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TESTIMONY

BILL: SB 84 – SURETY BONDS

DIVISION FOR AGING SERVICES

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Chairman Rawson and members of the Human Resources and Facilities Committee, I am Sally Ramm, Elder Rights Attorney with the Division for Aging Services. We are here to support SB 84, a bill that was requested by the Division for Aging Services. This bill proposes changes in the surety bonds currently required in NRS 449.065. These bonds are required of long term care facilities and are used to protect residents who lose their personal property. As a general rule, when the resident is admitted to a facility they are told, in writing, of the limits to the facility's liability for personal belongings. The facility has a reasonable amount of responsibility for normal possessions. When these possessions are unreasonably disappearing, the facility must replace them.

When disputes arise over what is reasonable, the Division for Aging Services provides mediation services to solve the problem. If mediation does not work, the Division provides a hearing officer. If the hearing officer decides in favor of the resident, the facility must reimburse the resident for their losses. If the facility refuses to pay, the Division can file a claim against the bond and use that money to pay the resident.

The surety bond requirement for licensing has been law since 1997. Since that time, there have been six formal mediations. There have been two hearings. No claims have been filed against the bonds. As it turns out, the bonds provide great leverage in our mission to protect the consumers.

NRS 449.067 provides, as substitutes for obtaining a surety bond, that a facility may deposit a secure obligation in a financial institution in the same amount as the surety bond, assigned to the Division for Aging Services. This requires approval by the Administrator of the Division.

Additionally, the Division for Aging Services Administrator may exempt a facility due to hardship.

Currently, 447 facilities have surety bonds, thirteen have certificates of deposit, and one has been exempted due to hardship.

SB 84 proposes three changes to this statute. First, it proposes to move the function of monitoring whether or not facilities have surety bonds from the Division for Aging Services to the Health Division, the regulatory agency. Division for Aging Services will maintain the mediation and hearing functions and will remain the indemnitee on the bonds. There will be no fiscal impact as a result of this transfer, but it make monitoring the bonds as a requirement for licensing more efficient.

Secondly, SB 84 proposes to exempt all facilities owned and/or operated by the State of Nevada from this licensing requirement. Currently, federal facilities are exempt. This will save the State money, and will affect only one facility at this time, which is already exempted through a memorandum of understanding.

Finally, SB84 proposes to decrease the required amounts on the surety bonds by 50%. Given our experience as to the amounts of potential claims, and the increasing insurance rates, this will give the operators of the facilities some financial relief and will maintain the consumer protection the law is meant to provide. The proposed amounts of the bonds are:

$5,000 for a facility with less than seven employees.

$25,000 for a facility with 8 – 25 employees.

$50,000 for a facility with more than 25 employees.

This law provides good protection for Nevada's senior citizens, and we support these changes.

I would be pleased to answer any questions the committee may have.