

ASSEMBLY BILL NO. 544—COMMITTEE ON
HEALTH AND HUMAN SERVICES

(ON BEHALF OF TASK FORCE FOR THE FUND FOR A HEALTHY NEVADA)

MARCH 22, 2001

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions relating to program of subsidies for provision of prescription drugs and pharmaceutical services to senior citizens. (BDR 40-825)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 the administration of public health; revising provisions relating to the program of subsidies for the provision of prescription drugs and pharmaceutical services to senior citizens; increasing the maximum amount of the authorized subsidy; 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 439 of NRS is hereby amended by adding thereto a
2 new section to read as follows:

3 *Any program established pursuant to NRS 439.635 to 439.690,*
4 *inclusive, and section 1 of this act to pay for prescription drugs and*
5 *pharmaceutical services for senior citizens:*

6 1. *Must provide that enrollment in the program is open to any senior*
7 *citizen, regardless of whether the senior citizen qualifies to receive a*
8 *subsidy pursuant to NRS 439.665.*

9 2. *May provide for the enrollment of persons other than senior*
10 *citizens to increase the size of the pool of enrollees to take advantage of*
11 *the increased efficiency and cost-effectiveness that is associated with*
12 *economies of scale. Such additional enrollees do not qualify to receive a*
13 *subsidy pursuant to NRS 439.665.*

14 3. *Must provide, for dissemination to prospective enrollees, enrollees,*
15 *and physicians and pharmacists who are licensed to practice in this state,*
16 *clear, concise and accurate informational materials that set forth,*
17 *without limitation:*



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- 1 (a) *The procedure and qualifications for enrollment in the program;*
- 2 (b) *The cost of enrolling in the program;*
- 3 (c) *The name, business address and business telephone number of the*
- 4 *person or entity who has the authority to make the final decision*
- 5 *regarding the eligibility of a person to enroll in the program or remain*
- 6 *enrolled in the program;*
- 7 (d) *The name, business address and business telephone number of*
- 8 *each entity entrusted pursuant to the laws of this state with regulatory or*
- 9 *advisory oversight concerning the program;*
- 10 (e) *The formulary or other list that sets forth the prescription drugs*
- 11 *and pharmaceutical services which are covered under the program, or a*
- 12 *portion thereof sufficient to give meaningful notice of the more common*
- 13 *prescription drugs and pharmaceutical services which are covered under*
- 14 *the program; and*
- 15 (f) *A worksheet or other visual representation that compares the cost*
- 16 *of many common prescription drugs and pharmaceutical services under*
- 17 *the program with the cost of such prescription drugs and pharmaceutical*
- 18 *services under other similar programs.*
- 19 4. *Must provide, with respect to any formulary system for the*
- 20 *management of prescription drugs and pharmaceutical services which*
- 21 *are covered under the program:*
- 22 (a) *That financial incentives, including, without limitation, rebates,*
- 23 *must not be provided to a:*
- 24 (1) *Physician;*
- 25 (2) *Pharmacist;*
- 26 (3) *Distributor, manufacturer, retailer or wholesaler of prescription*
- 27 *drugs; or*
- 28 (4) *Provider of pharmaceutical services;*
- 29 (b) *That any financial incentives, including, without limitation,*
- 30 *rebates, which would otherwise be provided to a person described in*
- 31 *paragraph (a) must be provided to the department and used to lower the*
- 32 *cost of coverage under the program;*
- 33 (c) *That any decision regarding whether a particular prescription*
- 34 *drug or pharmaceutical service is covered for or otherwise available to*
- 35 *an enrollee in the program must first take into account issues of safety,*
- 36 *efficacy and therapeutic need before the issue of cost is considered; and*
- 37 (d) *That if a prescribing physician determines, in his professional*
- 38 *opinion, that a patient who is enrolled in the program has a medical*
- 39 *condition which requires the prescription of a drug with a brand name*
- 40 *instead of a generic drug, the enrollee must not be denied coverage for*
- 41 *the drug with a brand name nor be required to pay the difference in cost*
- 42 *between the drug with a brand name and the equivalent generic drug.*
- 43 5. *Must provide that an enrollee who is aggrieved by a decision*
- 44 *pertaining to his coverage under the program, including, without*
- 45 *limitation, the benefits available to him under the program, may appeal*
- 46 *such a decision to the director. To carry out the provisions of this*
- 47 *subsection, the director shall appoint a hearing officer from the staff of*
- 48 *the department who shall act as the director's agent and conduct*
- 49 *hearings. The provisions of this subsection do not preclude an enrollee*



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1 *from pursuing judicial action to enforce any contract of insurance*
2 *entered into by the department to carry out the program.*

3 **Sec. 2.** NRS 439.630 is hereby amended to read as follows:

4 439.630 1. The task force for the fund for a healthy Nevada shall:

5 (a) Conduct public hearings to accept public testimony from a wide
6 variety of sources and perspectives regarding existing or proposed
7 programs that:

8 (1) Promote public health;

9 (2) Improve health services for children, senior citizens and persons
10 with disabilities;

11 (3) Reduce or prevent the use of tobacco;

12 (4) Reduce or prevent the abuse of and addiction to alcohol and
13 drugs; and

14 (5) Offer other general or specific information on health care in this
15 state.

16 (b) Establish a process to evaluate the health and health needs of the
17 residents of this state and a system to rank the health problems of the
18 residents of this state, including, without limitation, the specific health
19 problems that are endemic to urban and rural communities.

