

(REPRINTED WITH ADOPTED AMENDMENTS)
SECOND REPRINT S.B. 539

SENATE BILL NO. 539—COMMITTEE ON HUMAN RESOURCES AND
FACILITIES

(ON BEHALF OF DEPARTMENT OF HUMAN
RESOURCES—DIRECTOR'S OFFICE)

MARCH 26, 2001

Referred to Committee on Human Resources and Facilities

SUMMARY—Makes various changes concerning fund for a healthy Nevada and program to provide prescription drugs and pharmaceutical services to senior citizens with low incomes under certain circumstances. (BDR 40-536)

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 the fund for a healthy Nevada; providing that a portion of the money in the fund may be used to pay certain administrative costs incurred by the state treasurer and the department of human resources; providing for the appointment and terms of office of certain officers of the task force; revising the program of subsidies for the provision of prescription drugs and pharmaceutical services to senior citizens; directing the development of an additional subsidized state program to provide prescription drugs and pharmaceutical services to senior citizens with low incomes and repealing the existing insurance-based program under certain circumstances; 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.** Chapter 439 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 to 10, inclusive, of this act.
3 **Sec. 2.** *As used in sections 2 to 10, inclusive, of this act, unless the*
4 *context otherwise requires, the words and terms defined in sections 3, 4*
5 *and 5 of this act have the meanings ascribed to them in those sections.*
6 **Sec. 3.** *“Household income” has the meaning ascribed to it in NRS*
7 *361.820.*
8 **Sec. 4.** *“Income” has the meaning ascribed to it in NRS 361.823.*
9 **Sec. 5.** *“Senior citizen” means a person who is domiciled in this*
10 *state and is 62 years of age or older.*



1 **Sec. 6.** *The department is responsible for the administration of the*
2 *provisions of sections 2 to 10, inclusive, of this act and may:*

3 1. *Prescribe the content and form of a request for a subsidy required*
4 *to be submitted pursuant to section 9 of this act.*

5 2. *Designate the proof that must be submitted with such a request.*

6 3. *Adopt regulations to protect the confidentiality of information*
7 *supplied by a senior citizen requesting a subsidy pursuant to section 9 of*
8 *this act.*

9 4. *Adopt such other regulations as may be required to carry out the*
10 *provisions of sections 2 to 10, inclusive, of this act.*

11 **Sec. 7.** *The department of human resources shall, in cooperation*
12 *with the department of taxation and the various counties in this state:*

13 1. *Combine all possible administrative procedures required for*
14 *determining those persons who are eligible for assistance pursuant to*
15 *NRS 361.800 to 361.877, inclusive, and sections 2 to 10, inclusive, of this*
16 *act;*

17 2. *Coordinate the collection of information required to carry out*
18 *those provisions in a manner that requires persons requesting assistance*
19 *to furnish information in as few reports as possible; and*

20 3. *Design forms that may be used jointly by the department of human*
21 *resources, the department of taxation and the various counties in this*
22 *state to carry out the provisions of NRS 361.800 to 361.877, inclusive,*
23 *and sections 2 to 10, inclusive, of this act.*

24 **Sec. 8.** 1. *The department shall, within the limits of the money*
25 *available for this purpose in the fund for a healthy Nevada, develop and*
26 *carry out a program for senior citizens to provide prescription drugs and*
27 *pharmaceutical services to them at a subsidized cost whereby the state*
28 *will pay the difference between the copayment required by the program*
29 *and the actual cost of the drug from the pharmacist. The department*
30 *shall refer to this program as the "Senior Option Program" and cause it*
31 *to be marketed under that name.*

32 2. *Within the limits of the money available for this purpose in the*
33 *fund for a healthy Nevada, a senior citizen who:*

34 (a) *Is not eligible for Medicaid; and*

35 (b) *Is accepted into the program that is made available pursuant to*
36 *subsection 1,*

37 *is entitled to an annual grant from the trust fund to subsidize a portion of*
38 *the cost of his prescription drugs and pharmaceutical services if he has*
39 *been domiciled in this state for at least 1 year immediately preceding the*
40 *date of his application and his household income is less than \$21,500.*

41 3. *The department may pay its costs for administering this program*
42 *from the fund for a healthy Nevada and shall include as components of*
43 *the subsidized program:*

44 (a) *A maximum annual application fee of \$25.*

45 (b) *A requirement that a generic drug be used to fill the prescription,*
46 *unless the substitution of a generic drug for a drug with a brand name is*
47 *specifically prohibited by the provider of health care who issued the*
48 *prescription.*



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1 (c) A maximum required copayment for generic drugs of \$10 per
2 prescription.

3 (d) A maximum required copayment for nongeneric drugs of \$25 per
4 prescription.

5 (e) The formulary for the program must be the same formulary as is
6 used for the state plan for Medicaid.

7 (f) The maximum limitation per year on the subsidy each person may
8 receive under this program is \$5,000.

9 (g) Allow persons who are participating in the program to fill their
10 prescriptions by mail.

