

**MINUTES OF THE MEETING
OF THE
LEGISLATIVE COMMISSION'S BUDGET SUBCOMMITTEE**

**Seventy-Third Session
January 26, 2005**

The Legislative Commission's Budget Subcommittee was called to order at 8:35 a.m., on Wednesday, January 26, 2005. Chairman Morse Arberry Jr. presided in Room 4100 of the Legislative Building, Carson City, 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:

Mr. Morse Arberry Jr., Chairman
Ms. Chris Giunchigliani, Vice Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Lynn Hettrick
Mrs. Ellen Koivisto
Ms. Sheila Leslie
Mr. John Marvel
Ms. Kathy McClain
Mr. Bob Seale
Mrs. Debbie Smith
Ms. Valerie Weber

ASSEMBLY COMMITTEE MEMBERS EXCUSED:

Mr. Joseph M. Hogan
Mr. Richard Perkins

SENATE COMMITTEE MEMBERS PRESENT:

Senator Bob Beers, Vice Chairman
Senator Barbara Cegavske
Senator Bob Coffin
Senator Bernice Mathews
Senator Dean A. Rhoads
Senator Dina Titus

SENATE COMMITTEE MEMBERS EXCUSED:

Senator William J. Raggio, Chairman

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst (Assembly)
Gary Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst (Senate)
Bob Atkinson, Senior Program Analyst
Michael Chapman, Program Analyst
Janet Johnson, Program Analyst
Mark Krmpotic, Senior Program Analyst

STAFF MEMBERS PRESENT (CONTINUED):

Carol Thomsen, Committee Secretary
Anne Bowen, Committee Secretary

Chairman Arberry called the meeting to order and recognized Senator Beers.

Senator Beers offered the following disclosure:

For the record, Mr. Chairman, my wife is a full-time paid employee of Clark County. She supervises a Parenting Project that receives three pass-through grants. The grants pass through the Nevada Department of Human Resources. One passes through the Bureau of Alcohol and Drug Abuse and two pass through the Children's Trust Fund. Because my wife's salary is not paid from these grants, our household does not have a pecuniary interest in issues regarding these grants, or the agencies that administer the grants.

However, if this Committee considers budgetary choices that might reduce or eliminate the source of any of those grants, thereby affecting the financial viability of the Project, I will abstain from voting on those issues to avoid any appearance that my commitment in a private capacity to my wife and the Clark County Parenting Project may affect the independence of my judgment.

I have been advised by our legal counsel to disclose this information to you and the Committee. Therefore, I ask that my disclosure be included as part of the Committee's minutes. Thank you.

The Chair recognized Assemblywoman McClain, who disclosed that she was also an employee of Clark County Social Services. She indicated that she received no salary from grant funding, but would also abstain from voting on issues that would affect the independence of her judgment, as enumerated by Senator Beers.

Chairman Arberry advised that budget overviews would commence with the Department of Human Resources.

DEPARTMENT OF HUMAN RESOURCES – DIRECTOR'S OFFICE
HR/ADMIN 1-40 – VOLUME II

Michael J. Willden, Director, Department of Human Resources (DHR), introduced Michael Torvinen, Administrative Services Officer IV, DHR, and Mary Liveratti, Deputy Director, DHR, to the Committee.

Mr. Willden stated that he would review [Exhibit B](#) entitled, "Overview of the Director's Office – Budget Presentation to the Money Committees of the 2005 Legislature," with the Committee; he also noted the time constraints imposed by the Agenda ([Exhibit A](#)).

By way of background information, Mr. Willden explained that over the past biennium, the DHR had worked with several legislative interim committees, which had significantly influenced the shaping of its budget and policies for review by the 2005 Legislature. The Department's staff had worked with the Legislative Committee on Children, Youth and Families, chaired by

Senator Rawson, which included the Children, Youth and Families Adoption Subcommittee and the Children, Youth and Families Kinship Care Subcommittee. Mr. Willden noted that the DHR had also worked with the Legislative Committee on Health Care, chaired by Assemblywoman Koivisto, which included the Subcommittee to Study Health Insurance Expansions Options, chaired by Senator Titus. The DHR had received approximately 30 recommendations from that Committee and Subcommittee, all of which had been considered by the Department.

Mr. Willden advised that the DHR had also worked with the Nevada Mental Health Plan Implementation Commission, chaired by Senator Townsend, which had also submitted a number of recommendations; those recommendations had also been reviewed by the DHR in its budgetary process. The Department had consistently worked with the Task Force for the Fund for a Healthy Nevada, which included in its membership Senator Rawson, Assemblywoman McClain, and Assemblyman Hardy. Mr. Willden noted that the Department had participated in the Juvenile Justice System Interim Study, chaired by Assemblywoman Leslie, which also had provided recommendations.

According to Mr. Willden, the DHR was probably one of the most "advised" departments in government, having received advice and input regarding the budget and policy process from:

- Nevada Commission on Aging
- Commission on Mental Health and Developmental Services
- State Welfare Board
- State Board of Health
- Two mental health consortiums created by past Legislatures
- Nevada Council on Developmental Disabilities
- Nevada Independent Living Council
- The various Medicaid advisory committees and review boards

Mr. Willden further revealed that the DHR had a number of commissions and boards that assisted in direction of the federal funding which it passed through to local agencies. All of those commissions and boards had provided input, which the Department had considered in compiling its budget.

Continuing, Mr. Willden noted that the 2001 Legislature had funded four strategic plans and the Department had worked on those plans and reported back to the 2003 Legislature. Those included a strategic plan for seniors, for persons with disabilities, for rural health care, and a study regarding Medicaid rates and providers that would be affected. Mr. Willden said information regarding those plans and/or studies were available on the DHR's website, along with the minutes and updates. He noted that such information was ongoing and continuously available on the Department's website.

Mr. Willden advised that the DHR had also undergone a number of major external reviews over the past biennium. The Department had been visited by staff from the Legislative Counsel Bureau, who had conducted an in-depth review of child welfare and mental health issues. The Executive Branch auditors had also visited the Department and those reports were available. Mr. Willden explained there had also been several federal oversight monitoring visits, primarily the Civil Rights of Institutionalized Persons Act (CRIPA) investigation of the Department's juvenile justice facilities by the U.S. Department of Justice. According to Mr. Willden, there were a number of issues that had been brought forth during the 2003 Legislature and which would be ongoing during the 2005 Session. Mr. Willden pointed out that Nevada was one of the last states

in the nation to undergo its Child and Family Services Review and that the performance plan was ongoing at the present time; that plan would have a major impact on the budget. There had also been a number of accreditation reviews regarding the Department's Mental Health and Developmental Services budgets.

Mr. Willden stated that of all the important issues facing the Department in preparation of its budget, mental health appeared to be the most significant issue, particularly the mental health crisis in Las Vegas. That problem had been ongoing for sometime but had become very acute in past months and remained acute at the present time.

According to Mr. Willden, the DHR had worked on a number of issues over the biennium which would be represented in its budget.

- The Medicaid Management Information System (MMIS) had been troublesome but was improving, and the Department continued to work on that problem.
- Child care had been problematic with a number of problems in the Las Vegas area pertaining to child care subsidies.
- Energy assistance had been problematic.
- One of the most significant unknowns had been the Medicare Modernization Act (MMA) and Part D coverage. Budget presentations would include significant information regarding the MMA and the Part D coverage, and unknowns would be discussed. The Department had received the final rules pertaining to the MMA on January 21, 2005. Preparation of the budget had been extremely difficult without receipt of the final rules and the Department was in the throes of analyzing those final regulations in an effort to determine the impact on Medicaid and the Senior Rx Program, et cetera.
- The Senior Rx Program had undergone a major overhaul over the past year, having been converted from an insured model to a state-run Pharmacy Benefit Manager (PBM) contract, which would be discussed further during the legislative process.
- Even though it appeared as if the DHR had been working on child welfare integration forever (five years), it had finished the final phase of integration in Washoe County approximately two years ago and in Clark County during 2004. State employees had been transferred, and Child Protective Services and Child Welfare Services had been integrated at the county level in Washoe and Clark Counties.
- Health preparedness issues would be ongoing.

Referencing [Exhibit B](#), Mr. Willden stated he would present highlights of the budget; however, he would also like to spend some time discussing Departmental issues rather than simply addressing the Director's Office budget. The first tab within the exhibit, entitled "Organization," included an organizational chart of the Department of Human Resources. Mr. Willden reported that the DHR managed or provided oversight to seven major divisions:

1. Aging Services Division
2. Division of Child and Family Services
3. Health Division
4. Mental Health and Developmental Services
5. Welfare Division
6. Health Care Financing and Policy
7. Nevada State Public Defender's Office

Mr. Willden advised that the DHR provided administrative support to the Indian Commission; the Department did not supervise that Commission, but rather provided budgetary administrative support.

Page 2 under "Organization" within [Exhibit B](#) contained the organizational chart for the Director's Office, and Mr. Willden explained that three areas had been highlighted. Those areas depicted change within the Director's Office:

1. Request for a new position: Public Information Officer (PIO). The DHR was the largest department within state government and it had no PIO. Other departments, such as the Nevada Department of Transportation (NDOT) and the Department of Motor Vehicles (DMV), along with other large departments, had a PIO; however, the director and his deputy directors acted as information officers for the DHR. The request was for a professional PIO.
2. Request for one new position within the Senior Rx Program based on the reorganization.
3. Request for two new positions to facilitate implementation of the Suicide Prevention Program. The concept of the Suicide Prevention Program had been approved by the 2003 Legislature; however, the funding source for that program was unclear. With support from the Governor, the DHR would request that General Fund dollars be placed in the Suicide Prevention Program during the upcoming biennium. The requested positions included a statewide coordinator and statewide trainer for the Suicide Prevention Program.

Assemblyman Hettrick addressed the MAXIMUS funding that was earmarked for the Suicide Prevention Program; the funding that was supposed to fund two programs had never materialized. Mr. Hettrick asked how that would affect funding in terms of the existing programs; he noted there was a group in Douglas County that had been conducting statewide training without state funding. Mr. Hettrick explained that the group had expected to receive funding based on the commitment from the 2003 Legislature and had expended its reserves conducting suicide prevention training on a statewide basis; however, it had never received the promised state funding. Mr. Hettrick believed the state should reimburse the Douglas County group for the reserves it had expended in an effort to help prevent suicides in Nevada. The Legislature should also coordinate its efforts with that group, as it had done an exemplary job. Mr. Hettrick asked for an explanation regarding program funding.

Mr. Willden indicated that he had met with the group referenced by Mr. Hettrick and agreed they were doing a good job. He noted that their program consisted of the "QPR" process: Question, Persuade, Refer. The group had done considerable training statewide and the Department intended to coordinate with them. Mr. Willden stated he had met with various members in an effort to coordinate with the group.

Regarding MAXIMUS funding, Mr. Willden explained that the projections at the end of the 2003 Legislative Session were for \$1.7 million in each year of the biennium. He advised that the DHR had only received a few hundred thousand dollars and the established priority was to add funding to Title XX to make that program "whole," fund suicide prevention, Elder Count, Kids Count, disability consulting, and fund the Douglas County suicide prevention group. According to Mr. Willden, the Department would not be able to fund that list during the current biennium, and decisions would have to be made regarding which programs should be funded. Some of the programs could be removed from the list, i.e., the Title XX program and suicide prevention, which were receiving

General Fund money. To balance between Kids Count, Elder Count, and direct services for suicide prevention, Mr. Willden believed the Department would require direction from the Legislature regarding how the funding should be allocated.

Mr. Hettrick said he understood the problem regarding funding, but emphasized that the Douglas County group had taken for granted the Legislature's commitment regarding funding and had spent its own funds, which were intended for other programs. Quite frankly, stated Mr. Hettrick, he would support a one-shot appropriation from the surplus to reimburse the group in the amount of \$100,000. He emphasized that the group needed the reimbursement; they had provided the needed training but the state had not fulfilled its commitment, and Mr. Hettrick felt the Legislature should make the group whole. Mr. Hettrick said he wanted his statements made a part of the record and believed the situation should be addressed.

Assemblywoman Leslie asked about future MAXIMUS funding, and how much the state would receive. Mr. Willden advised that in 2003, there had been a balance forwarded to 2004 of approximately \$650,000. Further funding in the amount of approximately \$1.7 million was anticipated for the 2003-05 biennium. The \$650,000 balance-forward was utilized to address a problem within the Bureau of Alcohol and Drug Abuse (BADA). Mr. Willden indicated that at the present time, the DHR had approximately \$206,000 that had been collected from MAXIMUS out of the projected \$3.4 million.

Ms. Leslie inquired about funding for 2005. Mr. Willden noted that the estimates were quite high, \$2 million to \$8 million; however, he would not count on the money until it was received. Ms. Leslie asked about the \$206,000 and whether any of that funding was committed to programming. Mr. Willden stated that it was not. Ms. Leslie then commented that the funding could be utilized for the Douglas County program. Mr. Willden stated that the DHR had to re-prioritize the list. Ms. Leslie asked that the DHR not commit that money at the present time, and Mr. Willden stated the DHR would not commit the money without direction from the Legislature.

Senator Beers asked that, for the benefit of the new members of the Committee, Mr. Willden describe MAXIMUS and how it worked. Mr. Willden explained that MAXIMUS was a national company that the DHR had hired through the Request for Proposal (RFP) process several years ago. There were several national companies that worked with human services organizations. Those companies reviewed the books and found areas where the organizations had not been as efficient as possible in securing federal reimbursements. The companies worked with organizational staff and submitted new federal claims. Mr. Willden stated those additional federal dollars were allocated to a holding account within the Director's Office of the DHR, and that money had been used for the past six to seven years to fund various DHR initiatives or were reverted to the General Fund.

During the 2003 Legislature, said Mr. Willden, a specific priority list had been established to address any additional money received from MAXIMUS over the 2003-05 biennium. That money was earmarked for six human services projects, based on a percentage of the collected amount. Mr. Willden further explained that MAXIMUS kept approximately 8 percent to 9 percent of the funding realized by the state.

Senator Beers asked whether it was reasonable to assume that because MAXIMUS had been unable to secure the projected amount, that the DHR had been exceptionally efficient in "squeezing" available federal dollars. Mr. Willden replied that was correct and noted that MAXIMUS had been experiencing the diminishing return process over the past five years. That process had been discussed during the 2003 Legislature and Mr. Willden stated he had been surprised that the projection for MAXIMUS funding had been between \$3 million to \$4 million. Obviously, the projection had been far greater than the actual funding. He stated the DHR had signed a management letter with MAXIMUS and that the organization had investigated possible additional federal funding. According to Mr. Willden, the DHR had been more efficient in utilization of its federal dollars; he emphasized that the Department had not built a single MAXIMUS dollar into the proposed budget.

For the benefit of new members of the Committee, Senator Beers asked that Mr. Willden describe the fundamental relationship between federal and state dollars within the DHR. Mr. Willden explained that for many of the Department's larger programs, such as Medicaid, for every dollar spent in Medicaid services the federal funding was approximately 55 cents and the state allocation was approximately 45 cents. Mr. Willden stated that there were different matching rates between state and federal funding and MAXIMUS attempted to find the highest matching rate, such as the third party liability program. The DHR was required by regulation to eliminate state and federal funding through use of other insurance companies, if available, and MAXIMUS had done a great deal of work in an attempt to defer expenses to third party carriers. Mr. Willden indicated that MAXIMUS addressed many different initiatives, some of which the DHR was not yet aware, in an attempt to leverage additional federal dollars.

Continuing his presentation, Mr. Willden referenced the following pie charts within [Exhibit B](#):

- Total Expenditures, which comprised approximately \$4.7 billion of the \$15.8 billion in total expenditures within the state budget.
- General Fund Expenditures, which comprised approximately \$1.6 billion of the \$5.7 billion in total expenditures within the state budget.
- Revenues by division, which was a breakdown regarding how the DHR dollars were broken down into the various divisions, with the Division of Health Care Financing and Policy (HCF&P) being the "600 pound gorilla" that utilized over half of the entire budget.
- General Funds by division.
- A listing of budget accounts within the DHR by division.

Referencing Page 11 under the tab entitled "Fiscal Overview," Mr. Willden explained that the DHR budget included a significant request for new full-time equivalent positions (FTEs). The total request was for approximately 600 new FTEs within the DHR budget and the majority of those positions, approximately 450, were mental health related. Mr. Willden noted that the positions would be utilized in opening the new hospital, expansion of caseloads and medication clinics, along with other needed personnel within the realm of mental health.

Mr. Willden stated that the tab within [Exhibit B](#) entitled "Caseload Charts" contained the Medicaid and the grants for the Temporary Assistance for Needy Families (TANF) program charts. Mr. Willden went on to explain the graph entitled "Cash Assistance Recipients" with the Subcommittee. The graph depicted actual caseloads and the projected caseloads for the upcoming biennium, which was significantly below the projections for the past biennium.

Mr. Willden indicated that the DHR had conducted significant work on the model and he believed the exhibit depicted a fair projection. The chart depicting the Senior Rx Program projections indicated that the program would grow from approximately 9,100 enrollees to approximately 12,200 enrollees at the end of the upcoming biennium.

Mr. Willden referenced the page entitled "Senior Rx Program Cost Comparison" within [Exhibit B](#) and pointed out that the chart included the contract information which was effective January 1, 2005, and the comparison between the old and new contracts. Mr. Willden said there had been many significant improvements in the Senior Rx Program in lowering the administrative costs; however, most of the dollars would be consumed by expanded caseloads; expanded utilization; more drugs per senior; and the cost of pharmaceuticals, which was based on "runaway inflation."

According to Mr. Willden, the tab entitled "Caseload Charts" ([Exhibit B](#)) also included the chart composed by the Grants Management Unit (page 17), which had been reorganized during the 2003 Legislature. The DHR's budget would ask for one additional bill to further reorganize that Division during the current session. The remaining pages under that tab provided statistics regarding the Department's disabilities caseloads:

- Personal Assistance Services
- Traumatic Brain Injury Services
- Independent Living Services

Mr. Willden referenced the tab entitled "Demographics/Rankings," and noted that because of time restraints, he would not delve deeply into that information. He asked that Subcommittee members review those demographics, as Nevada had been at the "bottom of the barrel" regarding human services for many years. According to Mr. Willden, the situation was improving and the statistics showed a number of areas of improvement; however, he believed it was very important for the state and the Legislature to pay attention to the national rankings. The national rankings were not "made-up" numbers by the DHR, stated Mr. Willden, but rather were provided by reputable organizations. He emphasized that Nevada was weak in some areas, had improved in some areas, and was doing very well in other areas; he again asked members to review the information more closely.

The tab within [Exhibit B](#) entitled "DHR Highlights" contained information that Mr. Willden wanted to review for the Subcommittee. He referenced page 31, "General/Administrative," which included information that was known to the Subcommittee; the unclassified service initiative, deferred maintenance of buildings, pay increases, and Capital Improvement Projects (CIPs). Mr. Willden noted that page 32 contained the Technology Improvement Requests:

- Mental health billing systems
- Videoconferencing equipment
- Pharmacy automation equipment
- A "1-E-App" system for the Welfare Division

Regarding the Director's Office, Mr. Willden stated the budget requested the following:

- A Public Information Officer
- A Suicide Prevention Officer

- \$4.1 million in new General Fund money was requested to provide services to people with disabilities (Independent Living, Personal Assistance Services, and Traumatic Brain Injury). Those important services complied with the U.S. Supreme Court's Olmstead decision.
- Rate increases for providers of Personal Assistance Services
- Expansion of the Senior Rx Program enrollment
- Consolidation of the Grants Management Unit's advisory boards
- Funding for problem gambling
- Re-establishment of the Children's Trust Fund (BA 3201)

Mr. Willden explained that a detailed review of the Senior Rx Program was critical during 2005, based on the impact of the Medicare Modernization Act (MMA). The Department would be required to split the Senior Rx participants into two groups, those that were Medicare Part D eligible and those that were not Part D eligible. Mr. Willden indicated the DHR had determined that services for those not eligible for Part D would be the same as in the past. The DHR would have to "wrap" the Senior Rx Program around those eligible for Medicare Part D to ensure that Nevada's seniors were not worse off than they had been under the Senior Rx Program coverage.

According to Mr. Willden, a Letter of Intent had been sent to the DHR, which stipulated that the Department was not to transfer Tobacco Settlement Independent Living funding to the Homemaker Program and the Community Home-Based Initiatives Program (CHIP) within the Division of Aging Services. The Letter of Intent instructed the DHR to locate other funding sources for those programs and Mr. Willden noted that the DHR had received that same letter from the past three Legislatures. He emphasized that the DHR had never been able to locate other sources of money for those programs, so the budget was built one more time using Independent Living Tobacco Settlement dollars to help fund CHIP and the Homemaker Program. The Department believed that comported with the overall *Nevada Revised Statutes* (NRS) that allowed the Department to take such action. Mr. Willden opined that it came down to whether the DHR used General Fund dollars, tobacco settlement dollars, or Title XX dollars.

Assemblywoman Giunchigliani stated she believed that the funding issue should be reviewed by the joint subcommittee. If the Legislature believed the programs were worthwhile, it needed to allocate General Fund dollars. Ms. Giunchigliani referenced funding for problem gambling, and asked whether anyone had discussed the matter of funding with the gaming industry. Mr. Willden indicated he had not personally discussed funding, but understood that discussions were ongoing between the industry and Senator Nolan, Senator Townsend, and the Governor's Office. He stated that the DHR proposed funding the initial \$100,000 for the problem gambling program from the General Fund each year, along with a \$100,000-a-year "placeholder" to receive grants, gifts, and donations from the industry or other interested persons. Mr. Willden believed that the grants, gifts, and donations would be significantly larger.

Ms. Giunchigliani asked how the DHR had arrived at the amount of \$100,000. Mr. Willden stated there was quite a bit of work currently underway in the awareness area, such as prevention education, but there was very little in the way of programming in the treatment area. The 2003 Legislature had passed legislation approving positions for certified gaming addiction counselors, and the DHR currently had ten counselors certified within the state and five additional intern positions. Mr. Willden indicated that the major focus of the additional money would be to help fund treatment programs through the certified gaming addiction counselors.

Continuing his presentation, Mr. Willden referenced page 34 of [Exhibit B](#), Division of Child and Family Services, and pointed out that an improvement in staff ratios was requested for Child Welfare Services and Child Protective Services caseloads in Clark, Washoe, and rural counties. He indicated that caseload growth had been included for the child welfare population and rate increases were built in for the critical higher level of care providers. Mr. Willden said the DHR was further improving its staffing ratios in its juvenile justice facilities and he noted that the Department was moving ahead with the redesign of Behavioral Health Systems. According to Mr. Willden, there was approximately \$13 million throughout the budgets for Medicaid, rural clinics, and the Division of Child and Family Services (DCFS) to move forward with the redesign of Behavioral Health Systems, which provided early mental health care for children. Those services would be provided by a number of organizations and/or individuals.

The major issues within the Health Care Financing and Policy (HCF&P) budget included caseloads and rates, which ate up a tremendous amount of money. Mr. Willden noted that the Health Insurance Flexibility and Accountability (HIFA) waiver would include expanded coverage to pregnant women, to employees of small businesses, and a catastrophic coverage program. Several waivers would be expanded under the Behavioral Health Systems redesign, and the Nevada Check Up Program was budgeted at 30,000 enrollees from the current 27,000.

Regarding the Health Division, Mr. Willden stated that early Intervention Services had been reorganized during the 2003 Session. He opined that the DHR had not been providing timely services to children with developmental delays. Approximately \$4 million had been added to the budget during the 2003 Session and an additional approximately \$10 million would be requested for the upcoming biennium in order to provide services to children with developmental delays. Mr. Willden noted that the DHR had made significant improvements in the program over the past year, however, additional improvement was needed.

Mr. Willden said the Department had reached critical mass within the Immunization Program budget, and had been working with several insurance carriers and Health Maintenance Organizations (HMOs). The budget had been infused with additional state Children's Health Insurance Program (SCHIP) dollars (Nevada Check Up) transferred into the Immunization Program budget.

Mr. Willden addressed budget issues for Mental Health and Developmental Services, which included staffing the new hospital, caseload growth in medication clinics, residential supports, outpatient counseling, and psychiatric ambulatory services. The DHR proposed opening a new mental health clinic in Laughlin, the lack of which had been an ongoing issue for the past two years. Mr. Willden pointed out that staffing ratios at rural clinics had been significantly improved, primarily as a part of the Behavioral Health Systems redesign component for children. He noted that the staffing ratios in rural clinics for severely emotionally disturbed (SED) children had been improved so that those children could receive the type of care and early intervention needed.

Ms. Giunchigliani referenced the proposed clinic in Laughlin, which had not been approved during the past two legislative sessions, and she believed Mr. Willden would have to "make his case" before the joint subcommittee during the 2005 Legislature in order to secure approval for that proposition.

Ms. Giunchigliani asked for the figures regarding triage because she could not find them in the budget. She asked that an overlay be provided to the joint subcommittee at some point regarding how the programs interfaced. Mr. Willden explained that WestCare of Las Vegas currently operated the Community Triage Center (CTC), which was primarily for public inebriates and co-occurring mental health issues, and was a 56-bed facility. During the 2003 Legislature, it had been determined that the state would provide one-third of the funding for that center. Mr. Willden noted that the state did not actually fund any part of the center, and the Interim Finance Committee (IFC) had been approached on at least two occasions in an attempt to secure funding; however, the decision was made that the issue should once again be decided by the Legislature. Mr. Willden said the state's cost for the center would have been approximately \$700,000.

