

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON HEALTH AND HUMAN SERVICES**

**Seventy-Third Session
February 28, 2005**

The Committee on Health and Human Services was called to order at 1:35 p.m., on Monday, February 28, 2005. Chairwoman Sheila Leslie presided in Room 3138 of the Legislative Building, Carson City, Nevada, and via simultaneous videoconference, in Room 4401 of the Grant Sawyer State Office Building, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Ms. Sheila Leslie, Chairwoman
Mrs. Sharron Angle
Ms. Susan Gerhardt
Mr. Joe Hardy
Mr. William Horne
Mrs. Ellen Koivisto
Mr. Garn Mabey
Ms. Bonnie Parnell
Ms. Peggy Pierce
Ms. Valerie Weber

COMMITTEE MEMBERS ABSENT:

Ms. Kathy McClain (excused)

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Barbara Dimmitt, Committee Analyst
Joe Bushek, Committee Attaché

OTHERS PRESENT:

Nancy Ford, Administrator, State Welfare Division, Nevada Department of Human Resources, Carson City, Nevada

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Nevada Medicaid, Nevada Department of Human Resources, Carson City, Nevada

Fred Hillerby, Legislative Advocate representing Hometown Health Plan, Reno, Nevada

Andrew List, Executive Director, Nevada Association of Counties

Chairwoman Leslie:

[Meeting called to order and roll called.] We only have three bills today. I think this week will be easier in the Health Committee. We will open the hearing on Assembly Bill 13.

Assembly Bill 13: Revises qualifications of State Welfare Administrator of Welfare Division of Department of Human Resources. (BDR 38-239)

Nancy Ford, Administrator, State Welfare Division, Nevada Department of Human Resources, Carson City, Nevada:

[Handed out [Exhibit B](#).] I'm here to present A.B. 13, which would make some changes to the qualifications of the Welfare Administrator. This bill was requested by the Department of Human Resources through the Governor's Office. The intent of this bill is to more closely align the qualifications for the Welfare Administrator with the actual skills that are necessary to administer the Welfare Division. The existing statutory language provides a very narrow description of the qualifications, and just as a point of interest, it has been the same since 1949. So it is a very old description of what is required for the Welfare Division Administrator. The proposed language would indicate the Department of Human Resources will give preference to a candidate who has a degree in the field of social science, public administration, business administration, or related field, and have experience in directing a public agency, and possesses qualities of leadership.

Chairwoman Leslie:

Do we still have a State Welfare Board? [Ms. Ford answered in the affirmative.] Did they review this at all or offer any input?

Nancy Ford:

I did not run it by them. It is coming through the Department because the definition has been the same since 1949. It has been that way forever. I could run it by them, if you would like.

Chairwoman Leslie:

I just wondered if they had. So the main gist of the bill is to broaden it so that you can have more people to pick from?

Nancy Ford:

That's correct. Currently the statute says you have to have three years of experience running a public welfare agency, which is pretty restrictive. You also have the catchall "or equivalent training and experience." But it is pretty restrictive. This would help liberalize it to make our pool of candidates bigger.

Chairwoman Leslie:

Or modernize it. It is a pretty straightforward bill. Any questions from the Committee members? Would anybody else like to testify on Assembly Bill 13? We will close the hearing on A.B. 13 then, and we will open the hearing on Assembly Bill 27.

Assembly Bill 27: Revises provisions relating to certain fees imposed on certain health insurers and documents that hospitals and certain other institutions are required to file with Department of Human Resources. (BDR 40-373)

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Nevada Medicaid, Department of Human Resources, Carson City, Nevada:

[Handed out [Exhibit C](#).] I am here to present Assembly Bill 27, sponsored by the Department of Human Resources through the Governor's Office. The legislation would make revisions to Section 1 of the *Nevada Revised Statutes* (NRS) 449.465 to allow the fee currently collected under the section to cover costs carrying out other administrative activities in the division. Currently we collect fees from admitted health insurers. Those fees can be used for the costs of administering NRS 449.450 through 449.530, which is essentially our cost-containment activities. What we are proposing is to allow us to have a broader range of administrative activities covered by some of these revenues. We believe that we can reduce some of our costs associated with cost containment through outsourcing activities that we propose to do with the University of Nevada, Las Vegas, and free up some revenue to cover other administrative costs. We would not be increasing the amount of fee to be collected from health insurers, nor would we increase the amount of funding appropriated to the Department. It will, however, allow us greater flexibility in meeting some of our administrative goals within the Division.