11 (h) A maximum of \$100 as the amount of deductible expenses that
12 may be required of participants before they are eligible to receive benefits
13 under this program.

14 (i) The rebates from pharmaceutical manufacturers for drugs
15 purchased through this program must be at least equal to the rebates
16 provided for drugs purchased pursuant to the state plan for Medicaid and
17 must be deposited in the fund for a healthy Nevada to support this
18 program.

19 (j) A pharmacy benefits manager may be hired by contract to assist in
20 the development and administration of this program, if deemed advisable
21 and fiscally prudent by the department.

22 (k) The rates negotiated by the department or its representative for the
23 prescription drugs sold by the pharmacies that agree to participate in this
24 program must not be more than the rates charged to the department
25 under the state plan for Medicaid, if not the best and lowest prices
26 available from the pharmacy to any customer.

27 4. If the Federal Government provides any coverage of prescription
28 drugs and pharmaceutical services for senior citizens who are eligible for
29 a subsidy pursuant to subsections 1, 2 and 3, the department may, upon
30 approval of the legislature, or the interim finance committee if the
31 legislature is not in session, change any program established pursuant to
32 sections 2 to 10, inclusive, of this act and otherwise provide assistance
33 with prescription drugs and pharmaceutical services for senior citizens
34 within the limits of the money available for this purpose in the fund for a
35 healthy Nevada.

36 5. The provisions of subsections 1, 2 and 3 do not apply if the
37 department provides assistance with prescription drugs and
38 pharmaceutical services for senior citizens pursuant to subsection 4.

39 6. The department may waive the eligibility requirement set forth in
40 subsection 2 regarding household income upon written request of the
41 applicant if the circumstances of the applicant's household have changed
42 as a result of:

43 (a) Illness;

44 (b) Disability; or

45 (c) Extreme financial hardship based on a significant reduction of
46 income, when considering the applicant's current financial
47 circumstances.

48 An applicant who requests such a waiver shall include with that request
49 all medical and financial documents that support his request.



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1 **Sec. 9.** 1. *A senior citizen who wishes to receive a subsidy pursuant*
2 *to sections 2 to 10, inclusive, of this act must file a request therefor with*
3 *the department.*

4 2. *The request must be made under oath and filed in such form and*
5 *content, and accompanied by such proof, as the department may*
6 *prescribe.*

7 3. *The department shall, within 45 days after receiving a request for*
8 *a subsidy, examine the request and grant or deny it.*

9 4. *The department shall determine which senior citizens are eligible*
10 *to receive a subsidy pursuant to sections 2 to 10, inclusive, of this act and*
11 *pay the subsidy in the manner set forth in the program.*

12 **Sec. 10.** 1. *The department shall deny any request for a subsidy*
13 *received pursuant to sections 2 to 10, inclusive, of this act to which the*
14 *senior citizen is not entitled.*

15 2. *The department may deny in total any request which it finds to*
16 *have been filed with fraudulent intent. If any such request has been paid*
17 *and is afterward denied, the amount of the subsidy must be repaid by the*
18 *senior citizen to the department.*

19 3. *Any amounts received by the department pursuant to this section*
20 *must be deposited with the state treasurer for credit to the fund for a*
21 *healthy Nevada for credit to this program.*

22 **Sec. 11.** NRS 439.620 is hereby amended to read as follows:

23 439.620 1. The fund for a healthy Nevada is hereby created in the
24 state treasury. The state treasurer shall deposit in the fund:

25 (a) Fifty percent of all money received by this state pursuant to any
26 settlement entered into by the State of Nevada and a manufacturer of
27 tobacco products; and

28 (b) Fifty percent of all money recovered by this state from a judgment
29 in a civil action against a manufacturer of tobacco products.

30 2. The state treasurer shall administer the fund. As administrator of the
31 fund, the state treasurer:

32 (a) Shall maintain the financial records of the fund;

33 (b) Shall invest the money in the fund as the money in other state funds
34 is invested;

35 (c) Shall manage any account associated with the fund;

36 (d) Shall maintain any instruments that evidence investments made with
37 the money in the fund;

38 (e) May contract with vendors for any good or service that is necessary
39 to carry out the provisions of this section; and

40 (f) May perform any other duties necessary to administer the fund.

41 3. The interest and income earned on the money in the fund must, after
42 deducting any applicable charges, be credited to the fund. All claims
43 against the fund must be paid as other claims against the state are paid.