According to Mr. Willden, the program at the Martin Luther King Facility, which was referred to as the "crisis center," was administered by WestCare and was a 40-bed crisis center that would take persons out of the emergency rooms and conduct triage to ascertain whether those persons could be sent home with medication treatment. Ms. Giunchigliani noted those persons were not necessarily the inebriate population; Mr. Willden concurred, and noted that was a different population.

Mr. Willden addressed the emergency room screening process, which followed the law that stated a person could not be admitted to a psychiatric hospital until that person had been medically cleared. Such process currently occurred in the emergency rooms. There had been discussion to pull that medical clearance out of the emergency rooms and have it conducted elsewhere, whether that would be in the private sector or the state. Those, stated Mr. Willden, were the three different concepts of triage centers.

Ms. Giunchigliani asked what was included in the budget for triage. Mr. Willden said nothing had been included regarding the three concepts. Ms. Giunchigliani noted that there had been a "good faith" effort and it was an extremely expensive area, but it was an area that the state had simply put "Band-Aids" on for quite awhile and Ms. Giunchigliani believed it should be addressed. Mr. Willden noted that the price tag for a triage center such as that operated by WestCare was approximately \$700,000, the "crisis center" price tag would be approximately \$5.5 million, and the medical screening concept would cost millions of dollars. Mr. Willden stated he would provide additional statistics regarding the triage concepts.

Assemblywoman Leslie said the DHR had approached the IFC twice over the interim to "beg" for the one-third state commitment for the WestCare program, and she could not understand why the funds had not been addressed in the budget. If the state did not come forward with its one-third funding, apparently the program would fold, and Ms. Leslie again asked why the funding had not been requested in the DHR's budget.

Mr. Willden explained that the budget included approximately \$45 million to help solve the mental health crisis in southern Nevada. The Department believed that additional state beds would be the first step in solving the problem, and the proposal was to increase mental health beds from 131 to 217 in May 2006. Ms. Leslie asked what the Department proposed between now and May 2006; she opined that some action had to be taken and the state had made a commitment that it had not fulfilled.

Mr. Willden indicated that, after much discussion with hospitals and other persons, it was believed that when the additional beds opened, the health clearance would no longer be a problem in the hospital emergency rooms. He noted that it only took an hour or two to conduct the health clearance, and since beds would then be available, those persons medically cleared would be transferred to the state beds.

Ms. Leslie asked what would occur between now and May 2006 when the new beds would be available. She asked how many people were waiting in emergency rooms in Las Vegas during the previous night; she stated a few days ago the number waiting had been 62. Mr. Willden concurred that the number of persons waiting in emergency rooms averaged approximately 60 per night. Ms. Leslie commented that something had to be done to correct the situation.

Mr. Willden said when the new hospital opened, the state would have between 40 and 60 beds that it could contribute to the one-third funding formula; the state would lease a state building to a provider for \$1 a year, and that would be the state's contribution to the mental health crisis. Ms. Leslie reiterated that the hospital would not be available until May 2006 and she was not sure that was sufficient.

Assemblyman Denis said he hoped that when the joint subcommittee considered the triage center problem, personnel from WestCare would come forward to discuss their plans regarding additional beds.

Ms. Giunchigliani said that she wanted numbers for the subcommittee, and she noted that WestCare was not the only program available. The subcommittee had to have the numbers as well to ensure that the WestCare program was appropriate and that the dollar amounts were also appropriate. Mr. Willden indicated that the Department had the numbers, but not the funding.

Mr. Willden referenced [Exhibit B](#) and asked that members read through the Welfare Division highlights. He pointed out that the Kinship Care Program was funded at approximately \$3 million per year into the next biennium, which was up from the current amount of approximately \$1 million. The DHR had limited the eligibility for that program at 275 percent of poverty; benefits to children had been cut, but Mr. Willden indicated that those benefits had currently been restored and the DHR was paying a full Kinship Care payment at 90 percent of the foster care level. Mr. Willden explained that was the reason for the significant increase of the Kinship Care Program.

Continuing his presentation ([Exhibit B](#)), Mr. Willden commented that the Department had requested 23 bill draft requests (BDRs), which addressed everything from housekeeping and reorganization to very "meaty" issues.

Mr. Willden stated he was very proud of the DHR's effort to access additional federal grant funding. The demographic indicators showed that Nevada competed poorly in the area of federal grant funding and Mr. Willden emphasized that the DHR had put forth an extraordinary effort over the past two years in an attempt to access additional funding. Mr. Willden stated that the tab entitled "Grants" within [Exhibit B](#) listed the new grants the Department had accessed over the past two years; there was about \$14.5 million in new grant funding that had been secured, which aided in the building of infrastructure. According to Mr. Willden, the DHR did not always come before the Legislature seeking General Fund dollars and it was actually searching for available federal grant funding. He emphasized that he was very proud of the effort put forth by staff in securing that funding.

Assemblywoman Leslie said she wanted to put the Department on notice regarding information that would be needed by the joint subcommittee. The first issue was the Disability Rx Program, which neither Mr. Willden or the Governor had discussed; she noted that it was the Department's intention to add disabilities to the Senior Rx Program. Ms. Leslie opined that the disability program should be addressed and asked Mr. Willden to clarify the Department's position regarding the Disability Rx Program. Mr. Willden explained that there was a funding mechanism for the Disability Rx Program; however, legislation had been passed by the 2003 Legislature that "hamstrung" the DHR in its attempt to implement the program. New legislation had been proposed to correct that situation and allow implementation of the program. Ms. Leslie believed the program was wonderful and noted that the joint subcommittee would require further detail regarding that program.

Ms. Leslie indicated that the joint subcommittee would require a report from the Child Death Review Team of the Division of Child and Family Services (DCFS) regarding the money that was collected and how it was being spent. The Subcommittee would also need to know why the Fund for a Healthy Nevada had been reduced from \$9.6 million to \$7.3 million. The joint subcommittee would want to know why that happened and where the money was being spent. Ms. Leslie also requested additional justification regarding the Grants Management Unit as it appeared that positions within that Unit would be decreased. The Subcommittee would also require information regarding the autism program. Ms. Leslie believed there was going to be a special effort to deal with autism and she had expected figures for that program in the budget, but they had not been included.

Overall, stated Ms. Leslie, the Department had prepared a "great" budget and Mr. Willden had done a good job in presenting the highlights. She voiced appreciation for all of the work Mr. Willden had done over the interim. Ms. Leslie stated the budget represented a tremendous step forward, even though there were still gaps that had to be closely reviewed.

Assemblyman Denis said Mr. Willden had stated that the DHR had done better over the past two years regarding federal grants, and he asked what had changed to allow the Department to gain additional federal funding. Mr. Willden explained that staff realized General Fund dollars would not always be available for some of the initiatives, so efforts to secure federal grant funding had been redoubled. Mr. Willden also believed that while working with interim study committees and focusing on the various issues and problems, staff had "scrambled" to access additional money and had been quite successful in several areas.

Senator Titus said that as Chair of the Legislative Committee on Persons with Disabilities for the past two interims, it had been her pleasure to work with Mr. Willden and Mr. Todd Butterworth, Rehabilitation Chief, Division of Disability Services, and she appreciated their assistance with recommendations from the Committee. Senator Titus noted that shortening of waiting lists had been addressed in the budget, and she asked Mr. Willden to elaborate on that issue. She also wondered whether the wait had been shortened to 90 days and how many people would be served. Senator Titus asked for information regarding the 2-1-1 telephone line that had been a recommendation from the interim committee and whether there was funding available in the budget for that endeavor.

Mr. Willden referenced page 18 of [Exhibit B](#), entitled "ODS Personal Assistance Services," page 19, "Traumatic Brain Injury Services," and page 20, "Independent Living Services," which represented three areas discussed by the interim committee regarding waiting lists and expanded services. Mr. Willden noted that on page 18, the chart displayed the proposed increase in Personal Assistance Services. The Department had instructed its staff that no person should remain on a waiting list for a period of over 90 days. Mr. Willden pointed out that such action would meet the direction of the Olmstead decision and, if at all possible, persons would not remain on waiting lists longer than 90 days.

Mr. Willden pointed out that the charts on pages 19 and 20 of [Exhibit B](#) also depicted the proposed increase in Traumatic Brain Injury Services and Independent Living Services. Mr. Willden mentioned that the Division of Aging Services would present additional information regarding Personal Assistance Services, as that Division funded a population of aged disabled persons. The Medicaid budget would also include a population of disabled persons served by that Division. Mr. Willden emphasized that the same instructions had been received by all divisions that served disabled populations: no person should remain on a waiting list for a period over 90 days.

Mr. Butterworth asked whether there was a specific question regarding the proposed 2-1-1 telephone line. Senator Titus noted that establishment of the line had been one of the recommendations from the interim committee, and she believed there had been a coordinator in place who was reviewing the possibilities of initiating such a line, along with securing the necessary funding. If the funding for the line was not included in the budget, Senator Titus advised that information would be added to the aforementioned list of issues that would be reviewed by the joint subcommittee.

Mary Liveratti, Deputy Director, Department of Human Resources (DHR), indicated that the Department had secured a two-year planning grant from the Fund for a Healthy Nevada and a statewide coordinator was in place for the development of the 2-1-1 telephone line. Ms. Liveratti noted that the funding had been granted to the United Way of Southern Nevada, and that organization would provide oversight. The United Way manager had resigned in December 2004 and the organization was in the process of recruiting a new manager. However, stated Ms. Liveratti, there was a statewide coalition that had been working on the 2-1-1 line for the past several years and the Governor, by Executive Order, would establish the statewide coalition for 2-1-1, so that the body could become more formalized. Ms. Liveratti said it would be a public/private partnership with the United Way throughout Nevada (north, south, and rural), the telephone companies, private businesses, and many health and human services agencies.

Ms. Liveratti indicated that a BDR had been requested by the interim committee and she had been working with the bill drafters regarding the surcharge. Currently, she explained, there was a surcharge on every telephone, whether it was a land line or a cellular, and that charge had been 8 cents per line. Ms. Liveratti noted that the charge had been reduced to 3 cents per line in FY2005 and the Department would ask for 2 cents per line to help fund the 2-1-1 line. Again, stated Ms. Liveratti, it would be partially funded by the federal government and partially privately funded. There would be many different sources of funding for the 2-1-1 line. Senator Titus noted that the DHR was simply talking about funding the line with the surcharge and there was nothing in the budget that addressed an appropriation to establish the 2-1-1 line. Ms. Liveratti replied that was correct.

Assemblywoman Giunchigliani thanked Mr. Willden for the restoration of the Kinship Care Program and for not penalizing people with more than two children. Ms. Giunchigliani asked whether the \$2.8 million and \$3.1 million would be sufficient to cover the caseload in that program. Mr. Willden stated that the DHR had projected both the additional cases and the average payment; there would be approximately 60 additional cases per year, and the average payment was from approximately \$600 to \$1,000 per month.

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES
MH & DS 1-99 – VOLUME II

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services (MHDS), introduced Dave Luke, Ph.D., Associate Administrator for Developmental Services, MHDS; Jennifer Kizer, Administrative Services Officer IV, MHDS; and Debbie Hosselkus, Deputy Administrator, MHDS, to the Subcommittee. Dr. Brandenburg referenced [Exhibit C](#), entitled "Budget Presentation – 2005-2007 Biennial Budget," and indicated that the Division's organizational chart was contained on page 2. The MHDS Division operated under the auspices of the Department of Human Resources; however, there was also an eight-member Commission on Mental Health and Developmental Services, which consisted of members appointed by the Governor. Dr. Brandenburg explained those were lay members who basically provided the necessary policy oversight for the MHDS Division. A bill draft request (BDR) would be introduced during the 2005 Legislature by the interim Nevada Mental Health Plan Implementation Commission, chaired by Senator Townsend, which would recommend that an additional consumer position be added to the Commission on Mental Health and Developmental Services.

Dr. Brandenburg said there was also a 17-member Mental Health Planning Advisory Council, created under Public Law 99-660. Fifty percent of the membership of that Council consisted of mental health consumers, who provided the necessary oversight for a \$3.2 million federal Mental Health Block Grant.

According to Dr. Brandenburg, he would present the overview of the Mental Health Services budget and Dr. Luke would present the Developmental Services budget. The organizational chart on page 2 of [Exhibit C](#) contained a listing of the mental health agencies. Under Rural Clinics there were 16 sites throughout rural Nevada, and Dr. Brandenburg explained that those clinics were located in 16 different rural counties.

Dr. Brandenburg explained that the Lake's Crossing Center was the maximum security forensic facility that provided statewide services to mentally disordered offenders, and Northern Nevada Adult Mental Health Services (NNAMHS) provided both inpatient and outpatient services in one location. The Southern Nevada Adult Mental Health Services (SNAMHS) consisted of four locations, with the principal location being the hospital on West Charleston in Las Vegas. Dr. Brandenburg stated there were also clinics in North Las Vegas, Henderson, and East Las Vegas.

Dr. Brandenburg noted that page 3 of [Exhibit C](#) contained the pie chart which depicted the revenues by division, and the pie chart on page 4 contained the General Fund revenue by division. The funding for MHDS basically consisted of 22.8 percent of the General Fund dollars allocated to the Department of Human Resources.

Page 5 of the exhibit contained the actual breakdown between Mental Health Services and Developmental Services. Dr. Brandenburg pointed out that 55.2 percent of the amount proposed in The Executive Budget would be utilized for mental health services, 42 percent of the funds would be utilized for developmental services, and 2.8 percent of the funds would be used for administration.

Dr. Brandenburg said that page 6 of the exhibit contained a breakdown of the budget funding sources, and he noted that 71 percent of the funds for mental health would be provided by the State General Fund, with other funding sources via federal funding and fees. By the end of the 2005 Legislature MHDS would have approximately 1,761 employees.

According to Dr. Brandenburg, page 7 of the exhibit contained budget revenues by revenue source, as recommended in The Executive Budget, for both Mental Health Services and Developmental Services. That page provided an overall view of the entire MHDS Division budget, and Dr. Brandenburg pointed out that The Executive Budget recommended an increase of \$144.8 million for the Division, which was roughly a 39.40 percent increase in funding.

Page 8 of [Exhibit C](#) portrayed the status of past Letters of Intent from the Legislature, and Dr. Brandenburg recalled that the 2003 Session had issued four Letters of Intent to the MHDS Division regarding the following:

1. To ensure that the Division had performance indicators for mental health court, the Division had been working very closely with outside consultants and with staff of the mental health courts to present performance indicators to the 2005 Legislature. Those indicators were included in The Executive Budget.
2. Status report on the Southern Nevada Adult Mental Health Services (SNAMHS) mobile crisis team. The Division had developed performance indicators for the SNAMHS mobile crisis team, and semi-annual reports had been provided to the Interim Finance Committee (IFC). Further information regarding the mobile crisis team would be provided at future joint subcommittee meetings.
3. Conversion of the Division's Medicaid Management Information System (MMIS) from the Advanced Institutional Management Software (AIMS) system to a new software system from Creative Socio-Medics Corporation called Avatar. The Division had received approximately \$2.6 million from the 2003 Legislature to upgrade that system, and the task had been accomplished within budget. The Division had implemented statewide billing, statewide pharmacy, and was in the process of implementing clinical workstations for northern Nevada and Carson Mental Health. The Executive Budget included Phase 3 and Phase 4, which would allocate an additional \$1.3 million for the Avatar upgrade for the clinical workstations in southern Nevada and the remaining rural clinics. That would allow the Division to maintain an electronic medical record throughout MHDS, so that the information regarding clients who transferred between clinics would be immediately available.
4. Review of rural clinics methodology in developing budgetary revenue estimates. MHDS had approached the IFC for supplemental funding in the amount of approximately \$483,000 for rural clinics. Jennifer Kizer, Administrative Services Officer IV, MHDS, had discovered that the Division used a different methodology for reviewing caseloads for rural clinics compared to reviewing caseloads for SNAMHS and NNAMHS.

That problem had been corrected and no further supplemental appropriations should be necessary for rural clinics.

Continuing his presentation, Dr. Brandenburg referenced page 9 of [Exhibit C](#), which contained national ranking statistics regarding how Nevada ranked in mental health services as compared to other states. On a yearly basis, the National Research Institute presented the ranking through the National Association of State Mental Health Program Directors. Dr. Brandenburg pointed out that Nevada's per capita expenditure was \$59.47, and the State was ranked 38th in per capita expenditures as compared to the national per capita average of \$89.28.

Dr. Brandenburg said he believed the prevalence rate of serious mental illness and severe emotional disturbance was very important, and MHDS would present its prevalence study to the 2005 Legislature. Dr. Brandenburg stated it had been discovered that in FY2003 there were approximately 31,000 Nevadans who had gone without needed mental health services. The unmet need in rural Nevada for treatment of serious mental illness was 3,944 persons who had not received needed services; 5,840 children with severe emotional disturbance also had not received needed services. Dr. Brandenburg emphasized that a tremendous need for treatment of mental illness still existed throughout the state.

Senator Beers referenced page 9 of [Exhibit C](#), and asked whether the per capita rankings depicted thereon were based on a 38th ranking as being "average" or "midline." He also asked whether the remaining three rankings were based on the size of the state. Dr. Brandenburg replied that was correct. Senator Beers noted that Nevada was perhaps "ahead of the game" regarding the last three rankings because the state was so small. Dr. Brandenburg stated that was correct, and he pointed out that MHDS was also "ahead of the game" in the area of community-based services. Nevada had routinely and consistently emphasized community-based services, and the state had scored a good ranking in terms of funding for such services. Dr. Brandenburg pointed out that Nevada's ranking for psychiatric inpatient services was extremely low because, historically, Nevada had not funded inpatient psychiatric services. He believed that lack of funding had helped create the current mental health crisis in Las Vegas.

Dr. Brandenburg said that page 11 of the exhibit contained a breakdown of the funding within The Executive Budget by mental health agencies, with 61.4 percent of the mental health budget allocated to Southern Nevada Adult Mental Health Services (SNAMHS). He noted there were 1,325 employees overall within mental health services.

Continuing, Dr. Brandenburg stated that page 12 of [Exhibit C](#) provided a more detailed analysis of The Executive Budget. The recommendation for FY2004-05 was for \$91,384,243, which was a 47.78 percent increase in funding over the legislatively-approved funding level. Dr. Brandenburg pointed out that MHDS would be asking for 449 new positions. Approximately 356 of those positions would be allocated to the new hospital in Clark County.

Page 13 of the exhibit depicted a graph of the mental health services caseload, and Dr. Brandenburg explained that since he had become Administrator of the MHDS Division in 1999, the caseload had been constantly and consistently growing. The graph depicted the percentage of change per year from 1996 forward.

Continuing his review of [Exhibit C](#), Dr. Brandenburg referenced page 14, which contained the budget highlights for the Southern Nevada Adult Mental Health Services (BA 3161). The Executive Budget proposed funding that would alleviate the current overcrowding in the emergency rooms in Clark County. The overcrowding in Clark County was being exacerbated by the lack of acute psychiatric beds in the Las Vegas area. Dr. Brandenburg stated that as of 9:00 a.m. this date, 65 individuals were waiting in the Las Vegas Valley emergency rooms for services via the state's mental health facilities. Those persons were waiting because there was no space available in the State's psychiatric facilities. At the present time, said Dr. Brandenburg, the SNAMHS had 105 acute psychiatric beds and 26 observation beds available in Clark County, for a total of 131 beds. The Executive Budget proposal would bring the total to 217 beds.

Dr. Brandenburg stated that page 15 of the exhibit addressed the "M" decision units, which were basically the decision units regarding inflation:

- M-101 contained the inflationary adjustment for medication, which had been built based on the Center for Medicaid/Medicare Services information the Division had historically provided. A tremendous inflationary factor had been built into psychotropic medications.
- M-200, M-201, M-203, M-204, and M-206 were basically the demographic/caseload changes.
 - M-200 contained the caseload growth for medication clinics, including the request for a total of 44 new staff members, in an effort to keep up with the tremendous growth in those clinics.
 - M-201 contained the caseload growth for residential supports.
 - M-203 contained the caseload growth for outpatient counseling services.
 - M-204 contained the caseload growth for psychiatric ambulatory services, which was the 24-hour, 7-days-a-week facility in Clark County.
 - M-206 contained the caseload growth in psychosocial rehabilitation.

Dr. Brandenburg referenced the enhancement units depicted on page 16 of [Exhibit C](#). Regarding enhancement unit E-326, he explained that the Division was utilizing contract monies that had been contained within the budget to develop a pharmacy at the East Las Vegas medication clinic. Dr. Brandenburg stated the Division had ascertained that it could actually utilize the existing budget contract dollars and provide those services for less money than a private contractor. That action would maximize the contract dollars and actually create a pharmacy at the East Las Vegas clinic. He indicated that by the end of the current biennium, there would be a pharmacy located in each of the Division's clinics in the Las Vegas area.

Enhancement unit E-350 requested a 3 percent and 5 percent increase for providers of supportive living arrangements. Dr. Brandenburg noted that during the 2001 Session, a 7 percent and 8 percent increase had been approved pursuant to Assembly Bill 513 of the Seventy-First Legislative Session. It was extremely important for the Division to ensure that its providers were solvent. The Division depended on those providers to provide the majority of the outpatient services, such as housing and residential programs. Dr. Brandenburg emphasized that it was extremely important for the Division to keep its providers solvent to ensure that the providers were able to pay staff members and provide a continuity of care to recipients.

Dr. Brandenburg said that enhancement unit E-425 was a request to increase capacity from 26 to 30 beds in the Psychiatric Observation Unit. Observation beds were those beds occupied for 72 hours. Dr. Brandenburg indicated that the Division could place an individual under observation for 72 hours, which could stabilize that person for return to the community without utilizing its most expensive inpatient service. That enhancement unit would give the Division the ability to maximize the observation service. According to Dr. Brandenburg, 20.54 FTEs were requested within enhancement unit E-425.

Chairman Arberry asked whether the Division provided a facility for persons who recognized that they had a problem and needed medication, and where the doctors established a relationship with persons who had been diagnosed and were in need of medication. He asked whether a person could simply walk into a clinic, meet with the doctor, and receive the necessary medication without being admitted for a period of 72 hours or longer. Dr. Brandenburg replied that was absolutely possible, and that service was provided by MHDS Psychiatric Emergency Services, which was available in both northern and southern Nevada. Psychiatric Emergency Services consisted of two components:

1. Psychiatric Ambulatory Service: A 24-hour-a-day, 7-days-a-week walk-in clinic. A person who felt despondent and suicidal could access that clinic at any time, even at 3:00 a.m., be seen by a nurse, a psychologist, or a social worker, and be hospitalized or placed under observation if necessary.
2. Observation Unit: A person could be placed under observation for a period of 72 hours if necessary.

Dr. Brandenburg likened the Psychiatric Emergency Service to a triage center for the Division.

Chairman Arberry asked, if an individual was picked up by law enforcement officers and notified the officers that he was on medication, would the officers transport that person to one of the Division's facilities, or would that person be transported to a hospital emergency room, thereby "clogging" the emergency rooms. Dr. Brandenburg stated it would depend on the individual's condition. If the individual were acutely psychotic, more than likely he would be transported to a hospital emergency room for medical clearance. If the individual was not psychotic, he would be transported directly to the Division's facility. According to Dr. Brandenburg, the Division had a relationship with law enforcement officers in Sparks whereby individuals could actually be transported directly to Psychiatric Emergency Services.

Assemblywoman McClain stated she would like a broader perspective regarding the emergency room situation. She asked how many beds were full in the mental facility at the present time. Dr. Brandenburg replied that the mental health facility in Las Vegas currently had individuals assigned to 131 beds. Ms. McClain commented that would be the equivalent of all available beds being full. Dr. Brandenburg concurred, and stated there were currently 65 individuals waiting for admittance. Ms. McClain asked how many emergency beds were available in Clark County. Dr. Brandenburg stated he did not have that exact information. Ms. McClain believed it was approximately 360 beds, and Dr. Brandenburg noted that the count would be less than 400 beds.

Dr. Brandenburg said that Committee members needed to understand the reason why individuals with mental health needs were transported to the hospital emergency rooms. Those individuals were transported to the emergency rooms when they were observed as being a danger to self and to others.

Dr. Brandenburg explained that in some cases a legal form would have been initiated, either by the District Attorney's Office or another entity, which stated that the individual was a danger to self and others at that moment in time. By statute, NRS 433, before individuals could be transported to either a public or private psychiatric facility, they had to be medically cleared. Medical clearance included the individual's history and a physical examination. Dr. Brandenburg said the reason such clearance was necessary was because there were many illnesses that mimicked psychiatric disorders. He emphasized that the Division operated a psychiatric facility, not a medical facility. If an individual with an edema who was suffering from hallucinations was transported to the Division's psychiatric facility, that individual could die based on the lack of neurological or medical attention. Dr. Brandenburg said that was the reason for the medical clearance. He believed that if the Division had a sufficient number of acute beds in Clark County, individuals could be seen at the emergency rooms for medical clearance and could then be transported to the Division's facility, where they could be placed in the psychiatric hospital or sent to the observation unit.