I think as we move into the uncertain world of Medicaid reform and what's being proposed right now on the national scene, there are some caps on administrative activities that are being proposed by the president that may or may not make it through Congress, but we are concerned some of those

proposals may impact our ability to get federal funds. If we can squeeze any other revenues to use for administrative activities, other revenue sources, we would certainly like to be able to do that.

[Charles Duarte, continued.] This legislation eliminates the need for certain types of reporting that are no longer useful for the Division. These are reports from hospitals, particularly their operating budget reports. We get enough information currently from Medicare cost reports and other types of reports, so we would propose eliminating the use of those reports as well.

Chairwoman Leslie:

I want to make sure when you say you are getting flexibility, what that really means. This Committee will be looking at cost containment and some other issues as we go forward this session. I want to make sure by approving this bill, we are not losing anything if we, for instance, implement stricter cost provisions. Will this bill take away from our ability to use these funds to do that?

Charles Duarte:

I don't believe so, because we are just looking, as I said, for the authority to use it for other administrative activities. And if the administrative activities associated with cost containment increase, assuming there is no commensurate increase in the fees for that, then rather than use General Fund, we would have the opportunity to use these dollars. I believe that can be done right now. It would be second in line for the cost containment functions that the Division needs to carry out the other administrative functions.

Chairwoman Leslie:

What are we gaining and what other administrative functions are you talking about?

Charles Duarte:

Primarily in our budgeting and accounting area, and also in our rate-setting area. If we can free up some of these revenues to use to pay for some of their activities, it allows us to do so without having to ask for more General Fund.

Chairwoman Leslie:

Does it revert if you don't use all the money right now?

Charles Duarte:

In cost containment? No, it does not, Madam Chair.

Chairwoman Leslie:

It stays in the Fund?

Charles Duarte:

It stays in there.

Assemblywoman Koivisto:

Should this not go to Ways and Means to deal with those fees and funds and things?

Chairwoman Leslie:

I think it is the policy of how the funds are used. Maybe it is not going to Ways and Means because we are not increasing the amount of fees. Is that right?

Charles Duarte:

That's correct, Madam Chair. It is a policy change. I would like to note for the record I have had some discussions with Mr. Jack Kim and Mr. Fred Hillerby about the language of this. We are more than willing to work on certain aspects of this bill. I think they are concerned, and I should probably let them speak for themselves. I understand their concern. They are afraid it leaves open the opportunity for us to increase the fees associated with new activities. While I have given them assurance that our Deputy Attorney General said that's not the case, we are happy to work with them to make sure the fees do not increase.

Chairwoman Leslie:

Your intent is not to increase the fees? [Mr. Duarte answered in the affirmative.] Is there any part in the bill that says what the fee is? \$50 per year. And you are not proposing to change that?

Charles Duarte:

There is actually another section of the statute that I don't have handy with me right now that discusses the methodology for calculating the fees.

Chairwoman Leslie:

In Section 1, subsection 2, it talks about \$50. We are talking about a different fee structure.

Fred Hillerby, Legislative Advocate representing Hometown Health Plan, Reno, Nevada:

Mr. Duarte has expressed our concern. I remember when we first did this. In theory, the linkage was between originally charging health insurers and hospitals

a fee that was supposed to fund cost containment. Hospitals' delinquency wasn't quite there. If cost containment were successful, that would be good for health insurers. That was the reason there.