20 (c) Reserve not more than 30 percent of all revenues deposited in the
21 fund for a healthy Nevada each year for direct expenditure by the
22 department to pay for prescription drugs and pharmaceutical services for
23 senior citizens pursuant to NRS 439.635 to 439.690, inclusive ~~†~~ , and
24 *section 1 of this act.* The department shall ~~submit~~ :

25 *(1) Ensure that any program established pursuant to NRS 439.635*
26 *to 439.690, inclusive, and section 1 of this act to pay for prescription*
27 *drugs and pharmaceutical services for senior citizens complies with the*
28 *provisions of section 1 of this act; and*

29 *(2) Submit* a quarterly report to the governor and interim finance
30 committee regarding the general manner in which expenditures have been
31 made pursuant to this paragraph and the status of the program.

32 (d) Reserve not more than 30 percent of all revenues deposited in the
33 fund for a healthy Nevada each year for allocation by the aging services
34 division of the department in the form of grants for existing or new
35 programs that assist senior citizens with independent living, including,
36 without limitation, programs that provide:

37 (1) Respite care or relief of family caretakers;

38 (2) Transportation to new or existing services to assist senior citizens
39 in living independently; and

40 (3) Care in the home which allows senior citizens to remain at home
41 instead of in institutional care.

42 (e) Allocate for expenditure not more than 20 percent of all revenues
43 deposited in the fund for a healthy Nevada each year for programs that
44 prevent, reduce or treat the use of tobacco and the consequences of the use
45 of tobacco.

46 (f) Allocate for expenditure not more than 20 percent of all revenues
47 deposited in the fund ~~each year~~ for a healthy Nevada *each year* for
48 programs that improve health services for children and for persons with
49 disabilities.



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- 1 (g) Maximize expenditures through local, federal and private matching
2 contributions.
- 3 (h) Ensure that any money expended from the fund for a healthy
4 Nevada will not be used to supplant existing methods of funding that are
5 available to public agencies.
- 6 (i) Develop policies and procedures for the administration and
7 distribution of grants and other expenditures to nonprofit organizations,
8 universities and community colleges. A condition of any such grant must
9 be that not more than 8 percent of the grant may be used for administrative
10 expenses or other indirect costs. The procedures must require at least one
11 competitive round of requests for proposals.
- 12 (j) To make the allocations required by paragraphs (e) and (f) : ~~for~~
13 ~~subsection 1-;~~
- 14 (1) Prioritize and quantify the needs for these programs;
- 15 (2) Develop, solicit and accept grant applications for allocations;
- 16 (3) Conduct annual evaluations of programs to which allocations
17 have been awarded; and
- 18 (4) Submit annual reports concerning the programs to the governor
19 and the interim finance committee.
- 20 (k) Transmit a report of all findings, recommendations and expenditures
21 to the governor and each regular session of the legislature.
- 22 2. The task force may take such other actions as are necessary to carry
23 out its duties.
- 24 3. The department shall take all actions necessary to ensure that all
25 allocations for expenditures made by the task force are carried out as
26 directed by the task force.
- 27 4. To make the allocations required by paragraph (d) of subsection 1,
28 the aging services division of the department shall:
- 29 (a) Prioritize and quantify the needs of senior citizens for these
30 programs;
- 31 (b) Develop, solicit and accept grant applications for allocations;
- 32 (c) As appropriate, expand or augment existing state programs for
33 senior citizens upon approval of the interim finance committee;
- 34 (d) Award grants or other allocations;
- 35 (e) Conduct annual evaluations of programs to which grants or other
36 allocations have been awarded; and
- 37 (f) Submit annual reports concerning the grant program to the governor
38 and the interim finance committee.
- 39 5. The aging services division of the department shall submit each
40 proposed grant which would be used to expand or augment an existing
41 state program to the interim finance committee for approval before the
42 grant is awarded. The request for approval must include a description of
43 the proposed use of the money and the person or entity that would be
44 authorized to expend the money.
- 45 6. The department, on behalf of the task force, shall submit each
46 allocation proposed pursuant to paragraph (e) or (f) of subsection 1 which
47 would be used to expand or augment an existing state program to the
48 interim finance committee for approval before the grant is awarded. The
49 request for approval must include a description of the proposed use of the



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1 money and the person or entity that would be authorized to expend the
2 money.

3 **Sec. 3.** NRS 439.635 is hereby amended to read as follows:

4 439.635 As used in NRS 439.635 to 439.690, inclusive, *and section 1*
5 *of this act*, unless the context otherwise requires, the words and terms
6 defined in NRS 439.640, 439.645 and 439.650 have the meanings ascribed
7 to them in those sections.

8 **Sec. 4.** NRS 439.665 is hereby amended to read as follows:

9 439.665 1. ~~Here~~ *Except as otherwise provided in this subsection,*
10 *the* department shall enter into contracts with private insurers who transact
11 health insurance in this state to arrange for the availability, at a reasonable
12 cost, of policies of health insurance that provide coverage to senior citizens
13 for prescription drugs and pharmaceutical services. *The department shall*
14 *not enter into such a contract unless the program of coverage provided*
15 *pursuant to the contract complies with the provisions of section 1 of this*
16 *act.*

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

Amount of Household		Percent of	
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	

35 3. The amount of any subsidy granted pursuant to this section must not
36 exceed the annual cost of insurance that provides coverage for prescription
37 drugs and pharmaceutical services or ~~\$480~~ \$900 per year, whichever is
38 less.

39 **Sec. 5.** This act becomes effective on July 1, 2001.