44 4. *Upon receiving a request from the state treasurer or the*
45 *department for an allocation for administrative expenses from the fund*
46 *pursuant to this section, the task force shall consider the request within*
47 *45 days after receipt of the request. If the task force approves the amount*
48 *requested for allocation, the task force shall notify the state treasurer of*
49 *the allocation. If the task force does not approve the requested allocation*



1 *within 45 days after receipt of the request, the state treasurer or the*
2 *department, as applicable, may submit its request for allocation to the*
3 *interim finance committee. Except as otherwise limited by this*
4 *subsection, the interim finance committee may allocate all or part of the*
5 *money so requested. The annual allocation for administrative expenses*
6 *from the fund, whether allocated by the task force or the interim finance*
7 *committee must not exceed:*

8 (a) Not more than 2 percent of the money in the fund ~~may be used~~, as
9 *calculated pursuant to this subsection, each year to pay the costs of*
10 ~~administering~~ *incurred by the state treasurer to administer the fund* ;
11 *and*

12 (b) *Not more than 3 percent of the money in the fund, as calculated*
13 *pursuant to this subsection, each year to pay the costs incurred by the*
14 *department, including, without limitation, the aging services division of*
15 *the department, to carry out its duties set forth in NRS 439.625 to*
16 *439.690, inclusive.*

17 *For the purposes of this subsection, the amount of money available for*
18 *allocation to pay for the administrative costs must be calculated at the*
19 *beginning of each fiscal year based on the total amount of money*
20 *anticipated by the state treasurer to be deposited in the fund during that*
21 *fiscal year.*

22 5. The money in the fund remains in the fund and does not revert to the
23 state general fund at the end of any fiscal year.

24 6. All money that is deposited or paid into the fund is hereby
25 appropriated to the department and, except as otherwise provided in
26 paragraphs (c) and (d) of subsection 1 of NRS 439.630, may only be
27 expended pursuant to an allocation made by the task force for the fund for
28 a healthy Nevada. Money expended from the fund for a healthy Nevada
29 must not be used to supplant existing methods of funding that are available
30 to public agencies.

31 **Sec. 12.** NRS 439.620 is hereby amended to read as follows:

32 439.620 1. The fund for a healthy Nevada is hereby created in the
33 state treasury. The state treasurer shall deposit in the fund:

34 (a) Fifty percent of all money received by this state pursuant to any
35 settlement entered into by the State of Nevada and a manufacturer of
36 tobacco products; and

37 (b) Fifty percent of all money recovered by this state from a judgment
38 in a civil action against a manufacturer of tobacco products.

39 2. The state treasurer shall administer the fund. As administrator of the
40 fund, the state treasurer:

41 (a) Shall maintain the financial records of the fund;

42 (b) Shall invest the money in the fund as the money in other state funds
43 is invested;

44 (c) Shall manage any account associated with the fund;

45 (d) Shall maintain any instruments that evidence investments made with
46 the money in the fund;

47 (e) May contract with vendors for any good or service that is necessary
48 to carry out the provisions of this section; and

49 (f) May perform any other duties necessary to administer the fund.



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1 3. The interest and income earned on the money in the fund must, after
2 deducting any applicable charges, be credited to the fund. All claims
3 against the fund must be paid as other claims against the state are paid.

4 4. Upon receiving a request from the state treasurer or the department
5 for an allocation for administrative expenses from the fund pursuant to this
6 section, the task force shall consider the request within 45 days after
7 receipt of the request. If the task force approves the amount requested for
8 allocation, the task force shall notify the state treasurer of the allocation. If
9 the task force does not approve the requested allocation within 45 days
10 after receipt of the request, the state treasurer or the department, as
11 applicable, may submit its request for allocation to the interim finance
12 committee. Except as otherwise limited by this subsection, the interim
13 finance committee may allocate all or part of the money so requested. The
14 annual allocation for administrative expenses from the fund, whether
15 allocated by the task force or the interim finance committee must not
16 exceed:

17 (a) Not more than 2 percent of the money in the fund, as calculated
18 pursuant to this subsection, each year to pay the costs incurred by the state
19 treasurer to administer the fund; and

20 (b) Not more than 3 percent of the money in the fund, as calculated
21 pursuant to this subsection, each year to pay the costs incurred by the
22 department, including, without limitation, the aging services division of
23 the department, to carry out its duties set forth in NRS 439.625 ~~to~~
24 ~~439.690, inclusive,~~ , 439.630, and sections 2 to 10, inclusive, of this
25 act.

26 For the purposes of this subsection, the amount of money available for
27 allocation to pay for the administrative costs must be calculated at the
28 beginning of each fiscal year based on the total amount of money
29 anticipated by the state treasurer to be deposited in the fund during that
30 fiscal year.

31 5. The money in the fund remains in the fund and does not revert to the
32 state general fund at the end of any fiscal year.

33 6. All money that is deposited or paid into the fund is hereby
34 appropriated to the department and, except as otherwise provided in
35 paragraphs (c) and (d) of subsection 1 of NRS 439.630, may only be
36 expended pursuant to an allocation made by the task force for the fund for
37 a healthy Nevada. Money expended from the fund for a healthy Nevada
38 must not be used to supplant existing methods of funding that are available
39 to public agencies.