[Fred Hillerby, continued.] I can't find a similar nexus to charging health insurers a fee that would provide—and I'll read them because they are very brief. I looked up the two sections that are line 4 of the bill. One of them is fiscal duties. The administrator is responsible for and shall supervise the fiscal affairs and responsibilities of the Division of Health Care Finance and Policy subject to administrative supervision by the director, present a budget to the Legislature, and allocate in the interest of efficiency and economy the State's appropriation for the administration of each program for which the Division of Health Care Finance is responsible. That's Medicaid. You served on that committee. That's part of what it is.

And the other reference is, the administrator may establish, consolidate, and abolish sections within the Division of Health Care Finance; shall organize a division that complies with regulations that are put on them by the federal government. I am paraphrasing, Madam Chair. Shall appoint heads of the sections of the division and may employ a set of employees and set standards of service.

I don't see why that should be the responsibility of health insurers in the state. Although we have been told—and I believe, Mr. Duarte, that their intent today is not to increase those fees. Clearly you have added new functions that can be funded by those fees with this bill. So that has me concerned on behalf of my client about where this can lead down the road. I'm not sure fees—health insurance covers about a third of the people in the state. That's who this fee would apply to, not all the people in the state. Health insurance, we are all struggling to keep those costs down. Now we are adding to those costs by potentially charging more fees. I suppose in today's age one could ask why are we paying the fees to support the whole cost containment effort just on a third of the people who are covered by health insurance who pay these fees, but I will not do that. Forget that I said that.

But I am concerned about opening a door to being able to, down the road, say we have to finance some more of what our division does. And I applaud Mr. Duarte saying let's try to cut costs by outsourcing to UNLV. That's great.

Let's cut costs. But this opens the door for fees that we are currently paying and being used for the administration of the division. That's problematic.

Chairwoman Leslie:

Is it your interpretation those fees can be raised without changing the statute? At a future time the Division could do that?

Fred Hillerby:

That would be my impression. The fees are based on their budget. If their budget increases, the fees could increase.

Chairwoman Leslie:

Do the fees increase regardless of what they spend the money on?

Fred Hillerby:

Not now, because it is limited to their cost containment and the section there was in NRS 449.450 to 449.530. It was within that relatively narrow range that these fees could be used. Now we are broadening this into very wide administrative responsibilities of the agency, and that's much more than cost containment. That's my interpretation of this bill and our concerns with it.

Chairwoman Leslie:

Thanks for bringing that to our attention. Anyone else who would like to testify for or against this bill, please come forward. We'll close the hearing then on Assembly Bill 27, and we will open the hearing on the third bill this afternoon, Assembly Bill 57.

Assembly Bill 57: Repeals certain provisions concerning money provided to counties which are unable to pay nonfederal share of expenses for institutional care of medically indigent persons pursuant to State Plan for Medicaid. (BDR 38-175)

**Charles Duarte, Administrator, Division of Health Care Financing and Policy,
Nevada Medicaid, Nevada Department of Human Resources, Carson City,
Nevada:**

[Handed out Exhibit D.] Counties are currently responsible to provide the nonfederal share of medical costs for institutionalized Medicaid recipients whose incomes are between 156 percent and 300 percent of the supplemental security income limit.

What we did in the last legislative session was to provide counties with a stop-loss program, capping their liability at 8 cents ad valorem. They needed to provide us with up to 8 cents ad valorem in fees and that was the limit of their liability, and that was approved in the last legislative session. What we are saying is, because we have that provision in our budget now and have had it,

and it will be in our budget, that program supersedes this whole language for them to be financially responsible for all the costs.

[Charles Duarte, continued.] And we believe that's an important provision that was passed in 2003 because some of the counties had tremendous adverse impacts of trying to provide the Medicaid state match to the point where they were jeopardizing other important services, including police and fire protection, in order to make these payments for the medically indigent, or for Medicaid county-match program recipients. What we are saying is the stop-loss program exists, which protects the county, and we don't need the whole language, and we would like to have it deleted.

