

ASSEMBLY BILL NO. 545—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—Directs development of optional subsidized program to provide prescription drugs and pharmaceutical services to senior citizens with low incomes. (BDR 40-826)

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 public health; directing the development of an additional subsidized state program to provide prescription drugs and pharmaceutical services to senior citizens with low incomes as an option to the existing insurance-based program; 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  
2     the provisions set forth as sections 2 to 10, inclusive, of this act.  
3     **Sec. 2.** *As used in sections 2 to 10, inclusive, of this act, unless the*  
4     *context otherwise requires, the words and terms defined in sections 3, 4*  
5     *and 5 of this act have the meanings ascribed to them in those sections.*  
6     **Sec. 3.** *“Household income” has the meaning ascribed to it in NRS*  
7     *361.820.*  
8     **Sec. 4.** *“Income” has the meaning ascribed to it in NRS 361.823.*  
9     **Sec. 5.** *“Senior citizen” means a person who is domiciled in this*  
10    *state and is 62 years of age or older.*  
11    **Sec. 6.** *The department is responsible for the administration of the*  
12    *provisions of sections 2 to 10, inclusive, of this act and may:*  
13    1. *Prescribe the content and form of a request for a subsidy required*  
14    *to be submitted pursuant to section 9 of this act.*  
15    2. *Designate the proof that must be submitted with such a request.*



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

4     4. *Adopt such other regulations as may be required to carry out the*  
5 *provisions of sections 2 to 10, inclusive, of this act.*

6     **Sec. 7.** *The department of human resources shall, in cooperation*  
7 *with the department of taxation and the various counties in this state:*

8         1. *Combine all possible administrative procedures required for*  
9 *determining those persons who are eligible for assistance pursuant to*  
10 *NRS 361.800 to 361.877, inclusive, and sections 2 to 10, inclusive, of this*  
11 *act;*

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

15         3. *Design forms that may be used jointly by the department of human*  
16 *resources, the department of taxation and the various counties in this*  
17 *state to carry out the provisions of NRS 361.800 to 361.877, inclusive,*  
18 *and sections 2 to 10, inclusive, of this act.*

19     **Sec. 8.** 1. *In addition to the program set forth in NRS 439.635 to*  
20 *439.690, inclusive, the department shall, within the limits of the money*  
21 *available for this purpose in the fund for a healthy Nevada, develop and*  
22 *carry out an optional program for senior citizens to provide prescription*  
23 *drugs and pharmaceutical services to them at a subsidized cost whereby*  
24 *the state will pay the difference between the co-payment required by the*  
25 *program and the actual cost of the drug from the pharmacist. The*  
26 *department shall refer to this program as the "Senior Option*  
27 *Prescription Program" and cause it to be marketed under that name.*

28         2. *Within the limits of the money available for this purpose in the*  
29 *fund for a healthy Nevada, a senior citizen who:*

30             (a) *Is not eligible for Medicaid;*

31             (b) *Is not enrolled in the program of insurance established pursuant*  
32 *to NRS 439.635 to 439.690, inclusive; and*

33             (c) *Is accepted into the program that is made available pursuant to*  
34 *subsection 1,*

35 *is entitled to an annual grant from the trust fund to subsidize a portion of*  
36 *the cost of his prescription drugs and pharmaceutical services if he has*  
37 *been domiciled in this state for at least 1 year immediately preceding the*  
38 *date of his application and his household income is less than \$21,500.*

39         3. *The department may pay its costs for administering this program*  
40 *from the fund for a healthy Nevada and shall include as components of*  
41 *the subsidized program:*

42             (a) *A maximum annual application fee of \$25.*

43             (b) *A requirement that a generic drug be used to fill the prescription,*  
44 *unless the substitution of a generic drug for a drug with a brand name is*  
45 *specifically prohibited by the provider of health care who issued the*  
46 *prescription.*

47             (c) *A maximum required co-payment for generic drugs of \$10 per*  
48 *prescription.*



1 (d) A maximum required co-payment for nongeneric drugs of \$25 per  
2 prescription.

3 (e) The formulary for the program must be the same formulary as is  
4 used for the state plan for Medicaid.

5 (f) The maximum limitation per year on the subsidy each person may  
6 receive under this program is \$5,000.

7 (g) Allow persons who are participating in the program to fill their  
8 prescriptions by mail.

9 (h) A maximum of \$100 as the amount of deductible expenses that  
10 may be required of participants before they are eligible to receive benefits  
11 under this program.

12 (i) The rebates from pharmaceutical manufacturers for drugs  
13 purchased through this program must be at least equal to the rebates  
14 provided for drugs purchased pursuant to the state plan for Medicaid and  
15 must be deposited in the fund for a healthy Nevada to support this  
16 program.