40 **Sec. 13.** NRS 439.625 is hereby amended to read as follows:

41 439.625 1. The task force for the fund for a healthy Nevada is hereby
42 created. The membership of the task force consists of:

43 (a) Three members appointed by the majority leader of the senate, one
44 of whom must be a senator and one of whom must be a member of a
45 nonprofit organization dedicated to health issues in this state; ~~and~~

46 (b) Three members appointed by the speaker of the assembly, one of
47 whom must be an assemblyman and one of whom must be a member of a
48 nonprofit organization dedicated to health issues in this state; and



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1 (c) Three members appointed by the governor, one of whom must
2 have experience with and knowledge of matters relating to health
3 care.

4 Each member appointed pursuant to this subsection must be a resident of
5 this state and must not be employed in the executive or judicial branch of
6 state government.

7 ~~12.1~~ Each person who appoints members pursuant to *this* subsection ~~11~~
8 shall ensure that insofar as practicable, the members whom he appoints
9 reflect the ethnic and geographical diversity of this state.

10 *2. At its first meeting on or after July 1 of each odd-numbered year,*
11 *the task force shall select the chairman and vice chairman of the task*
12 *force from among the legislative members of the task force. Each such*
13 *officer shall hold office for a term of 2 years or until his successor is*
14 *selected. The chairmanship of the task force must alternate each*
15 *biennium between the houses of the legislature.*

16 3. For each day or portion of a day during which a member of the task
17 force who is a legislator attends a meeting of the task force or is otherwise
18 engaged in the work of the task force, except during a regular or special
19 session of the legislature, he is entitled to receive the:

20 (a) Compensation provided for a majority of the members of the
21 legislature during the first 60 days of the preceding session;

22 (b) Per diem allowance provided for state officers and employees
23 generally; and

24 (c) Travel expenses provided pursuant to NRS 218.2207.

25 The compensation, per diem allowances and travel expenses of the
26 legislative members of the task force must be paid from the legislative
27 fund.

28 4. Members of the task force who are not legislators serve without
29 salary, except that they are entitled to receive travel expenses provided for
30 state officers and employees generally. The travel expenses of:

31 (a) A member of the task force who is an officer or employee of a local
32 government thereof must be paid by the local government that employs
33 him.

34 (b) Each remaining member of the task force must be paid from the
35 legislative fund.

36 5. Each member of the task force who is an officer or employee of a
37 local government must be relieved from his duties without loss of his
38 regular compensation so that he may perform his duties relating to the task
39 force in the most timely manner practicable. A local government shall not
40 require an officer or employee who is a member of the task force to:

41 (a) Make up the time he is absent from work to fulfill his obligations as
42 a member of the task force; or

43 (b) Take annual leave or compensatory time for the absence.

44 6. The *legislative counsel bureau and the* department shall provide
45 such administrative support to the task force as is required to carry out the
46 duties of the task force. The state health officer shall provide such technical
47 advice and assistance to the task force as is requested by the task force.

48 **Sec. 14.** NRS 439.630 is hereby amended to read as follows:

49 439.630 1. The task force for the fund for a healthy Nevada shall:



- 1 (a) Conduct public hearings to accept public testimony from a wide
2 variety of sources and perspectives regarding existing or proposed
3 programs that:
- 4 (1) Promote public health;
 - 5 (2) Improve health services for children, senior citizens and persons
6 with disabilities;
 - 7 (3) Reduce or prevent the use of tobacco;
 - 8 (4) Reduce or prevent the abuse of and addiction to alcohol and
9 drugs; and
 - 10 (5) Offer other general or specific information on health care in this
11 state.
- 12 (b) Establish a process to evaluate the health and health needs of the
13 residents of this state and a system to rank the health problems of the
14 residents of this state, including, without limitation, the specific health
15 problems that are endemic to urban and rural communities.
- 16 (c) Reserve not more than 30 percent of all revenues deposited in the
17 fund for a healthy Nevada each year for direct expenditure by the
18 department to pay for prescription drugs and pharmaceutical services for
19 senior citizens pursuant to NRS 439.635 to 439.690, inclusive. *From the*
20 *money reserved to the department pursuant to this paragraph, the*
21 *department shall subsidize all of the cost of policies of health insurance*
22 *that provide coverage to senior citizens for prescription drugs and*
23 *pharmaceutical services pursuant to NRS 439.635 to 439.690, inclusive.*
24 *The department shall consider recommendations from the task force for*
25 *the fund for a healthy Nevada in carrying out the provisions of NRS*
26 *439.635 to 439.690, inclusive.* The department shall submit a quarterly
27 report to the governor , *the task force for the fund for a healthy Nevada*
28 and *the* interim finance committee regarding the general manner in which
29 expenditures have been made pursuant to this paragraph and the status of
30 the program.
- 31 (d) Reserve not more than 30 percent of all revenues deposited in the
32 fund for a healthy Nevada each year for allocation by the aging services
33 division of the department in the form of grants for existing or new
34 programs that assist senior citizens with independent living, including,
35 without limitation, programs that provide:
- 36 (1) Respite care or relief of family caretakers;
 - 37 (2) Transportation to new or existing services to assist senior citizens
38 in living independently; and
 - 39 (3) Care in the home which allows senior citizens to remain at home
40 instead of in institutional care.
- 41 *The aging services division of the department shall consider*
42 *recommendations from the task force for the fund for a healthy Nevada*
43 *concerning the independent living needs of senior citizens.*
- 44 (e) Allocate for expenditure not more than 20 percent of all revenues
45 deposited in the fund for a healthy Nevada each year for programs that
46 prevent, reduce or treat the use of tobacco and the consequences of the use
47 of tobacco.
- 48 (f) Allocate for expenditure not more than 20 percent of all revenues
49 deposited in the fund ~~each year~~ for a healthy Nevada *each year* for



1 programs that improve health services for children and ~~for~~ *the health and*
2 *well-being of* persons with disabilities.