Ms. McClain wondered whether the possibility that medical clearance could be afforded at the psychiatric facility was still under consideration. She observed that such action would require the Division to hire medical personnel to man their emergency room. Dr. Brandenburg stated that was correct and that would cost millions of dollars, as had been pointed out by Mr. Willden during his presentation. If the state were considering a one-third funding formula regarding medical clearance, the state's one-third would be approximately \$8 million. Dr. Brandenburg said the total price tag would be in the vicinity of \$24 million because the Division would have to provide lab work, physicians who would conduct the examinations, and nursing staff. The state would basically have to replicate an emergency room within the Division's facility, and that would include meeting all the regulations that pertained to emergency rooms. Dr. Brandenburg said he would rather spend the \$8 million on residential care, housing, and medication, as long as the Division had a sufficient number of acute beds for psychiatric care.

Ms. McClain noted that the most cost-efficient method would be to have individuals medically cleared at a hospital emergency room, and then provide a sufficient number of psychiatric beds so that those individuals could be immediately transferred to the Division's facility. Dr. Brandenburg concurred and stated that use of hospital emergency rooms would be a non-issue if he could tell the hospitals that individuals could be transported and admitted to the Division's psychiatric facility within one hour after medical clearance had been completed.

Assemblyman Denis noted that the discussion was about providing assistance to people, but he had not heard any discussion regarding how the private sector was involved in the effort, such as contracting with the state to provide some of the needed additional beds. He asked how many local companies were involved in that area. Dr. Brandenburg explained that what had made the situation worse in Clark County was that, since the year 2000, there had been a loss of 133 private psychiatric beds. There were only 36 private adult psychiatric beds in Clark County for the entire population, and Dr. Brandenburg said the Department of Human Resources and MHDS had been attempting to work with community partners.

Dr. Brandenburg stated that Assemblywomen Buckley and Leslie had recently met with hospital CEOs to address the issue in an effort to determine whether there was a way that the Hospital Association could bring in additional

psychiatric beds. Dr. Brandenburg noted that it was the state's responsibility to provide the safety net for the indigent and the uninsured. Currently, the state provided the safety net for the indigent, the uninsured, the Medicaid eligible, and the Medicare eligible. According to Dr. Brandenburg, unless the state was willing to provide 120 beds every four years, additional psychiatric resources were needed in Las Vegas, and the DHR was looking at partnerships with hospitals and other entities to address that problem.

Senator Cegavske indicated that she had toured quite a few facilities over the past several months and had also reviewed the 2004 Audit Report. She referenced the opening of the new mental facility in Reno in 1991, and said comments from DHR staff at that time were that Clark County did not need a facility, and the need was greater in northern Nevada. Senator Cegavske stated it was still troubling to her that a facility had not been built in southern Nevada before northern Nevada. Since nothing could be done about that at the present time, Senator Cegavske noted that there were empty sections in the hospital when she toured the northern facility. She asked whether part of the plan would be to allow southern Nevada to utilize the northern facility by transporting individuals. Senator Cegavske said she was aware that there were some issues surrounding transportation of individuals, such as family members, but there were circumstances where she believed a person would be better off being transported than waiting for a bed in southern Nevada. Senator Cegavske noted that if she had a family member in need of help, she would prefer they be transported if that was necessary to access the help. She believed that was one of the issues that the Committee should address: being able to utilize the beds in the northern facility. Senator Cegavske felt if that were possible, staffing could be provided from the current budget. She understood it would be a temporary "fix," but it was an issue that she believed should absolutely be reviewed.

Senator Cegavske said that southern Nevada administrators had caseloads they actually worked, and she asked whether administrators in northern Nevada also worked caseloads. Dr. Brandenburg indicated that all agency staff carried caseloads, and that included the administrative staff. He emphasized that the northern and southern agencies were identical.

Senator Cegavske referenced NRS 433 regarding medical clearance, and said she had been contacted by a constituent whose daughter had called the police and said that the mother needed to be committed because she was going to hurt herself. The woman kept telling the officers and the doctors throughout the entire program that there had been a mistake and she should not be there. Apparently, explained Senator Cegavske, the end result was that the daughter had simply been angry at her mother, and the mother was put through the whole barrage of testing, being given medication, et cetera, when she was actually fine. Senator Cegavske asked whether there were any avenues available for such persons, and whether the state was covered for incidents where persons were admitted against their will. The woman had occupied a bed, had been kept for several days, and had lost her job because she could not be present for work. Senator Cegavske said there had apparently been a similar case in the Henderson area and she was curious about the language in statute regarding state liability in such cases.

Dr. Brandenburg said the language was contained in NRS 433A.150 and was very clear. Once it was determined by a law enforcement officer that an individual was a danger to self or others, that individual was immediately evaluated by a physician. Dr. Brandenburg stated if the physician agreed that the person was a danger to self or others, the person was kept in the system.

He said most likely what had happened with Senator Cegavske's constituent was that a determination had been made that the person was a danger to self or others. The individual would then have been brought to the Division's psychiatric facility. Apparently, the psychiatrist who evaluated the person had determined that the person should be kept until it was felt that the individual was no longer a danger to self and others. Dr. Brandenburg emphasized that the state was in the clear because it was strictly a clinical judgment made by a physician, and there were often different views of what was occurring between the individual and the doctor. He reiterated that the state was covered and decisions were made based on clinical judgment.

Regarding the need for triage, Senator Cegavske asked if it would be possible to have medical clearance available at the psychiatric facility rather than the emergency rooms. She asked whether that would be feasible and if it had been discussed. Dr. Brandenburg said that DHR administrators had taken a very hard look at that possibility and had asked MHDS to provide the numbers for review. There were many issues involved in such an endeavor, and Dr. Brandenburg explained that an emergency room actually had to be licensed as an emergency room. There were different regulations and specifications that the Division would have to meet, and Dr. Brandenburg stated he did not know if the Division would be able to meet those specifications with the current facility.

Dr. Brandenburg indicated that if the Committee wanted the Division to be in the emergency room business, and wanted to spend \$8 million for an emergency room, the Division would ascertain the costs for conversion of Building Three at the current facility to a triage center. According to Dr. Brandenburg, such a request would require staffing 24 hours a day, 7 days a week by a physician, nursing staff, and other staff as needed. If that was the will of the Committee, Dr. Brandenburg said the Division would be happy to do the necessary research.

Senator Cegavske asked whether the Department wanted to take such action. Dr. Brandenburg stated he had specifically made a recommendation to the administration not to create an emergency room and/or triage center within the existing Clark County facility. Senator Cegavske stated she was simply checking that option because it had been discussed and she had not heard what action had been endorsed by administration. Senator Cegavske asked whether the DHR preferred to keep the medical clearance within the hospital emergency rooms, set up some type of triage situation, or both. Dr. Brandenburg advised that there were two different concepts:

1. The emergency room was used for medical clearance.
2. The triage center was used for those individuals who, once medically cleared, might need stabilization for a short period of time. Such persons might have co-occurring disorders or mental illness.

According to Dr. Brandenburg, those were two mutually exclusive concepts. His recommendation would be to have the hospital emergency rooms conduct the medical examination and clearance, and receive funding for a triage center that would work in partnership with the Division for those individuals who had co-occurring disorders.

Senator Mathews recalled that the northern facility had originally contained medical facilities and full staffing, and she asked whether that was correct. Dr. Brandenburg replied that was correct. Senator Mathews noted that individuals had been triaged at that facility and admitted into psychiatric units if necessary. She asked if there was any reason why that could not be duplicated

in southern Nevada. Dr. Brandenburg stated the DHR could take such action, but the issue was simply cost. Senator Mathews asked whether the triage aspect had been dropped from the northern Nevada facility when the state suffered drastic cuts in mental health funding. Dr. Brandenburg said triage had not been cut because of budget issues, but rather had been dropped because it became too costly. He explained that an agreement had been reached with the counties that medical clearance would be performed by the counties and the state would provide the psychiatric evaluations. At that time, the responsibilities were bifurcated between the counties and the state. Basically, stated Dr. Brandenburg, the state had removed itself from the medical end of the business and the counties had taken over.

Senator Mathews said that appeared to be the problem at the present time. Dr. Brandenburg did not know if the situation in the north could be called a problem, but he believed the current problem in Clark County had occurred because there simply were not enough acute psychiatric beds available, which in turn "clogged up" the emergency rooms. Senator Mathews asked if the Division was facing the same type of challenges in northern Nevada as it faced in southern Nevada. Dr. Brandenburg replied that it was not.

Senator Beers indicated that he had been contacted by the same constituent as Senator Cegavske, who had essentially been committed as a punitive action by her daughter. Senator Beers said he was curious about possible statistics regarding the percentage of intakes that resulted in the psychiatrist making a determination that the person should not be admitted to the facility. Dr. Brandenburg assured Senator Beers that he could provide that information, and not everyone who was admitted based on the aforementioned legal form was committed for the 72-hour or 6-month periods.

Senator Beers asked about the average length of stay for patients at the Division's facilities, along with a sense of the variability of that average, that is, were some patients there for weeks and others for months. Dr. Brandenburg stated the average length of stay in southern Nevada was 19 days and in northern Nevada it was 26 days. Senator Beers asked whether the southern Nevada percentage was as a result of the "long line of people waiting at the door." Dr. Brandenburg stated absolutely, there was no doubt in his mind that facility staff attempted to treat individuals and move them out of the facility as soon as possible. He emphasized that the Division had 65 people waiting in emergency rooms at the present time who constituted a danger to self and others. The Division's staff and psychiatrists attempted to treat and release persons as soon as possible in southern Nevada, compared to a possible stay of 135 days at the Lake's Crossing facility in northern Nevada.

If it was determined that a person in the Las Vegas area needed long-term care, Senator Beers asked where they would be sent. Dr. Brandenburg said such persons were kept at the Division's facility in Las Vegas. Senator Beers noted that the Division had some persons in beds in Las Vegas beyond the average 19-day stay. Dr. Brandenburg stated there were individuals in the facility in Clark County who had been there over 90 days. Senator Beers asked if there were persons who had been at the facility for over 1 year. Dr. Brandenburg replied there were not.

Senator Beers asked what happened to persons who could not be helped. Dr. Brandenburg explained that if the Division believed the person was chronic, it searched for viable options. He noted that the Division had recently encountered a chronically mentally ill Medicaid patient who could not be placed in the community. Dr. Brandenburg stated the MHDS Division had worked with

the Medicaid Division and placed the person in an out-of-state long-term facility. Senator Beers asked whether Nevada had a long-term facility. Dr. Brandenburg replied there was none in Nevada. There were facilities within the community, but there was not a dedicated state facility for long-term placement of the chronically mentally ill.

Senator Beers noted that the constitutional mandate to provide such services was in the section of the *Constitution* entitled "Institutions," and he asked why the state was providing the services rather than county governments. Historically, stated Senator Beers, the actual hands-on delivery of medical services was something that had not been provided by the states, but rather had been provided by local governments, when not provided by the private sector. Dr. Brandenburg indicated that was not correct. *The Constitution of the State of Nevada*, along with mental health services nationwide, stipulated that it was the state's responsibility to provide psychiatric inpatient care. Senator Beers pointed out that until 1950, psychiatric care had consisted of "locking the door." Dr. Brandenburg emphasized that psychiatric care had always been the state's responsibility no matter what concept was utilized, and whether it was "locking the door and throwing away the key," or some other method, it had always been the state's responsibility to provide psychiatric services.

Senator Beers said he understood that, but he opined that the nature of the services had changed markedly over the past 50 years, and he asked whether Dr. Brandenburg would agree. Dr. Brandenburg replied that he absolutely agreed. Senator Beers said the state basically had inherited the hands-on delivery of medical services function. Dr. Brandenburg asked for clarification regarding "medical services," and asked whether Senator Beers was asking about medical services or psychiatric services. Senator Beers asked whether Dr. Brandenburg considered psychiatry a division of medicine. Dr. Brandenburg replied in the affirmative, and stated he simply wanted to be sure that they were discussing the same concept.

Senator Beers stated he was curious about the role between local and state governments in providing services. Senator Beers said the most significant difference he could determine between the psychiatric area of medicine and all other areas of medicine was that insurance coverage would not generally cover psychiatric care. Dr. Brandenburg stated insurance would cover that care if the person was admitted to a medical facility. Medicaid and Medicare would provide coverage to patients, as would third-party insurance, if the person was admitted to a psychiatric ward at a medical facility, such as Sunrise Hospital in Las Vegas. Senator Beers said there was no psychiatric ward at Sunrise Hospital, and Dr. Brandenburg replied, "Thank you."

Senator Beers asked what had happened to precipitate the decline in private-sector beds in 2000. Dr. Brandenburg indicated the bottom line was reimbursement: money. Senator Beers said that would presumably be money from insurance companies. Dr. Brandenburg stated it was insurance companies and Medicaid reimbursement. He explained that the reimbursement for a Medicaid medical/surgical bed was approximately \$1,200 to \$1,400 per day, and reimbursement for a psychiatric bed was approximately \$400 per day. Dr. Brandenburg indicated that CEOs of hospitals reviewed the reimbursement amounts in order to determine whether to add Medicaid medical/surgical beds with a \$1,200 to \$1,400 reimbursement, or add psychiatric beds with a reimbursement of \$400.

Rather than building a new hospital, Senator Beers asked whether additional beds could have been created by increasing the Medicaid reimbursement rate for mental illness. Dr. Brandenburg stated not completely, but at least it would have alleviated some of the problem. He said Clark County was the only community he knew of where there was basically a lack of private psychiatric beds. Senator Beers asked whether Dr. Brandenburg was comparing Clark County to other states as well. Dr. Brandenburg indicated that the comparison was to all of the communities he was aware of in states where there were hospitals with psychiatric wards attached, either private or nonprofit hospitals. Dr. Brandenburg reiterated that Clark County was the only community he knew of where there was basically a lack of available private psychiatric services.

Senator Beers asked what was different about Clark County and why the situation could not be corrected. Dr. Brandenburg said that a recent meeting with hospital CEOs revealed that the problem was capacity. The hospitals were simply so overwhelmed with medical/surgical patients that they did not have enough medical/surgical beds available, much less attempting to get into the psychiatric business.

Senator Beers asked what percent of the intakes were precipitated by suicide attempts. Dr. Brandenburg did not have that information available, but he opined that it was probably a significant number. Most of the individuals who had been deemed a danger to self and others had made past suicide attempts or past threats of suicide. Senator Beers wanted to know the percentage of patients who were readmitted to the Division's facility. Dr. Brandenburg opined that the percentage would be high. One of the reasons the percentage would be high was because when there were not enough inpatient and/or outpatient resources, patients revolved in and out of the system. Per Dr. Brandenburg, the Division had to ensure that there were community-based services and residential support available.

Dr. Brandenburg said that one of the reasons housing dollars were included in The Executive Budget for MHDS was because it had been unable to seek and secure housing for the mentally ill. The waiting list for Section 8 Housing in Las Vegas was over 3 years. Dr. Brandenburg asked the Committee to imagine a patient in the Division's hospital whom staff was attempting to place into the community being required to wait 3 years in the hospital for residential placement in the community. The Division was attempting to buttress the community-based programs, such as housing, medication clinics, and outpatient services, to ensure that a person who left the hospital would go into the community and remain there.

Assemblywoman Gansert said there were different ways to medically clear a person, and the thought that so many individuals were utilizing the emergency rooms was of concern to her. She believed it was the most expensive way to clear someone medically. If there were 60 to 70 people constantly waiting, then perhaps there was room to explore different levels of screening for persons in a triage center environment versus a full-blown emergency room. Mrs. Gansert stated that she was not sure the Division actually needed the full-blown emergency room. She explained that she had had experience with emergency departments for the past 15 years and knew about the major expense involved.

When the Division appeared before the joint subcommittee during session, Mrs. Gansert asked that additional numbers be submitted for step-down type units for medical clearance, rather than continually utilizing the emergency

rooms. Mrs. Gansert pointed out that one problem with use of emergency rooms was that such a large number of people could not be well tracked. If there truly were a large number of people in the emergency rooms who were mentally unstable, it was probably not the most appropriate place for them to be.

Dr. Brandenburg indicated that the Division had already addressed that problem by working out the protocols with the emergency rooms. Medical clearance did not consist of a full-blown physical, but was a very specific, bare-minimum medical clearance.

Mrs. Gansert said her question was whether that could be done at another facility. She understood that persons did not receive a full-blown physical and wondered whether that could be conducted at another site, versus bottlenecking the emergency rooms. Dr. Brandenburg stated that could be done. There was no doubt that the medical clearance could be conducted at any facility, as long as the Legislature provided sufficient funding to the Division for that endeavor. Mrs. Gansert stated that perhaps the joint subcommittee should look at different levels to provide that type of clearance versus a full-blown emergency department.

Dr. Brandenburg emphasized that once the Division was in the medical clearance business, around-the-clock staffing would be required. Mrs. Gansert stated she understood that. She reiterated that she was familiar with emergency departments, and there were at least two emergency rooms in Reno where patient loads were approximately 40 to 60 persons per day, with around-the-clock staffing. According to Mrs. Gansert, that worked because that was the staffing level necessary for the volume of people under discussion. Dr. Brandenburg said he would be more than happy to present the numbers to the joint subcommittee. Mrs. Gansert stated she would appreciate that.

Assemblywoman Giunchigliani stated she appreciated the discussion, and indicated that when she had proposed the original legislation to require screening, she had asked for screening within 24 hours, but the courts and private hospitals had not supported that time frame, which was the reason for the 72-hour time frame. Ms. Giunchigliani noted that in the past, spouses would commit spouses and most of the commitments were based on monetary gain. As soon as the insurance stopped paying for the care, those persons were immediately released from the facility. Ms. Giunchigliani stated that it appeared there might be an additional problem that should be reviewed and, hopefully, the policies, along with the funding, would be reviewed by the joint subcommittee. According to Ms. Giunchigliani, what was also missing was a county-based health system, which had been alluded to by Senator Beers. A county-based health system would assist in dealing with the situation and perhaps that should also be discussed.

Assemblywoman Weber said if inpatient care was indeed a matter of constitutional oversight or mandate by the state, she wondered what percentage or what responsibilities would be placed on county governments within the philosophy of community-based services.

Chairman Arberry asked Dr. Brandenburg to continue his presentation.

Dr. Brandenburg referenced [Exhibit C](#) and the enhancement units contained therein from The Executive Budget regarding additional beds in southern Nevada. MHDS would not ask for additional programs in northern Nevada.

Dr. Brandenburg offered the following information, as contained in [Exhibit C](#):

- Page 32 of the exhibit depicted the Division's information system needs and requested additional staff to complete Phases 3 and 4 of the new Avatar system.
- Page 34 of the exhibit addressed MHDS's administration budget, and no new programs were requested in that area.
- Page 36 addressed the Lake's Crossing Center, which was the Division's facility for the mentally disordered offender. The budget requested no additional programs for that Center.
- Page 40, Rural Clinics Community Mental Health Centers, contained a request for additional funding for a new clinic located in Laughlin. The budget also requested funding for videoconferencing equipment at all rural clinics, which would augment the current psychiatric services.
- Page 41, Behavioral Health Redesign for Children in Rural Nevada, would decrease the staffing ratio from the current 75:1 to 35:1 for adults and children with Severe Emotional Disturbance (SED), and service coordination from the 35:1 for adults and children with SED to 12:1.

Dr. Brandenburg stated that concluded his presentation, and Dr. Luke would commence with his presentation of the budget for Developmental Services.

Before commencing with Dr. Luke's presentation, Senator Beers referenced pages 18 and 21 of [Exhibit C](#), which both contained linear projections that addressed caseloads. The chart on page 18 went back much further in time and failed to note the recent sharp increase in persons served. The chart on page 21 depicted a shorter period of time, and Senator Beers asked which of those numbers the Division was using for its projections in the budget. Dr. Brandenburg concurred that the charts were different, and the chart on page 21 was the projection for the Ambulatory Unit. The charts depicted different service systems.

Senator Beers referenced the chart on page 18 of the exhibit, which depicted a linear projection using data from 1997, and he noted that the line depicting the future appeared to be consistently and significantly lower than the last 2 years of actual data. Dr. Brandenburg said the chart was based on actual data. Senator Beers stated that his concern was the projection going forward, which appeared to be notably lower than the actual data for the past 2 years. He emphasized that the chart indicated there had been a significant increase for the past few years, which was not reflected in the long-term projected forecast.

Jennifer Kizer, Administrative Services Officer IV, MHDS Division, explained that the data points used for the chart on page 18 of [Exhibit C](#) were from July 1997 to May 2002. She stated that she would have to do some research regarding why more recent data had not been used. Senator Beers said that the Legislature needed information that was as accurate as possible. Dr. Brandenburg indicated that he would be more than happy to provide the requested information.

Assemblywoman Leslie stated she was unclear regarding some of the budget items. She also pointed out that the interim committees had been working with the Division to solve the problems in Clark County. Ms. Leslie commented that she was sure Dr. Brandenburg had also enjoyed the discussion and she felt the degree of interest shown and questions asked had been great. Many people had voiced a significant interest in the system, which she believed was incredibly complicated. Ms. Leslie noted that the solution would also be

incredibly complicated. She hoped that the Division and the 2005 Legislature could work through the issues and arrive at a solution to the mental health crisis in southern Nevada that would be amenable to all interested parties. Ms. Leslie noted that a gap remained between the present time and May 2006, but the budget went a long way toward addressing the crisis.

Ms. Leslie said she would like to take subcommittee members to the mental health court in Reno, so that members could observe the people who came through that Court. She believed that if a person could see mental illness in action, see the difference medications could make, and how people could live when adequately supported within the community, it would make a difference and would be of interest to members of the subcommittee.

According to Ms. Leslie, it all began with law enforcement transporting people to the right place, ensuring that law enforcement officers were adequately trained, with ambulance services being onboard, and private hospitals doing their part. She was convinced, after studying the problem closely for the past year, that she did not want the Division to create an emergency room at its facility in Las Vegas. Ms. Leslie believed if everything were put into place, including the triage center and the crisis unit, many of the concerns voiced by the hospitals would be alleviated. Even though she had been one of the first to suggest an emergency room, she had removed that idea that from her list as way too expensive.

Ms. Leslie said it was interesting that the crisis in Las Vegas had created the opportunity for Nevada to move forward and really understand mental illness, what it was and what it was not, and to reduce the stigma. It was her hope that perhaps that would lead to a parity of other issues, because if children and teenagers were not being treated and were simply transitioned into the adult system, that also created a gap in services. Ms. Leslie emphasized that people who were severely mentally ill could live wonderful lives in the community, provided that those persons had the right support.

Ms. Leslie said she had not gone through the budget in detail, and asked whether the request for housing money was sufficient. One of the problems in both the north and south, including Carson City, was that persons were sitting in jail who could be in the community if there were adequate housing. Ms. Leslie stated that was one of her concerns. Dr. Brandenburg stated that The Executive Budget had gone a long way in providing the Division with the needed resources. Naturally, if Ms. Leslie were to ask whether additional housing money could be used, Dr. Brandenburg said the reply would be, "Absolutely." The Division began with zero and constantly tried to build upon projections and need, and it was done in very small steps. Dr. Brandenburg said that during the 2003 Session, he advised that there had been a 50 percent increase in housing/residential support in rural clinics. Ms. Leslie had asked at that time what the number was, and Dr. Brandenburg had stated it had increased by 9 persons; he noted that there was a significant difference between 50 percent and 9 persons.

Dr. Brandenburg said that the Committee had earlier discussed the possibility of WestCare providing some additional beds for the state, and should that plan reach fruition, he would definitely need additional housing/residential support dollars. If a person simply went to WestCare for crisis care, and the residential piece was not part of the Division's budget, Dr. Brandenburg stated it would be like a "revolving door" between the community, the emergency room, and the hospital. Ms. Leslie indicated that the subcommittee would review that issue

closely, and she instructed Dr. Brandenburg to "be prepared" to provide information.

Ms. Leslie asked about funding for mental health courts. She disclosed that she worked in the specialty court system, but none of the funding for mental health courts paid her salary. All of the money contained in the MHDS Division's budget was allocated directly to consumers. Ms. Leslie noted that there had been a request from Las Vegas to add an enhancement package, and she could attest to the fact that the court in Reno had recently grown to approximately 200 defendants. Ms. Leslie also noted that Carson City was implementing its mental health court in the next week, and she wondered whether there was any funding within the budget for the mental health courts. Dr. Brandenburg explained that funding for demographic growth within the mental health court system in northern Nevada was contained in Decision Unit M-200. No funds had been requested for mental health court in Clark County.

Dr. Brandenburg said that originally there had been a decision unit which contained approximately \$1.2 million for that purpose, but it had been removed from The Executive Budget. Dr. Brandenburg said he had wanted to concentrate on the need for acute beds in southern Nevada. There were needs in other areas of the budget such as residential services, outpatient services, mental health court, et cetera, but his focus had been on funding the full contingent of acute beds in southern Nevada. Dr. Brandenburg emphasized that it had been his recommendation to the Governor that funds be made available for those acute beds. Ms. Leslie opined that the judges would not be happy with that answer. Dr. Brandenburg stated that he understood that, but he had to prioritize, and his priority was to ensure that he had funding for the needed acute psychiatric beds.

