

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; authorizing the imposition in certain counties of a temporary tax on the revenue of hospitals; requiring the legislative committee on health care 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 ~~ten~~ *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*



* S B 3 7 7 R 2 *

1 *hospital pursuant to paragraph (b) of subsection 2 of NRS 422.387 for a*
2 *fiscal year; or*

3 (II) *An amount established by the legislature for a fiscal*
4 *year,*

5 *to the division of health care financing and policy.*

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

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

16 3. *The money transferred to the division of health care financing and*
17 *policy pursuant to subsection 1 must not come from any source of*
18 *funding that could result in any reduction in revenue to the state*
19 *pursuant to 42 U.S.C. § 1396b(w).*

20 4. Any money collected pursuant to subsection 1, including any
21 interest or penalties imposed for a delinquent payment, must be deposited
22 in the state treasury for credit to the intergovernmental transfer account in
23 the state general fund to be administered by the division of health care
24 financing and policy.

25 ~~4.4~~ 5. The interest and income earned on money in the
26 intergovernmental transfer account, after deducting any applicable charges,
27 must be credited to the account.

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

29 422.385 1. The allocations and payments required pursuant to
30 *subsections 1 and 2 of NRS 422.387 must be made, to the extent allowed*
31 *by the state plan for Medicaid, from the Medicaid budget account.*

32 2. Except as otherwise provided in subsection 3 ~~4.4~~ *and subsection 3 of*
33 *NRS 422.387, the money in the intergovernmental transfer account must be*
34 *transferred from that account to the Medicaid budget account to the extent*
35 *that money is available from the Federal Government for proposed*
36 *expenditures, including expenditures for administrative costs. If the amount*
37 *in the account exceeds the amount authorized for expenditure by the*
38 *division of health care financing and policy for the purposes specified in*
39 *NRS 422.387, the division of health care financing and policy is authorized*
40 *to expend the additional revenue in accordance with the provisions of the*
41 *state plan for Medicaid.*

42 3. If enough money is available to support Medicaid ~~4.4~~ *and to make*
43 *the payments required by subsection 3 of NRS 422.387, money in the*
44 *intergovernmental transfer account may be transferred ~~4.4~~ :*

45 (a) *To an account established for the provision of health care services to*
46 *uninsured children pursuant to a federal program in which at least 50*
47 *percent of the cost of such services is paid for by the Federal Government,*
48 *including, without limitation, the children's health insurance program ~~4.4~~ :*



* S B 3 7 7 R 2 *

1 ~~enough money is available to continue to satisfy existing obligations of the~~
2 ~~Medicaid program or to~~; ~~or~~

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

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

5 422.387 1. Before making the payments required or authorized by
6 this section, the division of health care financing and policy shall allocate
7 money for the administrative costs necessary to carry out the provisions of
8 NRS 422.380 to 422.390, inclusive. The amount allocated for
9 administrative costs must not exceed the amount authorized for
10 expenditure by the legislature for this purpose in a fiscal year. The interim
11 finance committee may adjust the amount allowed for administrative costs.

12 2. The state plan for Medicaid must provide:

13 (a) For the payment of the maximum amount allowable under federal
14 law and regulations after making ~~{a payment, if any,}~~ *any payments*
15 pursuant to ~~{paragraph (b),}~~ *paragraphs (b) and (c)*, to public hospitals for
16 treating a disproportionate share of Medicaid patients, indigent patients or
17 other low-income patients, unless such payments are subsequently limited
18 by federal law or regulation.

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

23 *(c) For a payment to each private hospital:*

24 *(1) Which provides acute care and is located in a county that has a*
25 *public hospital; and*

26 *(2) Whose Medicaid utilization percentage is greater than 20*
27 *percent,*
28 *in an amount of not less than \$150 for each Medicaid day incurred by*
29 *the hospital.*

30 The plan must be consistent with the provisions of NRS 422.380 to
31 422.390, inclusive, and Title XIX of the Social Security Act, ~~{42 U.S.C.~~
32 ~~§§ 1396 et seq. , {-},}~~ and the regulations adopted pursuant to those
33 provisions.

34 3. ~~{The division of health care financing and policy may, with the~~
35 ~~approval of the director, amend the state plan for Medicaid to modify the~~
36 ~~methodology for establishing the rates of payment to public hospitals for~~
37 ~~inpatient services, except that such amendments must not reduce the total~~
38 ~~reimbursements to public hospitals for such services.}~~ *To the extent that*
39 *money is available in the intergovernmental transfer account, the*
40 *division of health care financing and policy shall distribute \$50,000 from*
41 *that account each fiscal year to each public hospital which:*

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

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

44 4. *As used in this section:*

45 *(a) "Medicaid day" means a day in which medical care is provided to*
46 *a Medicaid patient, including a patient who receives his Medicaid*
47 *benefits through a health maintenance organization.*

48 *(b) "Medicaid utilization percentage" means the total number of days*
49 *of treatment of Medicaid patients, including patients who receive their*



* S B 3 7 7 R 2 *

1 *Medicaid benefits through a health maintenance organization, divided by*
2 *the total number of days of treatment of all patients during a fiscal year.*

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

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

5 (1) Any private hospital in a county whose population is 100,000 or
6 more that is qualified to receive a payment pursuant to paragraph (b) of
7 subsection 2 of NRS 422.387, \$4,800,000 or the amount of the
8 uncompensated costs of the hospital as defined in the state plan for
9 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
10 year 2002-2003.

