON HUMAN RESOURCES
AND FACILITIES

MARCH 11, 1999

Referred to Committee on Human Resources and Facilities

SUMMARY—Makes various changes to provisions governing health care provided in this state.
(BDR 38-1496)

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 ~~for omitted material~~ is material to be omitted.

AN ACT relating to health care; providing that senior citizens are eligible for Medicaid upon the purchase and maintenance of certain policies of insurance for long-term care; creating the trust fund for health programs and the trust fund for rural health care programs; requiring the state health officer to establish programs designed to prevent and reduce the use of products made from tobacco; providing for subsidies to be granted to senior citizens for insurance that provides coverage for long-term care and prescription drugs and pharmaceutical services; making appropriations; providing penalties; 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 422 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 ***1. The administrator shall include in the state plan for Medicaid a***
4 ***requirement that:***
5 ***(a) Any senior citizen who purchases and maintains for at least 3***
6 ***years a policy of health insurance for long-term care that is made***
7 ***available pursuant to section 19 of this act and whose annual household***
8 ***income is less than \$100,000 is eligible for Medicaid for long-term care;***
9 ***and***
10 ***(b) The state shall pay the medical, administrative and transactional***
11 ***costs of the senior citizen associated with his long-term care that are not***

1 *otherwise paid under Medicaid, to the extent those costs are not covered*
2 *by the policy of health insurance purchased pursuant to section 19 of this*
3 *act.*

4 *2. As used in this section:*

5 *(a) "Household income" has the meaning ascribed to it in NRS*
6 *361.820.*

7 *(b) "Income" has the meaning ascribed to it in NRS 361.823.*

8 **Sec. 2.** NRS 422.272 is hereby amended to read as follows:

9 422.272 1. ~~{The}~~ *Except as otherwise provided in section 1 of this*
10 *act, the* administrator shall include in the state plan for Medicaid a
11 requirement that the state shall pay the nonfederal share of expenditures for
12 the medical, administrative and ~~{transaction}~~ *transactional* costs , *to the*
13 *extent not covered by private insurance,* of a person:

14 (a) Who is admitted to a hospital, facility for intermediate care or
15 facility for skilled nursing for not less than 30 consecutive days;

16 (b) Who is covered by the state plan for Medicaid; and

17 (c) Whose net countable income per month is not more than \$775 or 156
18 percent of the supplemental security income benefit rate established
19 pursuant to 42 U.S.C. § 1382(b)(1), whichever is greater.

20 2. As used in this section:

21 (a) "Facility for intermediate care" has the meaning ascribed to it in
22 NRS 449.0038.

23 (b) "Facility for skilled nursing" has the meaning ascribed to it in NRS
24 449.0039.

25 (c) "Hospital" has the meaning ascribed to it in NRS 449.012.

26 **Sec. 3.** Chapter 439 of NRS is hereby amended by adding thereto the
27 provisions set forth as sections 4 to 11, inclusive, of this act.

28 **Sec. 4. 1.** *The trust fund for health programs is hereby created in*
29 *the state treasury to be administered by the state health officer. Upon*
30 *receipt of any money distributed to the State of Nevada as a result of*
31 *settlement agreements in November 1998 with tobacco companies, the*
32 *state treasurer shall deposit an amount equal to 50 percent of the money*
33 *so received into the trust fund for health programs.*

34 2. *The state treasurer may accept gifts and grants for deposit in the*
35 *trust fund.*

36 3. *The money in the trust fund may be used only for the following*
37 *purposes:*

38 (a) *Ten million dollars may be used annually for the payment of*
39 *subsidies granted pursuant to sections 14 to 28, inclusive, of this act to*
40 *senior citizens for insurance that provides coverage for long-term care.*

41 (b) *Six million dollars may be used annually for the payment of*
42 *subsidies granted pursuant to sections 14 to 28, inclusive, of this act to*

1 *senior citizens for insurance that provides coverage for prescription*
2 *drugs and pharmaceutical services.*