Ms. Leslie asked Dr. Brandenburg to make available to the Committee the paper written by Dr. David Rosin, Medical Program Coordinator, MHDS. That paper addressed transportation of mentally ill patients from southern to northern Nevada and explained why that would be a bad idea. The paper also addressed the subsequent effect on legal representation, along with other issues pertaining to the mentally ill, and Ms. Leslie believed it would be helpful for the entire Committee.

Dr. Brandenburg stated he would be happy to provide that information. He explained that the Division had followed up on a request from the Interim Finance Committee (IFC) to take a very serious look at transporting patients from Clark County to northern Nevada. Dr. Brandenburg assured the Committee that the Division had taken a very serious look at that possibility from a clinical perspective and from a legal perspective, and the paper written by Dr. Rosin basically outlined the "pros" and "cons" of that idea. He stated the idea had not been disregarded by the Division, and had been seriously investigated. Dr. Brandenburg explained that in the final analysis, the Division felt the "cons" outweighed the "pros" regarding the transportation issue.

Ms. Leslie agreed. She thanked Dr. Brandenburg for his leadership and stated she looked forward to working with him on the issue during subcommittee hearings.

Chairman Arberry recognized Dr. Luke.

Dr. David Luke, Ph.D., Associate Administrator for Developmental Services, stated that Developmental Services differed from Mental Health Services in that it dealt with persons with developmental disabilities. The terminology that had

been used previously was "mental retardation," but the current national terminology was "intellectual disability." Dr. Luke explained that the real role of Developmental Services was to serve Nevadans who were born with disabilities, and who would need some level of assistance or support for most of their lives in order to function. Historically, stated Dr. Luke, those were persons who had been placed in large institutions. The current standard of care was based on the Americans with Disabilities Act (ADA) and the U.S. Supreme Court decision in the Olmstead case, which said essentially that persons with disabilities had the right to receive services in an integrated setting, that is, within their communities. Dr. Luke indicated that was one of the long-range goals of Developmental Services, and it was also part of the state's strategic plan. MHDS was attempting to develop a strong network of community-based care for persons with intellectual disabilities and related conditions such as epilepsy, cerebral palsy, autism, and other types of developmental disabilities. Dr. Luke indicated that the Division retained some state institutional beds, but was in the process of downsizing those beds. The Division was taking advantage of the state's growth to put all of the "new" and/or additional money into community living options and gradually reduce the number of institutional beds.

Dr. Luke explained that approximately seven states operated without institutional beds by utilizing a full range of community-based services. At the present time, the Division's model of providing those community-based services was called "supportive living arrangements" (SLAs). SLAs would involve cases where the Division basically arranged for services, depending on the person's individual needs, within their own home. Dr. Luke explained that the services provided would meet a wide range of needs, such as budgeting, medical support needs, et cetera.

Referencing [Exhibit C](#), Dr. Luke explained that the state provided developmental services through three regional centers: (1) Desert Regional Center (DRC) in Las Vegas; (2) Sierra Regional Center (SRC) in northern Nevada; and, (3) Rural Regional Center (RRC) for the rural areas. Dr. Luke said at the present time, the Division had 100 state-operated institutional beds at DRC and SRC, and approximately 4 years ago that number had been 174. With the current budget, the Division would further reduce that number to 84 beds.

According to Dr. Luke, the majority of new growth was in community-based living, and the Division was able to offer that type of living via use of federal Medicaid dollars. The Division utilized a Medicaid waiver whereby the federal government would pay for institutional care, but it would also allow the state to seek a waiver and, if proven more cost-effective, use that money to provide community-based care. Dr. Luke noted that approximately 40 percent of the budget utilized for Developmental Services came from federal match dollars.

Dr. Luke said that the Family Preservation Program (FPP), BA 3166, was perhaps one of the most cost-effective programs in the state. He explained that a low-income family who cared for a family member with a profound disability at home would be allocated approximately \$300 to \$350 per month from the state to offset some of those costs. Dr. Luke stated that if a family continued to support and maintain a disabled family member at home, it provided a better quality of life for that individual and kept families intact. If a person had to go out of the home and be placed in an institution, the state would not be looking at \$300 to \$400 per month, but \$300 to \$600 per day. Dr. Luke pointed out that it would become at least 30 times more expensive once the family and community structure broke down.

According to Dr. Luke, the FPP served approximately 400 individuals. During the budget shortage of two years ago, the Division had "tapped" into the Temporary Assistance for Needy Families (TANF) dollars, and payments to families were currently being made from two payment sources; (1) The TANF-FPP payment directly from Welfare; and, (2) the MHDS-FPP payment from the Division. Dr. Luke noted that there were a number of decision units within the Division's budget where the primary objective would be to consolidate and create one standard FPP where, based on the same set of requirements, all families would receive the same payments from the same source.

Dr. Luke stated there were similar major themes in the budget for the three Regional Centers:

1. M-200 Demographic Growth: The Division would add a total of 282 persons into the service system, phased in over the course of the biennium. Depending on their need, those individuals would receive residential support, such as supported living, respite care funding if residing with the family, and assistance for adults in securing employment or day training activities.
2. M-502 Federal Mandate: The federal government was increasing its standards for quality of care and quality management, and the Division was requesting four full-time equivalent (FTEs) positions, distributed throughout the regions to assist in monitoring the situation. The number of positions requested for Developmental Services was somewhat flat because, as beds had been closed, state positions had been reduced and service coordination had been added as the state's function. The Division had virtually "privatized" all of the services it provided under Developmental Services, such as supported living, respite care, and jobs and day training. As a strong community network was developed, the Division had to ensure that quality was maintained and that it provided quality assurance oversight in order to continue receiving federal matching dollars.
3. E-350 Provider Rate Increase: The budget requested a provider rate increase for each region of 3 percent the first year and 5 percent the second year, for a total of 8 percent. That request would build on the 15 percent increase approved by the 2003 Legislature for providers. The Division had to ensure that it utilized quality providers, particularly as it decreased the state-run beds and depended on the community network to provide effective, safe, and high-quality care.
4. E-450 and E-452 Olmstead – Convert Beds to Community Living: To further the Division's efforts regarding the Olmstead requirement to reduce institutional beds, an additional 16 state beds (E-450) would be reduced during the upcoming biennium, and larger group homes that provided intermediate care via private beds would be converted to supportive living within the community (E-452).

Dr. Luke noted that costs were included within the budget for Developmental Services, but there would be offsetting savings in the Medicaid budget, since Medicaid would pay directly for the institutional beds until the conversion was complete.

Dr. Luke indicated that page 51 of [Exhibit C](#) contained caseload projections that depicted the total caseloads for the state. Each of the regional centers was depicted in the exhibit and a similar caseload growth projection was included for the centers. Dr. Luke pointed out that because Nevada was a rapidly growing state with a rapidly growing population of applicants seeking care, caseload growth was one of the greatest challenges in the area of Developmental

Services, along with meeting the requirements of the Olmstead decision regarding community-based care.

Assemblyman Denis noted that the budget would allow for the addition of 30 families under the FPP, and he asked Dr. Luke if that was correct. Dr. Luke replied in the affirmative. Mr. Denis stated that one of his family members provided home care for another developmentally disabled member of the family, and he could assure the Committee that not only was home care better, but the disabled person also seemed to get better more quickly. He believed that aspect should be kept in mind as budgets were approved. The state could save a great deal of money by supporting families in the home. Mr. Denis did not know whether the state had the capability of adding more than 30 families, but he believed that aspect should be reviewed.

Dr. Luke mentioned that Developmental Services offered a service through supportive living which was extremely popular with families. He explained that by utilizing additional TANF funds, families were essentially given a budget and were allowed to be the employer of record and directly hire additional assistance. For example, said Dr. Luke, there might be a neighbor who was familiar with the situation and could provide a few hours of care, which would help the family remain together while providing a quality of living setting for the person with the disability.

Chairman Arberry declared that the Committee would take a short break. The Committee was called back to order by the Chair at 10:41 a.m. Chairman Arberry recognized Mr. Haartz.

STATE HEALTH DIVISION **HEALTH – 1-139 VOLUME II**

Alexander Haartz, Administrator, Health Division, introduced Richard Whitley, Deputy Administrator, Health Division, and Amy Roukie, Administrative Services Officer IV. Mr. Haartz explained that Mr. Whitley had formerly served as the Chief of the Bureau of Community Health Services, and Ms. Roukie had previously served as the Chief of the Bureau of Health Protective Services within the Health Division.

Mr. Haartz referenced [Exhibit D](#), "Department of Human Resources, Nevada State Health Division," which included the overall revenues for the Health Division and explained its relationship to the Department of Human Resources (DHR). For the biennium, the Health Division was projecting a combined budget of \$345 million. Mr. Haartz said that General Fund dollars within the Health Division budget over the biennium would represent approximately \$54 million, or approximately 16 percent of the Division's overall financing ([Exhibit D](#), pages D-1 and D-2.)

[Exhibit D](#), page D-3, also contained an organizational chart for the Division and Mr. Haartz said he wanted to point out different members of the management team who were present in the audience, and who would present budgets before the joint subcommittee:

- Bradford Lee, M.D., J.D., M.B.A., State Health Officer
- Stanley Marshall, Acting Chief, Bureau of Health Protection Services
- Maria Canfield, Chief, Bureau of Alcohol and Drug Abuse
- Emil DeJan, Chief, Bureau of Health Planning and Statistics
- Judith Wright, Chief, Bureau of Family Health Services
- Janelle Mulvenon, Chief, Bureau of Early Intervention Services

- Pam Graham, Chief, Bureau of Licensure and Certification

Mr. Haartz indicated that various members of the Division's financial management team and the Manager of the Public Health Preparedness Program, Heidi Sakelarios, were also present in the audience.

According to Mr. Haartz, the Health Division would gain additional full-time equivalent (FTE) positions as proposed by The Executive Budget. The current FY2005 count was 502 FTEs, and The Executive Budget proposed to add approximately 43 FTEs over the course of the biennium. Mr. Haartz said those positions would be a mixture including direct services, with some infrastructure support provided as well.

Contained on page D-4 of [Exhibit D](#) was a chart which depicted Health Division Field Offices throughout the state. Mr. Haartz said the Division's primary offices were located in Carson City and Las Vegas, but it also maintained staff in the rural counties. Mr. Haartz said the Health Division's primary responsibilities in terms of performing public health functions were:

1. Collecting and analyzing health data
2. Educating and informing the public about healthy behaviors and actions
3. Protecting the environment to ensure that disease was not transmitted through environmental means
4. Investigating and controlling the outbreak of disease/illness, whether it was a childhood illness such as measles or pertussis, or a sexually transmitted disease
5. Facilitating the development of infrastructure within the state, not necessarily at the state level but at the county and local levels, and providing support in the development of an overall system

Mr. Haartz indicated that it did not matter where a person lived in Nevada or whether a person was a resident or a visiting tourist, there was a seamless array of services in the background working to protect that person.

Mr. Haartz stated he would provide an overview of the Health Division's revenues, and called the Committee's attention to the tab entitled "06-07 Information by Budget Account" within [Exhibit D](#), pages D-6 through D-14. The revenues for the Health Division had not markedly changed over the last ten years, and Mr. Haartz pointed out that General Fund revenue represented approximately 16 percent within the proposed budget. He noted that General Fund revenue fluctuated from 14 percent to 16 percent annually. Mr. Haartz indicated that federal grant funds were the primary funding source for the Health Division and represented approximately 59 percent of the Division's budget, with the balance of the revenue made up from a variety of different sources:

- ✓ Fees and taxes collected and dedicated to public services provided approximately 32 percent of the other revenue sources.
- ✓ Rebates, trust funds, indirect charges and transfers represented approximately 66.62 percent of the other revenue sources.
- ✓ County participation, which was money received from rural counties that helped to offset the cost of public health nursing in those counties, and which represented approximately 1.06 percent of other revenue sources.

An overview of the Health Division's budget accounts was also contained under the aforementioned tab within [Exhibit D](#). Mr. Haartz explained that the Division had a number of different budget accounts, which had been established

primarily for ease of accounting purposes and in an effort to group like activities together. Some of the budget accounts were small, such as BA 3203, Environmental Public Health Tracking, which housed one federal grant from the Centers for Disease Control (CDC), to large budgets such as the Women, Infants, and Children (WIC) Food Supplement Program, BA 3214, which handled all costs for that Program throughout the State. Mr. Haartz stated that the budget information was provided for each year of the biennium.

Mr. Haartz indicated that page D-10 of [Exhibit D](#) contained the distribution of FTEs within the Health Division, which included the legislatively-approved FY2005 positions, as well as those proposed in The Executive Budget for FY2006-07. The net change regarding positions was also included. Mr. Haartz noted that there was a proposal in BA 3194 to transfer positions from the Health Division to the Division of Environmental Protection. That would conclude the transfer of the Safe Drinking Water Act responsibilities, which had commenced during the 2003 Session with the transfer of the Revolving Loan Fund. Mr. Haartz said that a bill draft request (BDR) had been submitted, and a bill would come before the Committee that would effectuate that transfer. Overall, said Mr. Haartz, there was a net increase of 42.79 FTEs and the majority of that increase was within BA 3208, the Special Children's Clinics. He said the request for additional staff would primarily deal with waiting lists and caseload growth.

Continuing his presentation, Mr. Haartz stated that the chart entitled "Health Division Budget Growth," page D-11, was illustrative of the Division over the past several biennia. The General Fund revenue had remained relatively stable within the budget, but staff had been successful in increasing the amount of federal dollars coming into the Health Division, to the benefit of the state. He also noted that there had been an increase in fees, which had been designed to cover the costs of providing services.

Mr. Haartz explained that the Department of Human Resources and the Health Division had been successful in securing additional federal funding through new grants awards. For the 2003-2005 biennium the total generated from such grants was approximately \$5 million, and Mr. Haartz pointed out that the new grant awards obtained by the Health Division were depicted within [Exhibit D](#), page D-12. It was the Division's commitment as an agency to continue to search for federal funds which would improve the public health infrastructure in Nevada, and Mr. Haartz emphasized that the Division would continue that search.

Mr. Haartz noted that page D-13 of [Exhibit D](#) contained a chart which depicted how services were allocated across the state. The Health Division was a statewide agency that provided both direct services, as well as funding at the local level, for community-based organizations. Mr. Haartz said the chart was helpful in understanding what public health resources were being allocated to each county in order to ensure that a baseline of public services was being maintained. The exhibit also contained a chart of the State of Nevada which depicted the distribution of funds by county.

According to Mr. Haartz, under the tab entitled "06-07 Select Budget Highlights," pages D-15 to D-21 within [Exhibit D](#) were highlights that he would like to bring to the Committee's attention. The highlights were grouped in three different ways: Waiting lists; Maintenance of Effort; and Infrastructure Improvements. Mr. Haartz said when discussing issues that were ongoing and upcoming, those were three key issues that would create an impact on the Health Division.

Mr. Haartz indicated that within BA 3208, Special Children's Clinics (now called Early Intervention Services) there was a caseload growth request and a federal mandate request. The Division's goal regarding children who were on waiting lists to receive Early Intervention Services was to provide additional funding in order to serve additional children. Decision Unit M-200 would provide funding to serve an estimated 360 children each fiscal year. Mr. Haartz stated that Decision Unit M-502 represented a new workload that had been brought to the Division's attention with the reauthorization of the Child Abuse Prevention and Treatment Act (CAPTA). There was actually cross-linkage between CAPTA and the Individuals with Disabilities Education Act (IDEA), Part C, which provided a portion of the funding for Early Intervention Services. Mr. Haartz said that children identified through CAPTA enjoyed an automatic cross-referral to Early Intervention Services, and the Division was required to provide evaluation and diagnostic services to those children.

Regarding the maintenance of effort issue, Mr. Haartz explained that when the Division accepted federal grant funding, there were often strings attached. Typically, two types of strings were: (1) Matching funds, where in order to obtain federal funds, the state often had to provide a certain amount in General Fund or fee revenue in matching funds; and (2) Maintenance of effort, which stipulated that the State could spend no less over a certain period of time than it had previously spent for that same period. Mr. Haartz noted that for the Bureau of Alcohol and Drug Abuse (BADA) to adequately meet the maintenance of effort requirement for FY2005-06 and FY2006-07, an additional \$430,000 in General Fund revenue would be needed each year. According to Mr. Haartz, all of that money was allocated for direct services at the community level through providers, and none of the funding remained at the state level.

Assemblywoman Leslie asked if that was the reason there was no provision for caseload growth projected under the BADA program. Mr. Haartz replied that it was only part of the reason, because the Division was picking up additional caseload growth. That was not to say that the growth came close to dealing with the unmet need, which Mr. Haartz stated was one-third of the equation in determining how many individuals would benefit from treatment services. The second part of the equation was how much capacity existed, and the third part of the equation was that education and outreach would convince individuals that capacity existed and services were available.

Ms. Leslie said she had always noticed the lack of caseload growth in the BADA program, and she wondered why. Mr. Haartz stated that caseload growth was not included in the budget. Ms. Leslie pointed out that there were people on waiting lists throughout the state, and she was aware that 80 percent of the people in the mental health court system also had a substance abuse issue, and most of the time all of the beds were full. Ms. Leslie said she simply did not understand, and she asked whether it was because most of the BADA funding was federal dollars and the state simply allocated any extra federal dollars into the program, based on population growth. Ms. Leslie asked for the reason the state was resistant to caseload growth within the BADA program when there was caseload growth in the other programs within the system.

Mr. Haartz said that he did not believe there was a resistance to growth within the BADA program, other than the Division had always operated under the recognition that if it added State dollars to the program, it would be very difficult to pull that funding. He advised Ms. Leslie that the Division would be happy to review the caseload growth in the BADA program. Ms. Leslie asked that the Division provide the joint subcommittee with information pertaining to

the waiting list. Mr. Haartz stated he would provide that information and would put some parameters around caseload growth in terms of average cost and capacity issues.

Continuing his presentation, Mr. Haartz addressed infrastructure improvement within the budgets of the Health Division (page D-16, [Exhibit D](#)). As additional federal dollars were brought in, there were compliance and management issues associated with the funding that had to be addressed at a certain level. For example, stated Mr. Haartz, within BA 3190, Vital Statistics, the Division was asking to establish an Administrative Services Officer I position in order to improve financial management of that budget account.

Mr. Haartz said in BA 3208, Early Intervention Services, there were also infrastructure requests, such as facility maintenance of the Early Intervention site in Reno, as well as additional rental of State Motor Pool vehicles. Mr. Haartz stated that the mandate that came with the federal grant was that children were to be served in their natural environment. Early Intervention was no longer a center-based service, and staff spent a considerable amount of time traveling between homes or other locations where it had been determined that services would be provided. According to Mr. Haartz, that was the basis for the request for additional Motor Pool vehicles.

Within BA 3216, Health Facilities, Mr. Haartz reported that the request was to add two FTEs, which was based on workload mandate rather than infrastructure, and the two requested positions would help meet the federal laboratory certification requirements.

Mr. Haartz stated that BA 3220, Communicable Disease Control, requested five FTEs to continue the federal Breast and Cervical Cancer Screening Program, which had previously been established and was called the Women's Health Connection. That program had operated via a sub-grant and the Clark County Health District had been the provider in Clark County. However, stated Mr. Haartz, the County Health District had decided to "get out of the business" and the State Health Division had assumed responsibility for that program once again. Mr. Haartz said the Division currently performed those functions via use of contractors, but the consensus was that those contractors would become FTEs. There was also a request within that budget account for one FTE for financial management of all chronic disease programs funded through the federal government.

Mr. Haartz stated that BA 3223, Health Administration, was where most of the infrastructure would be requested. The Division would utilize agency indirect charges/cost allocations to add five computer network technician positions, and those positions would assist with computer setup and repair and maintenance of software. Mr. Haartz indicated that two personnel positions and two accounting positions were also being requested. Most of the requests for additional staff would aid the Health Division in management and performance of its business functions.

According to Mr. Haartz, pages D-18 and D-19 of [Exhibit D](#) also contained information regarding several unfunded decision units that were requested, but were not funded, in The Executive Budget. There were also two spreadsheets, pages D-20 and D-21, included in the exhibit for FY2005-06 and FY2006-07, which displayed the budget accounts and requests by decision unit. Mr. Haartz noted that during the joint subcommittee hearings, individual budget accounts would be discussed.

Mr. Haartz called the Committee's attention to the tab within the exhibit entitled "04-05 Biennium Accomplishments," pages D-22 through D-23. He stated that quite often the Division did not have a chance to discuss all it had accomplished during the biennium and which programs would be ongoing. He wanted to take a moment and review those accomplishments with the Committee.

Mr. Haartz reported that one of the issues that continually challenged the Division was ensuring that there were trained public health professionals in Nevada, and that people understood the role of a public health agency. He indicated that the Division had collaborated with the state of Utah to participate at the county, state, and tribal level in the Great Basin Public Health Leadership Institute. Eighteen scholars representing the various agencies participated in that Institute.

Assembly Bill 1 of the Eighteenth Special Session established the Sentinel Events Registry, which Mr. Haartz stated had been implemented. He indicated that regulations had been established and reporting would take place. Additionally, said Mr. Haartz, at the request of the Legislature via Senate Concurrent Resolution 18 of the Seventy-Second Legislative Session, the Division had analyzed and printed the "Report on Sepsis in Nevada" in December 2004, which was available on the Division's website.

Mr. Haartz pointed out that various activities had taken place over the biennium, and some work had continued, such as maintaining the Cancer Registry at the "Gold Standard" or top level, and improving how women, infants, and children could access WIC benefits through the expansion of the electronic benefits transfer.

According to Mr. Haartz, additional accomplishments included:

- Implementation of the active birth defects registry
- Continued improvement in the newborn hearing screening rate
- Improvement of the Public Health Preparedness infrastructure
- Improvement of the Health Division and the State's information technology infrastructure
- Continued the commitment to be responsive to the community and continued to provide high quality care

Mr. Haartz noted that many of the issues had been addressed by the Legislature and he was pleased to say that the Division had been able to accomplish what it had been asked to do.

[Exhibit D](#) included a tab entitled "Letters of Intent," and Mr. Haartz advised that the Division had complied with and met the requests and concerns of every Letter of Intent issued by the 2003 Legislature. He emphasized that the Division took those matters quite seriously.

Assemblywoman Leslie thanked Mr. Haartz for the accomplishments that the Division had made, particularly in the newborn hearing screening rate, which proved that legislation could be passed that created dramatic improvements. Nevada had gone from one of the worst rates in the country regarding newborn hearing screening to a screening rate of 94 percent in 2003.

Ms. Leslie asked about the Sentinel Events Registry. She noted that funding had been provided at the Gold Standard level of certification for the Cancer Registry, but she did not believe that the Sentinel Events Registry had been funded at that level. Ms. Leslie said she had not seen any budget items

that would provide additional funding for that registry, and it would be discussed during joint subcommittee hearings. A report would be expected at that time, but Ms. Leslie asked whether the Registry was working or if there were problems, since there had only been 11 reports since July 1, 2004, and 9 of those were retroactive.

Mr. Haartz said that the Division had used analogies during the 2003 Session regarding the level of funding the state could afford: 1) the "Yugo" level; 2) the "Buick" level; and, 3) the "Cadillac" level. Mr. Haartz stated the Sentinel Events Registry was funded at the "Chevy" level. Ms. Leslie asked why additional funding had not been recommended in The Executive Budget. Mr. Haartz explained that the funding which had been provided was for the Division to adopt the regulations, implement the training, and produce annual reports. There were various breakout points for funding within Assembly Bill 1 of the Eighteenth Special Session that stipulated if additional funding was made available, a third party would become involved as well on behalf of the state.

According to Mr. Haartz, the funding level only reached the point where the Division could adopt regulations and work with the medical facilities that were required to report. The Division would then collect the data and produce an annual report. Mr. Haartz said the Division had not requested additional funding. He noted that the process had been very successful. The Hospital Association and other covered entities had been true partners in development of the regulations, and it had been a very uncontentious process. Mr. Haartz stated that various entities had facilitated training for both Division staff and staff in the medical facilities. He reiterated it had been a very strong partnership. Training began in mid-September or October 2004, and Mr. Haartz indicated that it had only recently been completed. He believed that the reporting would commence in the very near future. Mr. Haartz stated he would provide additional information to the joint subcommittee.

Assemblyman Denis referenced the additional \$5 million in federal grant money the Division had secured over the current biennium, and he asked about the total amount of federal dollars received by the Division. Mr. Haartz said that the tab entitled, "06-07 Information by Budget Account," pages D-6 through D-14 of [Exhibit D](#), contained several pie charts that depicted funding, and federal funding was projected at \$100 million for FY2006 within The Executive Budget.

Mr. Denis noted that such funding was sometimes "fickle" because a decision could be made by the federal government not to allocate the funds. Mr. Haartz stated that Mr. Denis was correct, and federal grants were all competitive with a typical "shelf life" of 3 to 5 years. That was the typical funding cycle authorized by Congress, with annual appropriations. Mr. Haartz concurred that there was always a risk that the funding could disappear, even with the three block grants within the Health Division, which often fluctuated in dollar amounts. Mr. Haartz said the Division believed it was important to continue competing for those federal funds in order to secure federal revenue for Nevada, recognizing that those funding sources might end in 3 to 5 years, or even 10 years. Most Health Division grants, while initially obtained for 5 years, had been successfully continued for as long as 10 years or more. Mr. Denis asked whether there were any grants that the Division felt might be terminated during the upcoming biennium. Mr. Haartz replied that there were none.

