

ASSEMBLY BILL NO. 504—COMMITTEE ON  
HEALTH AND HUMAN SERVICES

MARCH 24, 2003

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Referred to Committee on Health and Human Services

SUMMARY—Makes various changes concerning provision of  
health care services in this state. (BDR 38-1207)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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AN ACT relating to health care; requiring the Department of  
Human Resources to apply to the Federal Government to  
establish a program to extend coverage for prescription  
drugs and other related services for certain persons;  
making various changes concerning the allocation of the  
money in the Fund for a Healthy Nevada; 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 422 of NRS is hereby amended by adding  
2     thereto the provisions set forth as sections 2 and 3 of this act.  
3     **Sec. 2. 1. *The Director shall apply to the Federal***  
4     ***Government for a Medicaid waiver to extend coverage for***  
5     ***prescription drugs and other related services to persons 65 years of***  
6     ***age or older who are not eligible for pharmacy benefits pursuant***  
7     ***to Medicaid and whose incomes are not more than 200 percent of***  
8     ***the federally designated level signifying poverty.***  
9     **2. *The Director shall fully cooperate in good faith with the***  
10    ***Federal Government during the application process to satisfy the***  
11    ***requirements of the Federal Government for obtaining a Medicaid***  
12    ***waiver pursuant to this section, including, without limitation:***  
13    ***(a) Providing any necessary information requested by the***  
14    ***Federal Government in a timely manner;***



1       (b) *Responding promptly and thoroughly to any questions or*  
2 *concerns of the Federal Government concerning the application;*  
3 *and*

4       (c) *Working with the Federal Government to amend any*  
5 *necessary provisions of the application to satisfy the requirements*  
6 *for approval of the application.*

7       3. *The Director may:*

8       (a) *Administer a program established pursuant to this section*  
9 *through the Division of Health Care Financing and Policy; or*

10       (b) *Hire a pharmacy benefits manager by contract to*  
11 *administer a program established pursuant to this section.*

12       4. *Not more than 10 percent of the money received by the*  
13 *Department to implement a program established pursuant to this*  
14 *section may be used for administrative expenses or other indirect*  
15 *costs.*

16       5. *The Director shall submit a quarterly report concerning a*  
17 *program established pursuant to this section to the Interim*  
18 *Finance Committee and the Legislative Committee on Health*  
19 *Care.*

20       **Sec. 3.** 1. *Except as otherwise provided in this subsection,*  
21 *the Director may apply to the Federal Government for a Medicaid*  
22 *waiver to extend coverage for prescription drugs and other related*  
23 *services to persons with disabilities who have been determined to*  
24 *be eligible for disability benefits from the federal social security*  
25 *system, who are not eligible for pharmacy benefits pursuant to*  
26 *Medicaid and whose incomes are not more than 200 percent of the*  
27 *federally designated level signifying poverty. The Director shall*  
28 *not apply for a waiver pursuant to this subsection unless the*  
29 *Director and the Interim Finance Committee have determined that*  
30 *sufficient funds are available in this state to implement the waiver.*

31       2. *If the Federal Government approves a Medicaid waiver*  
32 *which the Director applied for pursuant to subsection 1, the*  
33 *Director shall adopt regulations to implement the waiver and*  
34 *establish a program in accordance with the waiver, including,*  
35 *without limitation, regulations setting forth criteria of eligibility,*  
36 *the services covered by the program, the amount of any copayment*  
37 *for which a person who receives services pursuant to the program*  
38 *is responsible and any limitation on the number of persons who*  
39 *may receive services pursuant to the program.*

40       3. *The Director may:*

41       (a) *Administer a program established pursuant to this section*  
42 *through the Division of Health Care Financing and Policy; or*

43       (b) *Hire a pharmacy benefits manager by contract to*  
44 *administer a program established pursuant to this section.*



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1     **4. Not more than 10 percent of the money received by the**  
2     **Department to implement a program established pursuant to this**  
3     **section may be used for administrative expenses or other indirect**  
4     **costs.**

