

ASSEMBLY BILL NO. 398—ASSEMBLYMEN MCCLAIN, KOIVISTO, BUCKLEY, LESLIE, OHRENSCHALL, ANDERSON, ARBERRY, BACHE, BERMAN, CARPENTER, CHOWNING, CLABORN, COLLINS, DE BRAGA, FREEMAN, GIBBONS, GIUNCHIGLIANI, LEE, MANENDO, MORTENSON, NEIGHBORS, OCEGUERA, PARKS, PARNELL, PRICE, SMITH AND WILLIAMS

MARCH 16, 2001

JOINT SPONSOR: SENATOR TITUS

Referred to Concurrent Committees on Health and Human
Services and Ways and Means

SUMMARY—Directs department of human resources to include demonstration project in state plan for Medicaid that will provide access to discounted prescription drug benefits for certain low-income persons. (BDR 38-280)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 prescription drugs; directing the department of human resources to include a demonstration project in the state plan for Medicaid that will provide access to discounted prescription drug benefits for certain low-income persons; requiring the director to apply for all necessary waivers from federal law and regulation; 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 director shall include in the state plan for Medicaid a*
4 *demonstration project or similar provision to expand Medicaid eligibility*
5 *for prescription drugs in such a manner as to extend in accordance with*
6 *subsection 2 the Medicaid payment and rebate structure to all persons:*
7 (a) *Who are not otherwise covered by the state plan for Medicaid or*
8 *other coverage for the cost of their prescription drugs; and*



1 (b) Whose household income is not more than 300 percent of the
2 federally designated level signifying poverty.

3 2. The director shall include in the state plan for Medicaid a
4 requirement that the beneficiaries of this demonstration project would be
5 eligible to purchase prescription drugs listed on the Medicaid formulary
6 at a price that is equivalent to the Medicaid rate less the applicable state
7 subsidy. The beneficiary will pay the entire purchase price of the
8 prescription drug and is not entitled to any other Medicaid benefit. The
9 provider will be paid a dispensing fee by the department and be
10 reimbursed by the department for the amount of the state subsidy.

11 3. The director shall:

12 (a) Apply for all waivers of federal law or regulation which are
13 necessary to carry out the provisions of this section, including, without
14 limitation, requirements regarding comparability, limits on income and
15 standards for eligibility;

16 (b) If a waiver is denied or altered, take all appropriate steps to comply
17 with the directives of the Federal Government; and

18 (c) Account separately for all manufacturers' rebates available to the
19 Medicaid program pursuant to the Omnibus Budget Reconciliation Act
20 of 1990, Public Law 101-508, that are attributable to this demonstration
21 project and pay the related state subsidies from that money.

22 4. As used in this section:

23 (a) "Household income" means:

24 (1) The income received by the beneficiary of the demonstration
25 project plus the income received by the beneficiary's spouse; or

26 (2) If the beneficiary is a child, the income received by the parent or
27 guardian of the child.

28 (b) "Medicaid rate" means the price for the prescription drug that
29 would regularly be paid to the provider by the department as set forth in
30 the state plan for Medicaid.

31 (c) "State subsidy" means an amount established annually by the
32 director that reflects the expected average return to the state from
33 manufacturers' rebates available to the Medicaid program pursuant to
34 the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508,
35 less the established dispensing fee for the providers.

36 **Sec. 2.** NRS 422.240 is hereby amended to read as follows:

37 422.240 1. Money to carry out the provisions of NRS 422.001 to
38 422.410, inclusive, *and section 1 of this act*, and 422.580, including,
39 without limitation, any federal money allotted to the State of Nevada
40 pursuant to the program to provide temporary assistance for needy families
41 and the program for child care and development, must be provided by
42 appropriation by the legislature from the state general fund.

43 2. Disbursements for the purposes of NRS 422.001 to 422.410,
44 inclusive, *and section 1 of this act*, and 422.580 must be made upon claims
45 duly filed, audited and allowed in the same manner as other money in the
46 state treasury is disbursed.

47 **Sec. 3.** NRS 232.320 is hereby amended to read as follows:

48 232.320 1. Except as otherwise provided in subsection 2, the
49 director:



1 (a) Shall appoint, with the consent of the governor, administrators of the
2 divisions of the department, who are respectively designated as follows:

- 3 (1) The administrator of the aging services division;
4 (2) The administrator of the health division;
5 (3) The state welfare administrator;
6 (4) The administrator of the division of child and family services; and
7 (5) The administrator of the division of health care financing and
8 policy.

9 (b) Shall administer, through the divisions of the department, the
10 provisions of chapters 210, 423, 424, 425, 427A, 432A to 442, inclusive,
11 446 to 450, inclusive, of NRS, NRS 127.220 to 127.310, inclusive, 422.001
12 to 422.410, inclusive, *and section 1 of this act*, 422.580, 432.010 to
13 432.139, inclusive, 444.003 to 444.430, inclusive, and 445A.010 to
14 445A.055, inclusive, and all other provisions of law relating to the
15 functions of the divisions of the department, but is not responsible for the
16 clinical activities of the health division or the professional line activities of
17 the other divisions.

18 (c) Shall, after considering advice from agencies of local governments
19 and nonprofit organizations which provide social services, adopt a master
20 plan for the provision of human services in this state. The director shall
21 revise the plan biennially and deliver a copy of the plan to the governor and
22 the legislature at the beginning of each regular session. The plan must:

- 23 (1) Identify and assess the plans and programs of the department for
24 the provision of human services, and any duplication of those services by
25 federal, state and local agencies;
26 (2) Set forth priorities for the provision of those services;
27 (3) Provide for communication and the coordination of those services
28 among nonprofit organizations, agencies of local government, the state and
29 the Federal Government;
30 (4) Identify the sources of funding for services provided by the
31 department and the allocation of that funding;
32 (5) Set forth sufficient information to assist the department in
33 providing those services and in the planning and budgeting for the future
34 provision of those services; and
35 (6) Contain any other information necessary for the department to
36 communicate effectively with the Federal Government concerning
37 demographic trends, formulas for the distribution of federal money and any
38 need for the modification of programs administered by the department.

39 (d) May, by regulation, require nonprofit organizations and state and
40 local governmental agencies to provide information to him regarding the
41 programs of those organizations and agencies, excluding detailed
42 information relating to their budgets and payrolls, which he deems
43 necessary for his performance of the duties imposed upon him pursuant to
44 this section.

45 (e) Has such other powers and duties as are provided by law.

46 2. The governor shall appoint the administrator of the division of
47 mental health and developmental services.

48 **Sec. 4.** The director of the department of human resources shall, on or
49 before October 1, 2001, submit a proposal for a demonstration project or



- 1 similar provision to expand Medicaid eligibility for prescription drugs in
- 2 accordance with section 1 of this act and request all necessary waivers of
- 3 federal law and regulation.
- 4 **Sec. 5.** This act becomes effective upon passage and approval.