Senator Cegavske thanked Mr. Haartz on behalf of Senator Tiffany for the Division's work on sepsis in Nevada. She explained that Senator Tiffany was very appreciative. Senator Cegavske asked whether the Division planned to continue producing that report, and Mr. Haartz replied in the affirmative.

He indicated that the Division would update the sepsis report on an annual basis.

Senator Cegavske asked for clarification regarding breast cancer screening. Mr. Haartz explained that for the past several years the Health Division had received a federal grant from the Centers for Disease Control and Prevention, known as the Breast and Cervical Cancer Screening Program grant. He said virtually every state received that grant. The program had been implemented in Clark County through an agreement between the Division and the Clark County Health District, where that agency would provide the case management and patient navigation services, and serve as the local liaison. Mr. Haartz stated that would save the Division the expense of staffing the program in Clark County.

Approximately 18 months ago, said Mr. Haartz, the Clark County Health District advised that it was no longer interested in performing that function on behalf of the State Health Division. In order to ensure that women were not dropped from breast and cervical cancer screening services that were scheduled to take place or that they were in the midst of receiving, the federal grant funds were returned to the state level. Mr. Haartz stated that, in order to provide a continuity of services, the Division had hired contractors to work for the program and provide those services. Mr. Haartz said it had been over a year since that change, and it appeared that the federal grant funding would continue. The request in The Executive Budget would convert those temporary employees into state FTEs.

Senator Cegavske said it appeared that the Division was not really looking for anyone to take over the program because the current contractors were satisfactory. Mr. Haartz said that no other entity had expressed an interest in taking over the service, so the Division felt it was important to request converting the current providers into state FTEs rather than retaining their current temporary status. Senator Cegavske asked whether the Division had searched for other providers. Mr. Haartz replied that the Division had gone through the bid process.

Mr. Haartz resumed his budget presentation and referenced the tab entitled "Current and Upcoming Issues," pages D-24 through D-30 of [Exhibit D](#). He stated that he would like to discuss those issues with the Committee.

The first issue, explained Mr. Haartz, was recruitment and retention of public health professionals and experienced managers, page D-24 of the exhibit. Having management systems in place was just as important as professionals who provided direct services, and the Division's goal was to ensure that it did in fact have an equal mix and appropriate staffing. Mr. Haartz said that would guarantee compliance with rules and regulations and the Division would not experience audit exceptions.

Mr. Haartz indicated the second issue on page D-24 was infrastructure growth and demands. The Division had been successful in securing an additional \$5 million in federal funding and that, in and of itself, often created needs and workloads. The Division frequently appeared before the Interim Finance Committee (IFC) to explain the needs associated with new grant funding. Waiting lists and unmet needs stemmed from a variety of factors, such as population growth, outreach, and entitlements:

- Early Intervention Services for children from birth through age 2. Part C eligibility was in essence a federal entitlement, and as such there were certain requirements in terms of the timely delivery of services.
- Individuals needing substance abuse treatment services.
- Ryan White Title II funding (AIDS Drug Assistance Program – ADAP). The Division might be looking at a waiting list during the upcoming biennium, depending on the level of funding received from the federal government.
- Women, Infants and Children (WIC). The Division had been successfully increasing the number of children and pregnant women served and the federal government had been accommodating in that effort by providing additional funds. However, the Division always ran the risk of having a waiting list or prioritization system under WIC.

The third issue on page D-25 was Health Division funding characteristics, and Mr. Haartz said the annual budget for the Health Division was approximately 84 percent funded through federal or fee revenues. Federal funds were typically categorical in nature and were narrowly focused. According to Mr. Haartz, block grants, which were usually thought of in a very broad sense, and which usually gave the state a great deal of discretion regarding allocation, frequently came with set-asides and caveats that restricted how those funds could be spent.

Mr. Haartz indicated that fee revenues within the Health Division budgets were of two types: self-supporting and off-setting:

1. Self-supporting were fees such as the Bureau of Licensure and Certification and radioactive material users. Those accounts contained no General Fund revenue and the fees covered the entire cost of performing the service, based on statutory requirements. The fees were often perceived as being high and the regulated industry was sometimes unhappy about the high fee costs. The industry often looked to the Legislature to reduce those fees by adding General Fund dollars to the budgets to lower the fees.
2. Off-setting fee revenue pertained to accounts which received a General Fund appropriation, and the collection of fees where possible would supplement the General Fund revenue. Community Health Nursing Services, Environmental Health Sanitation, and Early Intervention Services were good examples of off-setting fee revenues. There was a caveat with off-setting fees as well because, depending upon the population served, there was often an inability to collect the fee revenue. That made providing services and managing those budgets challenging.

Assemblywoman Giunchigliani asked about the Sexually Transmitted Disease Control program. She noted that additional funding had been requested by the agency for that program, but it had not been recommended in The Executive Budget. Ms. Giunchigliani asked whether there were sufficient funds from federal dollars to support the program. Mr. Haartz explained that the Health Division had worked on a decision unit which reviewed the costs involved in the AIDS Drug Assistance Program (ADAP), in the event that the population and demand for services continued to increase. According to Mr. Haartz, the Division had never had a waiting list for the program and individuals had always been able to access ADAP services. The program was discussed every biennium and both the county and state system always seemed to have sufficient funding by utilizing such methods as reallocation of funds from the north, where a caseload had never materialized, to southern Nevada, or

vice versa. Mr. Haartz said the Division could also review other titles of available federal funds that would cover ADAP services.

Additional funding for ADAP was not included in The Executive Budget, and Mr. Haartz did not know whether the Division would truly need additional funding. The Division felt it should do some additional "leg work" regarding the program, such as costs and projected caseloads, in an effort to determine how many people might request services.

Ms. Giunchigliani asked about the projection for caseload growth under the ADAP. Mr. Haartz replied that the Division anticipated an additional 105 individuals in FY2006 and an additional 115 individuals in FY2007. Ms. Giunchigliani asked what percentage of increase that would represent. Mr. Haartz said that would be approximately a 9 percent increase. Ms. Giunchigliani asked why the Division had asked for the additional funding. Mr. Haartz said the Division was uncertain regarding the services that would be needed under the ADAP and, after review of the total needs of the agency, a determination had been made that it would be better to build funding into the agency request once again. Mr. Haartz reiterated that he did not know whether the Division would need those funds or not.

Ms. Giunchigliani asked about the medication costs. Mr. Haartz said the decision unit was based upon the cost of providing medication to individuals in the ADAP. Ms. Giunchigliani asked for the dollar amount of the unfunded decision. Mr. Haartz said the dollar amount was approximately \$830,000. The cost of monthly medication per individual was anticipated at approximately \$845 per month in FY2006, and \$854 per month in FY2007.

Ms. Giunchigliani said the Division had never experienced a waiting list for the ADAP, but it appeared that one would be created if there was a shortfall in funding. Mr. Haartz said that was correct. He also pointed out that the costs were within the allowable parameters of the federal funding. Historically, the Division had been able to reallocate funding within the state and county structure. Mr. Haartz noted that the pharmaceutical industry also offered the Compassionate Care Program, where individuals could access free pharmaceuticals as well.

Assemblywoman Leslie asked what deficit the Division anticipated for the current fiscal year in the ADAP Program. Mr. Haartz replied that the Division was not projecting any deficit at the present time. Ms. Leslie stated it was her understanding that there was a projected deficit of approximately \$750,000. Mr. Haartz indicated that he was unaware of that projection, but would research that possibility and provide additional information to the Committee.

Ms. Leslie believed that would be helpful, because the state did not want to put individuals with HIV/AIDS on waiting lists. It bothered her to hear that the Division "shifted" money from one grant fund to another to fund the ADAP, because it appeared that the Division was "stealing" money from one grant or another. Ms. Leslie noted that funding was always allocated from grants that could be used to fund the ADAP, but when that occurred, the program originally funded by the grant might suffer.

Mr. Haartz explained that within the total funding amount for the ADAP, approximately 20 percent remained in northern Nevada and was allocated through the HIV Outpatient Program Education and Services (HOPES) Clinic, and 80 percent was allocated to southern Nevada. Mr. Haartz said if caseloads did not materialize in the north, the Division was able to shift those funds to the

south. The funds would be utilized for the same purpose, and it would not constitute "stealing" money from other grant funds.

Mr. Haartz resumed his budget presentation and stated that on page D-26 of the exhibit was another issue for discussion, Early Intervention Services in terms of fees, since there were families enjoying entitlement and not paying for services, even when those families had insurance other than Medicaid.

According to Mr. Haartz, General Fund appropriations within the Health Division's budget typically served the purpose to meet match and Maintenance of Effort (MOE) requirements associated with federal grants. Of the \$26 million requested in FY2005-06, approximately 82 percent, or \$22 million, would provide match and MOE requirements. Mr. Haartz said use of most of the General Fund dollars was nondiscretionary, unless the Legislature decided not to accept the federal dollars.

Mr. Haartz reiterated that Early Intervention Services would continue to be an issue in the upcoming biennium. The Division had made tremendous strides and Mr. Haartz praised Division staff who had worked together to determine how to make the system work better for the community. Mr. Haartz said Division staff had worked very closely with the advocacy community in providing advice and oversight regarding improvement in programs. He indicated that in the course of a year's time, 30 percent more children were being served with timely and appropriate services.

However, stated Mr. Haartz, there remained some issues within early Intervention Services that were challenging, and one of those was serving the minimum 2 percent of the eligible children. He said that on December 1, 2004, the Division was only serving 1.3 percent of the population, which was an improvement of 0.4 percent over the prior year, but it was not up to the appropriate level. Mr. Haartz indicated that there were still children waiting beyond 45 days, and there were still children waiting for at least one service. Those children were receiving some services, but were not receiving the entire array of services deemed appropriate for them.

Mr. Haartz said another challenge facing Early Intervention Services was that referrals were projected to increase while federal funding remained flat. The Division received approximately \$3 million in federal funds per year and referrals far outstripped that amount. Mr. Haartz pointed out that the number of children and families seeking services outnumbered 2:1 the number of children who were graduating or exiting services.

As previously pointed out, there was a federal cross-mandate between eligibility for the Child Abuse Prevention and Treatment Act (CAPTA) and the Individuals with Disabilities Education Act (IDEA), Part C. Mr. Haartz said he was pleased to report that both the DHR and The Executive Budget recommended additional funding in the Early Intervention Services budget.

Regarding licensure of certain types of facilities by the Division's Bureau of Licensure and Certification (page D-27 of the exhibit), Mr. Haartz indicated that the Division had requested four BDRs, which dealt with issues of licensure for medical, and/or other facilities, for dependents. One of the BDRs addressed community triage centers and mental health facilities, as previously discussed by the Committee, and would ensure that facilities were appropriately licensed.

Mr. Haartz said ongoing challenges for the Division included continuing to improve the public health infrastructure's ability to detect and respond to naturally occurring and man-made events (page D-28). The Division used a collaborative approach and the goal was to ensure that there was a baseline level of preparedness or capacity. Mr. Haartz reported that public health infrastructure throughout the state, in areas such as Elko, Austin, or Tonopah, was just as important as the infrastructure in Las Vegas or Reno, even though the population was smaller in those locations. According to Mr. Haartz, almost all of the funding received for public health infrastructure was federal.

Information regarding national rankings was contained on page D-28 of [Exhibit D](#), and Mr. Haartz noted that it was often frustrating for legislators, as well as the Division, because Nevada was not at the highest levels in ranking, which was one of the issues the Division continually worked on. Part of the frustration centered around the question, "Who do you ask?" Mr. Haartz explained that the state could receive a ranking from one organization that would be completely different from another. He said the Division tended to review its own data in an attempt to analyze and conduct its own comparisons.

Within the upcoming budget, said Mr. Haartz, the Safe Drinking Water Act authority and responsibility would be transferred from BA 3194 to the Nevada Division of Environmental Protection, BA 3197 (page D-29). He stated that would implement one of the findings of the Governor's Fundamental Review process. The transfer was also supported by the federal EPA so that all water programs would be located within one agency. Mr. Haartz also noted that the transfer would continue the process that was initiated by the 2003 Legislature with the administrative transfer of BA 3211.

Mr. Haartz said that within the Health Division, BA 3276, State and Community Collaborations, would be consolidated into BA 3208, Early Intervention Services, which was basically a housekeeping item. It did not make sense to have federal funds appear in one budget account only to be transferred into a second account.

Continuing, Mr. Haartz stated that BDRs had been requested on Health Division related issues (page D-30 of [Exhibit D](#)):

- ❖ Chronic disease prevention
- ❖ Childhood immunizations
- ❖ Environmental health/sanitation
- ❖ Trauma care
- ❖ Public health preparedness
- ❖ Licensure of health facilities

Mr. Haartz referenced the tab within [Exhibit D](#) entitled, "Letters of Intent," pages D-31 through D37, which he would not review. He reiterated that the Division had complied with all Letters of Intent from the Legislature.

Finally, said Mr. Haartz, the last tab in the exhibit, "Health Division Bureaus," pages D-38 through D-49, contained information which described the various Health Division bureaus and the administrative offices. It cited the statutory authority for each bureau and the administration, depicted the responsibility of each, and the major programs or efforts. Mr. Haartz indicated that concluded his budget presentation.

DHR, AGING SERVICES
AGING 1-30 – VOLUME II

Carol Sala, Administrator, Aging Services Division, introduced Bruce McAnnany, Deputy Administrator, Las Vegas Regional Office, and Carla Watson, Budget Analyst IV, Budget Division, to the Committee. Ms. Sala noted that present in the audience was Carolyn Misumi, who would assume the position of Administrative Services Officer IV for the Aging Services Division effective February 7, 2005.

Ms. Sala referenced [Exhibit E](#), "Overview of Budget Presentation to the Money Committees of the 2005 Legislature – Division for Aging Services," which included budget highlights, performance indicators, caseloads, and program fact sheets. Ms. Sala said she and Ms. Watson would be referring to [Exhibit E](#) throughout their presentation, and would also reference the appropriate page numbers.

According to Ms. Sala, the mission of the Aging Services Division was to develop, coordinate, and deliver a comprehensive support system to help Nevada's senior citizens lead independent, meaningful, and dignified lives. The Aging Services Division served primarily Nevadans aged 60 years and older. Ms. Sala reported that the 2000 U.S. Census confirmed that, not only was Nevada the fastest-growing state, but it also had the fastest-growing senior population of those 65 and older. She noted that the population with the most critical need were those 85 years of age and older. Nevada also led the nation in that growth rate. Ms. Sala said between 1990 and 2000, the 85-years-and-older segment of Nevada's population grew a phenomenal 127.6 percent. That pattern of disproportionate increase in the senior segment, coupled with Nevada's rapid overall growth, meant that Nevada's aging network of services was in danger of being overwhelmed in the near future. Ms. Sala reported that was especially true since the "baby boomer" population would start turning 60 during the current year.

Ms. Sala stated the Division administered five budget accounts:

1. Aging Services, BA 3140
2. Aging Older Americans Act, BA 3153
3. Senior Services Program, BA 3146
4. Elder Protective Services/Homemaker Programs, BA 3252
5. Senior Citizens Property Tax Assistance, BA 2363

According to Ms. Sala, the Division was administered through four units established by functions: 1) Elder Rights Unit; 2) Fiscal Unit; 3) Resource Development Unit; and, 4) Community-based Care Unit. Division staff was located in four regional offices, which served the entire state: Las Vegas, Reno, Carson City, and Elko.

Ms. Sala advised that an Accountability Committee had been established during the current biennium for the Strategic Plan for Senior Services to monitor the goals and strategies of that Plan. The Committee met on a regular basis to provide oversight and recommendations for expansion of services to meet the needs of the growing senior population. The Plan included recommendations for maintaining the health and independence of Nevada's senior citizens over the next 10 years. Ms. Sala noted those included the expansion of home and community-based services, less reliance on expensive medical and institutional services, and better integration of services.

Ms. Sala stated that she and Ms. Watson would like to address each budget account and then ask for questions.

Ms. Watson referenced BA 3140, which was located on page 5 of [Exhibit E](#). She explained that BA 3140 supported the Independent Living Grants for the Fund for a Healthy Nevada, which was administered by the Division. The Independent Living Grants enhanced the independent living of older Nevadans through services which enabled persons to remain at home and avoid institutional placement. Ms. Watson stated that funding was provided by tobacco settlement monies, and the budget account contained no state General Fund revenue.

Continuing, Ms. Watson said that prior to discussing the enhancements in the budget account she would like to give the Committee an update of the status of a Letter of Intent issued by both the 2001 Legislature and 2003 Legislature. Ms. Watson stated those letters had expressed concern regarding the Division transferring tobacco settlement monies from BA 3140 to other Aging Services Division budget accounts. Specifically, explained Ms. Watson, those transfers provided funding for the Community Home-based Initiatives Program (CHIP) Medicaid waiver in BA 3146 and the Homemaker Program in BA 3252. According to Ms. Watson, the Division had been unable to identify revenue sources other than the General Fund to replace the tobacco settlement dollars within those budget accounts. Ms. Watson explained that the Division had built an enhancement into the "Agency Request" budget category under "Items for Special Consideration" to comply with the Letter of Intent. Ms. Watson indicated that elimination of the transfer of tobacco settlement funds between the budget accounts would require a combination of General Fund dollars, Title XIX Medicaid dollars, and additional Title XX dollars. Ms. Watson said that, based on the General Fund impact across the biennium, which would have been approximately \$950,000, the decision had been made not to include that item in The Executive Budget.

Ms. Watson stated that there were two enhancement units within the budget account:

1. E-460: Recommended a decrease of approximately \$923,000 in FY2006 and a decrease of approximately \$969,000 in FY2007 over the base budget amount for Independent Living Grants. Those decreases were based on the most up-to-date information available to the Division from the Treasurer's Office, which identified the projected allocation to Aging Services under Independent Living Grants for FY2006-07.
2. E-710 and E-800: Module E-710 addressed replacement equipment. The Division had adopted the equipment replacement schedule developed by the Department of Information Technology (DoIT), which included a 25 percent replacement of computer equipment each fiscal year. The cost for replacement equipment items was cost-allocated across Aging Division budget accounts, and was reflected in the E-800 module series. Modules E-710 and/or the E-800 series were reflected throughout the Division's budget accounts, but would only be presented in the current budget presentation based on time constraints.

Ms. Sala stated the next budget account was 3151, which was on page 6 of [Exhibit E](#). BA 3151 included Division administration as well as the Resource Development, Elder Rights, and Fiscal Services Units. The Resource Development Unit was responsible for grants administration, community resource development, and Elder Rights Advocates for the elderly in the community. Ms. Sala said the Elder Rights Advocates had formerly been called

the Community Ombudsmen. The Resource Development Unit managed federal, state, and Tobacco Settlement Independent Living grants to support statewide senior services.

Ms. Sala explained that the Elder Rights Unit was established under Title III of the Older Americans Act and under the *Nevada Revised Statutes* (NRS). The Unit's responsibilities included: (1) a statewide repository of elder abuse reports; (2) coordination of protective services; (3) legal services development; ombudsman functions for institutionalized elderly; and (4) benefits counseling.

According to Ms. Sala, funding for BA 3151 was a combination of state General Fund appropriations and federal funding. The state General Fund appropriation supported the Division's administration; provided the required match for federal funds; and supplemented older volunteer programs, senior transportation, and rural senior services. Ms. Sala reported that federal funds were received from the Administration on Aging under Title III of the Older Americans Act. Additional federal funds were also received from the Department of Labor under Title V, the U.S. Department of Agriculture (USDA), and the Community Services Block Grant Act. Ms. Sala said the Division also received funding from the Taxicab Authority to operate the Senior Ride Program in Clark County.

Ms. Sala stated that module E-811 on page 6 of [Exhibit E](#) recommended changes to the unclassified service to provide consistency and equity between similar positions. It changed a Social Services Chief II position and an Executive Assistant position from classified service to unclassified service.

Assemblyman Denis asked how much funding was realized by the Agency for the Senior Ride Program in Clark County. Ms. Watson stated that the Division was currently budgeted at approximately \$378,000, and that would provide for the sale of approximately 30,000 books. Mr. Denis asked how the funding was received by the Division from the Taxicab Authority. Ms. Watson explained that the Taxicab Authority transferred the funds from its reserve account to the Aging Services Division, based on the level of its reserve and whether the reserve could accommodate the transfer. To date, said Ms. Watson, the Aging Services Division had not been informed of any difference for the upcoming biennium. The transfer of funds was built into the budget for the Taxicab Authority and it was also built into the budget for the Aging Services Division.

Continuing her budget presentation, Ms. Sala stated that BA 3146, page 7, [Exhibit E](#), contained information regarding the Community-based Care Unit, which provided services to those seniors most at risk through two Medicaid waivers and a state-funded program. The Community Home-based Initiatives Program (CHIP), and the waiver for the Elderly in Adult Residential Care (WEARC), formerly known as the Group Care Waiver Program, provided alternatives to nursing home placement. Ms. Sala indicated that the scope of direct services included information and referral, identification of clients, assessment, case management, level of care determination, continuous monitoring of clients, assistance with benefits applications, and counseling of family members. She said indirect services included long-range planning, development of service providers, quality assurance, education and training, and management of a database to meet federal reporting mandates. Ms. Sala noted that each social worker was projected to carry a caseload of 50 clients, which included 45 approved ongoing cases and 5 in-process cases.

Ms. Sala explained that funding for BA 3146 was a combination of Medicaid Title XIX funds, state General Fund appropriations, client co-payments, and tobacco settlement funds under the Independent Living Grants. Medicaid funds represented approximately 80 percent of the funding within the budget account. Ms. Sala said the state appropriations primarily supported the state CHIP program and caregiver training.

Ms. Sala stated that Medicaid funding was requested in Decision Unit M-200, depicted on page 8 of the exhibit, which would provide purchase of in-home services, four new direct service positions, and the support costs of those positions. That module would provide services for an additional 80 clients over the biennium. Ms. Sala said the match for Medicaid Title XIX funds was budgeted in the Medicaid budget, BA 3243. The requested positions were two social workers, one social work supervisor, and one Administrative Assistant III. The positions would allow the Division to increase the number of clients receiving Medicaid waiver services under CHIP. Ms. Sala said that as of January 1, 2005, the waiting list had contained 962 people statewide. Caseloads had been increased by the growth projected by the State Demographer for the 75-and-older population. Ms. Sala stated that the 75-and-older population was used because the average age of the Division's CHIP clients was 80 years of age. Decision Unit M-200 would allow the Division to serve additional clients in line with demographic growth.

Ms. Sala said the M-502 module represented one new Health Care Coordinator II position, effective October 2005, who would provide quality management services for the Community-based Care Unit of the Aging Services Division. The position would operate on a statewide basis, and was necessary because of the increase in quality management requirements issued by the Centers for Medicare and Medicaid Services (CMS). Ms. Sala reported that existing staff could not absorb those added responsibilities. The Division of Health Care Financing and Policy (HCF&P) had a similar position built into its budget to handle the same duties for the Disabled waiver.

Assemblywoman Leslie said that while she realized an enhancement unit within the budget recommended an additional 160 slots under the CHIP Medicaid waiver, she pointed out that the current waiting list consisted of approximately 950 persons. She asked how the number of additional slots had been determined under that waiver. Ms. Sala said the budget enhancement unit had been included in the budget to address the waiting list, which currently was at 962. She explained that there was a large turnover in caseload and the Division attempted to project how many people would come off the program each month, how many would be added, plus how many additional persons could be added to address the waiting list. Basically, stated Ms. Sala, it was a projection or "best guess" regarding how to build enough slots into the budget to address the waiting list.

Ms. Leslie opined that more slots would be created if additional staff were added to handle caseload growth. She asked whether that was the basic problem, and Ms. Sala stated that was correct. According to Ms. Sala, there were two factors to be considered. The Division built slots into its budget and, under the requirements of the CHIP, a caseworker/case manager was needed for every 45 client slots added. The budget was built to address the number of needed slots, and in line with that came the staffing needs. Ms. Leslie stated it would simply be a matter of adding staff to add more slots, but of the 962 persons on the waiting list, she observed that the Division chose to address only 160 slots in the current budget. Ms. Sala stated that was correct.

Continuing her presentation, Ms. Sala stated that module M-540 was based on *Nevada Revised Statutes* (NRS) Chapter 426, which directed providers of personal assistance services to address the needs of the most severely disabled persons, those who required assistance with bathing, toileting, and feeding. The Division referred to module M-540 as its "Olmstead" decision unit. According to Ms. Sala, the Division would need additional resources from the state General Fund to meet the mandate for serving persons on the waiting list for the CHIP. Ms. Sala said module M-540 would add a total of nine slots over the biennium. The case management duties for those additional clients would be covered by existing social workers, as they carried a mixture of clients: CHIP Medicaid, CHIP state, and WEARC.

Ms. Sala stated that enhancement unit E-426 eliminated patient liability from the CHIP Medicaid waiver. Currently, patient liability was assessed on CHIP Medicaid clients whose income was over 200 percent of the Supplemental Security Income (SSI) level. Ms. Sala said the amount of income over the 200 percent level was collected to cover some of the service costs. Patient liability was determined by the State Welfare Division and collected by the Aging Services Division. When a patient liability rate was determined by the Welfare Division, the Aging Services Division would be notified, and a bill would be generated and sent to the client. Ms. Sala advised that changes in patient liability amounts occurred frequently. The elderly recipients were confused and frustrated by those changes and when they refused to pay, they had to be terminated from the Community Home-Based Initiatives Program (CHIP). According to Ms. Sala, others refused much-needed services because they felt they could not afford the patient liability.