3 *(c) The remaining balance in the trust fund may be used to carry out*
4 *the educational and informational programs designed to prevent and*
5 *reduce the use of cigarettes and other products made from tobacco*
6 *established pursuant to NRS 439.130.*

7 *4. The money in the trust fund must be invested as the money in*
8 *other state funds is invested. The interest and income earned on the*
9 *money in the trust fund must, after deducting any applicable charges, be*
10 *credited to the trust fund. All claims against the trust fund must be paid*
11 *as other claims against the state are paid.*

12 *5. Not more than 2 percent of the money in the trust fund may be*
13 *used to pay the costs of administering the trust fund.*

14 **Sec. 5. 1.** *The state board of finance may issue special obligations*
15 *to provide money to fund the trust fund for health programs established*
16 *pursuant to section 4 of this act. The obligations may be issued at one*
17 *time or from time to time, and must be issued in accordance with the*
18 *provisions of chapter 349 of NRS.*

19 *2. The face amount of the special obligations issued pursuant to this*
20 *section must not exceed the sum of:*

21 *(a) Fifty percent of the amount of money anticipated to be distributed*
22 *to the State of Nevada as a result of settlement agreements in November*
23 *1998 with tobacco companies; and*

24 *(b) The amount necessary to pay the expenses related to the issuance*
25 *of the obligations which must not exceed 2 percent of the face amount of*
26 *the obligations sold.*

27 *3. The obligations must be secured by a pledge of the money*
28 *distributed to the State of Nevada as a result of settlement agreements in*
29 *November 1998 with tobacco companies in an amount equal to 50*
30 *percent of the money so received, and must mature within not more than*
31 *10 years after their date of issuance.*

32 *4. The proceeds from the sale of the special obligations, after*
33 *deducting the expenses related to the issuance of the obligations, must be*
34 *deposited with the state treasurer and credited to the trust fund for health*
35 *programs.*

36 *5. The special obligations issued pursuant to this section are not an*
37 *indebtedness of the state.*

38 **Sec. 6.** *As used in sections 6 to 9, inclusive, of this act, "office of*
39 *rural health" means the office of rural health of the University of*
40 *Nevada School of Medicine.*

41 **Sec. 7. 1.** *The trust fund for rural health care programs is hereby*
42 *created in the state treasury to be administered by the office of rural*
43 *health.*

1 2. The state treasurer may accept gifts and grants for deposit in the
2 trust fund.

3 3. The money in the trust fund may be used only for:

4 (a) Programs that are designed to improve access to health care
5 services for persons in this state who reside in counties whose
6 populations are less than 100,000;

7 (b) The promotion of public health and programs for the prevention
8 of disease or illness in such counties; and

9 (c) The payment of grants to counties pursuant to section 8 of this act.

10 4. The money in the trust fund must be invested as the money in
11 other state funds is invested. The interest and income earned on the
12 money in the trust fund must, after deducting any applicable charges, be
13 credited to the trust fund. All claims against the trust fund must be paid
14 as other claims against the state are paid.

15 5. Not more than 2 percent of the money in the trust fund may be
16 used to pay the costs of administering the trust fund.

17 **Sec. 8. 1.** A county board of health in a county whose population
18 is less than 100,000 may apply to the office of rural health for a grant of
19 money from the trust fund for rural health care programs created
20 pursuant to section 7 of this act. An application must:

21 (a) Be submitted on a form provided by the office; and

22 (b) Include a description of the local health care programs for which
23 the grant will be used.

24 2. If an application is complete, the office shall determine whether
25 the applicant is eligible to receive a grant from the fund and submit the
26 applications of all eligible applicants to the advisory board for rural
27 health care created pursuant to section 9 of this act for its review. Upon
28 the receipt of the recommendations of the advisory board, the office shall
29 award grants from the trust fund for rural health care programs within
30 the limits of money available in the trust fund.

31 **Sec. 9. 1.** The advisory board for rural health care programs is
32 hereby created.

