

SENATE BILL NO. 377—COMMITTEE ON HUMAN
RESOURCES AND FACILITIES

MARCH 19, 2001

Referred to Committee on Human Resources and Facilities

SUMMARY—Revises provisions governing payment of hospitals for treating disproportionate share of Medicaid patients, indigent patients or other low-income patients. (BDR 38-316)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§ 1)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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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 welfare; revising the provisions governing the payment of hospitals for treating a disproportionate share of Medicaid patients, indigent patients or other low-income patients; 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.** NRS 422.382 is hereby amended to read as follows:
- 2 422.382 1. In a county within which:
- 3 (a) A public hospital is located, the state or local government or other
- 4 entity responsible for the public hospital shall transfer an amount equal to
- 5 75 percent of the ***total*** amount ~~of the payment made to the public~~
- 6 ***distributed to that*** hospital pursuant to NRS 422.387 ~~less \$50,000~~ ***for a***
- 7 ***fiscal year, less \$75,000,*** to the division of health care financing and
- 8 policy.
- 9 (b) A private hospital which receives a payment pursuant to :
- 10 (1) ***Subsection 3 of*** NRS 422.387 is located, the county shall transfer
- 11 an amount established by the legislature ***for each fiscal year*** to the division
- 12 of health care financing and policy.
- 13 (2) ***Subsection 4 of NRS 422.387 is located, the county shall***
- 14 ***transfer an amount equal to 75 percent of the total amount distributed to***
- 15 ***that hospital pursuant to that subsection for a fiscal year, less \$75,000, to***
- 16 ***the division of health care financing and policy.***
- 17 2. A county that transfers the amount required pursuant to
- 18 ***subparagraph (1) of*** paragraph (b) of subsection 1 to the division of health



1 care financing and policy is discharged of the duty and is released from
2 liability for providing medical treatment for indigent inpatients who are
3 treated in the hospital in the county that receives a payment pursuant to
4 paragraph ~~(b)~~ (a) of subsection ~~2~~ 3 of NRS 422.387.

5 3. Any money collected pursuant to subsection 1, including any
6 interest or penalties imposed for a delinquent payment, must be deposited
7 in the state treasury for credit to the intergovernmental transfer account in
8 the state general fund to be administered by the division of health care
9 financing and policy.

10 4. The interest and income earned on money in the intergovernmental
11 transfer account, after deducting any applicable charges, must be credited
12 to the account.

13 **Sec. 2.** NRS 422.387 is hereby amended to read as follows:

14 422.387 1. Before making the payments required or authorized by
15 this section, the division of health care financing and policy shall allocate
16 money for the administrative costs necessary to carry out the provisions of
17 NRS 422.380 to 422.390, inclusive. The amount allocated for
18 administrative costs must not exceed the amount authorized for
19 expenditure by the legislature for this purpose in a fiscal year. The interim
20 finance committee may adjust the amount allowed for administrative costs.

21 2. The state plan for Medicaid must provide ~~for~~
22 ~~—(a) For~~ *for* the payment of the maximum *aggregate* amount allowable
23 under federal law and regulations ~~after making a payment, if any, pursuant~~
24 ~~to paragraph (b), to public~~ *to the* hospitals *in this state* for treating a
25 disproportionate share of Medicaid patients, indigent patients or other low-
26 income patients . ~~1. unless such payments are subsequently limited by~~
27 ~~federal law or regulation.~~

28 ~~—(b) For a payment in an amount approved by the legislature to the~~ *This*
29 *amount must initially be allocated each fiscal year for distribution to:*

30 *(a) Hospitals in counties whose populations are less than 400,000;*
31 *and*

32 *(b) Hospitals in counties whose populations are 400,000 or*
33 *more,*
34 *in the same proportion as payments were distributed to hospitals in those*
35 *categories of counties pursuant to this section for the fiscal year ending*
36 *on June 30, 2001. If the maximum amount allowable under federal law*
37 *and regulations for distribution to the hospitals described in either*
38 *paragraph (a) or (b) for treating a disproportionate share of Medicaid*
39 *patients, indigent patients or other low-income patients for a fiscal year*
40 *is less than the amount initially allocated for distribution to those*
41 *hospitals pursuant to this subsection, the additional amount initially*
42 *allocated for distribution to those hospitals must be reallocated for*
43 *distribution to the hospitals described in the other paragraph.*