Ms. Sala reported that CHIP was the only Medicaid waiver that currently required patient liability. The mental retardation (MR) waiver, the disabled waiver, and the WEARC waiver no longer assessed and collected patient liability. Therefore, said Ms. Sala, elimination of patient liability from the CHIP waiver would allow recipients to access the waiver that best met their needs, rather than allowing patient liability to be the deciding factor.

Ms. Sala said that Decision Unit E-451 on page 9 of [Exhibit E](#) would allow the Division to increase the number of CHIP clients receiving Medicaid waiver services under that program. Ms. Sala said the decision unit would provide for an additional 160 waiver slots over the next biennium. Increasing the number of clients for the Medicaid waiver correlated with recommendations made in the Strategic Plan for Senior Services by the Strategic Plan Accountability Committee.

According to Ms. Sala, the number of CHIP waiver slots continued to increase each year. The 2003 Legislature had approved an additional 188 slots over the last biennium. However, said Ms. Sala, as of January 1, 2005, the statewide waiting list contained 962 persons. She assured the Committee that the waiting lists were routinely monitored and validated.

In order to provide case management to the increased number of clients, Ms. Sala reported that enhancement unit E-451 would provide for purchase of in-home services and also would provide for seven new positions, which would be hired at a staggered rate over the next 2 years. Those positions included four social workers, one social work supervisor, one Administrative Assistant III, and one account clerk.

Ms. Sala said module E-811 recommended changes to the unclassified service to provide consistency and equity between similar positions. It would change a Social Services Chief II position from classified service to unclassified service.

Assemblyman Seale believed there was some sort of criteria for persons to qualify for any of the services, and he asked how the criteria had been established. Ms. Sala replied that recipients of the CHIP submitted a Medicaid application to the Welfare Division and that agency determined eligibility. The requirement was set at 300 percent of SSI, and Ms. Sala reported that was the same financial eligibility a person would need to apply for nursing home care. The intent was to target people who could be placed in a nursing home and who would be eligible to receive Medicaid within that setting. Ms. Sala said that persons who were placed in nursing homes and then re-entered the community often lost their Medicaid benefits. However, she noted that under the CHIP, such persons would retain their Medicaid benefits. The Division would then purchase the services necessary to keep those persons from being institutionalized.

Mr. Seale asked whether such services were means-tested. Ms. Sala reported that was correct. She explained that a person's income could not be over 300 percent of SSI and assets had to be less than \$2,000 for eligibility under the Medicaid CHIP. Mr. Seale asked for a figure for eligibility. Ms. Sala indicated that it was \$1,674 per month at the present time.

Continuing her budget presentation, Ms. Sala indicated that BA 3252, located on page 10 of [Exhibit F](#), supported the Title XX Homemaker Program and the Elder Protective Services Program. The Homemaker Program served not only senior citizens, but also younger disabled adults, and was part of the Community-Based Care Unit. Ms. Sala said services included case management, housekeeping, laundry, shopping, meal preparation, and standby assistance with bathing. The Elder Protective Services (EPS) Program, which was part of the Elder Rights Unit, investigated reports of elder abuse, neglect, exploitation, or isolation.

Enhancement unit E-456, said Ms. Sala, would create 2 new EPS social worker positions located in the Carson City and Elko offices. During the 2003 Legislature, the Division had requested 3.5 additional positions in order to reduce the caseload average, which had been 37 cases per month, per social worker. Ms. Sala said the average for EPS cases was 25 per social worker. The Division was funded for 2 positions to reduce the caseload to 30. The 2 new positions requested for the upcoming biennium would reduce the caseload average to the national average, and allow for more timely initiation of investigations within the 3 working days time period.

Ms. Sala indicated that the EPS cases had become more complex and required more investigative time by the Division's EPS staff. Close monitoring was required by both EPS staff and supervisors to ensure that victims of elder abuse, neglect, exploitation, or isolation received protective services to prevent or remedy the reported abuse.

According to Ms. Sala, module E-456 would also create 2 supervisory positions within the Elder Protective Services (EPS) Program, and those positions would be located in Reno and Las Vegas. The positions would be given the responsibility of supervising the EPS staff. Ms. Sala explained that the EPS Program currently did not have supervisory level positions. The 2 Social Service Manager I positions were responsible for the direct supervision of 14 staff, both professional and paraprofessional, in addition to their managerial

duties. Ms. Sala indicated that the burden of those responsibilities, aside from hiring, training, and supervising staff, would be considerably reduced if a second tier of supervisory staff were established. Each EPS social work supervisor position would provide direct supervision to 6 licensed social workers and an intake worker.

Senator Beers referenced the performance indicators depicted on page 15 of [Exhibit E](#), and noted that the actual FY2004 percentage for number 2, "Percent of investigations seen face-to-face within three working days," was considerably lower than the projected 90 percent. Senator Beers asked for comments regarding that performance indicator.

Bruce McAnnany, Deputy Administrator, Aging Services Division, explained that the performance indicator had been based on statute, which stated that "investigations" had to be initiated within 3 working days. The performance indicator stipulated that a "face-to-face contact" had to be initiated within 3 working days, which was one of the reasons for the poor performance under that performance indicator. Mr. McAnnany said another reason was that the Division had been short 2 social worker positions in that program for the past 2 years. Recruitment for those positions was extremely difficult because of the nature of the business conducted in the program, and it was also difficult to retain social workers. Mr. McAnnany pointed out that a change in the language of the performance indicator was proposed to reflect the structure of the statute, which stated that "investigations" had to be initiated within 3 working days. Also, said Mr. McAnnany, there were many clients who were hospitalized upon the report of elder abuse/neglect and investigators then could not locate them at their residence, which caused an investigator to miss the performance indicator, as a "face-to-face" contact had not been initiated. He emphasized that the Division hoped to change the language to reflect the intent of the statute.

Ms. Watson referenced BA 2363, located on page 11 of [Exhibit E](#). The Senior Citizens' Property Tax Assistance program was transferred to the Division from the Department of Taxation effective October 1, 2001. Ms. Watson said that the program provided relief to eligible senior citizens who were carrying an excessive residential property tax burden in relation to their income, and to those senior citizens who, through rent payments, paid a disproportionate amount of their income for property taxes. Ms. Watson reported that BA 2363 was funded via 100 percent state General Fund appropriations.

According to Ms. Watson, based on the passage of Assembly Bill 515 of the Seventy-Second Legislative Session, many changes had been made to the program, which included new limits on eligibility requirements, as well as modifying the income range schedule to provide for a more equitable distribution, with emphasis given to those eligible claimants whose income was at or below the federal poverty level. Ms. Watson said the changes brought about by Assembly Bill 515 of the Seventy-Second Legislative Session became effective for the state FY2005. Given that the Division had no historical experience with the implementation of such legislation, the methodology used by the Division to calculate Decision Unit M-200 had not been modified from that used in previous biennia. Ms. Watson stated that Decision Unit M-200 recognized the projected growth in applications received at the county level, as well as the projected growth in refunds paid to eligible seniors.

Assemblyman Denis asked how many persons participated in the Senior Citizens' Property Tax program. Ms. Watson stated there had been

14,621 applications received statewide for FY2005. Mr. Denis asked how many people would actually qualify for the program statewide. Ms. Watson said that the number of individuals truly eligible for the program was not known, however, the Division continued to perform outreach in order to reach as many eligible individuals as possible. Mr. Denis asked for additional information regarding the outreach program. Ms. Watson stated the outreach program was operated in collaboration with the counties. The counties actually provided training to groups of individuals upon request, and the Division also made certain that its social workers were aware of the eligibility requirements for the program and carried applications when they were in the field. Ms. Watson said the Division had recently secured a program officer position for that account and that position would provide training courses, along with visiting Division offices and senior centers.

Mr. Denis asked whether the program was conducted on a first-come/first-serve basis, or on the basis that when the Division ran out of funding, the program simply stopped. Ms. Watson stated the program was capped by the funding level for rebates as approved by the Legislature. However, explained Ms. Watson, there was a caveat that if the Division determined there was insufficient funding to pay each eligible claimant 100 percent of their claim, it could then approach the Interim Finance Committee (IFC) to inquire whether there was an appetite to provide additional funding.

Mr. Denis asked for clarification regarding senior citizens who paid a disproportionate amount in property taxes through rent payments. Ms. Watson explained that under the statutory requirements for the Senior Citizens' Property Tax Assistance program, if a claimant was renting, up to 8.5 percent of what the claimant paid for rent could be eligible for the program. The eligibility was also based on income level.

Assemblywoman Giunchigliani believed that the problems with the program had been "fixed" by the 2003 Legislature. Prior to that, rebates had not been based on income level and had been paid to persons who earned significantly more than the current income cap. She asked about the 14 percent increase proposed in the Division's budget, and whether that would cover what the Division believed would be needed eligibility-wise. Ms. Watson said the 14 percent increase was included in Decision Unit M-200, which would increase the level of funding and was based on demographic growth. Growth was also based on other factors, and Ms. Watson stated that the Division had not changed the methodology formerly used by the Department of Taxation to formulate the module. There were four different assumptions in module M-200:

- The Division assumed a 1.5 percent increase in the Consumer Price Index (CPI) for each fiscal year.
- The Division assumed assessed valuation would increase approximately 1 percent for each fiscal year.
- The Division assumed the growth of the senior population applying for the program would be 5 percent each fiscal year.
- The Division assumed a 5 percent increase in eligible applicants each fiscal year.

Ms. Watson reported that a number of factors went into formulating the M-200 module. Based on the Division's inexperience with the outcome of Assembly Bill 515 of the Seventy-Second Legislative Session, it did not want to change the methodology. Ms. Watson stated the Division was quite happy about the queries that had been received on the database. It was also happy

that there had only been a few claimants who were no longer eligible based on the new income eligibility requirements.

Ms. Giunchigliani asked whether the 5 percent growth factor assumed by the Division would address statewide growth. Ms. Watson stated the 5 percent growth factor was based on the State Demographer's estimate for the 65-and-older population. Ms. Watson noted that growth had actually been less than 5 percent during the current biennium, but she reiterated that the Division did not want to change the methodology at the present time.

Assemblyman Marvel stated that he did not find the rebates problematic, but he pointed out that the state received no ad valorem money, and wondered how the state had ever gotten "saddled" with the obligation. Ms. Watson advised that the Senior Citizens' Property Tax Assistance Program had been in existence for many years. Mr. Marvel stated he was aware of that fact, and he had voiced the same concerns every session since its inception.

Ms. Watson advised that her presentation was complete, and offered to answer any further questions from the Committee. The Chair asked for further questions and, there being none, declared the Committee in recess until 1:15 p.m.

The meeting was called back to order at 1:21 p.m. by Chairman Arberry, who recognized representatives from the Department of Public Safety, Division of Parole and Probation.

PUBLIC SAFETY – PAROLE AND PROBATION
PS 113-126 – Volume III

George Togliatti, Director, Department of Public Safety, introduced himself to the Committee. He noted that two divisions of the Department were scheduled on the Agenda for the present hearing and he would appear before the Committee during the following week to present the remaining budget accounts. Mr. Togliatti said he wanted to take the opportunity to introduce himself and let the Committee know that he was very excited about the direction in which the Department of Public Safety was moving and the way things had been going over the past year. Mr. Togliatti believed that all of the Department's 1,500 employees were also excited and motivated by the direction in which the Department was moving.

Mr. Togliatti introduced Amy Wright, Chief Parole and Probation Officer, Department of Public Safety, Division of Parole and Probation; and Dorla Salling, Chairman, Department of Public Safety, Board of Parole Commissioners, to the Committee.

Ms. Wright commenced with the budget overview for the Division of Parole and Probation. She stated she would describe the Division and touch upon its major budget requests, program expansions, the major concerns and issues facing the Division, and its goals. Ms. Wright referenced [Exhibit F](#), "Nevada Department of Public Safety – Division of Parole and Probation," and stated she would explain the Division's function.

According to Ms. Wright, the Division of Parole and Probation was responsible for:

- Conducting presentencing investigations and making recommendations to the courts.

- Monitoring and enforcing offender compliance with the conditions of community supervision.
- Assisting offenders in successful reintegration into the community.
- Collecting fines and restitution and dispersing restitution to victims.
- Conducting pre-parole, inmate, and incoming Interstate Compact placement investigations.
- Collecting DNA samples as ordered by the courts.

Ms. Wright stated that the Division had three major program areas, and the first was the Court Services Unit program, which was staffed primarily by civilian personnel. Originally, said Ms. Wright, the Division had used sworn officers to conduct presentence investigations. In 1999 a pilot project had been initiated that authorized the use of civilian personnel in that endeavor. The 2001 Legislature authorized completion of that changeover, and the Division had moved from sworn to non-sworn staff in the completion of presentence investigations in the urban areas of Washoe and Clark Counties. Ms. Wright explained that although the Division did have specialists in certain rural areas who completed presentence investigations, sworn officers in the rural areas also conducted those investigations while supervising offender caseloads.

Ms. Wright stated that, along with preparation of the presentence investigation reports for the courts, the Court Services Unit prepared supplemental reports and amended presentence investigation reports. The Unit also conducted post-sentence investigations and reports, and was responsible for completing pardon investigations for the State Pardons Board. Ms. Wright further explained that the Unit also completed boot camp reports for the courts.

Page 6 of [Exhibit F](#) depicted an overview and projections regarding the workload growth of the Court Services Unit, and Ms. Wright pointed out that the growth was very flat for FY2001 and FY2002. Growth began to spike in FY2003 when the growth rate reached 7 percent, and in FY2004 the rate reached 10 percent. Ms. Wright stated that, year-to-date, the growth rate had fallen somewhat. She said that although the work units were higher, the growth rate was less.

Ms. Wright explained that the work units for the Court Services Unit were generated by the courts. The Division completed the various reports from court referrals, and she reiterated that all of the work units were generated by the judicial courts within the state of Nevada. Ms. Wright noted that review of FY2004 and FY2005 would show that the courts were generating more felony cases. According to Ms. Wright, the Division was also dealing with the growth rate within the Nevada Department of Corrections (NDOC).

Ms. Wright said the second program area was community supervision. The Division supervised:

- Nevada parolees: Offenders who had been sentenced to prison and then released on parole into the community.
- Nevada probationers: Offenders who had been sentenced by the court and, in lieu of incarceration, had been released into the community on probation supervision.
- Inmates on conditional release programs.
- Lifetime supervision of sex offenders in the community. In 1995, legislation had been passed which stipulated that upon the completion of a sentence by a sex offender, whether it was probation, parole, or incarceration, those offenders would then be placed on lifetime

supervision. Those caseloads only increased, because there was not a vehicle for those offenders to be removed from lifetime supervision. There was a provision in statute that after a certain number of years, the offender could petition the court of record for release from supervision.

- Parolees and probationers transferred to the state of Nevada via the Interstate Compact.

Ms. Wright explained that the Interstate Compact allowed offenders who had been convicted in other states to move to Nevada, and which allowed Nevada offenders to move to other states. The parole and probation authorities in those states would then assume supervision of Nevada offenders. Likewise, said Ms. Wright, if an offender relocated to Nevada and met the eligibility requirements under the Interstate Compact, Nevada would then accept supervision of that offender.

Continuing her presentation, Ms. Wright stated that the major supervision programs included:

- Regular supervision, which was a combination of maximum, medium, and minimum levels.
- Intensive supervision, which was a program where higher risk offenders were supervised on lower caseloads at a ratio of 30:1.
- Residential confinement, which was the house arrest program.
- Inmate programs, which were supervision of inmates on conditional release in the community, usually on residential confinement.
- Specialized sex offender caseloads in Las Vegas and Reno.

Ms. Wright referenced page 9 of [Exhibit F](#), which depicted the district offices of the Division of Parole and Probation. She explained that the Division supervised offenders throughout the state of Nevada. The Division currently consisted of four district offices and supervised an average of 11,237 offenders within the state of Nevada. Ms. Wright stated that District One was located in Carson City with two offices; District Two was located in Reno; District Three encompassed the rural area of the state and basically served offenders in the largest area of Nevada, but the caseloads were somewhat lower because of the rural nature of the area. District Four was located in Las Vegas and contained the largest number of staff, who supervised the largest number of offenders.

Page 10 of the exhibit depicted supervision workload growth, and Ms. Wright said those were the average work units for all supervision programs, which included regular supervision, intensive supervision, sex offender caseloads, and residential confinement. She pointed out that there had been minimum growth, but during the 5-year period there had been a 3 percent growth in the overall population.

Ms. Wright indicated that the next program area was central office caseloads, which were staffed by civilian personnel:

- The Interstate Compact Unit: Monitored compliance with the conditions of release for cases where the offender had transferred supervision to another state.
- The Pre-Release Unit: Coordinated and facilitated the release of inmates to community placement programs between the Department of Corrections and Parole and Probation district offices, and monitored institutional parole and probation caseloads.

- Fugitive Apprehension Unit (Warrants): Monitored cases that were in fugitive status. Coordinated and facilitated return of violators from other jurisdictions.

Ms. Wright said that the chart of page 12 of [Exhibit F](#) presented an overall review of the past 4.5 years regarding program growth in the above-referenced areas. She noted that growth in those areas had remained consistently flat.

Chairman Arberry asked if it meant that inmates were not being released on parole when caseload growth remained consistently flat. Ms. Wright said the central office caseloads were not based on offenders being released into the community. She said the overview on page 12 reflected those three programs. The Fugitive Unit caseload consisted of offenders who had absconded supervision from the state of Nevada, and for whom warrants had been issued for their arrest. All such cases were transferred to the Fugitive Unit, which would attempt to locate the offender and facilitate their return once they had been arrested. Ms. Wright stated that the Interstate Compact Unit caseload consisted of offenders from the state of Nevada who had transferred to other states, and were administrative caseloads only. The Unit monitored the compliance of those offenders in other states and would also facilitate the return or discharge of the offender.

The indication was that growth, although increasing by 1 percent in those program areas, had consistently remained fairly flat, and Ms. Wright said she was not quite sure how to explain that lack of growth. The work units in other areas showed an increase in growth.

Chairman Arberry said there was a time in the past when parole officers had been overburdened and caseloads had been too large, and it appeared that the current budget would be a perfect vehicle to bring the caseloads and officers into alignment. Ms. Wright stated the Division was in the process of taking such action.

Assemblywoman Giunchigliani referenced the positions requested by the Division and the various workloads. She asked about national standards and how Nevada compared with other states in the area of caseloads. Ms. Giunchigliani said that many years ago, Parole and Probation officers had worked off index cards and their caseloads had been quite astronomical. Ms. Giunchigliani knew that efforts had been made over the years to reduce those caseloads, and she asked if the current budget would finalize that process.

Ms. Wright stated that there was, literally, not a national standard or "ideal caseload." However, in dealing with executives from other states, she believed Nevada was in the "ballpark" regarding caseloads. Ms. Wright emphasized that the Division was definitely in the "ballpark" with its sex offender caseloads. Many states had specialized sex offender caseloads, but they did not have the benefit of a 45:1 ratio.

Ms. Wright referenced page 13 of [Exhibit F](#) and stated that the current ratio for regular supervision caseloads was 100:1. Ms. Giunchigliani asked how often offenders were required to report to their officers when the supervision ratio was 100:1. Ms. Wright said that, in reality, when officers had a caseload of 100 offenders, most of the time they simply "put out fires."

Ms. Giunchigliani asked whether the Division was experiencing an increase in technical parole violations. Ms. Wright stated that the officers were "putting

out fires" and contacting offenders as often as possible. Offenders were classified in supervision levels of maximum, medium, and minimum, with different reporting requirements. Ms. Wright emphasized that the Division would always concentrate its effort on the higher risk offenders.

Page 13 of [Exhibit F](#) depicted authorized positions for the sex offender caseloads, and Ms. Wright noted that eight additional officers had been moved to that caseload. The Division had to take those officers from the regular supervision caseload, and the same would apply with the intensive supervision caseload.

Ms. Giunchigliani said she would like additional information regarding the Residential Confinement Supervision Program regarding contracts, et cetera. She also asked for information regarding what percentage of the Division's officers were minority or women versus the same breakdown in the parolee and probationer caseloads. Ms. Wright stated that the Division would provide that information.

Assemblywoman Gansert noted that page 13 of the exhibit indicated that 779 sex offenders were currently under the Division's supervision. When she looked online, it appeared that there were approximately 4,500 sex offenders identified, half of whom appeared to be out of compliance. Mrs. Gansert asked if there were other supervision "tiers." Ms. Wright said the information online referenced registered sex offenders within the state of Nevada. [Exhibit F](#) contained information pertaining to sex offenders who were currently under the supervision of the Division of Parole and Probation. Ms. Wright indicated that the Division of Parole and Probation currently supervised 779 of the total sex offenders registered in the state of Nevada. Mrs. Gansert asked whether local law enforcement kept track of the remaining sex offenders. Ms. Wright explained that some sex offenders were required to register but were not under any type of supervision within the community.

Ms. Wright indicated that the Director of the Department of Public Safety would present a six-point plan regarding sex offender issues and sex offender registration, along with issues concerning the supervision of sex offenders within the community. Mr. Togliatti concurred and stated that the Department had the approval of the Governor and had presented packages to Senators Titus and Nolan.

Continuing her presentation, Ms. Wright said that page 14 of the exhibit contained an overview of the Division's sworn personnel and annual vacancy.

Chairman Arberry recognized Senator Beers.

Senator Beers asked whether the costs for the aforementioned six-point plan were reflected within the current budget request. Mr. Togliatti stated that the costs were included in the Department's budget. One point of the plan was to issue a one-year driver's license to sex offenders, and another point was the method that would be used to record information in the Criminal History Repository sex offender records. Mr. Togliatti said the extra cost included in the budget was to reduce the costs for not-for-profit organizations, such as Little League, to run checks on coaches, et cetera. Ms. Togliatti indicated that the Governor had directed the Department to provide the information regarding the six-point plan to Senators Titus and Nolan, based on their interest in sex offender registration and other issues regarding sex offenders within the community.

Chairman Arberry asked that Mr. Togliatti provide copies of the plan to Legislative Counsel Bureau (LCB) Fiscal Division staff. Mr. Togliatti stated he would provide the information.

Ms. Wright continued her presentation and noted that pages 14 and 15 of [Exhibit F](#) contained the Division's vacancy rates. In 2000 and 2001, the Division had sustained a fairly high vacancy rate of 37 sworn personnel. Ms. Wright said the 2003 Legislature had approved a pay increase for sworn personnel and the vacancy rate had begun to fall to 21 and then down to 15. Currently, the rate had begun to rise again, but the Division continued to actively recruit, test, and hire new officers. Ms. Wright pointed out that new sessions of the Department of Public Safety Training Academy would begin on February 7, 2005, in Las Vegas, and on February 14, 2005, in northern Nevada. The Division hoped to fill the vacancies with 18 new officers, which would reduce the number of vacancies in sworn personnel to 8. Ms. Wright said some applicants were still undergoing the background check process, but hopefully they would be through in time to start at the Academy.

Ms. Wright referenced the civilian personnel annual vacancy, as depicted on page 15 of the exhibit, and pointed out that the significant rise in vacancies had been during the past hiring freeze. She noted that the vacancy rate had steadily decreased to 7 percent.

Senator Beers asked that the Division report the vacancy savings within its budget to the joint subcommittee in order to reconcile the savings with the current budget request. Ms. Wright indicated that she would supply the requested information.

Ms. Wright said she would review a few of the outcomes of the Division of Parole and Probation and referenced page 16 of [Exhibit F](#), which depicted a 5-year review regarding successful parole exits. She explained that the chart showed the percentage of offenders successfully released from parole supervision without suffering a revocation. Ms. Wright noted that 70 percent of all parolees successfully completed their paroles and 30 percent were revoked. The national average for successful completion of parole was 47 percent, and Ms. Wright emphasized that Nevada's successful parole completion rate was significantly higher than the national average.

Regarding parole violations, Ms. Wright advised that the Division of Parole and Probation acquired and compiled data on a monthly basis surrounding parole violations. The Division was responsible for the community supervision of parolees and it was also statutorily required to report parole violations to the Board of Parole Commissioners. Ms. Wright stressed that the Division of Parole and Probation did not revoke paroles, but rather listed violations and returned violators to the Board of Parole Commissioners, who then made the decision regarding revocation. She indicated that the Division maintained statistical data regarding revocations under three main categories.

1. New arrest or conviction: Parolees who had again engaged in criminal behavior, either by a new arrest or a new conviction.
2. Absconder: Parolees on fugitive status who had ceased reporting to the Division of Parole and Probation, and the Division had been unable to locate them within the community. Arrest warrants were issued in those cases and offenders were entered into the National Crime Information Center (NCIC).
3. Rules violations: Parolees who violated the standard and special conditions of their parole supervision. For sex offenders, that might

include association with children when not allowed to do so by special condition of their parole agreement, or when they failed to complete a treatment program. Rules violation would also apply to offenders who were ordered into an inpatient substance abuse treatment program which they failed to attend and complete, or by a return to the use of drugs. Possession of a weapon was also considered a rules violation, along with frequenting an area where children congregated, such as a park, when the parolee was not allowed to associate with children. The possession of child pornography or pornography was considered a technical rules violation.

