

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; providing for the allocation and transfer of certain funding for the treatment of those patients; requiring the department of human resources to conduct a study regarding programs and funding for the treatment of those 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) Paragraph (b) of subsection 2 of* NRS 422.387 is located, the
- 11 county shall transfer ~~an~~ *:*
- 12 *(I) Except as otherwise provided in sub-subparagraph (II), an*
- 13 *amount equal to 75 percent of the total amount distributed to that*
- 14 *hospital pursuant to paragraph (b) of subsection 2 of NRS 422.387 for a*
- 15 *fiscal year, less \$75,000; or*



* S B 3 7 7 R 1 *

1 (II) An amount established by the legislature *for a fiscal*
2 *year,*
3 to the division of health care financing and policy.

4 (2) Paragraph (c) of subsection 2 of NRS 422.387 is located, the
5 county shall transfer an amount equal to 75 percent of the total amount
6 distributed to that hospital pursuant to that paragraph for a fiscal year,
7 less \$75,000, to the division of health care financing and policy.

8 2. A county that transfers the amount required pursuant to
9 subparagraph (1) of paragraph (b) of subsection 1 to the division of health
10 care financing and policy is discharged of the duty and is released from
11 liability for providing medical treatment for indigent inpatients who are
12 treated in the hospital in the county that receives a payment pursuant to
13 paragraph (b) of subsection 2 of NRS 422.387.

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

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

22 Sec. 2. NRS 422.385 is hereby amended to read as follows:

23 422.385 1. The allocations and payments required pursuant to
24 subsections 1 and 2 of NRS 422.387 must be made, to the extent allowed
25 by the state plan for Medicaid, from the Medicaid budget account.

26 2. Except as otherwise provided in subsection 3 ~~†~~ and subsection 3 of
27 NRS 422.387, the money in the intergovernmental transfer account must be
28 transferred from that account to the Medicaid budget account to the extent
29 that money is available from the Federal Government for proposed
30 expenditures, including expenditures for administrative costs. If the amount
31 in the account exceeds the amount authorized for expenditure by the
32 division of health care financing and policy for the purposes specified in
33 NRS 422.387, the division of health care financing and policy is authorized
34 to expend the additional revenue in accordance with the provisions of the
35 state plan for Medicaid.

36 3. If enough money is available to support Medicaid ~~†~~ and to make
37 the payments required by subsection 3 of NRS 422.387, money in the
38 intergovernmental transfer account may be transferred ~~†to~~ :

39 (a) To an account established for the provision of health care services to
40 uninsured children pursuant to a federal program in which at least 50
41 percent of the cost of such services is paid for by the Federal Government,
42 including, without limitation, the children's health insurance program ~~†, if~~
43 ~~enough money is available to continue to satisfy existing obligations of the~~
44 ~~Medicaid program or to~~ ; or

45 (b) To carry out the provisions of NRS 439B.350 ~~†to~~ and 439B.360.

46 Sec. 3. NRS 422.387 is hereby amended to read as follows:

47 422.387 1. Before making the payments required or authorized by
48 this section, the division of health care financing and policy shall allocate
49 money for the administrative costs necessary to carry out the provisions of



1 NRS 422.380 to 422.390, inclusive. The amount allocated for
2 administrative costs must not exceed the amount authorized for
3 expenditure by the legislature for this purpose in a fiscal year. The interim
4 finance committee may adjust the amount allowed for administrative costs.

5 2. The state plan for Medicaid must provide:

6 (a) For the payment of the maximum amount allowable under federal
7 law and regulations after making ~~to a payment, if any,~~ *any payments*
8 pursuant to ~~paragraph (b),~~ *paragraphs (b) and (c)*, to public hospitals for
9 treating a disproportionate share of Medicaid patients, indigent patients or
10 other low-income patients, unless such payments are subsequently limited
11 by federal law or regulation.

12 (b) For a payment in an amount approved by the legislature to the
13 private hospital that provides the largest volume of medical care to
14 Medicaid patients, indigent patients or other low-income patients in a
15 county that does not have a public hospital.

16 *(c) For a payment to each private hospital whose Medicaid utilization*
17 *percentage is greater than the average for all the hospitals in this state*
18 *and which is located in a county that has a public hospital, in an amount*
19 *of not less than \$150 but not more than \$200 for each uncompensated*
20 *day incurred by the hospital.*

21 The plan must be consistent with the provisions of NRS 422.380 to
22 422.390, inclusive, and Title XIX of the Social Security Act, ~~42~~ 42 U.S.C.
23 §§ 1396 et seq. , ~~1-),~~ and the regulations adopted pursuant to those
24 provisions.

25 3. ~~The division of health care financing and policy may, with the~~
26 ~~approval of the director, amend the state plan for Medicaid to modify the~~
27 ~~methodology for establishing the rates of payment to public hospitals for~~
28 ~~inpatient services, except that such amendments must not reduce the total~~
29 ~~reimbursements to public hospitals for such services.~~ *To the extent that*
30 *money is available in the intergovernmental transfer account, the*
31 *division of health care financing and policy shall distribute \$50,000 from*
32 *that account each fiscal year to each public hospital which:*

33 *(a) Is located in a county that does not have any other hospitals; and*

34 *(b) Is not eligible for a payment pursuant to subsection 2.*

35 4. *As used in this section:*

36 *(a) "Medicaid utilization percentage" means the total number of days*
37 *of treatment of Medicaid patients, including patients who receive their*
38 *Medicaid benefits through a health maintenance organization, divided by*
39 *the total number of days of treatment of all patients during a fiscal year.*

40 *(b) "Uncompensated day" means a day in which medical care is*
41 *provided to an inpatient for which a hospital receives:*

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

44 *(2) No compensation for the cost of providing that care from any*
45 *other person or any governmental program.*

46 **Sec. 4.** 1. Except as otherwise provided in subsection 2:

47 (a) The state plan for Medicaid must allocate to:

48 (1) Any private hospital in a county whose population is 100,000 or
49 more that is qualified to receive a payment pursuant to paragraph (b) of



1 subsection 2 of NRS 422.387, \$4,800,000 or the amount of the
2 uncompensated costs of the hospital as defined in the state plan for
3 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
4 year 2002-2003.