5     **5. The Director shall submit a quarterly report concerning:**

6     **(a) The progress of the Director toward applying for a waiver**  
7     **pursuant to subsection 1 and establishing a program in**  
8     **accordance with such a waiver that has been approved by the**  
9     **Federal Government; and**

10    **(b) Any program established pursuant to this section,**  
11    **to the Interim Finance Committee and the Legislative Committee**  
12    **on Health Care.**

13    **Sec. 4.** NRS 422.240 is hereby amended to read as follows:

14    422.240 1. Money to carry out the provisions of NRS  
15    422.001 to 422.410, inclusive, **and sections 2 and 3 of this act**, and  
16    422.580, including, without limitation, any federal money allotted to  
17    the State of Nevada pursuant to the program to provide Temporary  
18    Assistance for Needy Families and the Program for Child Care and  
19    Development, must, **except as otherwise provided in NRS 439.630**,  
20    be provided by appropriation by the Legislature from the State  
21    General Fund.

22    2. Disbursements for the purposes of NRS 422.001 to 422.410,  
23    inclusive, **and sections 2 and 3 of this act**, and 422.580 must ,  
24    **except as otherwise provided in NRS 439.630**, be made upon claims  
25    duly filed, audited and allowed in the same manner as other money  
26    in the State Treasury is disbursed.

27    **Sec. 5.** NRS 218.6827 is hereby amended to read as follows:

28    218.6827 1. Except as otherwise provided in subsections 2  
29    and 3, the Interim Finance Committee may exercise the powers  
30    conferred upon it by law only when the Legislature is not in regular  
31    or special session.

32    2. During a regular session, the Interim Finance Committee  
33    may also perform the duties imposed on it by subsection 5 of NRS  
34    284.115, subsection 2 of NRS 321.335, NRS 322.007, subsection 2  
35    of NRS 323.020, NRS 323.050, subsection 1 of NRS 323.100, NRS  
36    353.220, 353.224, 353.2705 to 353.2771, inclusive, and 353.335,  
37    paragraph (b) of subsection 4 of NRS 407.0762 and NRS 428.375,  
38    439.620, 439.630, 445B.830 and 538.650 **and subsection 1 of**  
39    **section 3 of this act.** In performing those duties, the Senate Standing  
40    Committee on Finance and the Assembly Standing Committee on  
41    Ways and Means may meet separately and transmit the results of  
42    their respective votes to the Chairman of the Interim Finance  
43    Committee to determine the action of the Interim Finance  
44    Committee as a whole.



1 3. During a regular or special session, the Interim Finance  
2 Committee may exercise the powers and duties conferred upon it  
3 pursuant to the provisions of NRS 353.2705 to 353.2771, inclusive.

4 4. If the Interim Finance Committee determines that a  
5 fundamental review of the base budget of a state agency is  
6 necessary, it shall, by resolution, notify the Legislative Commission  
7 of that finding for assignment of the review to a legislative  
8 committee for the fundamental review of the base budgets of state  
9 agencies established pursuant to NRS 218.5382.

10 **Sec. 6.** NRS 439.620 is hereby amended to read as follows:

11 439.620 1. The Fund for a Healthy Nevada is hereby created  
12 in the State Treasury. The State Treasurer shall deposit in the Fund:

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

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

19 2. The State Treasurer shall administer the Fund. As  
20 administrator of the Fund, the State Treasurer:

21 (a) Shall maintain the financial records of the Fund;

22 (b) Shall invest the money in the Fund as the money in other  
23 state funds is invested;

24 (c) Shall manage any account associated with the Fund;

25 (d) Shall maintain any instruments that evidence investments  
26 made with the money in the Fund;

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

29 (f) May perform any other duties necessary to administer the  
30 Fund.

31 3. The interest and income earned on the money in the Fund  
32 must, after deducting any applicable charges, be credited to the  
33 Fund. All claims against the Fund must be paid as other claims  
34 against the State are paid.

