

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.

~

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

AN ACT relating to health care; providing that senior citizens are eligible for Medicaid upon purchasing and receiving benefits from 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 administrator of the health division of the department of human resources 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 receives benefits for at least***
6 ***3 years pursuant to a policy of health insurance for long-term care that is***
7 ***at least as comprehensive, as determined by the administrator, as the***
8 ***policy made available pursuant to section 19 of this act and whose***
9 ***annual household income is less than \$200,000 is eligible for Medicaid***
10 ***for long-term care; and***
11 ***(b) The state shall pay the medical, administrative and transactional***
12 ***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 (c) *“Senior citizen” means a person who is domiciled in this state and*
9 *is 55 years of age or older.*

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

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

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

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

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

22 **2. As used in this section:**

23 (a) *“Facility for intermediate care” has the meaning ascribed to it in*
24 *NRS 449.0038.*

25 (b) *“Facility for skilled nursing” has the meaning ascribed to it in NRS*
26 *449.0039.*

27 (c) *“Hospital” has the meaning ascribed to it in NRS 449.012.*

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

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

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

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

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

1 **(b) Six million dollars may be used annually for the payment of**
2 **subsidies granted pursuant to sections 14 to 28, inclusive, of this act to**
3 **senior citizens for insurance that provides coverage for prescription**
4 **drugs and pharmaceutical services.**

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

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

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

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

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

23 **(a) Fifty percent of the amount of money anticipated to be distributed**
24 **to the State of Nevada as a result of settlement agreements in November**
25 **1998 with tobacco companies; and**

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

29 **3. The obligations must be secured by a pledge of the money**
30 **distributed to the State of Nevada as a result of settlement agreements in**
31 **November 1998 with tobacco companies in an amount equal to 50**
32 **percent of the money so received, and must mature within not more than**
33 **10 years after their date of issuance.**

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

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

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

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

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

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

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

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

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

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

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

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

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

25 **(b)** *Include a description of the local health care programs for which*
26 *the grant will be used.*

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

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

36 **2.** *The advisory board consists of:*

37 **(a)** *One member of the board of county commissioners of each county*
38 *in this state whose population is less than 100,000 appointed by the board*
39 *of county commissioners;*

40 **(b)** *The state health officer; and*

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

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

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

9 5. The advisory board shall:

10 (a) Review the applications for grants submitted to the board by the
11 office of rural health pursuant to section 8 of this act;

12 (b) Consult with the critical access hospital planning group of the
13 University of Nevada School of Medicine and the health division; and

14 (c) Make recommendations to the office of rural health regarding the
15 grants to be made from the trust fund for rural health care programs.

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

19 2. The advisory board consists of seven members appointed by the
20 governor as follows:

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

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

24 (c) Two members who represent the general public;

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

26 (e) One member with expertise in the field of health care and the
27 effects of the use of tobacco.

28 3. After their initial terms, the members of the advisory board serve
29 terms of 4 years.

30 4. If a vacancy occurs in the office of a member of the advisory
31 board, the governor shall appoint a person similarly qualified to replace
32 that member.

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

38 6. The advisory board shall meet at least quarterly and at the times
39 and places specified by the call of the chairman.

40 7. The governor shall appoint a chairman and a vice chairman from
41 among the membership of the board.

42 **Sec. 11. 1.** The advisory board created pursuant to section 10 of
43 this act shall:

1 (a) Make recommendations to the administrator regarding the
2 educational and informational programs designed to prevent and reduce
3 the use of cigarettes and other products made from tobacco established
4 pursuant to NRS 439.130.

5 (b) Assess the effectiveness of such programs.

6 (c) Evaluate research and programs conducted in other states that are
7 related to the prevention and reduction of the use of cigarettes and other
8 products made from tobacco.

9 (d) Propose strategies for the coordination of proposed programs
10 established by the administrator pursuant to subsection 2.

11 (e) Make recommendations to the administrator regarding the most
12 appropriate criteria for the selection of, standards of operation for and
13 types of programs to be established.

14 (f) Advise and make recommendations to the governor and the
15 legislature concerning the policy of this state relating to the prevention
16 and reduction of the use of cigarettes and other products made from
17 tobacco.

18 2. The administrator, in cooperation with the advisory board, shall
19 establish and coordinate educational and informational programs
20 designed to prevent and reduce the use of cigarettes and other products
21 made from tobacco by the residents of this state.

22 3. The advisory board may, within the limits of legislative
23 appropriations, contract for independent evaluation of the programs
24 established pursuant to subsection 2, including a baseline study before
25 the establishment of such programs.