3 (g) Maximize expenditures through local, federal and private matching
4 contributions.

5 (h) Ensure that any money expended from the fund for a healthy
6 Nevada will not be used to supplant existing methods of funding that are
7 available to public agencies.

8 (i) Develop policies and procedures for the administration and
9 distribution of grants and other expenditures to *state agencies, political*
10 *subdivisions of this state*, nonprofit organizations, universities and
11 community colleges. A condition of any such grant must be that not more
12 than 8 percent of the grant may be used for administrative expenses or
13 other indirect costs. The procedures must require at least one competitive
14 round of requests for proposals ~~+~~ *per fiscal year*.

15 (j) To make the allocations required by paragraphs (e) and (f) : ~~for~~
16 ~~subsection 1:~~

17 (1) Prioritize and quantify the needs for these programs;
18 (2) Develop, solicit and accept grant applications for allocations;
19 (3) Conduct annual evaluations of programs to which allocations
20 have been awarded; and
21 (4) Submit annual reports concerning the programs to the governor
22 and the interim finance committee.

23 (k) Transmit a report of all findings, recommendations and expenditures
24 to the governor and each regular session of the legislature.

25 2. The task force may take such other actions as are necessary to carry
26 out its duties.

27 3. The department shall take all actions necessary to ensure that all
28 allocations for expenditures made by the task force are carried out as
29 directed by the task force.

30 4. To make the allocations required by paragraph (d) of subsection 1,
31 the aging services division of the department shall:

32 (a) Prioritize and quantify the needs of senior citizens for these
33 programs;
34 (b) Develop, solicit and accept grant applications for allocations;
35 (c) As appropriate, expand or augment existing state programs for
36 senior citizens upon approval of the interim finance committee;
37 (d) Award grants or other allocations;
38 (e) Conduct annual evaluations of programs to which grants or other
39 allocations have been awarded; and
40 (f) Submit annual reports concerning the grant program to the governor
41 and the interim finance committee.

42 5. The aging services division of the department shall submit each
43 proposed grant which would be used to expand or augment an existing
44 state program to the interim finance committee for approval before the
45 grant is awarded. The request for approval must include a description of
46 the proposed use of the money and the person or entity that would be
47 authorized to expend the money. *The aging services division of the*
48 *department shall not expend or transfer any money allocated to the aging*
49 *services division pursuant to this section to subsidize any portion of the*



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cost of policies of health insurance that provide coverage to senior citizens for prescription drugs and pharmaceutical services pursuant to NRS 439.635 to 439.690, inclusive.

6. The department, on behalf of the task force, shall submit each allocation proposed pursuant to paragraph (e) or (f) of subsection 1 which would be used to expand or augment an existing state program to the interim finance committee for approval before the grant is awarded. The request for approval must include a description of the proposed use of the money and the person or entity that would be authorized to expend the money.

Sec. 15. NRS 439.630 is hereby amended to read as follows:

439.630 1. The task force for the fund for a healthy Nevada shall:

(a) Conduct public hearings to accept public testimony from a wide variety of sources and perspectives regarding existing or proposed programs that:

- (1) Promote public health;
- (2) Improve health services for children, senior citizens and persons with disabilities;
- (3) Reduce or prevent the use of tobacco;
- (4) Reduce or prevent the abuse of and addiction to alcohol and drugs; and
- (5) Offer other general or specific information on health care in this state.

(b) Establish a process to evaluate the health and health needs of the residents of this state and a system to rank the health problems of the residents of this state, including, without limitation, the specific health problems that are endemic to urban and rural communities.

(c) Reserve not more than 30 percent of all revenues deposited in the fund for a healthy Nevada each year for direct expenditure by the department to pay for prescription drugs and pharmaceutical services for senior citizens pursuant to ~~NRS 439.635 to 439.690, inclusive.~~ *sections 2 to 10, inclusive, of this act.* From the money reserved to the department pursuant to this paragraph, the department shall subsidize all of the cost of policies of health insurance that provide coverage to senior citizens for prescription drugs and pharmaceutical services pursuant to ~~NRS 439.635 to 439.690, inclusive.~~ *sections 2 to 10, inclusive, of this act.* The department shall consider recommendations from the task force for the fund for a healthy Nevada in carrying out the provisions of ~~NRS 439.635 to 439.690, inclusive.~~ *sections 2 to 10, inclusive, of this act.* The department shall submit a quarterly report to the governor, the task force for the fund for a healthy Nevada and the interim finance committee regarding the general manner in which expenditures have been made pursuant to this paragraph and the status of the program.