5 (2) Any private hospital in a county whose population is 40,000 or
6 more but less than 100,000 that is qualified to receive a payment pursuant
7 to paragraph (b) of subsection 2 of NRS 422.387, \$2,000,000 or the
8 amount of the uncompensated costs of the hospital as defined in the state
9 plan for Medicaid, whichever is less, for the fiscal year 2001-2002 and for
10 the fiscal year 2002-2003.

11 (3) Any private hospital in a county whose population is less than
12 40,000 that is qualified to receive a payment pursuant to paragraph (b) of
13 subsection 2 of NRS 422.387, \$1,000,000 or the amount of the
14 uncompensated costs of the hospital as defined in the state plan for
15 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
16 year 2002-2003.

17 (b) If a private hospital receives a payment pursuant to paragraph (a),
18 the county within which the hospital is located shall transfer to the division
19 of health care financing and policy of the department of human resources:

20 (1) If the payment was received pursuant to subparagraph (1) of that
21 paragraph, \$1,500,000 for the fiscal year 2001-2002 and for the fiscal year
22 2002-2003.

23 (2) If the payment was received pursuant to subparagraph (2) of that
24 paragraph, \$1,500,000 or 75 percent of the amount received by the
25 hospital, whichever is less, for the fiscal year 2001-2002 and for the fiscal
26 year 2002-2003.

27 (3) If the payment was received pursuant to subparagraph (3) of that
28 paragraph, \$750,000 or 75 percent of the amount received by the hospital,
29 whichever is less, for the fiscal year 2001-2002 and for the fiscal year
30 2002-2003.

31 2. If federal law changes the amount payable pursuant to paragraph (a)
32 of subsection 2 of NRS 422.387:

33 (a) The respective amounts required to be allocated and transferred
34 pursuant to subsection 1 must be reduced proportionally in accordance with
35 the limits of federal law.

36 (b) The administrator of the division of health care financing and policy
37 of the department of human resources shall adopt a regulation specifying
38 the amount of the reductions required by paragraph (a).

39 **Sec. 5.** 1. The department of human resources shall conduct a study
40 of:

41 (a) The programs conducted in this state for the provision of medical
42 care to Medicaid patients, indigent patients and other low-income patients;
43 and

44 (b) The methodology used in determining the amount and distribution
45 of payments made to public and private hospitals pursuant to NRS
46 422.387.

47 2. The study must review:



- 1 (a) The sources of funding used for the provision of medical care to
2 Medicaid patients, indigent patients and other low-income patients,
3 including any applicable federal, state and local governmental programs;
4 (b) The costs to provide medical care to Medicaid patients, indigent
5 patients and other low-income patients, and the extent to which the sources
6 of funding identified pursuant to paragraph (a) are sufficient to pay those
7 costs;
8 (c) Whether the payments received by hospitals based on the volume of
9 medical care provided to Medicaid patients, indigent patients and other
10 low-income patients are equitable;
11 (d) The statewide effect of the provisions of NRS 439B.300 to
12 439B.340, inclusive, on the provision of medical care to Medicaid patients,
13 indigent patients and other low-income patients;
14 (e) The policies employed by counties to administer the provisions of
15 NRS 439B.300 to 439B.340, inclusive;
16 (f) Whether the amendment of the provisions of NRS 439B.300 to
17 439B.340, inclusive, to provide for a direct tax would enable the state to
18 increase any revenue from other sources for the provision of medical care
19 to Medicaid patients, indigent patients and other low-income patients;
20 (g) Whether it is feasible for the state to provide for the reimbursement
21 of public hospitals for the provision of medical care to Medicaid patients
22 on a cost basis as a means to increase any revenue from other sources for
23 the provision of that care;
24 (h) Whether it is feasible to redistribute payments to increase payments
25 to hospitals located in rural counties, including hospitals that are not
26 currently eligible for payments pursuant to NRS 422.387; and
27 (i) Alternative methodologies for providing funding for the provision of
28 medical care to Medicaid patients, indigent patients and other low-income
29 patients in Washoe County.
30 3. The department of human resources shall request such relevant
31 information from public and private hospitals, counties and other entities as
32 is necessary to conduct the study. A hospital, county or other entity that
33 receives such a request from the department shall provide the appropriate
34 information. Any such information obtained by the department may be
35 used only for the purpose of conducting the study.
36 4. The department of human resources shall, on or before July 1, 2002,
37 complete the study and submit a report of the activities, findings and
38 recommendations of the study to the governor, the interim finance
39 committee and the legislative committee on health care.
40 **Sec. 6.** The provisions of subsection 1 of NRS 354.599 do not apply
41 to any additional expenses of a local government that are related to the
42 provisions of this act.
43 **Sec. 7.** This act becomes effective on July 1, 2001.