35 4. Upon receiving a request from the State Treasurer or the  
36 Department for an allocation for administrative expenses from the  
37 Fund pursuant to this section, the Task Force for the Fund for a  
38 Healthy Nevada shall consider the request within 45 days after  
39 receipt of the request. If the Task Force approves the amount  
40 requested for allocation, the Task Force shall notify the State  
41 Treasurer of the allocation. If the Task Force does not approve the  
42 requested allocation within 45 days after receipt of the request, the  
43 State Treasurer or the Department, as applicable, may submit its  
44 request for allocation to the Interim Finance Committee. Except as  
45 otherwise limited by this subsection, the Interim Finance Committee



1 may allocate all or part of the money so requested. The annual  
2 allocation for administrative expenses from the Fund, whether  
3 allocated by the Task Force or the Interim Finance Committee must  
4 not exceed:

5 (a) Not more than 2 percent of the money in the Fund, as  
6 calculated pursuant to this subsection, each year to pay the costs  
7 incurred by the State Treasurer to administer the Fund; and

8 (b) Not more than 3 percent of the money in the Fund, as  
9 calculated pursuant to this subsection, each year to pay the costs  
10 incurred by the Department, including, without limitation, the Aging  
11 Services Division of the Department, to carry out its duties set forth  
12 in NRS 439.625 to 439.690, inclusive.

13 For the purposes of this subsection, the amount of money available  
14 for allocation to pay for the administrative costs must be calculated  
15 at the beginning of each fiscal year based on the total amount of  
16 money anticipated by the State Treasurer to be deposited in the Fund  
17 during that fiscal year.

18 5. The money in the Fund remains in the Fund and does not  
19 revert to the State General Fund at the end of any fiscal year.

20 6. All money that is deposited or paid into the Fund is hereby  
21 appropriated to the Department and, except as otherwise provided in  
22 paragraphs (c) , ~~and~~ (d) *and (h)* of subsection 1 of NRS 439.630,  
23 may only be expended pursuant to an allocation made by the Task  
24 Force for the Fund for a Healthy Nevada. Money expended from the  
25 Fund for a Healthy Nevada must not be used to supplant existing  
26 methods of funding that are available to public agencies.

27 **Sec. 7.** NRS 439.630 is hereby amended to read as follows:

28 439.630 1. The Task Force for the Fund for a Healthy  
29 Nevada shall:

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

33 (1) Promote public health;

34 (2) Improve health services for children, senior citizens and  
35 persons with disabilities;

36 (3) Reduce or prevent the use of tobacco;

37 (4) Reduce or prevent the abuse of and addiction to alcohol  
38 and drugs; and

39 (5) Offer other general or specific information on health care  
40 in this state.

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



1 (c) Reserve not more than 30 percent of all revenues deposited  
2 in the Fund for a Healthy Nevada each year for direct expenditure  
3 by the Department to pay for prescription drugs and pharmaceutical  
4 services for senior citizens pursuant to NRS 439.635 to 439.690,  
5 inclusive ~~§~~ , *and to fund in whole or in part any program*  
6 *established pursuant to section 2 or 3 of this act.* From the money  
7 reserved to the Department pursuant to this paragraph, the  
8 Department ~~shall~~ *may* subsidize all of the cost of policies of health  
9 insurance that provide coverage to senior citizens for prescription  
10 drugs and pharmaceutical services pursuant to NRS 439.635 to  
11 439.690, inclusive ~~§~~ , *and fund in whole or in part any program*  
12 *established pursuant to section 2 or 3 of this act.* The Department  
13 shall consider recommendations from the Task Force for the Fund  
14 for a Healthy Nevada in carrying out the provisions of NRS 439.635  
15 to 439.690, inclusive ~~§~~ , *and administering any program*  
16 *established pursuant to section 2 or 3 of this act.* The Department  
17 shall submit a quarterly report to the Governor, the Task Force for  
18 the Fund for a Healthy Nevada and the Interim Finance Committee  
19 regarding the general manner in which expenditures have been made  
20 pursuant to this paragraph and the status of the program.

21 (d) Reserve not more than 30 percent of all revenues deposited  
22 in the Fund for a Healthy Nevada each year for allocation by the  
23 Aging Services Division of the Department in the form of grants for  
24 existing or new programs that assist senior citizens with independent  
25 living, including, without limitation, programs that provide:

- 26 (1) Respite care or relief of family caretakers;  
27 (2) Transportation to new or existing services to assist senior  
28 citizens in living independently; and  
29 (3) Care in the home which allows senior citizens to remain  
30 at home instead of in institutional care.