33 2. The advisory board consists of:

34 (a) One member of the board of county commissioners of each county
35 in this state, appointed by the board of county commissioners;

36 (b) The state health officer; and

37 (c) A member of the general public appointed by the governor.

38 3. Each member of the advisory board appointed pursuant to
39 paragraphs (a) and (c) of subsection 2 serves at the pleasure of the
40 appointing authority.

41 4. The members of the advisory board serve without compensation,
42 except that for each day or portion of a day during which a member of
43 the board attends a meeting of the board or is otherwise engaged in the

1 *business of the board, he is entitled to receive the per diem allowance and*
2 *travel expenses provided for state officers and employees generally.*

3 *5. The advisory board shall:*

4 *(a) Review the applications for grants submitted to the board by the*
5 *office of rural health pursuant to section 8 of this act; and*

6 *(b) Make recommendations to the office of rural health regarding the*
7 *grants to be made from the trust fund for rural health care programs.*

8 **Sec. 10.** 1. *The advisory board for the prevention and reduction of*
9 *the use of cigarettes and other products made from tobacco is hereby*
10 *created.*

11 2. *The advisory board consists of seven members appointed by the*
12 *governor as follows:*

13 *(a) Two members who represent nonprofit organizations dedicated to*
14 *reducing health care problems related to the use of tobacco;*

15 *(b) One member with expertise in the field of education;*

16 *(c) Two members who represent the general public;*

17 *(d) One member who represents the state board of health; and*

18 *(e) One member with expertise in the field of health care and the*
19 *effects of the use of tobacco.*

20 3. *After their initial terms, the members of the advisory board serve*
21 *terms of 2 years.*

22 4. *If a vacancy occurs in the office of a member of the advisory*
23 *board, the governor shall appoint a person similarly qualified to replace*
24 *that member.*

25 5. *The members of the board serve without compensation, except*
26 *that for each day or portion of a day during which a member of the*
27 *board attends a meeting of the board or is otherwise engaged in the*
28 *business of the board, he is entitled to receive the per diem allowance and*
29 *travel expenses provided for state officers and employees generally.*

30 6. *The advisory board shall meet at least quarterly and at the times*
31 *and places specified by the call of the chairman.*

32 7. *The governor shall appoint a chairman and a vice chairman from*
33 *among the membership of the board.*

34 **Sec. 11.** *The advisory board created pursuant to section 10 of this*
35 *act shall:*

36 1. *Make recommendations to the state health officer regarding the*
37 *educational and informational programs designed to prevent and reduce*
38 *the use of cigarettes and other products made from tobacco established*
39 *pursuant to NRS 439.130.*

40 2. *Assess the effectiveness of such programs.*

41 3. *Evaluate research and programs conducted in other states that are*
42 *related to the prevention and reduction of the use of cigarettes and other*
43 *products made from tobacco.*

1 **4. Propose strategies for the coordination of proposed programs**
2 **established by the state health officer pursuant to NRS 439.130.**

3 **5. Make recommendations to the state health officer regarding the**
4 **most appropriate criteria for the selection of, standards of operation for**
5 **and types of programs to be established.**

6 **6. Advise and make recommendations to the governor and the**
7 **legislature concerning the policy of this state relating to the prevention**
8 **and reduction of the use of cigarettes and other products made from**
9 **tobacco.**

10 **Sec. 12.** NRS 439.130 is hereby amended to read as follows:

11 439.130 1. The state health officer shall:

12 (a) Enforce all laws and regulations pertaining to the public health.

13 (b) Investigate causes of disease, epidemics, source of mortality,
14 nuisances affecting the public health, and all other matters related to the
15 health and life of the people, and to this end he may enter upon and inspect
16 any public or private property in the state.

17 (c) ***In cooperation with the advisory board for the prevention and***
18 ***reduction of the use of cigarettes and other products made from tobacco***
19 ***created pursuant to section 10 of this act, establish and coordinate***
20 ***educational and informational programs designed to prevent and reduce***
21 ***the use of cigarettes and other products made from tobacco by the***
22 ***residents of this state.***

23 (d) Direct the work of subordinates and may authorize them to act in his
24 place and stead.

