

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)

~

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 *(1) 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 3 *

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:*

8 (I) *An amount equal to 75 percent of the total amount distributed*
9 *to that hospital pursuant to that paragraph for a fiscal year, less \$75,000;*
10 *or*

11 (II) *Any maximum amount established by the legislature for a*
12 *fiscal year,*
13 *whichever is less, to the division of health care financing and policy.*

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

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

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

29 ~~4-1~~ 5. The interest and income earned on money in the
30 intergovernmental transfer account, after deducting any applicable charges,
31 must be credited to the account.

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

33 422.385 1. The allocations and payments required pursuant to
34 *subsections 1 and 2 of NRS 422.387 must be made, to the extent allowed*
35 *by the state plan for Medicaid, from the Medicaid budget account.*

36 2. Except as otherwise provided in subsection 3 ~~1-1~~ *and subsection 3 of*
37 *NRS 422.387, the money in the intergovernmental transfer account must be*
38 *transferred from that account to the Medicaid budget account to the extent*
39 *that money is available from the Federal Government for proposed*
40 *expenditures, including expenditures for administrative costs. If the amount*
41 *in the account exceeds the amount authorized for expenditure by the*
42 *division of health care financing and policy for the purposes specified in*
43 *NRS 422.387, the division of health care financing and policy is authorized*
44 *to expend the additional revenue in accordance with the provisions of the*
45 *state plan for Medicaid.*

46 3. If enough money is available to support Medicaid ~~1-1~~ *and to make*
47 *the payments required by subsection 3 of NRS 422.387, money in the*
48 *intergovernmental transfer account may be transferred* ~~1-1~~ *:*



* S B 3 7 7 R 3 *

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

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

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

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

16 2. The state plan for Medicaid must provide:

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

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

27 (c) For a payment to each private hospital whose Medicaid utilization
28 percentage is greater than the average for all the hospitals in this state
29 and which is located in a county that has a public hospital, in an amount
30 equal to:

31 (1) If the Medicaid utilization percentage of the hospital is greater
32 than 20 percent, \$200 for each uncompensated day incurred by the
33 hospital; and

34 (2) If the Medicaid utilization percentage of the hospital is 20
35 percent or less, \$100 for each uncompensated day incurred by the
36 hospital.

37 The plan must be consistent with the provisions of NRS 422.380 to
38 422.390, inclusive, and Title XIX of the Social Security Act, ~~to~~ 42 U.S.C.
39 §§ 1396 et seq. , ~~to~~ and the regulations adopted pursuant to those
40 provisions.

41 3. ~~The division of health care financing and policy may, with the~~
42 ~~approval of the director, amend the state plan for Medicaid to modify the~~
43 ~~methodology for establishing the rates of payment to public hospitals for~~
44 ~~inpatient services, except that such amendments must not reduce the total~~
45 ~~reimbursements to public hospitals for such services.~~ To the extent that
46 money is available in the intergovernmental transfer account, the
47 division of health care financing and policy shall distribute \$50,000 from
48 that account each fiscal year to each public hospital which:



- 1 (a) *Is located in a county that does not have any other hospitals; and*
2 (b) *Is not eligible for a payment pursuant to subsection 2.*

3 4. *As used in this section:*

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

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

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

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

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

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

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

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

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

34 (4) Any private hospital in a county whose population is less than
35 40,000 that is qualified to receive a payment pursuant to paragraph (b) of
36 subsection 2 of NRS 422.387, \$1,000,000 or the amount of the
37 uncompensated costs of the hospital as defined in the state plan for
38 Medicaid, whichever is less, for the fiscal year 2001-2002 and for the fiscal
39 year 2002-2003.

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

43 (1) If the payment was received pursuant to subparagraph (1) of that
44 paragraph, \$1,500,000 for the fiscal year 2001-2002 and for the fiscal year
45 2002-2003.

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



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

5 (4) If the payment was received pursuant to subparagraph (4) of that
6 paragraph, \$750,000 or 75 percent of the amount received by the hospital,
7 whichever is less, for the fiscal year 2001-2002 and for the fiscal year
8 2002-2003.

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

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

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

17 **Sec. 5.** The maximum amount a county is required to transfer to the
18 division of health care financing and policy of the department of human
19 resources pursuant to subparagraph (2) of paragraph (b) of subsection 1 of
20 NRS 422.382 for:

21 1. The fiscal year 2001-2002 is \$900,000; and

22 2. The fiscal year 2002-2003 is \$950,000.

23 **Sec. 6.** 1. The board of county commissioners of a county within
24 which is located only one private hospital or one group of affiliated
25 hospitals and which makes a transfer of money pursuant to paragraph (b) of
26 subsection 1 of NRS 422.382 may impose a tax on the revenue of those
27 hospitals during the fiscal years 2001-2002 and 2002-2003 at a rate that
28 does not exceed 6 percent of that revenue, to pay for indigent care.

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

32 **Sec. 7.** 1. The legislative committee on health care shall conduct a
33 study of:

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

37 (b) The methodology used in determining the amount and distribution
38 of payments made to public and private hospitals pursuant to
39 NRS 422.387.

40 2. The study must review:

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

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



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

4 (d) The statewide effect of the provisions of NRS 439B.300 to
5 439B.340, inclusive, on the provision of medical care to Medicaid patients,
6 indigent patients and other low-income patients;

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

9 (f) Whether the amendment of the provisions of NRS 439B.300 to
10 439B.340, inclusive, to provide for a direct tax would enable the state to
11 increase any revenue from other sources for the provision of medical care
12 to Medicaid patients, indigent patients and other low-income patients;

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

17 (h) Whether it is feasible to redistribute payments to increase payments
18 to hospitals located in rural counties, including hospitals that are not
19 currently eligible for payments pursuant to NRS 422.387; and

20 (i) Alternative methodologies for providing funding for the provision of
21 medical care to Medicaid patients, indigent patients and other low-income
22 patients in Washoe County.

23 3. The legislative committee on health care shall request such relevant
24 information from public and private hospitals, counties and other entities as
25 is necessary to conduct the study. A hospital, county or other entity that
26 receives such a request from the committee shall provide the appropriate
27 information. Any such information obtained by the committee may be used
28 only for the purpose of conducting the study.

29 **Sec. 8.** The provisions of subsection 1 of NRS 354.599 do not apply
30 to any additional expenses of a local government that are related to the
31 provisions of this act.

32 **Sec. 9.** This act becomes effective on July 1, 2001.