11 (2) Any private hospital in a county whose population is 50,000 or
12 more but less than 100,000 that is qualified to receive a payment pursuant
13 to paragraph (b) of subsection 2 of NRS 422.387, \$4,000,000 or the
14 amount of the uncompensated costs of the hospital as defined in the state
15 plan for Medicaid, whichever is less, for the fiscal year 2001-2002 and for
16 the fiscal year 2002-2003.

17 (3) Any private hospital in a county whose population is 40,000 or
18 more but less than 50,000 that is qualified to receive a payment pursuant to
19 paragraph (b) of subsection 2 of NRS 422.387, \$2,000,000 or the amount
20 of the uncompensated costs of the hospital as defined in the state plan for
21 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
22 year 2002-2003.

23 (4) Any private hospital in a county whose population is less than
24 40,000 that is qualified to receive a payment pursuant to paragraph (b) of
25 subsection 2 of NRS 422.387, \$1,000,000 or the amount of the
26 uncompensated costs of the hospital as defined in the state plan for
27 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
28 year 2002-2003.

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

32 (1) If the payment was received pursuant to subparagraph (1) of that
33 paragraph, \$1,500,000 for the fiscal year 2001-2002 and for the fiscal year
34 2002-2003.

35 (2) If the payment was received pursuant to subparagraph (2) of that
36 paragraph, \$3,000,000 or 75 percent of the amount received by the
37 hospital, whichever is less, for the fiscal year 2001-2002 and for the fiscal
38 year 2002-2003.

39 (3) If the payment was received pursuant to subparagraph (3) of that
40 paragraph, \$1,500,000 or 75 percent of the amount received by the
41 hospital, whichever is less, for the fiscal year 2001-2002 and for the fiscal
42 year 2002-2003.

43 (4) If the payment was received pursuant to subparagraph (4) of that
44 paragraph, \$750,000 or 75 percent of the amount received by the hospital,
45 whichever is less, for the fiscal year 2001-2002 and for the fiscal year
46 2002-2003.

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



* S B 3 7 7 R 2 *

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

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

7 **Sec. 5.** 1. The board of county commissioners of a county within
8 which is located only one private hospital or one group of affiliated
9 hospitals and which makes a transfer of money pursuant to paragraph (b) of
10 subsection 1 of NRS 422.382 may obtain the money for that transfer by
11 imposing a tax on the revenue of those hospitals during the fiscal years
12 2001-2002 and 2002-2003 at a rate that does not exceed 6 percent of that
13 revenue.

14 2. The proceeds of the tax imposed pursuant to this section are exempt
15 from the limitations imposed by NRS 354.59811 and must be excluded in
16 determining the allowed revenue from taxes ad valorem for the county.

17 **Sec. 6.** 1. The legislative committee on health care shall conduct a
18 study of:

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

22 (b) The methodology used in determining the amount and distribution
23 of payments made to public and private hospitals pursuant to NRS
24 422.387.

25 2. The study must review:

26 (a) The sources of funding used for the provision of medical care to
27 Medicaid patients, indigent patients and other low-income patients,
28 including any applicable federal, state and local governmental programs;

29 (b) The costs to provide medical care to Medicaid patients, indigent
30 patients and other low-income patients, and the extent to which the sources
31 of funding identified pursuant to paragraph (a) are sufficient to pay those
32 costs;

33 (c) Whether the payments received by hospitals based on the volume of
34 medical care provided to Medicaid patients, indigent patients and other
35 low-income patients are equitable;

36 (d) The statewide effect of the provisions of NRS 439B.300 to
37 439B.340, inclusive, on the provision of medical care to Medicaid patients,
38 indigent patients and other low-income patients;

39 (e) The policies employed by counties to administer the provisions of
40 NRS 439B.300 to 439B.340, inclusive;

41 (f) Whether the amendment of the provisions of NRS 439B.300 to
42 439B.340, inclusive, to provide for a direct tax would enable the state to
43 increase any revenue from other sources for the provision of medical care
44 to Medicaid patients, indigent patients and other low-income patients;

45 (g) Whether it is feasible for the state to provide for the reimbursement
46 of public hospitals for the provision of medical care to Medicaid patients
47 on a cost basis as a means to increase any revenue from other sources for
48 the provision of that care;



* S B 3 7 7 R 2 *

- 1 (h) Whether it is feasible to redistribute payments to increase payments
2 to hospitals located in rural counties, including hospitals that are not
3 currently eligible for payments pursuant to NRS 422.387; and
4 (i) Alternative methodologies for providing funding for the provision of
5 medical care to Medicaid patients, indigent patients and other low-income
6 patients in Washoe County.
- 7 3. The legislative committee on health care shall request such relevant
8 information from public and private hospitals, counties and other entities as
9 is necessary to conduct the study. A hospital, county or other entity that
10 receives such a request from the committee shall provide the appropriate
11 information. Any such information obtained by the committee may be used
12 only for the purpose of conducting the study.
- 13 **Sec. 7.** The provisions of subsection 1 of NRS 354.599 do not apply
14 to any additional expenses of a local government that are related to the
15 provisions of this act.
- 16 **Sec. 8.** This act becomes effective on July 1, 2001.