Chairwoman Leslie:

I think the only objection I have heard on this bill is, if in the future budget the money was not appropriated, would we have to then re-create this?

Charles Duarte:

I don't believe so, but I probably would have to go back and find out what the impact might be on future sessions if the stop-loss program totally disappeared.

Chairwoman Leslie:

We have had that in place for quite some time, haven't we?

Charles Duarte:

Yes, we have. There was a bail-out fund that was established previously, and primarily by some of the rural legislators who were concerned about what was going on and the costs that the counties were incurring. They would fund that with state appropriation as needed. We are saying stop-loss is in place and we don't need that at this point, and let's continue with what we have.

Chairwoman Leslie:

I suppose we could do that to have a separate appropriation without having to go back to the statute and creating the special fund?

Charles Duarte:

I assume we could do that, yes.

Chairwoman Leslie:

Other questions for Mr. Duarte on this bill? Anybody else want to testify for or against Assembly Bill 57?

Andrew List, Executive Director, Nevada Association of Counties:

I can tell you last session when the stop-loss program was instituted, the counties were absolutely ecstatic. This has the potential to bleed some of these counties dry, as Mr. Duarte said, taking money away from some of the other important services that the counties provide.

Just to give you an idea of how much this stop-loss program was last time around in fiscal year 2003, Carson City ran \$135,000; Lincoln County, one of our smallest counties, around \$54,000; Mineral County was bailed out to the tune of \$77,000; Pershing County, \$12,000; and White Pine County, \$148,000. The total stop-loss from the state, for which the counties are extremely grateful and owe you a debt of gratitude for this program, was \$425,706.

County support is the cleanup language, we don't think it is a problem. Our concern is, as the Chairwoman suggested, what if the stop-loss isn't in the Governor's budget? I think we think that somehow this fund could be reestablished. Thank you very much for the stop-loss program. It has worked very well for the counties.

Chairwoman Leslie:

We will close the hearing on Assembly Bill 57. I think we will hold the middle bill, Assembly Bill 27, since there is a little controversy over that one. We will look into it a little more. I don't know if the Committee is ready to vote on the other two. Let's go ahead and move into work session on those bills then.

ASSEMBLYMAN MABEY MADE A MOTION TO DO PASS
ASSEMBLY BILL 13.

ASSEMBLYMAN HARDY SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman McClain was not present for the vote.)

Let's go to Assembly Bill 57, the last bill we just heard, which has cleanup language on the stop-gap for the rural counties.

ASSEMBLYWOMAN PARNELL MADE A MOTION TO DO PASS
ASSEMBLY BILL 57.

Mrs. Koivisto, Do you want to hold this and get more information? Let's hold it, then. If there is any question, we will hold it to the work session. Did you

want to ask while the people are here what information you needed? We will hold that one, then.

[Chairwoman Leslie, continued.] The only other business I have before the Committee is it is our last day for bill introductions. Last week we talked about getting a bill for homelessness. The Speaker is giving us that bill, but we need a motion to ask for a Committee introduction, a skeletal bill on homelessness.

ASSEMBLYMAN MABEY MADE A MOTION TO ASK FOR A BILL
DRAFT REQUEST ON HOMELESSNESS.

ASSEMBLYWOMAN PIERCE SECONDED THE MOTION.

THE MOTION CARRIED. (Assemblywoman McClain was not
present for the vote.)

We will ask for Legal to draft that bill and come back to the Committee.

This meeting is adjourned [at 1:58 p.m.]

RESPECTFULLY SUBMITTED:

Joe Bushek
Committee Attaché

APPROVED BY:

Assemblywoman Sheila Leslie, Chairman

DATE: _____

EXHIBITS

Committee Name: Health and Human Services

Date: 2/28/05 **Time of Meeting:** 1:30 p.m.

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