

(REPRINTED WITH ADOPTED AMENDMENTS)
FIRST REPRINT **S.B. 406**

SENATE BILL NO. 406—SENATOR AMODEI

MARCH 19, 2001

JOINT SPONSOR: ASSEMBLYMEN BROWER AND PARNELL

Referred to Committee on Human Resources and Facilities

SUMMARY—Provides additional exception to prohibition against certain referrals of patients by health care practitioners. (BDR 40-596)

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 health care; providing an additional exception to the prohibition against certain referrals of patients by health care practitioners; 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 439B.425 is hereby amended to read as follows:
2 439B.425 1. Except as otherwise provided in this section, a
3 practitioner shall not refer a patient, for a service or for goods related to
4 health care, to a health facility, medical laboratory, diagnostic imaging or
5 radiation oncology center or commercial establishment in which the
6 practitioner has a financial interest.
7 2. Subsection 1 does not apply if:
8 (a) The service or goods required by the patient are not otherwise
9 available within a 30-mile radius of the office of the practitioner;
10 (b) The service or goods are provided pursuant to a referral to a
11 practitioner who is participating in the health care plan of a health
12 maintenance organization that has been issued a certificate of authority
13 pursuant to chapter 695C of NRS;
14 (c) The practitioner is a member of a group practice and the referral is
15 made to that group practice;
16 (d) The referral is made to a surgical center for ambulatory patients, as
17 defined in NRS 449.019, that is licensed pursuant to chapter 449 of NRS;
18 (e) The referral is made by:
19 (1) A urologist for lithotripsy services; or



- 1 (2) A nephrologist for services and supplies for a renal dialysis; ~~for~~
2 (f) The financial interest represents an investment in a corporation that
3 has shareholder equity of more than \$100,000,000, regardless of whether
4 the securities of the corporation are publicly traded ~~for~~; or
5 (g) *The referral is made by a physician to a surgical hospital in which*
6 *the physician has an ownership interest and:*
7 (1) *The surgical hospital is:*
8 (I) *Located in a county whose population is less than 100,000;*
9 *and*
10 (II) *Licensed pursuant to chapter 449 of NRS as a surgical*
11 *hospital and not as a medical hospital, obstetrical hospital, combined-*
12 *categories hospital, general hospital or center for the treatment of*
13 *trauma;*
14 (2) *The physician making the referral:*
15 (I) *Is authorized to perform medical services and has staff*
16 *privileges at the surgical hospital; and*
17 (II) *Has disclosed his ownership interest in the surgical hospital*
18 *to the patient before making the referral;*
19 (3) *The ownership interest of the physician making the referral*
20 *pertains to the surgical hospital in its entirety and is not limited to a*
21 *department, subdivision or other portion of the hospital;*
22 (4) *Every physician who has an ownership interest in the surgical*
23 *hospital has agreed to treat patients receiving benefits pursuant to*
24 *Medicaid and Medicare;*
25 (5) *The terms of investment of each physician who has an*
26 *ownership interest in the surgical hospital are not related to the volume*
27 *or value of any referrals made by that physician;*
28 (6) *The payments received by each investor in the surgical hospital*
29 *as a return on his investment are directly proportional to the relative*
30 *amount of capital invested or shares owned by the investor in the*
31 *hospital;*
32 (7) *None of the investors in the surgical hospital has received any*
33 *financial assistance from the hospital or any other investor in the*
34 *hospital for the purpose of investing in the hospital; and*
35 (8) *Either:*
36 (I) *The governing body of every other hospital that regularly*
37 *provides surgical services to residents of the county in which the surgical*
38 *hospital is located has issued its written general consent to the referral by*
39 *such physicians of patients to that surgical hospital; or*
40 (II) *The board of county commissioners of the county in which*
41 *the surgical hospital is located has issued a written declaration of its*
42 *reasonable belief that the referral by such physicians of patients to that*
43 *surgical hospital will not, during the 5-year period immediately following*
44 *the commencement of such referrals, have a substantial adverse*
45 *financial effect on any other hospital that regularly provides surgical*
46 *services to residents of that county.*
47 3. A person who violates the provisions of this section is guilty of a
48 misdemeanor.



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1 4. The provisions of this section do not prohibit a practitioner from
2 owning and using equipment in his office solely to provide to his patients
3 services or goods related to health care.

4 5. As used in this section:

5 (a) “Group practice” means two or more practitioners who organized as
6 a business entity in accordance with the laws of this state to provide
7 services related to health care, if:

8 (1) Each member of the group practice provides substantially all of
9 the services related to health care that he routinely provides, including,
10 without limitation, medical care, consultations, diagnoses and treatment,
11 through the joint use of shared offices, facilities, equipment and personnel
12 located at any site of the group practice;

13 (2) Substantially all of the services related to health care that are
14 provided by the members of the group practice are provided through the
15 group practice; and

16 (3) No member of the group practice receives compensation based
17 directly on the volume of any services or goods related to health care
18 which are referred to the group practice by that member.

19 (b) “Patient” means a person who consults with or is examined or
20 interviewed by a practitioner or health facility for purposes of diagnosis or
21 treatment.

22 (c) *“Substantial adverse financial effect” includes, without limitation,*
23 *a projected decline in the revenue of a hospital as a result of the loss of*
24 *its surgical business, which is sufficient to cause a deficit in any cash*
25 *balances, fund balances or retained earnings of the hospital.*

26 **Sec. 2.** This act becomes effective on July 1, 2001.