Ms. Wright stated that the graph on page 17 of [Exhibit F](#) depicted a comparison of FY2004 and year-to-date for FY2005 regarding parole revocations. She pointed out that for FY2004, 52 percent of the revocations were based on new arrests or convictions, 22 percent were based on absconding parole supervision, and 27 percent were based on technical rules violations.

Assemblyman Marvel asked what percentage of the total number of offenders revoked were actually returned and retained in prison. Ms. Wright explained that the graph on page 17 of the exhibit indicated that for FY2004, 788 offenders had been returned to prison for parole revocation. Mr. Marvel asked whether there were alternatives to returning a violator to prison, such as house arrest. Ms. Wright said that in lieu of revocation, parolees were often placed on house arrest. Mr. Marvel noted that there continued to be spikes in the prison population, and he wondered whether there was some way that the Division could assist in the area of parole revocations.

Ms. Wright reported that the Division utilized intermediate sanctions, and revocation of parole was used as the last resort. She reiterated that the decision of whether or not to revoke parole was ultimately made by the Board of Parole Commissioners. Ms. Wright said the Committee should understand that not every offender who was returned to the Board of Parole Commissioners suffered revocation of parole. Also, said Ms. Wright, the Division would like to move toward use of more formalized intermediate sanctions and a violation matrix that might possibly assist or relieve a portion of the prison overcrowding. The Division felt it might be more effective for offenders to be successfully reintegrated into the community.

According to Ms. Wright, in partnership with the Board of Parole Commissioners, the Division had requested technical assistance to review the population and operations, along with assistance in the creation of a violation matrix and formalized intermediate sanction program.

Mr. Marvel asked for the reason why most paroles were revoked. Ms. Wright replied that revocations were primarily based on new offenses, either new arrests or new convictions.

Senator Beers asked about the time frame for completing the violation matrix and formalized intermediate sanction program, and if the Division would be bringing any recommendations to the Legislature during the 2005 Session. Ms. Wright indicated that the Division had submitted a request for technical assistance but had not yet received an answer. However, Ms. Wright stated, the Division hoped that after the initial contact, the program would be up and running within 3 months, and information could be provided to the 2005 Legislature.

Senator Cegavske asked about the age of the parolee population used to gather the statistics depicted on page 17 of the exhibit. For example, were the statistics based on persons 18 years of age and older. Ms. Wright explained that the Division supervised only adult offenders. She said the Division might be able to extract the age grouping from the statistics if the Committee were interested in the demographics of the population of parole revocation cases. Senator Cegavske believed that would be of some value to the Committee.

Senator Cegavske asked which agencies supervised youthful sex offenders in the community, and was the state involved in such supervision. Ms. Wright said the state had a juvenile parole division, which supervised juvenile offenders who had been sentenced to a juvenile correctional facility. The larger rural areas of Washoe and Clark Counties also maintained county divisions of juvenile parole and probation. Senator Cegavske asked whether supervision of juvenile sex offenders followed the same guidelines and laws as adult sex offenders. Ms. Wright noted that there were specific statutes pertaining to juvenile offenders.

Assemblywoman Giunchigliani asked whether an offender's parole would be violated simply because of a new arrest, which did not necessarily mean that the offender was guilty of new criminal activity. She stated that gave her concern because she knew that "sweeps" were still conducted, particularly within her district in the downtown area of Las Vegas. Ms. Giunchigliani said some people were picked up on a regular basis simply because they were standing on a street corner, were in the wrong place at the wrong time, or were the wrong color, et cetera. She hoped an arrest might trigger an investigation, but not necessarily result in violation of parole.

Ms. Wright explained that when a parolee or probationer made contact with local law enforcement and were arrested, the Division was automatically notified through the Dangerous Offender Notification System (DONS). At the time of contact in the field, law enforcement would contact the Division regarding whether or not it wanted a parolee detained. Ms. Wright indicated that if an offender was arrested, the Division was immediately notified, and officers received a printout each morning regarding arrests made by law enforcement officers during the previous evening. If the arrest was because of a minor misdemeanor offense, the Division had the option of not placing a hold on the offender and not initiating a violation, which was often the choice. However, stated Ms. Wright, if the offender was arrested on a felony offense, a hold would be placed on that individual and violation proceedings would be initiated.

Ms. Wright said that parole and probation violators were afforded due process, and the Division had to have probable cause to continue holding the individual in jail and move forward with violation proceedings. In most cases, probation and parole revocation hearings were delayed until the outcome of the new offense was determined. Ms. Giunchigliani asked whether the Division would ascertain if the individual had actually been convicted before making a decision regarding revocation. Ms. Wright stated that was correct.

Ms. Giunchigliani said it would be beneficial if the joint subcommittee received information regarding which programs were working and which were not, and what was being done in Nevada that was the same or different from other states. She stated she would like to see the nexus – was the Division simply doing things the way it was because that was the way it had always been done, were there different models that should be reviewed, or perhaps the Division should supervise only probationers and the local governments should

handle parolees. Ms. Giunchigliani stated she simply did not know how the structure worked. As the joint subcommittee reviewed budget dollars and how they were being spent, and how much officers were paid versus what was paid by local governments, it had to review the whole piece, while also ensuring that the citizens of Nevada were being protected as well.

Ms. Giunchigliani said she would welcome some different methods of supervision, such as who should be supervising whom and what the criteria consisted of. She said when the "finger pointing" began she wanted to know who was holding up beds, who was not holding up beds, who should have been released but had not been released, et cetera, because at some point the Committee would have to take a look at the criteria being used by the Division, by the Board of Parole Commissioners, and by the Nevada Department of Corrections (NDOC). Ms. Giunchigliani said if housing and transitional programs were needed, the Division should address the Legislature about that problem. She believed those were some of the questions that would have to be answered.

Assemblywoman McClain referenced the caseload ratio of 100:1 and noted that the number of parolees discharged without revocation was approximately 31 percent above the national average. She asked whether that was because the parolees had obeyed all conditions and rules, or because they had not been closely monitored based on the large caseloads. Ms. McClain stated that was the type of information needed by the joint subcommittee. She also believed that more should be done along the lines of the Residential Confinement Supervision Program, rather than putting parolees on the street with instructions to "behave themselves," then sticking them back in jail if they were arrested. Ms. McClain requested additional details for the joint subcommittee. Ms. Wright said the Division would be happy to provide the requested information.

Senator Beers asked that the Division present a "fleshed-out" plan regarding the Residential Confinement Supervision Program, which included the numbers. Senator Beers also asked for history regarding the extent to which the state had subsidized the costs of those incarcerated within their homes in the past. He also asked for the Division's opinion regarding whether or not that would have any impact on the incarceration rate in Nevada's prisons. Senator Beers opined that if individuals were required to pay the costs of the Residential Confinement Supervision Program, they might choose to go to prison. Ms. Wright said that might be true, and she would provide the requested information.

Ms. McClain asked for information regarding the type of crimes committed by male and female offenders that would qualify for placement in the Residential Confinement Supervision Program. In other words, said Ms. McClain, the number of women who would qualify for the program based on their particular crime as compared to men. Ms. Wright said the Division would research the inmate programs and house arrest programs and review gender issues. Ms. McClain further explained that the information she wanted would be based on the criteria for house confinement, such as a certain type of crime. If 100 people were in the system who qualified for residential confinement and had committed the same crime, she would like to know how many were female and how many were male. Ms. Wright said she could provide that information based on the current population, but she could not speak to the NDOC population. She disclosed that 40 percent of the offenders in the Division's Residential Confinement Supervision Program were female. Ms. Wright said the

Division would provide a breakdown of the offenders in its Residential Confinement Supervision Program by the nature of the offense.

Continuing her presentation, Ms. Wright stated that page 18 of [Exhibit F](#) contained the percentage of violators out of the average parole population. The majority of the violators had committed new offenses, the next category was technical violations, and the final category was absconders. She stated that 9 percent of the total population had been violated for new offenses, 5 percent for technical violations, and 4 percent for absconding.

Ms. Wright stated that page 19 of the exhibit contained the overview of successful probation exits, or those discharged from probation without being revoked. Those individuals had not been returned to custody and had continued and completed their supervision successfully. Ms. Wright noted that the 5-year average for probation discharges without being revoked was 65 percent. The percentage projected for FY2005 was 60 percent, or 1 percent above the national average of 59 percent. According to Ms. Wright, probation violations were based on the same reasons as parole violations. There was not much change, and the two sets of statistics mirrored each other. Ms. Wright explained that new involvement in criminal behavior was also the primary reason for probation revocation, the second was technical violations, and the third was absconding from supervision.

Ms. Wright referenced page 21 of [Exhibit F](#), which depicted statistics for the Division's inmate programs. She reported that those programs had been very successful for the community and the Division. The "305" program consisted of offenders/inmates who had been convicted of driving under the influence (DUI). Ms. Wright said the program consisted of a treatment program within the NDOC, after which the offenders/inmates were released to the Division for supervision but retained their inmate status. According to Ms. Wright, those offenders remained in residential confinement until they were either paroled or released upon expiration of sentence. Historically, said Ms. Wright, the Division had been very successful with the "305" program, which had an 89 percent success rate. Year-to-date, not one offender/inmate in the program had been returned to the NDOC, so the program was running with a 100 percent success rate. Ms. Wright emphasized that it was a good program.

The "317" program, depicted on page 22 of [Exhibit F](#), consisted of first- and second-term felony offenders who were sentenced primarily for drug- and theft-related offenses. Ms. Wright said that in order to qualify for the program, offenders could not have any violence or sex offenses in their record. Again, they were selected by the NDOC, referred to the Division, and supervision was provided in the community on residential confinement until offenders were either paroled or expired their sentences. According to Ms. Wright, the "317" program had been successful, with a 5-year average 69 percent success rate.

Ms. Wright reported that the "184" drug court program, page 23, [Exhibit F](#), had commenced via legislation passed by the 2001 Legislature. The program included offenders who were released into the community under the Division's supervision, while the authority remained with the drug courts. Ms. Wright said that inmates were released and were required to enter and complete the drug court program. The Division considered the program successful, and it was a continuing program, although the numbers had started to drop off. Ms. Wright said the program had originally been funded, but the funding had ceased, and currently the inmate was required to pay for the drug program. She reiterated that there was a high success rate in the "184" program.

One of the Division's other major programs was the collection of restitution, and Ms. Wright explained that the program made victims whole in the community. Page 24 of the exhibit contained historical data regarding the collection rate toward restitution, and for FY2005 the projected collection was 31 percent over the planned collection rate. Ms. Wright said the projected collection would be approximately \$4.7 million collected on behalf of victims for the state of Nevada.

Also, said Ms. Wright, the Division was responsible for collecting supervision fees, as depicted on page 25 of [Exhibit F](#), which were used to defray the cost of supervision for offenders at \$30 per month. The fees were a part of the Division's budget, and the collection was on target for FY2005 for budgetary purposes.

Regarding total revenue collection history, Ms. Wright referenced page 26 of the exhibit, explaining that the chart depicted the combined history of the Division's collections, both supervision fees and restitution. The projected collection for FY2005 was \$7,485,854 in supervision fees and restitution.

Ms. Wright said that page 27 of the exhibit depicted the other major funding sources for the Division's requested budget, FY2006-07. The major areas of the Division's budget included staffing needs as depicted on page 28, [Exhibit F](#). Ms. Wright explained that staffing needs had been compiled based upon the projections made by the JFA Institute, in April 2004. The JFA Institute would provide additional projections in February 2005, and Ms. Wright said those would be the final projections for the Division's FY2006-07 budget. The Division would make any needed adjustments to its staffing requests based on that final projection. Ms. Wright stated that the current request was for 26 sworn positions and 5 non-sworn positions.

Continuing her presentation, Ms. Wright referenced page 29 of the exhibit, which depicted new programs or major modifications to existing programs. Included in the Division's budget was the expansion of the Residential Confinement Supervision Program. Currently, said Ms. Wright, funding for that Program was strictly offender-paid, which meant that the offender had to qualify and have the resources to pay the residential confinement fee. The offender paid directly to the vendor.

Ms. Wright stated that in the past, the Residential Confinement Supervision Program had been funded by General Fund dollars, but had moved to offender funding in 2001. Ms. Wright said the Division had seen a decrease in the number of inmates and offenders who could enter the Residential Confinement Supervision Program, primarily because they could not afford the fees. She indicated that the Division was requesting that the program be funded once again through the General Fund. Ms. Wright said the request would make it possible for additional inmates and offenders to enter the program, with the purpose of reducing the number of incarcerated offenders in the NDOC, and in lieu of revocation of parole. Ms. Wright stated that offenders were statutorily required to pay for the program, but under the proposal for General Fund dollars, the Division would collect only 50 percent of the cost from the offenders under its supervision, and that collection was included in the Division's budget. Ms. Wright believed that would amount to approximately \$220,000.

Assemblywoman McClain asked about the average cost of the Residential Confinement Supervision Program. Ms. Wright stated the Division had a full-service contract with its vendor and the fee was based on a sliding scale.

The offender paid 1 hour of his wages per day for the Residential Confinement Supervision Program, so it represented a sliding fee schedule. Ms. Wright stated if the offender was subject to alcohol monitoring, the fee was higher, but she believed the average daily fee was \$9.50. If an offender's income was significantly higher, the daily fee would also be significantly higher.

Ms. Wright explained that the recommendation was for the Residential Confinement Supervision Program to move from full-service to partial service. The proposal was that the Division's staff would utilize leased equipment to monitor offender movement, would complete all of the schedule changes, and would collect the fees. Ms. Wright stated that would significantly reduce the cost of the Residential Confinement Supervision Program.

According to Ms. Wright, the Division was excited about introducing a bill draft request (BDR) to establish a one-time \$10 administrative fee for every new term of supervision. The revenue generated by that fee would be used in a fund for staff training. Ms. Wright stated that the current allocation was only \$66 per year for each staff member within the Division of Parole and Probation for training. That included new officer training, which Ms. Wright stated included Peace Officers' Standards and Training (P.O.S.T.) certification.

Ms. Wright reported that the Division would like to be able to offer training to its staff that would:

- Enhance their job and make them more effective in leadership and management
- Offer specialized training for sex offender caseloads
- Offer training regarding effective supervision, such as what worked or did not work in parole and probation supervision
- Offer training in evidence-based practices in parole and probation
- Send officers to the American Parole and Probation Association training institutes held twice a year
- Enhance officer professionalism

Ms. Wright said the Division would also like to provide training for its non-sworn support staff, which was not possible at the present time.

Assemblywoman Leslie stated she was not opposed to training, but wondered who had decided that the offenders should pay for it. It was extremely difficult for those individuals to come up with extra money as, quite often, they had no jobs and no place to live, and now the Division would be asking for a \$10 fee so their parole officers could become better trained. Ms. Leslie stated that she simply did not like that connection. Ms. Wright indicated it was only a one-time \$10 fee up-front. The fee was requested in order to move the Division forward into the future, raise the level of professionalism, and bring evidence-based practices into the Division. Ms. Leslie clarified that the training was not her issue, and she totally supported training for parole and probation officers, but she believed the state should pay for that training rather than the offenders. Ms. Wright stated that would be nice, and she would appreciate that. The Division's budget had been historically low in the area of training.

Regarding Capital Improvement Projects (CIPs), Ms. Wright said that the Public Works Board would introduce a CIP for the Division, which would address the demolition and rebuilding of the Campos Building in Las Vegas. Ms. Wright stated that members of the Committee would be welcome to visit the building in Las Vegas. She pointed out that the Campos Building was the original State building in Las Vegas which had been built in 1954, and still

had "all of its original parts," but they were barely working. The electrical, plumbing, heating, and air conditioning was original to the building, and Ms. Wright also pointed out that the Division had outgrown the building. Additional air conditioning was provided by window units.

Ms. Wright stated that the Public Works Board had conducted facility use studies and it had been determined that it would be best to demolish the building. The original study was conducted in 1998, and Ms. Wright said that the study conducted in 2004 again recommended demolition of the building. Ms. Wright indicated that the Public Works Board budget included funding for the planning stage of the new building.

Assemblywoman Giunchigliani stated that it had been known since 1998 that the building should be demolished, and individuals continued to work there which put them at risk, but the Public Works Board budget only included funding for the planning stage. She believed that the joint subcommittee for CIPs should review more than the design for the new building. Ms. Giunchigliani concurred that the Division needed a new building, but she noted that many of the officers worked in the field and she asked what other facilities they might be using.

Ms. Wright stated that the Division did have four satellite offices in Las Vegas. Included in the request for the CIP was funding to commence with relocation of staff to relieve the stress on the Campos Building and prepare for construction. Ms. Wright said that the Division had worked with the Buildings and Grounds Division and there would be space available in the building located on Belrose, where the Division currently had a satellite office. The Division would begin to move staff to that location to relieve the stress on the Campos Building and would move remaining staff once the CIP was under full construction.

Ms. Wright commented that the budget for the Department of Public Safety recommended a contract for a statewide study for mobile data communications. That would allow the Division of Parole and Probation to move forward, look to the future, while playing "catch up" with many other divisions throughout the United States. Ms. Wright said the plan would consist of a wireless mobile system for the Division so officers would have virtual offices with them in the field. They would have laptops or devices that could access the case management system while in the field, and officers would be able to look up pertinent information regarding an offender. Ms. Wright stated the officers would also be able to do chronological data entry in the field.

According to Ms. Wright, the Division did have work-at-home programs, primarily for the court services staff who would download their work to a disc and bring it into the office, because the Division did not yet have the wireless mobile system. Ms. Wright emphasized that a wireless mobile system would be an enormous enhancement for the Division. She stated that the Department was moving forward with that project as a whole.

Ms. Wright advised that also included in the Division's budget was the Governor's recommended two-step salary increase for sworn staff.

According to Ms. Wright, the major issues facing the Division of Parole and Probation were sworn personnel recruitment, sworn personnel retention, working conditions, and training and equipment for staff. The Division's goals to address those major issues were to improve sworn personnel retention and response to recruitments via salary increases for sworn personnel. Ms. Wright said the Division hoped to:

1. Attract more qualified candidates
2. Improve competitiveness with other law enforcement agencies
3. Improve vacancy rates to maintain manageable regular supervision caseloads
4. Improve morale

Ms. Wright stated that the Division hoped to provide reasonable, efficient, safe, and enjoyable working conditions by moving forward with the CIP project for the Campos Building in Las Vegas, and by obtaining funding to add security and alarm systems for its offices.

According to Ms. Wright, the Division hoped to increase training for sworn and civilian personnel through the proposed BDR to add a one-time \$10 offender administrative fee. The Division also wanted to continue providing adequate and sufficient equipment to sworn and civilian staff through funding of vehicles, radios, special safety equipment, and computer replacements.

Assemblywoman Weber asked what obstacle the Division faced in securing qualified officers, such as education, work environment, or wages. Ms. Wright explained that the Division needed to be on a more competitive footing with local law enforcement agencies. She noted that in the urban areas, the starting salary for local law enforcement officers was much higher than that of the Department of Public Safety sworn staff. Ms. Wright believed that the Division had to become more competitive in that area. Ms. Wright stated that there did not appear to be a problem in the area of education. However, she noted that even with the proposal in The Executive Budget for a two-step increase, the Division would still be \$10,000 below the starting salary for local law enforcement entities. Ms. Wright stated that in FY2004, the Department of Personnel received 750 applications for Parole and Probation Officer positions; after going through the testing process and interviews, 142 had recently become eligible.

Senator Titus stated that she would like to take a minute to recognize students in the audience who were visiting the Legislature as representatives of the Civic Mission of Schools. Senator Titus recognized Heather Steele, Student Body President, Clark County High School, Las Vegas; Diamond Graham, Member of the Student Council, Canyon Springs High School, North Las Vegas; and Alison Hull, Elko County High School.

Senator Beers, Acting Chair of the Committee, indicated that the Committee would commence with the budget overview for the Board of Parole Commissioners.

PUBLIC SAFETY – PAROLE BOARD **PS 188-195 – Volume III**

Dorla Salling, Chairman, Board of Parole Commissioners, introduced David Smith to the Committee. She explained that Mr. Smith was the Board's Management Analyst III and also served as the executive secretary to the Pardons Board. The budget for the Pardons Board was included in BA 3800.

Ms. Salling referenced the material presented to the Committee, [Exhibit G](#), "Board of Parole Commissioners," and explained that parole was the early release and supervision of offenders who had served time in prison. Parole was different from probation in that an offender on probation had not served time in prison on that particular sentence. Ms. Salling stated that initial parole eligibility

was established by the court, based on the sentence imposed. Parole was not a right and no inmate should expect to be released on parole – it was a privilege.

The Parole Board, stated Ms. Salling, was an independent body that carefully reviewed eligible inmates for possible release prior to the end of the period of incarceration mandated by the court. Ms. Salling noted that the Board carefully planned the safe return of offenders to the community, and returned offenders to prison whenever community safety was threatened. She advised that, although situated within the Department of Public Safety, the Parole Board was independent and received only administrative support from the Department. Ms. Salling advised that the Board actually answered directly to the Governor.

Ms. Salling stated that parole was the careful control and supervision of offenders after they had earned release from prison during which they demonstrated their worthiness to remain in the community. Supervision might include monitoring of the offender's home, job, activities, associates, as well as drug testing, electronic monitoring, treatment, no contact with victims, and the requirement to pay restitution. Ms. Salling indicated that parolees were supervised by officers employed by the Division of Parole and Probation.

According to Ms. Salling, parole was the legal framework that empowered judges, prison officials, and the Parole Board to work together to administer a flexible system for punishing offenders and protecting the public.

Ms. Salling explained that the flow chart contained on page 6 of [Exhibit G](#) described how an offender might end up on parole:

1. The court sentenced the offender to prison and established the minimum sentence for parole eligibility.
2. The Department of Corrections actually determined, based upon the sentence, when the offender was eligible for parole consideration.
3. The offender appeared before the Parole Board for parole consideration, and at that time the Board would either grant or deny parole.
4. If parole was granted, the Division of Parole and Probation would take over and provide supervision for the offender.

Ms. Salling stated that the Nevada Board of Parole Commissioners consisted of six members and one chairman, all appointed by the Governor to 4-year terms. The organizational chart for the Board was shown on page 8 of the exhibit, and depicted the two additional support staff positions requested for the next biennium. Ms. Salling said one position would primarily support the Pardons Board. Never in the history of the Parole and Pardons Boards had there actually been a paid employee strictly for the Pardons Board, and Ms. Salling noted that the workload was tremendous. The other new position would provide records support. Ms. Salling stated that the Board's records responsibilities had also increased dramatically.

During FY2004, said Ms. Salling, the Board made 7,517 decisions and since each decision required four votes, those hearings equated to over 30,000 votes cast to grant or deny parole by the six commissioners and the chairman. She explained that for every parole recommendation, a decision was made on the case by those sitting on the hearing. The requirement was that a minimum of four commissioners, or a majority of the Board, had to review each case and vote on the recommendation, which made the task much larger than it might appear. Ms. Salling stated that it broke down to each commissioner reviewing and considering an average of 4,000 cases in FY2004.

Ms. Salling said what was not reflected in the caseload was the additional work done by the Board, such as answering letters from inmates, conferences with victims and other interested persons regarding parole for a particular offender, and sex offender tier panel reconsideration hearings. Ms. Salling informed the Committee that she sat on the sex offender tier panel reconsideration hearings, and the number of hearings had increased dramatically. Those hearings took an average of 2 days per month, whereas 4 years ago, the same hearings might have taken 2 or 3 hours every other month. Ms. Salling reiterated that the Board and the Commissioners did have administrative responsibilities in addition to the parole hearings themselves.

Ms. Salling said that page 10 of [Exhibit G](#) depicted a typical parole hearing calendar. The institutions visited by the Board were listed, along with the number of inmates to be considered for parole at each institution. The "vc" designation on the calendar referenced those hearings that were held via videoconferencing. Ms. Salling noted that the Board was conducting hearings almost every day of the month. Many people believed the word "board" meant that it only met 1 or 2 days a month to conduct a few hearings. Hopefully, stated Ms. Salling, the calendar would give the Committee some idea of the tremendous workload facing the Board and the significance of the decisions made by the commissioners.

According to Ms. Salling, page 11 of the exhibit depicted the Board's caseload history, with the red bar indicating the number of decisions made by the Parole Board; the yellow bar indicating the number of favorable decisions, which included those actually granted parole and those whose parole was reinstated back to supervision; and the blue bar indicating the number released from the Nevada Department of Corrections (NDOC) on parole. Ms. Salling stated that the reason for the difference between the yellow and blue bars was that parole to a consecutive sentence did not constitute release from the NDOC. Also, in some instances, even after parole was granted an offender might commit some type of disciplinary act in prison that required the Board to rescind the parole, usually at the request of the NDOC. Ms. Salling stated that a parole granted by the Board did not always mean the inmate would be released. In some instances parole would be granted, but the offender did not have a viable residence or employment.