31 The Aging Services Division of the Department shall consider  
32 recommendations from the Task Force for the Fund for a Healthy  
33 Nevada concerning the independent living needs of senior citizens.

34 (e) Allocate for expenditure not more than 20 percent of all  
35 revenues deposited in the Fund for a Healthy Nevada each year for  
36 programs that prevent, reduce or treat the use of tobacco and the  
37 consequences of the use of tobacco.

38 (f) Allocate for expenditure not more than ~~20~~ 10 percent of all  
39 revenues deposited in the Fund for a Healthy Nevada each year for  
40 programs that improve health services for children . ~~and~~

41 (g) *Allocate, by contract or grant, for expenditure not more*  
42 *than 7.5 percent of all revenues deposited in the Fund for a*  
43 *Healthy Nevada each year for programs that improve* the health  
44 and well-being of persons with disabilities.



1 ~~[(e)]~~ *In making allocations pursuant to this paragraph, the*  
2 *Task Force shall, to the extent practicable, allocate the money*  
3 *evenly among the following three types of programs:*

4 *(1) Programs that provide respite for persons caring for*  
5 *persons with disabilities;*

6 *(2) Programs that provide positive behavioral supports to*  
7 *persons with disabilities; and*

8 *(3) Programs that assist persons with disabilities to live*  
9 *safely and independently in their communities outside of an*  
10 *institutional setting.*

11 *(h) Reserve not more than 2.5 percent of all revenues*  
12 *deposited in the Fund for a Healthy Nevada each year for direct*  
13 *expenditure by the Department to fund in whole or in part any*  
14 *program established pursuant to section 3 of this act. The*  
15 *Department shall consider recommendations from the Task Force*  
16 *for the Fund for a Healthy Nevada in administering any program*  
17 *established pursuant to section 3 of this act.*

18 *(i) Maximize expenditures through local, federal and private*  
19 *matching contributions.*

20 ~~[(h)]~~ *(j) Ensure that any money expended from the Fund for a*  
21 *Healthy Nevada will not be used to supplant existing methods of*  
22 *funding that are available to public agencies.*

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

31 ~~[(j)]~~ *(l) To make the allocations required by paragraphs (e) , (f)*  
32 *and ~~[(f)]~~ (g):*

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

34 *(2) Develop, solicit and accept grant applications for*  
35 *allocations;*

36 *(3) Conduct annual evaluations of programs to which*  
37 *allocations have been awarded; and*

38 *(4) Submit annual reports concerning the programs to the*  
39 *Governor and the Interim Finance Committee.*

40 ~~[(k)]~~ *(m) Transmit a report of all findings, recommendations and*  
41 *expenditures to the Governor and each regular session of the*  
42 *Legislature.*

43 *2. The Task Force may take such other actions as are necessary*  
44 *to carry out its duties.*



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1       3. The Department shall take all actions necessary to ensure  
2 that all allocations for expenditures made by the Task Force are  
3 carried out as directed by the Task Force.

4       4. To make the allocations required by paragraph (d) of  
5 subsection 1, the Aging Services Division of the Department shall:

6       (a) Prioritize and quantify the needs of senior citizens for these  
7 programs;

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

9       (c) As appropriate, expand or augment existing state programs  
10 for senior citizens upon approval of the Interim Finance Committee;

11       (d) Award grants or other allocations;

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

14       (f) Submit annual reports concerning the grant program to the  
15 Governor and the Interim Finance Committee.