(d) Reserve not more than 30 percent of all revenues deposited in the fund for a healthy Nevada each year for allocation by the aging services division of the department in the form of grants for existing or new programs that assist senior citizens with independent living, including, without limitation, programs that provide:

- (1) Respite care or relief of family caretakers;



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1 (2) Transportation to new or existing services to assist senior citizens
2 in living independently; and

3 (3) Care in the home which allows senior citizens to remain at home
4 instead of in institutional care.

5 The aging services division of the department shall consider
6 recommendations from the task force for the fund for a healthy Nevada
7 concerning the independent living needs of senior citizens.

8 (e) Allocate for expenditure not more than 20 percent of all revenues
9 deposited in the fund for a healthy Nevada each year for programs that
10 prevent, reduce or treat the use of tobacco and the consequences of the use
11 of tobacco.

12 (f) Allocate for expenditure not more than 20 percent of all revenues
13 deposited in the fund for a healthy Nevada each year for programs that
14 improve health services for children and the health and well-being of
15 persons with disabilities.

16 (g) Maximize expenditures through local, federal and private matching
17 contributions.

18 (h) Ensure that any money expended from the fund for a healthy
19 Nevada will not be used to supplant existing methods of funding that are
20 available to public agencies.

21 (i) Develop policies and procedures for the administration and
22 distribution of grants and other expenditures to state agencies, political
23 subdivisions of this state, nonprofit organizations, universities and
24 community colleges. A condition of any such grant must be that not more
25 than 8 percent of the grant may be used for administrative expenses or
26 other indirect costs. The procedures must require at least one competitive
27 round of requests for proposals per fiscal year.

28 (j) To make the allocations required by paragraphs (e) and (f):

29 (1) Prioritize and quantify the needs for these programs;

30 (2) Develop, solicit and accept grant applications for allocations;

31 (3) Conduct annual evaluations of programs to which allocations
32 have been awarded; and

33 (4) Submit annual reports concerning the programs to the governor
34 and the interim finance committee.

35 (k) Transmit a report of all findings, recommendations and expenditures
36 to the governor and each regular session of the legislature.

37 2. The task force may take such other actions as are necessary to carry
38 out its duties.

39 3. The department shall take all actions necessary to ensure that all
40 allocations for expenditures made by the task force are carried out as
41 directed by the task force.

42 4. To make the allocations required by paragraph (d) of subsection 1,
43 the aging services division of the department shall:

44 (a) Prioritize and quantify the needs of senior citizens for these
45 programs;

46 (b) Develop, solicit and accept grant applications for allocations;

47 (c) As appropriate, expand or augment existing state programs for
48 senior citizens upon approval of the interim finance committee;

49 (d) Award grants or other allocations;



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1 (e) Conduct annual evaluations of programs to which grants or other
2 allocations have been awarded; and

3 (f) Submit annual reports concerning the grant program to the governor
4 and the interim finance committee.

5 5. The aging services division of the department shall submit each
6 proposed grant which would be used to expand or augment an existing
7 state program to the interim finance committee for approval before the
8 grant is awarded. The request for approval must include a description of
9 the proposed use of the money and the person or entity that would be
10 authorized to expend the money. The aging services division of the
11 department shall not expend or transfer any money allocated to the aging
12 services division pursuant to this section to subsidize any portion of the
13 cost of policies of health insurance that provide coverage to senior citizens
14 for prescription drugs and pharmaceutical services pursuant to ~~NRS~~
15 ~~439.635 to 439.690, inclusive.~~ *sections 2 to 10, inclusive, of this act.*

16 6. The department, on behalf of the task force, shall submit each
17 allocation proposed pursuant to paragraph (e) or (f) of subsection 1 which
18 would be used to expand or augment an existing state program to the
19 interim finance committee for approval before the grant is awarded. The
20 request for approval must include a description of the proposed use of the
21 money and the person or entity that would be authorized to expend the
22 money.

23 **Sec. 16.** NRS 439.665 is hereby amended to read as follows:

24 439.665 1. The department shall enter into contracts with private
25 insurers who transact health insurance in this state to arrange for the
26 availability, at a reasonable cost, of policies of health insurance that
27 provide coverage to senior citizens for prescription drugs and
28 pharmaceutical services.