44 3. *To the greatest extent allowable under federal law and*
45 *regulations, the final allocation established for a fiscal year pursuant to*
46 *subsection 2 for hospitals in counties whose populations are less than*
47 *400,000 must be distributed in the following manner:*

48 *(a) The* private hospital that provides the largest volume of medical care
49 to Medicaid patients, indigent patients or other low-income patients in ~~the~~



1 ~~county~~ each of those counties that does not have a public hospital ~~H~~ must
2 receive a payment in an amount approved by the legislature which is not
3 less than the amount distributed to a private hospital pursuant to this
4 section for the fiscal year ending on June 30, 2001.

5 (b) After making any distributions required by paragraph (a), each of
6 the public hospitals in those counties must receive a payment in an
7 amount equal to the uncompensated costs incurred by the hospital
8 during that fiscal year or \$500,000, whichever is less.

9 (c) After making any distributions required by paragraphs (a) and (b),
10 each of the public hospitals in those counties that incurred
11 uncompensated costs during that fiscal year in excess of \$500,000 must
12 receive a portion of any remaining amount of the allocation based upon
13 its pro rata share of the cumulative amount by which all those hospitals
14 respectively incurred uncompensated costs during that fiscal year in
15 excess of \$500,000.

16 4. To the greatest extent allowable under federal law and
17 regulations, the final allocation established for a fiscal year pursuant to
18 subsection 2 for hospitals in counties whose populations are 400,000 or
19 more must be distributed in the following manner:

20 (a) The public hospital that provides the largest volume of medical
21 care to Medicaid patients and indigent patients in each of those counties
22 during that fiscal year must receive a payment of \$45,000,000.

23 (b) After making any distributions required by paragraph (a), each
24 hospital in those counties whose Medicaid utilization percentage is
25 greater than the average for all the hospitals in this state for that fiscal
26 year must receive a portion of any remaining amount of the allocation
27 based upon its pro rata share of the cumulative number of
28 uncompensated days respectively incurred during that fiscal year by all
29 the hospitals in the same county whose Medicaid utilization percentage is
30 greater than the average for all the hospitals in this state.

31 5. The state plan for Medicaid must be consistent with the provisions
32 of NRS 422.380 to 422.390, inclusive, and Title XIX of the Social Security
33 Act , ~~H~~ 42 U.S.C. §§ 1396 et seq. , ~~H~~ and the regulations adopted
34 pursuant to those provisions.

35 ~~3-1~~ 6. The division of health care financing and policy may, with the
36 approval of the director, amend the state plan for Medicaid to modify the
37 methodology for establishing the rates of payment to public hospitals for
38 inpatient services . ~~except that such~~ Except as otherwise required to
39 carry out subsection 4, those amendments must not reduce the total
40 reimbursements to public hospitals for such services.

41 7. As used in this section:

42 (a) "Medicaid utilization percentage" means the total number of days
43 of treatment of Medicaid patients, including, without limitation, newborn
44 infants who qualify for Medicaid benefits and patients who receive their
45 Medicaid benefits through a health maintenance organization, divided by
46 the total number of days of treatment of all patients during a fiscal year.

47 (b) "Medicare" has the meaning ascribed to it in NRS 439B.130.



1 (c) *“Uncompensated costs” means the costs to provide medical care to*
2 *inpatients for which a hospital receives no compensation from any*
3 *source.*

4 (d) *“Uncompensated day” means a day in which medical care is*
5 *provided to an inpatient for which a hospital receives:*

6 (1) *Not more than 25 percent of the cost of providing that care from*
7 *the patient; and*

8 (2) *No compensation for the cost of providing that care from any*
9 *other person or any governmental program, including, without*
10 *limitation, a private insurer, Medicaid or Medicare.*

11 **Sec. 3.** The provisions of subsection 1 of NRS 354.599 do not apply
12 to any additional expenses of a local government that are related to the
13 provisions of this act.

14 **Sec. 4.** This act becomes effective on July 1, 2001.