25 ~~(d)~~ (e) Perform such other duties as the director may, from time to
26 time, prescribe.

27 2. The administrator shall direct the work of the health division,
28 administer the division and perform such other duties as the director may,
29 from time to time, prescribe.

30 **Sec. 13.** Chapter 439B of NRS is hereby amended by adding thereto
31 the provisions set forth as sections 14 to 28, inclusive, of this act.

32 **Sec. 14.** ***As used in sections 14 to 28, inclusive, of this act, the words***
33 ***and terms defined in sections 15 to 18, inclusive, of this act have the***
34 ***meanings ascribed to them in those sections.***

35 **Sec. 15.** ***“Administrator” means the administrator of the aging***
36 ***services division of the department of human resources.***

37 **Sec. 16.** ***“Household income” has the meaning ascribed to it in NRS***
38 ***361.820.***

39 **Sec. 17.** ***“Income” has the meaning ascribed to it in NRS 361.823.***

40 **Sec. 18.** ***“Senior citizen” means a person who is domiciled in this***
41 ***state and:***

1 1. For the purpose of receiving a subsidy pursuant to section 19 of
2 this act for insurance that provides coverage for prescription drugs and
3 pharmaceutical services, is 65 years of age or older.

4 2. For the purpose of receiving a subsidy pursuant to section 19 of
5 this act for insurance that provides coverage for long-term care, is 59
6 years of age or older.

7 **Sec. 19.** 1. The administrator shall enter into contracts with
8 private insurers who transact health insurance in this state to arrange for
9 the availability at a reasonable cost of policies of health insurance that
10 provide coverage to senior citizens for:

11 (a) Long-term care, including care received at home or at a facility
12 for residential care.

13 (b) Prescription drugs and pharmaceutical services.

14 2. Within the limits of the money available in the trust fund for
15 health programs created pursuant to section 4 of this act, a senior citizen
16 who purchases a policy of health insurance that is made available
17 pursuant to subsection 1 is entitled to an annual grant from the trust
18 fund to subsidize a portion of the cost of that insurance if he has been
19 domiciled in this state for at least 1 year immediately preceding the date
20 of his application and his household income is within one of the income
21 ranges for which grants are provided pursuant to this subsection to the
22 extent determined by the percentage shown opposite his household
23 income on the following schedule, as that income is adjusted pursuant to
24 subsection 4:

25

Percent of		Cost of Insurance Allowable as a Subsidy
Amount of Household Income Is Over	But not Over	
\$11,500	-\$13,000	90
13,000	-16,000	80
16,000	-19,000	70
19,000	-21,000	60
21,000	-25,000	50

34

35 3. The amount of any subsidy granted pursuant to this section must
36 not exceed:

37 (a) The annual cost of insurance that provides coverage for long-term
38 care or \$1,200 per year, whichever is less.

39 (b) The annual cost of insurance that provides coverage for
40 prescription drugs and pharmaceutical services or \$480 per year,
41 whichever is less.

42 4. The monetary amounts shown for each income range in
43 subsection 2 must be adjusted for each fiscal year by adding to each

1 *amount the product of the amount shown multiplied by the percentage*
2 *increase in the Consumer Price Index from December 1998 to the*
3 *December preceding the fiscal year for which the adjustment is*
4 *calculated.*

5 *5. The total amount of subsidies granted each year by the*
6 *administrator pursuant to this section for insurance that provides*
7 *coverage for:*

8 *(a) Long-term care must not exceed \$10,000,000.*

9 *(b) Prescription drugs and pharmaceutical services must not exceed*
10 *\$6,000,000.*

11 *Sec. 20. A senior citizen who is otherwise qualified may receive a*
12 *subsidy pursuant to section 19 of this act for insurance that provides*
13 *coverage for long-term care while at the same time receiving a subsidy*
14 *for insurance that provides coverage for prescription drugs and*
15 *pharmaceutical services.*