29 2. Within the limits of the money available for this purpose in the fund
30 for a healthy Nevada, a senior citizen who is not eligible for Medicaid and
31 who purchases a policy of health insurance that is made available pursuant
32 to subsection 1 is entitled to an annual grant from the trust fund to
33 subsidize ~~a portion of~~ the cost of that insurance, *including premiums*
34 *and deductibles*, if he has been domiciled in this state for at least 1 year
35 immediately preceding the date of his application and his household
36 income is ~~within one of the income ranges for which grants are provided~~
37 ~~pursuant to this subsection to the extent determined by the percentage~~
38 ~~shown opposite his household income on the following schedule:~~

39

		Percent of
Amount of Household		Cost of Insurance Allowable
Income Is Over	But Not Over	as a Subsidy
\$0	\$12,700	90
12,700	14,800	80
14,800	17,000	50
17,000	19,100	25
19,100	21,500	10 <i>not over \$21,500.</i>

48 3. The ~~amount of any~~ subsidy granted pursuant to this section must
49 not exceed the annual cost of insurance that provides coverage for



1 prescription drugs and pharmaceutical services ~~for \$480 per year,~~
2 ~~whichever is less.~~, including premiums and deductibles.

3 4. A policy of health insurance that is made available pursuant to
4 subsection 1 must provide for:

5 (a) A copayment of not more than \$10 per prescription drug or
6 pharmaceutical service that is generic as set forth in the formulary of the
7 insurer; and

8 (b) A copayment of not more than \$25 per prescription drug or
9 pharmaceutical service that is preferred as set forth in the formulary of
10 the insurer.

11 5. The department may waive the eligibility requirement set forth in
12 subsection 2 regarding household income upon written request of the
13 applicant if the circumstances of the applicant's household have changed
14 as a result of:

15 (a) Illness;

16 (b) Disability; or

17 (c) Extreme financial hardship based on a significant reduction of
18 income, when considering the applicant's current financial
19 circumstances.

20 An applicant who requests such a waiver shall include with that request
21 all medical and financial documents that support his request.

22 6. If the Federal Government provides any coverage of prescription
23 drugs and pharmaceutical services for senior citizens who are eligible for
24 a subsidy pursuant to subsections 1 to 5, inclusive, the department may,
25 upon approval of the legislature, or the interim finance committee if the
26 legislature is not in session, change any program established pursuant to
27 NRS 439.635 to 439.690, inclusive, and otherwise provide assistance with
28 prescription drugs and pharmaceutical services for senior citizens within
29 the limits of the money available for this purpose in the fund for a
30 healthy Nevada.

31 7. The provisions of subsections 1 to 5, inclusive, do not apply if the
32 department provides assistance with prescription drugs and
33 pharmaceutical services for senior citizens pursuant to subsection 6.

34 **Sec. 17.** NRS 439.670 is hereby amended to read as follows:

35 439.670 1. A senior citizen who wishes to receive a subsidy pursuant
36 to NRS 439.665 must file a request therefor with the department.

37 2. The request must be made under oath and filed in such form and
38 content, and accompanied by such proof, as the department may prescribe.

39 3. The department shall, within 45 days after receiving a request for a
40 subsidy, examine the request ~~and~~ and grant or deny it . ~~and if granted,~~
41 ~~shall determine the amount of the subsidy to which the senior citizen is~~
42 ~~entitled.~~

43 4. The department shall determine which senior citizens are eligible to
44 receive a subsidy pursuant to NRS 439.665 and pay the subsidy directly to
45 an insurer with whom the department has entered into a contract pursuant
46 to NRS 439.665.

47 **Sec. 18.** NRS 439.675 is hereby amended to read as follows:

48 439.675 1. The department shall deny any request for a subsidy
49 received pursuant to NRS 439.670 to which the senior citizen is not



1 ~~entitled or any amount in excess of that to which the senior citizen is~~
2 entitled.

3 2. The department may deny in total any request which it finds to have
4 been filed with fraudulent intent. If any such request has been paid and is
5 afterward denied, the amount of the subsidy must be repaid by the senior
6 citizen to the department.

7 3. Any amounts received by the department pursuant to this section
8 must be deposited with the state treasurer for credit to the fund for a
9 healthy Nevada.

10 **Sec. 19.** NRS 218.6827 is hereby amended to read as follows:

11 218.6827 1. Except as otherwise provided in subsections 2 and 3, the
12 interim finance committee may exercise the powers conferred upon it by
13 law only when the legislature is not in regular or special session.

14 2. During a regular session, the interim finance committee may also
15 perform the duties imposed on it by subsection 5 of NRS 284.115,
16 subsection 2 of NRS 321.335, NRS 322.007, subsection 2 of NRS 323.020,
17 NRS 323.050, subsection 1 of NRS 323.100, subsection 1 of NRS 341.145,
18 NRS 353.220, 353.224, 353.2705 to 353.2771, inclusive, and 353.335,
19 paragraph (b) of subsection 4 of NRS 407.0762, NRS 428.375, **439.620**,
20 439.630, subsection 6 of NRS 445B.830 and NRS 538.650. In performing
21 those duties, the senate standing committee on finance and the assembly
22 standing committee on ways and means may meet separately and transmit
23 the results of their respective votes to the chairman of the interim finance
24 committee to determine the action of the interim finance committee as a
25 whole.

26 3. During a regular or special session, the interim finance committee
27 may exercise the powers and duties conferred upon it pursuant to the
28 provisions of NRS 353.2705 to 353.2771, inclusive.

