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**Testimony of Charles Perry, N.H.C.A. Executive Director,
to the Assembly Health and Human Services
Committee Regarding AB 395**

Good Afternoon, Madame Chairwoman and Committee Members:

I am Charles Perry, Executive Director of the Nevada Health Care Association, representing a majority of the Skilled and Intermediate Nursing Care Facilities in our State. Thank you for the opportunity to address the Committee.

Nevada, like the majority of States, is experiencing the uncertainties of the economy and the requirement of funding essential services. The Nevada Health Care Association (NHCA) requested AB 395 as a means of increasing Federal Matching Funds for reimbursing the care of Medicaid recipients in our state's Skilled and Intermediate Care Nursing Facilities. We believe this is necessary to assure that funding remains available to provide service to Nevada's frail, elderly, and disabled citizens who rely on Medicaid.

In 2001, in collaboration with the Division of Health Care Financing and Policy, we participated in developing a new methodology of reimbursing nursing facilities in Nevada. The new payment method is in its final "phase in" stage, and is scheduled for full implementation at the beginning of the 2004 Fiscal Year. Its purpose is to reimburse facilities based upon a more accurate measure of the acuity level of Medicaid recipients, and establish a reliable system of funding.

The success of the "RUG 111 Case Mix" reimbursement system is dependent on adequate funding by the Division of Health Care Financing and Policy (Medicaid). The agency sets the price it will pay based upon the acuity of the patients; presently \$13.00 - \$15.00 per day *less than the cost*. (Medicaid and the providers are not in complete agreement with the

amount of the underpayment, but there is no disagreement regarding payment being less than cost of providing care).

The Quality Improvement Fee, or provider tax, will bridge the gap and provide the funding so the State can pay at the appropriate price. It will *supplement* State funds matched by the Federal government, *not replace* State funding. Passage of AB395 is critical to assuring Nevada Medicaid has the ability to pay for the quantity, and *quality*, of nursing care our citizens desire and the regulators demand. Providers cannot be expected to continue subsidizing this program. This type of legislation is currently in effect in several states and is codified in both Federal Statutes and the Code of Federal Regulations (CFR).

Thank you, again, Madame Chairwoman, for this opportunity to address the Committee. I will be happy to answer any questions.