16 *Sec. 21. 1. A senior citizen who wishes to receive a subsidy*
17 *pursuant to section 19 of this act must file a request therefor with the*
18 *administrator.*

19 *2. The request must be made under oath and filed in such form and*
20 *content, and accompanied by such proof, as the administrator may*
21 *prescribe.*

22 *3. The administrator shall, within 45 days after receiving a request*
23 *for a subsidy, examine the request, granting or denying it, and if granted,*
24 *shall determine the amount of the subsidy to which the senior citizen is*
25 *entitled.*

26 *4. The administrator shall certify those senior citizens who are*
27 *eligible to receive a subsidy pursuant to section 19 of this act to the state*
28 *health officer. Any subsidy granted must be paid by the state health*
29 *officer directly to an insurer with whom the administrator has entered*
30 *into a contract pursuant to section 19 of this act.*

31 *Sec. 22. Any subsidy granted pursuant to section 19 of this act to a*
32 *senior citizen who is not qualified for such a subsidy may be revoked by*
33 *the administrator. If a subsidy is so revoked, the senior citizen shall make*
34 *restitution to the administrator for any subsidy he has improperly*
35 *received, and the administrator shall take all proper actions to collect the*
36 *amount of the subsidy as a debt.*

37 *Sec. 23. 1. The administrator shall deny any request for a subsidy*
38 *received pursuant to section 19 of this act to which the senior citizen is*
39 *not entitled or any amount in excess of that to which the senior citizen is*
40 *entitled.*

41 *2. The administrator may deny in total any request which he finds to*
42 *have been filed with fraudulent intent. If any such request has been paid*
43 *and is afterward denied, the amount of the subsidy together with a 10*

1 *percent penalty must be repaid by the senior citizen to the administrator.*
2 *The penalty prescribed by this section is in addition to, and not in lieu of,*
3 *any other penalty prescribed by specific statute.*

4 *3. Any amounts received by the administrator pursuant to this*
5 *section must be deposited with the state treasurer for credit to the trust*
6 *fund for health programs created pursuant to section 4 of this act.*

7 *Sec. 24. Any person who willfully makes a material false statement*
8 *or uses any other fraudulent device to secure for himself or another*
9 *person a subsidy to which he is not entitled is guilty of a misdemeanor.*

10 *Sec. 25. Any person who is aggrieved by a decision of the*
11 *administrator denying a request for a subsidy submitted pursuant to*
12 *section 19 of this act is entitled to judicial review thereof.*

13 *Sec. 26. The administrator is responsible for the administration of*
14 *the provisions of sections 14 to 28, inclusive, of this act and may:*

15 *1. Prescribe the content and form of a request for a subsidy required*
16 *to be submitted pursuant to section 19 of this act.*

17 *2. Designate the proof that must be submitted with such a request.*

18 *3. Adopt regulations to protect the confidentiality of information*
19 *supplied by a senior citizen requesting a subsidy pursuant to section 19 of*
20 *this act.*

21 *4. Adopt such other regulations as may be required to carry out the*
22 *provisions of sections 14 to 28, inclusive, of this act.*

23 *Sec. 27. No person may publish, disclose or use any personal or*
24 *confidential information contained in a request for a subsidy submitted*
25 *pursuant to section 19 of this act except for purposes relating to the*
26 *administration of sections 14 to 28, inclusive, of this act.*

27 *Sec. 28. The administrator shall, in cooperation with the department*
28 *of taxation and the various counties in this state:*

29 *1. Combine all possible administrative procedures required for*
30 *determining those persons who are eligible for assistance pursuant to*
31 *NRS 361.800 to 361.877, inclusive, and sections 14 to 27, inclusive, of*
32 *this act;*

33 *2. Coordinate the collection of information required to carry out*
34 *those provisions in a manner that requires persons requesting assistance*
35 *to furnish information in as few reports as possible; and*

36 *3. Design forms that may be used jointly by the administrator, the*
37 *department of taxation and the various counties in this state to carry out*
38 *the provisions of NRS 361.800 to 361.877, inclusive, and sections 14 to*
39 *27, inclusive, of this act.*

40 *Sec. 29. 1. There is hereby appropriated from the trust fund for*
41 *health programs created pursuant to section 4 of this act to the University*
42 *of Nevada School of Medicine the sum of \$5,000,000 for capital*
43 *improvements required to establish a program in Las Vegas that is designed*

1 to provide health care services to persons for whom health care is not
2 readily accessible in this state, including, without limitation, elderly
3 persons, persons who reside in the rural areas of the state, persons who are
4 culturally disadvantaged and persons who are at risk of contracting certain
5 diseases.