29 4. If the interim finance committee determines that a fundamental
30 review of the base budget of a state agency is necessary, it shall, by
31 resolution, notify the legislative commission of that finding for assignment
32 of the review to a legislative committee for the fundamental review of the
33 base budgets of state agencies established pursuant to NRS 218.5382.

34 **Sec. 20.** NRS 439.635, 439.640, 439.645, 439.650, 439.655, 439.660,
35 439.665, 439.670, 439.675, 439.680, 439.685 and 439.690 are hereby
36 repealed.

37 **Sec. 21.** 1. The department of human resources shall:

38 (a) Periodically review the formulary that is covered by a policy of
39 health insurance that is made available pursuant to NRS 439.635 to
40 439.690, inclusive, and ensure that the formulary includes prescription
41 drugs and pharmaceutical services that senior citizens generally require;
42 and

43 (b) File a report on December 1, 2002, with the governor and the
44 director of the legislative counsel bureau setting forth:

45 (1) The number of senior citizens who are insured by a policy of
46 health insurance that is made available pursuant to NRS 439.635 to
47 439.690, inclusive, and the number of those senior citizens who are
48 receiving an annual grant from the fund for a healthy Nevada to subsidize
49 the cost of that insurance; and



1 (2) Whether, based on the money available to the department of
2 human resources for the period from January 1, 2002, to December 31,
3 2002, for providing subsidies to senior citizens pursuant to NRS 439.635 to
4 439.690, inclusive, the department had the financial ability to provide
5 subsidies to at least 4,700 senior citizens and the coverage and benefits set
6 forth in NRS 439.635 to 439.690, inclusive.

7 2. If the Governor determines that it is in the best interests of the state
8 that the Senior Option Program set forth in sections 2 to 10, inclusive, of
9 this act be implemented before January 1, 2003, to replace the provisions
10 of NRS 439.635 to 439.690, inclusive, he shall issue a proclamation to that
11 effect.

12 **Sec. 22.** 1. As soon as practicable after July 1, 2001, the task force
13 for the fund for a healthy Nevada shall select:

14 (a) The chairman of the task force from among the members of the task
15 force who are members of the senate; and

16 (b) The vice chairman of the task force from among the remaining
17 legislative members of the task force.

18 2. Each officer selected pursuant to subsection 1 shall hold office for a
19 term of 2 years or until his successor is selected.

20 **Sec. 23.** 1. On July 2, 2001, after reserving the amount of the
21 administrative costs which may be allocated pursuant to subsection 4 of
22 NRS 439.620 for fiscal year 2001-2002, the state treasurer shall allocate
23 from the remaining amount of money in the fund for a healthy Nevada
24 thirty percent to the department of human resources for expenditure
25 pursuant to NRS 439.635 to 439.690, inclusive.

26 2. If applicable, on July 1, 2002, after reserving the amount of the
27 administrative costs which may be allocated pursuant to subsection 4 of
28 NRS 439.620 for fiscal year 2002-2003, the state treasurer shall allocate
29 from the remaining amount of money in the fund for a healthy Nevada
30 thirty percent to the department of human resources for expenditure
31 pursuant to NRS 439.635 to 439.690, inclusive.

32 **Sec. 24.** 1. This section and sections 11, 13, 14, 16 to 19, inclusive,
33 21, 22 and 23 of this act become effective upon passage and approval.

34 2. Sections 1 to 10, inclusive, and 12, 15 and 20 of this act become
35 effective:

36 (a) Upon proclamation by the Governor pursuant to subsection 2 of
37 section 21 of this act; or

38 (b) On January 1, 2003, if the report filed by the department of human
39 resources pursuant to paragraph (b) of subsection 1 of section 21 of this act
40 indicates either that:

41 (1) There are fewer than 3,500 senior citizens enrolled in and
42 receiving subsidies pursuant to a program established pursuant to NRS
43 439.635 to 439.690, inclusive; or

44 (2) The annual allocation of money available to the department of
45 human resources for the period from January 1, 2002, to December 31,
46 2002, to provide subsidies to senior citizens pursuant to NRS 439.635 to
47 439.690, inclusive, was not sufficient to provide at least 4,700 senior
48 citizens with the subsidized insurance-based coverage and benefits set forth
49 in NRS 439.635 to 439.690, inclusive.



LEADLINES OF REPEALED SECTIONS

- 439.635 Definitions.
439.640 “Household income” defined.
439.645 “Income” defined.
439.650 “Senior citizen” defined.
439.655 Administration: Powers and duties of department.
439.660 Administration: Cooperation between state and local agencies.
439.665 Contracts for provision of insurance coverage for pharmaceutical services; eligibility for and amount of subsidies.
439.670 Request for subsidy; action on request; payment of subsidy.
439.675 Denial of request for subsidy; repayment of amount received pursuant to fraudulent request.
439.680 Judicial review of decision to deny request for subsidy.
439.685 Revocation of subsidy and payment of restitution.
439.690 Restrictions on use of information contained in request for subsidy.