17 (j) A pharmacy benefits manager may be hired by contract to assist in  
18 the development and administration of this program, if deemed advisable  
19 and fiscally prudent by the department.

20 (k) The rates negotiated by the department or its representative for the  
21 prescription drugs sold by the pharmacies that agree to participate in this  
22 program must not be more than the rates charged to the department  
23 under the state plan for Medicaid, if not the best and lowest prices  
24 available from the pharmacy to any customer.

25 **Sec. 9.** 1. A senior citizen who wishes to receive a subsidy pursuant  
26 to sections 2 to 10, inclusive, of this act must file a request therefor with  
27 the department.

28 2. The request must be made under oath and filed in such form and  
29 content, and accompanied by such proof, as the department may  
30 prescribe.

31 3. The department shall, within 45 days after receiving a request for  
32 a subsidy, examine the request, grant or deny it.

33 4. The department shall determine which senior citizens are eligible  
34 to receive a subsidy pursuant to sections 2 to 10, inclusive, of this act and  
35 pay the subsidy in the manner set forth in the program.

36 **Sec. 10.** 1. The department shall deny any request for a subsidy  
37 received pursuant to sections 2 to 10, inclusive, of this act to which the  
38 senior citizen is not entitled.

39 2. The department may deny in total any request which it finds to  
40 have been filed with fraudulent intent. If any such request has been paid  
41 and is afterward denied, the amount of the subsidy must be repaid by the  
42 senior citizen to the department.

43 3. Any amounts received by the department pursuant to this section  
44 must be deposited with the state treasurer for credit to the fund for a  
45 healthy Nevada for credit to this program.



1     **Sec. 11.** NRS 439.630 is hereby amended to read as follows:  
2     439.630 1. The task force for the fund for a healthy Nevada shall:  
3     (a) Conduct public hearings to accept public testimony from a wide  
4     variety of sources and perspectives regarding existing or proposed  
5     programs that:  
6         (1) Promote public health;  
7         (2) Improve health services for children, senior citizens and persons  
8     with disabilities;  
9         (3) Reduce or prevent the use of tobacco;  
10        (4) Reduce or prevent the abuse of and addiction to alcohol and  
11     drugs; and  
12        (5) Offer other general or specific information on health care in this  
13     state.  
14     (b) Establish a process to evaluate the health and health needs of the  
15     residents of this state and a system to rank the health problems of the  
16     residents of this state, including, without limitation, the specific health  
17     problems that are endemic to urban and rural communities.  
18     (c) Reserve not more than 30 percent of all revenues deposited in the  
19     fund for a healthy Nevada each year *and allocate the amounts* for direct  
20     expenditure by the department to pay for prescription drugs and  
21     pharmaceutical services for senior citizens pursuant to NRS 439.635 to  
22     439.690, inclusive ~~+~~ , *and sections 2 to 10, inclusive, of this act.* The  
23     department shall submit a quarterly report to the governor and interim  
24     finance committee regarding the general manner in which expenditures  
25     have been made pursuant to this paragraph and the status of the ~~program.~~  
26     *programs.*  
27     (d) Reserve not more than 30 percent of all revenues deposited in the  
28     fund for a healthy Nevada each year for allocation by the aging services  
29     division of the department in the form of grants for existing or new  
30     programs that assist senior citizens with independent living, including,  
31     without limitation, programs that provide:  
32         (1) Respite care or relief of family caretakers;  
33         (2) Transportation to new or existing services to assist senior citizens  
34     in living independently; and  
35         (3) Care in the home which allows senior citizens to remain at home  
36     instead of in institutional care.  
37     (e) Allocate for expenditure not more than 20 percent of all revenues  
38     deposited in the fund for a healthy Nevada each year for programs that  
39     prevent, reduce or treat the use of tobacco and the consequences of the use  
40     of tobacco.  
41     (f) Allocate for expenditure not more than 20 percent of all revenues  
42     deposited in the fund each year for a healthy Nevada for programs that  
43     improve health services for children and for persons with disabilities.  
44     (g) Maximize expenditures through local, federal and private matching  
45     contributions.  
46     (h) Ensure that any money expended from the fund for a healthy  
47     Nevada will not be used to supplant existing methods of funding that are  
48     available to public agencies.



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



- 1     **Sec. 12.** 1. This section and sections 2 to 8, inclusive, and 11 of this  
2 act become effective on July 1, 2001, for the purposes of developing a  
3 program pursuant to sections 2 to 10, inclusive, of this act, and on  
4 January 1, 2002, for all other purposes.  
5     2. Sections 9 and 10 of this act become effective on January 1, 2002.