16       5. The Aging Services Division of the Department shall submit  
17 each proposed grant which would be used to expand or augment an  
18 existing state program to the Interim Finance Committee for  
19 approval before the grant is awarded. The request for approval must  
20 include a description of the proposed use of the money and the  
21 person or entity that would be authorized to expend the money. The  
22 Aging Services Division of the Department shall not expend or  
23 transfer any money allocated to the Aging Services Division  
24 pursuant to this section to subsidize any portion of the cost of  
25 policies of health insurance that provide coverage to senior citizens  
26 for prescription drugs and pharmaceutical services pursuant to NRS  
27 439.635 to 439.690, inclusive ~~{ }~~ , *or to pay for any program*  
28 *established pursuant to section 2 or 3 of this act.*

29       6. The Department, on behalf of the Task Force, shall submit  
30 each allocation proposed pursuant to paragraph (e) ~~{or (f)}~~ , *(f) or*  
31 *(g)* of subsection 1 which would be used to expand or augment an  
32 existing state program to the Interim Finance Committee for  
33 approval before the grant is awarded. The request for approval must  
34 include a description of the proposed use of the money and the  
35 person or entity that would be authorized to expend the money.

36       **Sec. 8.** NRS 439.665 is hereby amended to read as follows:

37       439.665 1. The Department ~~{shall}~~ *may* enter into contracts  
38 with private insurers who transact health insurance in this state to  
39 arrange for the availability, at a reasonable cost, of policies of health  
40 insurance that provide coverage to senior citizens for prescription  
41 drugs and pharmaceutical services.

42       2. Within the limits of the money available for this purpose in  
43 the Fund for a Healthy Nevada, a senior citizen who is not eligible  
44 for Medicaid and who ~~{purchases}~~ *is issued* a policy of health  
45 insurance that is made available pursuant to subsection 1 is entitled



\* A B 5 0 4 R 2 \*



1 to an annual grant from the Trust Fund to subsidize the cost of that  
2 insurance, including premiums and deductibles, if he has been  
3 domiciled in this state for at least 1 year immediately preceding the  
4 date of his application and his household income is not over  
5 \$21,500.

6 3. The subsidy granted pursuant to this section must not exceed  
7 the annual cost of insurance that provides coverage for prescription  
8 drugs and pharmaceutical services, including premiums and  
9 deductibles.

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

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

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

18 5. The Department may waive the eligibility requirement set  
19 forth in subsection 2 regarding household income upon written  
20 request of the applicant if the circumstances of the applicant's  
21 household have changed as a result of:

22 (a) Illness;

23 (b) Disability; or

24 (c) Extreme financial hardship based on a significant reduction  
25 of income, when considering the applicant's current financial  
26 circumstances.

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

29 6. If the Federal Government provides any coverage of  
30 prescription drugs and pharmaceutical services for senior citizens  
31 who are eligible for a subsidy pursuant to subsections 1 to 5,  
32 inclusive, the Department may, upon approval of the Legislature, or  
33 the Interim Finance Committee if the Legislature is not in session,  
34 change any program established pursuant to NRS 439.635 to  
35 439.690, inclusive, and otherwise provide assistance with  
36 prescription drugs and pharmaceutical services for senior citizens  
37 within the limits of the money available for this purpose in the Fund  
38 for a Healthy Nevada.

39 7. The provisions of subsections 1 to 5, inclusive, do not apply  
40 if the Department provides assistance with prescription drugs and  
41 pharmaceutical services for senior citizens pursuant to subsection 6.

42 **Sec. 9.** Any money allocated pursuant to subsection 1 of NRS  
43 439.630 before July 1, 2004, for programs that improve the health  
44 and well-being of persons with disabilities that is unspent and is  
45 returned to the Department of Human Resources may be expended



\* A B 5 0 4 R 2 \*

1 by the Department to fund any program established pursuant to  
2 section 3 of this act.

3 **Sec. 10.** 1. Except as otherwise provided in subsection 2, the  
4 provisions of this act become effective on October 1, 2003.

5 2. The amendatory provisions of section 7 of this act which  
6 require the Task Force for the Fund for a Healthy Nevada to allocate  
7 for expenditure not more than 10 percent of all revenues deposited  
8 in the Fund for a Healthy Nevada each year for programs that  
9 improve health services for children, to allocate for expenditure not  
10 more than 7.5 percent of all revenues deposited in the Fund each  
11 year for programs that improve the health and well-being of persons  
12 with disabilities, and to reserve not more than 2.5 percent of all  
13 revenues deposited in the Fund each year for direct expenditure by  
14 the Department of Human Resources to fund any program  
15 established pursuant to section 3 of this act become effective on  
16 July 1, 2004.