6 2. The state controller shall not transfer any money from the
7 appropriation made by subsection 1 to the University of Nevada School of
8 Medicine until \$50,000,000 is distributed to the State of Nevada as a result
9 of settlement agreements in November 1998 with tobacco companies, 50
10 percent of which is deposited in the trust fund for health programs.

11 3. Any remaining balance of the appropriation made by subsection 1
12 must not be committed for expenditure after completion of the capital
13 improvements and reverts to the trust fund for health programs as soon as
14 all payments of money committed have been made.

15 **Sec. 30.** 1. There is hereby appropriated from the trust fund for
16 health programs created pursuant to section 4 of this act to the state health
17 officer the sum of \$2,000,000 for the establishment and coordination of
18 educational and informational programs designed to prevent and reduce the
19 use of cigarettes and other products made from tobacco that are required by
20 NRS 439.130, as amended by section 12 of this act.

21 2. The state controller shall not transfer any money from the
22 appropriation made by subsection 1 to the state health officer until
23 \$50,000,000 is distributed to the State of Nevada as a result of settlement
24 agreements in November 1998 with tobacco companies, 50 percent of
25 which is deposited in the trust fund for health programs.

26 **Sec. 31.** 1. There is hereby appropriated from the trust fund for
27 health programs created pursuant to section 4 of this act to the trust fund for
28 rural health care programs created pursuant to section 7 of this act the sum
29 of \$2,500,000.

30 2. The state controller shall not transfer any money from the
31 appropriation made by subsection 1 to the trust fund for rural health care
32 programs until \$50,000,000 is distributed to the State of Nevada as a result
33 of settlement agreements in November 1998 with tobacco companies, 50
34 percent of which is deposited in the trust fund for health programs.

35 **Sec. 32.** 1. There is hereby appropriated from the trust fund for
36 health programs created pursuant to section 4 of this act to the office of
37 rural health of the University of Nevada School of Medicine the sum of
38 \$1,000,000 for emergency medical services provided in counties whose
39 populations are less than 100,000, the improvement of technology used for
40 billing by rural hospitals, and the development of systems to provide health
41 care services in counties whose populations are less than 100,000 by the
42 use of telemedicine and other electronic means.

1 2. The state controller shall not transfer any money from the
2 appropriation made by subsection 1 to the office of rural health until
3 \$50,000,000 is distributed to the State of Nevada as a result of settlement
4 agreements in November 1998 with tobacco companies, 50 percent of
5 which is deposited in the trust fund for health programs.

6 **Sec. 33.** As soon as practicable after July 1, 1999, the governor shall
7 appoint to the advisory board for the prevention and reduction of the use of
8 cigarettes and other products made from tobacco created pursuant to
9 section 10 of this act:

10 1. One member who represents a nonprofit organization dedicated to
11 reducing health care problems related to the use of tobacco, one member
12 who represents the general public and one member with expertise in the
13 field of education, whose terms expire on July 1, 2000.

14 2. One member who represents a nonprofit organization dedicated to
15 reducing health care problems related to the use of tobacco, one member
16 who represents the general public, one member who represents the state
17 board of health and one member who has expertise in the field of health
18 care and the effects of the use of tobacco, whose terms expire on July 1,
19 2001.

20 **Sec. 34.** The amendatory provisions of this act do not apply to
21 offenses that were committed before July 1, 1999.

22 **Sec. 35.** This act becomes effective on July 1, 1999.