26 Sec. 12. (Deleted by amendment.)

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

29 Sec. 14. As used in sections 14 to 28, inclusive, of this act, the words
30 and terms defined in sections 15 to 18, inclusive, of this act have the
31 meanings ascribed to them in those sections.

32 Sec. 15. "Administrator" means the administrator of the aging
33 services division of the department of human resources.

34 Sec. 16. "Household income" has the meaning ascribed to it in NRS
35 361.820.

36 Sec. 17. "Income" has the meaning ascribed to it in NRS 361.823.

37 Sec. 18. "Senior citizen" means a person who is domiciled in this
38 state and:

39 1. For the purpose of receiving a subsidy pursuant to section 19 of
40 this act for insurance that provides coverage for prescription drugs and
41 pharmaceutical services, is 62 years of age or older.

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

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

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

(b) Prescription drugs and pharmaceutical services.

2. Within the limits of the money available in the trust fund for health programs created pursuant to section 4 of this act, a senior citizen who is not eligible for Medicaid and who purchases a policy of health insurance that is made available pursuant to subsection 1 is entitled to an annual grant from the trust fund to subsidize a portion of the cost of that insurance if he has been domiciled in this state for at least 1 year immediately preceding the date of his application and his household income is within one of the income ranges for which grants are provided pursuant to this subsection to the extent determined by the percentage shown opposite his household income on the following schedule:

Percent of Amount of Household Income Is Over	But Not Over	Cost of Insurance Allowable as a Subsidy
\$0—\$12,700	90	
12,700 —14,800	80	
14,800 —17,000	50	
17,000 —19,100	25	
19,100 —21,500	10	

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

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

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

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

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

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

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

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

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

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

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

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

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

31 **2.** *The administrator may deny in total any request which he finds to*
32 *have been filed with fraudulent intent. If any such request has been paid*
33 *and is afterward denied, the amount of the subsidy together with a 10*
34 *percent penalty must be repaid by the senior citizen to the administrator.*
35 *The penalty prescribed by this section is in addition to, and not in lieu of,*
36 *any other penalty prescribed by specific statute.*

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

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

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

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

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

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

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

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

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

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

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

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

27 3. *Design forms that may be used jointly by the administrator, the*
28 *department of taxation and the various counties in this state to carry out*
29 *the provisions of NRS 361.800 to 361.877, inclusive, and sections 14 to*
30 *27, inclusive, of this act.*

31 **Sec. 29.** 1. There is hereby appropriated from the trust fund for
32 health programs created pursuant to section 4 of this act to the University
33 of Nevada School of Medicine the sum of \$5,000,000 for capital
34 improvements required to establish a program in Las Vegas that is designed
35 to provide health care services to persons for whom health care is not
36 readily accessible in this state, including, without limitation, elderly
37 persons, persons who reside in the rural areas of the state, persons who are
38 culturally disadvantaged and persons who are at risk of contracting certain
39 diseases.

40 2. The state controller shall not transfer any money from the
41 appropriation made by subsection 1 to the University of Nevada School of

1 Medicine until \$50,000,000 is distributed to the State of Nevada as a result
2 of settlement agreements in November 1998 with tobacco companies, 50
3 percent of which is deposited in the trust fund for health programs.

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

8 **Sec. 30.** 1. There is hereby appropriated from the trust fund for
9 health programs created pursuant to section 4 of this act to the health
10 division of the department of human resources the sum of \$2,000,000 for
11 the establishment and coordination of educational and informational
12 programs designed to prevent and reduce the use of cigarettes and other
13 products made from tobacco that are required by section 11 of this act.

14 2. The state controller shall not transfer any money from the
15 appropriation made by subsection 1 to the health division of the department
16 of human resources until \$50,000,000 is distributed to the State of Nevada
17 as a result of settlement agreements in November 1998 with tobacco
18 companies, 50 percent of which is deposited in the trust fund for health
19 programs.

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

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

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

37 2. The state controller shall not transfer any money from the
38 appropriation made by subsection 1 to the office of rural health until
39 \$50,000,000 is distributed to the State of Nevada as a result of settlement
40 agreements in November 1998 with tobacco companies, 50 percent of
41 which is deposited in the trust fund for health programs.

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

5 1. One member who represents a nonprofit organization dedicated to
6 reducing health care problems related to the use of tobacco, one member
7 who represents the general public and one member with expertise in the
8 field of education, whose terms expire on July 1, 2001.

9 2. One member who represents a nonprofit organization dedicated to
10 reducing health care problems related to the use of tobacco, one member
11 who represents the general public, one member who represents the state
12 board of health and one member who has expertise in the field of health
13 care and the effects of the use of tobacco, whose terms expire on July 1,
14 2003.

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

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