Continuing her presentation, Ms. Salling noted that the chart on page 12 of the exhibit depicted the historical trend in grant and release rates. She said that the graph indicated a somewhat stable grant rate until FY2003, when the rate spiked to 51 percent and then went down to 41 percent in FY2004. Ms. Salling explained that the 51 percent grant rate in FY2003 was inflated, primarily because at the request of the NDOC, the Board had gone back and reviewed 900 cases where offenders had previously been denied parole. That was done because of overcrowding and fiscal problems at the NDOC. Ms. Salling stated the Board reviewed those cases in FY2003, even though some had been denied further parole consideration until FY2004, and of those 900 offenders, the Board granted approximately 300 paroles over a 6-month period. Ms. Salling said that impacted the grant rate in FY2004, because the Board had seen some cases early.

Mr. Smith pointed out that when the Board reconsidered those 900 cases, the denials were not re-entered into the system. He further explained that the grant rate was computed by taking the number of grants and the number of denials, which produced the percentage. In FY2003, only those offenders who were granted parole were added into the "mix," which inflated the grant rate for that period.

Senator Cegavske asked whether the Board was staying "on top" of notifications to the victims or the families of victims when offenders were scheduled for parole hearings. She stated that such notification had been a huge issue in 1999. Mr. Smith stated that there had been issues some years ago because victims were not being properly notified of upcoming hearings. He indicated that 90 percent of the Board's data and workload was generated by the NDOC, and the Board relied on the NDOC's database and computer system to provide parole eligibility lists. Mr. Smith said when an offender was placed on an eligibility list, a victim notification letter would be generated advising the victim that the offender would soon be eligible for parole hearing. Mr. Smith stated that as soon as a date was set by the Board, a second letter was generated with the date of the hearing. Since that practice had been implemented approximately 2.5 years ago, there had not been an issue regarding notification.

Senator Cegavske asked how much time was provided to the victims regarding the upcoming hearings. Mr. Smith reported that when the eligibility list was generated, the victims would receive the first notification approximately 1 month before the beginning of the month in which the hearing would be held. Senator Cegavske asked whether the first letter was simply a notification that the offender was eligible for parole consideration, and the second letter provided the actual date of the hearing. Mr. Smith stated that was correct, and approximately 1 week to 10 days prior to the beginning of the hearing month, the calendar would be set for the month, and the second letter would be generated. He stated that, depending on when the date of the hearing fell within the month, that would be the amount of time allowed the victim prior to the actual hearing.

Senator Cegavske asked if that time frame could be less than 1 week. Mr. Smith said that typically, the least amount of time afforded the victim prior to a hearing would be approximately 10 days. Also, he noted that the Board invited victims or family members to call if they had any questions, and the Board did receive many calls from victims.

Assemblywoman Giunchigliani referenced the graph on page 12 of [Exhibit G](#) and commented that the 41 percent grant rate for FY2004 was considerably lower than the 51 percent for FY2003. At some point, stated Ms. Giunchigliani, she would like to review the whole issue. She noted that she had quietly sat in on a few parole hearings and was quite dismayed by how the hearings were managed and handled. Ms. Giunchigliani said she almost felt as if the offender was going through a new trial in order to answer the questions. She believed parole did have an impact, and she would not like to see offenders released from prison who should not be released. However, if there was a recommendation for parole, Ms. Giunchigliani indicated she would like to know where the failure was in the link between the NDOC and the Board when paroles were denied.

Ms. Salling responded that the NDOC did not provide a recommendation for parole hearings, but only provided the progress report on eligible inmates which depicted their prison behavior. Certainly, stated Ms. Salling, the Board would ask all the hard questions it could, because public safety was a priority. Ms. Salling believed that all of the commissioners had a "passion" for the concept of redemption and believed that "people could change their lives," but first and foremost, the Board had to ask the hard questions to ensure public safety. The Board only had approximately 15 minutes to discover what it needed to know before it made a recommendation for or against parole.

Ms. Salling said as far as the spike in the parole grant rate in FY2003, she hoped she had provided sufficient explanation regarding the reason for that differential. She reiterated that the spike in the grant rate for FY2003 occurred because the Board reconsidered approximately 900 offenders, and those who were granted parole did not have to be reconsidered in FY2004. Ms. Salling advised that in the first 6 months of FY2005, the grant rate for the Board was at 49 percent.

Ms. Salling further explained that the pool of "good candidates" for parole was very shallow because offenders were being diverted from the beginning of their sentences into drug court programs and other types of programs. She believed that such programs were wonderful, but the NDOC population was "hardening," which made the decisions facing the Board much more difficult. Ms. Salling reiterated that the NDOC population was hardening and the decisions facing the Board regarding whether an offender should be released and live among the citizens of Nevada were much more difficult.

Ms. Giunchigliani said she appreciated the fact that the population was hardening, but having sat in on parole hearings at the women's facility in Clark County, she believed that the gender equity study regarding sentencing for female offenders should be revitalized. That issue had not been reviewed during the past 10 to 15 years. Ms. Giunchigliani also realized that there was very little programming available at the women's prison, yet offenders were penalized because they had not attended classes when there were no classes to attend. There was also no work study and no employment opportunities available for female offenders. Ms. Giunchigliani stated that there was virtually nothing available for the women in prison, so the question was how the female offenders would reach the point where they could justify their programming, other than just sitting around and vegetating. She said the state had allowed the institution for women to be privately run, which had actually restricted the programming that would allow female offenders to be considered for parole.

Ms. Salling hoped she could answer some of Ms. Giunchigliani's questions and alleviate some of her concerns, either now or at future joint subcommittee meetings. Ms. Salling explained that the Board did not punish offenders for not taking programs when none were available.

Senator Beers asked that Ms. Salling provide information to the joint subcommittee regarding the grant rate projections for FY2005, which would apparently represent another spike and then a subsequent drop to a lower percentage. Senator Beers also requested information regarding whether the Parole Board was giving thought to their perception of the capacity of the Parole and Probation Division in deciding whether to grant paroles. Ms. Salling stated she would provide the requested information.

Continuing her presentation, Ms. Salling referenced page 13 of [Exhibit G](#), which depicted the change in the class of offender appearing before the Board between FY2001 and FY2004. What the Board saw was an increase in the number of violent offenders being considered and a decrease in the percentage of drug offenders being considered. Ms. Salling said that decrease could be explained by the drug court programs, which took the "cream" offenders at the "front end" of their sentence. Ms. Salling stated that she believed the drug court program was wonderful, but that program took some of the better parole candidates out of the pool.

Page 14 of the exhibit, stated Ms. Salling, depicted the changes between FY2003 and FY2004. Again, there had been a marked increase in violent offenders and a decrease in the percent of drug offenders just in the past year. Ms. Salling noted that the pool available to the Board from which to grant paroles was getting more and more shallow. She stated that the population within the NDOC was hardening, and it was her understanding that the NDOC had actually made changes and "tweaked" its classification system in order to find offenders eligible for the camp program. Ms. Salling said the NDOC was experiencing the same problem as the Board, and since public safety was the first concern, when in doubt the Board would always keep the public safe. According to Ms. Salling, if commissioners did not believe in parole, they would not be sitting on the Parole Board.

Ms. Salling noted that the chart on page 15 of the exhibit depicted the growth in the Parole Board's caseload since 1997, and spoke to the Board's request for two additional support staff for its record section and to provide Pardons Board support. Ms. Salling pointed out that the last time a commissioner was added to the Parole Board was in 1995, and no further commissioners were being requested.

Page 16 of the exhibit depicted Parole Board accomplishments, and Ms. Salling reported that the Board had requested and received a technical assistance grant from the National Institute of Corrections (NIC). She noted that there had been questions from the Committee regarding the Board's decision making and practices, and whether it had reviewed those issues. Ms. Salling said that 3 years ago the Board had seen the need to determine whether it was paroling the "right people," whether more offenders could safely be paroled, and whether the Board could save additional state dollars and keep the public safe at the same time. Ms. Salling indicated that the Board had requested a \$50,000 grant from the NIC, and James Austin, Ph.D., President of the JFA Institute, had spent 2 years studying the Parole Board. He reviewed and analyzed the Board's actions and ultimately devised a new risk instrument. Dr. Austin had also reviewed the guideline used by the Board, completing the study during the past year. Ms. Salling reported that the Board had adopted a new risk instrument and continued to use the guideline that had been enacted in 1995.

According to Ms. Salling, the Board was absolutely utilizing best practices and had worked with the Division of Parole and Probation to request an additional technical grant from the NIC in order to study and develop a matrix for intermediate sanctions. The Board really believed in intermediate sanctions and would return offenders to the community if it was believed safe. Ms. Salling reiterated that public safety was always the first concern of the Board.

Ms. Salling stated that the Board was asking for two additional positions to assist with records and the Pardons Board, replacement of computer and recording equipment, and additional space due to records expansion and new personnel.

Senator Beers asked Ms. Salling to provide a list to the Committee of some specific intermediate sanctions that the Board would endorse. Ms. Salling stated she would be happy to provide that information.

Senator Coffin stated he had had much experience with the Parole Board and the probation system and had attended many meetings. He noted that, like Assemblywoman Giunchigliani, his district also represented a good portion of downtown Las Vegas. He knew it was getting tougher because the population

was getting harder and he had known that would happen. Senator Coffin said he had watched the population simply get tougher over the years, which caused additional prison construction.

Senator Coffin hoped that Committee members would attend a parole hearing at some point, preferably during a hearing where the offender had committed a "pretty rough crime," and proposed to move back to the legislator's district and/or neighborhood. Senator Coffin said members should attend the hearing to observe the Board's actions and how it worked. He noted that the Board had greatly improved over the years, and he remembered the time when a legislator could call the chairman of the Parole Board and ask that violent offenders be kept in prison, and that would be the action of the Board. Senator Coffin stated that might not have been fair, but that was how the Board worked in the past. Currently, the Board had greatly improved the hearing process, and gave much more thought to the parole process than the judges did in sentencing. Senator Coffin said that was the reason he was reassured about the Board's actions.

Senator Coffin noted that the release rate could not go up if there were not additional parole officers to provide supervision. He believed the Board was very conscious of the number of officers within the Division of Parole and Probation and their caseloads, which were way too high. Senator Coffin stated a few dollars could be spent by the Legislature in that area to protect constituents much better than it could by passing new laws that put offenders in prison for longer periods of time.

Assemblywoman Giunchigliani asked that the Parole Board provide to the joint subcommittee the number of inmates denied for house confinement or community type programs. Ms. Salling was unsure what type of information Ms. Giunchigliani was requesting. Ms. Giunchigliani further explained that she would like to know the number of offenders who came before the Board with lesser offenses who were housed in minimum institutions, and who had been denied parole. Ms. Salling stated the Board could provide the numbers, but it could not provide the reasons for the denials.

Chairman Arberry advised that the Committee would take a short recess. The meeting was reconvened by the Chair at 3:16 p.m. The next budget account for Committee review was the Department of Corrections.

NEVADA DEPARTMENT OF CORRECTIONS

Corrections 1-177 – Volume III

Jackie Crawford, Director, Nevada Department of Corrections (NDOC), introduced Darrel Rexwinkel, Assistant Director, Support Services, and Frederick "Fritz" Schlottman, Administrator, Offender Management Division, to the Committee. Ms. Crawford also advised the Committee that representatives from the State of Nevada Employees' Association (SNEA), representatives from the Nevada Corrections Association (NCA), and representatives of the Teamsters Union were in the audience in support of the NDOC.

Ms. Crawford referenced [Exhibit H](#) entitled "Governor Guinn's 2005-2007 Recommendation for the Budget," and stated that the mission of the NDOC was to provide professional staff to protect the community through safe, humane, and efficient confinement of offenders. The mission was also to provide opportunities for offenders to successfully re-enter the community through education, training, treatment, work, and spiritual development. Ms. Crawford stated that most importantly, the NDOC had to be sensitive to the needs and

rights of victims, which she believed had been done over the past two years. One of the things Ms. Crawford was very proud of was that the Legislature had approved a victims unit, and she felt the NDOC had done a marvelous job providing notification to victims regarding when offenders would appear for parole hearings.

Ms. Crawford said the organizational chart contained in [Exhibit H](#) included programs, support services, medical director, operations, inspector general, personnel, and employee development. Ms. Crawford stated the NDOC was very "lean and mean," but also very proud of what it had accomplished.

The Nevada Department of Corrections was the seventh-largest "city" in Nevada, stated Ms. Crawford and, hopefully, it would not become the first-largest. The NDOC currently housed over 11,000 offenders in 19 locations and employed 1,696 certified peace officers. The total number of staff was 2,627 throughout the NDOC, and Ms. Crawford pointed out that most of those staff members were located within the institutions.

Ms. Crawford stated that the goals for the NDOC were:

- To provide a balanced system approach from incarceration back to the community
- To design and implement a Nevada offender tracking system and reporting system
- Create a 10-year master plan for planning, designing, and constructing facilities that matched classification needs for housing and offender management
- Plan the opening of Casa Grande in October 2005
- Plan a young offender facility which would open in August 2006

Ms. Crawford stated that the goals of the NDOC for its staff were:

- Life safety: To provide a safe, clean, and healthy work environment for staff
- Provide a competitive salary for staff
- Promote NDOC as a career rather than have new employees recruited by other law enforcement entities
- Provide training and resources specifically for high-risk institutions for effective supervision of offenders
- Create a 10-year master plan for a systematic approach in housing offenders

Ms. Crawford noted that some of the most talented and brightest of the new employees in the NDOC's academies were leaving just before, or right after, graduation to other law enforcement entities, so the NDOC actually provided training for many of the local law enforcement entities.

According to Ms. Crawford, the NDOC goals for offenders were:

- Open a 400-bed transition center in Las Vegas
- Develop an industrial park to create viable jobs
- Open a young offender facility which provided education, vocational training, and substance abuse treatment in a structured living environment
- Develop a master plan for the development of new camps in rural areas
- Develop a master plan for a 200-bed re-entry restitution center in the Reno area

- Plan and design a 400-bed women's addition, with a re-entry center component

Ms. Crawford said the goals for the master plan contained dates when the NDOC anticipated opening additional facilities, if approved by the Legislature. She stated that the Casa Grande facility had been approved by the Legislature and would open in October 2005. The youthful offender facility at Southern Nevada Correctional Center (SNCC) would open in August 2006. Ms. Crawford stated that Phase IV of High Desert State Prison (HDSP) would open in November 2007. She further explained that Phase IV was not a proposal for a new institution, but rather was the recommendation that the High Desert facility be completed and built out, in order to divide it into a more manageable institution. Ms. Crawford stated that as the population projections were reviewed later in the budget presentation, she believed the Committee would understand the need for completion of HDSP.

Continuing her presentation, Ms. Crawford noted that the Southern Nevada Women's Correctional Center (SNWCC) addition would open in May 2008. The addition would not expand the same "footprint" as the current facility, and could be used as a re-entry center since it would be located in a metropolitan area with tremendous work opportunities. The Indian Springs Work Center would open in March 2009, and Ms. Crawford stated that would consist of consolidating a number of stick-built buildings which were not in great shape. The Work Center would include DUI offenders, the Boot Camp program, and the Nevada Division of Forestry (NDF) program.

Ms. Crawford said the southern Nevada Regional Medical Facility (RMF) was proposed because as the population grew, more and more facilities would be constructed in the Las Vegas area. She noted that was the area from which the largest portion of the prison population was sentenced. The RMF would allow the NDOC to house mental health patients and medical patients within the Las Vegas area at the HDSP, rather than transferring them to northern Nevada because of limited space in southern Nevada.

Ms. Crawford explained that expansion and remodeling of the Humboldt Conservation Camp (HCC) was proposed for completion in 2010. The completion of Prison 8 was projected for October 2010, and completion of a new women's prison, if the population continued to grow, was projected for March 2013.

Ms. Crawford noted that the female population at the NDOC had increased 15 percent over the past year. The NDOC had assumed operation of the Women's Correctional Center in October 2004 and had received an additional 100 inmates as of January 1, 2005, which it had not anticipated.

According to Ms. Crawford, the Nevada Department of Corrections (NDOC) needed certain resources which were essential to better serve the public and provide for the welfare and safety of staff and inmates. Oftentimes, she pointed out, people forgot that while individuals were incarcerated the NDOC was constitutionally required to protect them from each other. Ms. Crawford stated that most importantly, the NDOC did not want to put staff in danger.

Ms. Crawford stated her number one priority was pay increases. If the NDOC could not pay staff, it could not fill vacant positions. She said the NDOC was gratified that the Governor had approved a two-step increase for correctional officers, which would help. Ms. Crawford said that would send the message that the NDOC cared about its staff and understood the needs.

Ms. Crawford pointed out that understaffing created an increased safety risk to staff, inmates, and the general public. She believed it was important that everyone realized the NDOC had to keep its officer positions filled.

Another priority request was the Southern Nevada Women's Correctional Center, and Ms. Crawford reported that the NDOC had requested 8 staffing positions from the Interim Finance Committee (IFC), which had quickly been approved. Quite honestly, stated Ms. Crawford, the NDOC had underestimated some of the posts at the facility and she would like to fill those posts in order to prevent staff from becoming "burned out." Ms. Crawford reported that the NDOC had assumed management of the Women's Correctional Center in October 2004, recruited and trained staff, and developed a book of standards and principles for managing women offenders. The NDOC had contacted the NIC, which had provided 40 hours of training for staff regarding the management of women offenders. Ms. Crawford said the NDOC had created a steering committee to recommend and oversee gender-specific programming. She emphasized that she did not have all the answers and it was important that the Legislature provide advice to the NDOC regarding what was needed and what was being said about the facilities.

Ms. Crawford indicated that the NDOC had also invited the media and elected officials to tour and talk to staff and women offenders at the women's facility. She believed it was important for officials to "look, touch, see, and feel" for themselves. Ms. Crawford stated that she could make presentations to the Committee all day, but after legislators had actually gone into the facilities and talked to offenders and staff, they could make much more informed decisions. The NDOC was conducting another tour for the media in July 2005, which would demonstrate what had been done during the transition and the transformation of the women's facility from a private to a state operation.

After taking over the women's facility, Ms. Crawford stated that the NDOC had experienced tremendous community support, which included the donation of a family reunification playground center for mothers and their children. She stated the playground had been a phenomenal gift and the NDOC had been extremely grateful. The funding for the playground had been donated by Steve and Elaine Wynn, who had heard about the family reunification program. At Christmas, employees of Steve Wynn had donated a significant number of toys for the children to utilize at the playground. Also, stated Ms. Crawford, the local Soroptimist Club was working closely with the NDOC on parenting classes. There were some very qualified instructors in the program who were doing an excellent job.

Ms. Crawford stated the priority request for High Desert State Prison (HDSP) included the request for an increase in staff of 21 FTEs, which had been approved and 21 FTEs added to staff. The NDOC was now looking more toward unit management, sergeant and lieutenant positions, to assist with mid-management issues.

Another priority, said Ms. Crawford, was the request for four staff members for the "Going Home Prepared" program, Nevada's template for the statewide prisoner re-entry program, which was a pilot project. Of the 69 grants awarded nationally through the Department of Justice, the NDOC had been chosen as one of the 18 national evaluation sites. Ms. Crawford stated that the NDOC program would show how well the program worked, or would show where there were flaws.

Ms. Crawford said the pilot program included:

- 250 inmates - ages 14 to 35
- Serious, violent, or repeat offenders
- Paroling to southern Nevada
- Intermediate sanctions
- Re-entry court
- Treatment, General Education Development (GED), and jobs
- 70 community partners

Ms. Crawford stated that individuals had to appear again before the re-entry court, which she believed was a wonderful way to control the behavior of the offenders. Regarding the community partners, Ms. Crawford explained that included a number of state and local agencies interfacing and working with the NDOC. That had taught the NDOC that if it opened the doors to the community, there were several entities willing to help, which had been a great experience for the Department. Ms. Crawford pointed out that of the 221 inmates in the program, 190 had earned GEDs and another 58 had been released with jobs.

Another priority request, said Ms. Crawford, was for 11 positions for the OASIS program:

- ✓ 80 percent to 90 percent of the inmates had drug or alcohol history
- ✓ 60 percent had documented addiction
- ✓ Only program in southern Nevada institutions

Success of the program in 2004 included:

- ✓ Of 1,046 drug tests, only 1 percent were "dirty"
- ✓ Only 3 percent had disciplinary charges
- ✓ Of those released, only 4 percent returned to prison
- ✓ Cost was only \$6.06 per day, per inmate

Ms. Crawford emphasized that the drug testing was considered a tremendous success, because it was believed that "everybody was doing drugs" in the NDOC, but when only 1 percent of the individuals in the program tested positive it was an indication that the program was working.

The next priority request, stated Ms. Crawford, was the offender management system, which was badly needed by the NDOC. Ms. Crawford explained that Microsoft DOS (Disk Operating System) was a command-line user interface. Microsoft DOS 1.0 was released in 1981 for IBM computers and was seldom currently used. Ms. Crawford reported that NDOC's system was 17 years old, used outdated software no longer available, was batch operated, was maintained by a single individual who would retire in 2005, and had no backup except manual process for over 11,000 inmates. Ms. Crawford emphasized that the Department was in dire need of the offender management system and was grateful that the request had been included in The Executive Budget.

Ms. Crawford indicated that the next priority request was for vehicles. She stated that 48 vehicles would be replaced in the budget out of the 104 eligible for replacement. The mileage on each of those vehicles was 80,000 to over 200,000 miles. Ms. Crawford noted that the NDOC drove many miles, partly because of the remote areas of some of the camps and facilities.

Regarding security threat groups and gangs, Ms. Crawford reported that the NDOC had had some uninvited guests over the last 8 months, and those were the California Hispanic gangs that were trying to establish themselves in Nevada. She indicated those gangs were very active in the West Coast prison systems. Those offenders were third- and fourth-generation gang members, which meant they had grown up in gangs such as the "Surenos" and the "Mexican Mafia." Ms. Crawford said, most importantly, those gang members had come from the California prison system and were organized, tough, and violent. To date, the NDOC had approximately 640 of those individuals in its population, and Ms. Crawford stated they were managed through controlled movement and containment.

For the record, Ms. Crawford wanted the Committee to know that those gangs would not run the prison system and would not contaminate the system that had been developed by the NDOC, where offenders who wanted to program and help themselves could do so. Ms. Crawford indicated that the gang members were a different group of people who had "trickled" into the NDOC over the past 8 months. The Department had suddenly "woken up" and become aware of the problem, and as a result the NDOC had brought its team together to review security threat group training, identification, and classification, which was working well to date.

Ms. Crawford referenced the photo on page 6 of [Exhibit H](#), which depicted the tattoos favored by gang members. Those included: "SURENO," "SUR," "13," "XII," or "three dots." She also pointed out that the Surenos gang members favored the color blue and "loved to decorate themselves."

Ms. Crawford stated that would close her overview, and she indicated Mr. Schlottman would share the population projections for the NDOC with the Committee. She thanked the Committee for its support in the past.

Mr. Schlottman stated he was the Administrator of the Offender Management Division of the NDOC, and introduced Alejandra Livingston, Economist III, NDOC, to the Committee.

Mr. Hettrick understood that Ms. Crawford had been nominated for a national award through *Good Housekeeping* magazine for something along the lines of effective women in state government, and he believed it would be appropriate to recognize her efforts and the fact that she had been nominated for that award. Mr. Hettrick wished Ms. Crawford the best, and hoped that she won the award. The Committee concurred and applauded Ms. Crawford.

Mr. Schlottman stated that when the NDOC last appeared during the 2003 Session, there had been a "flat spot" in the population, which had resulted in the projection from the 2003 Session being considerably lower than the actuals for the past two years. Mr. Schlottman explained there had been a substantial spike in the inmate population projections, so much so that the NDOC was currently experiencing a "bed crunch." It was important to note that the NDOC did not control either the inflow or outflow of the population. Mr. Schlottman said if the court sent offenders to prison, the prison had to accept those offenders. If the Parole Board returned offenders to prison, the prison had to accept those offenders and could not release offenders without a parole being granted or by expiration of sentence. According to Mr. Schlottman, those were functions regarding population that were outside the control of the NDOC.

Referring to page 7 of [Exhibit H](#), Mr. Schlottman stated the chart depicted the total in-house population of the NDOC from year to year. Over the past 2 years, over 1,300 inmates had been added to the population. Mr. Schlottman said in terms of size, that number would fill the Northern Nevada Correctional Center in population. If the population continued to increase at that rate, Mr. Schlottman indicated that the state would have to build a large prison every 2 years, which would be a mammoth undertaking and an obscenely expensive experience.

Mr. Schlottman said the JFA Institute had predicted that the NDOC would have nominal growth in the male inmate population, which had grown 5 percent in 2003 and 7.5 percent in 2004. At the 2003 Legislature, the NDOC presented the population projection for 2003 as 2.58 percent and for 2004 as 1.14 percent. Mr. Schlottman said the numbers had doubled in 2003 and had beaten the projection by a factor of 6 in 2004, which qualified as a "big miss" in population projections.

Mr. Schlottman explained there were two components to the population "crunch": 1) Admissions – those coming into the system; and 2) Releases – those being released from the system. Review of the female in-house population revealed a huge spike over the past year, which represented 115 new female inmates entering the system. Mr. Schlottman reported that put the Department three years ahead in its building program, and the NDOC was currently asking for money for facilities that could actually be used today. He indicated the NDOC was over its emergency capacity at the female institution today.

According to Mr. Schlottman, the growth in the female in-house population for 2003 was -3.29 percent, and 15 percent for 2004. The projection at the beginning of the 2003 Legislature from the JFA Institute was that the population would grow 7 percent for 2003, and 3 percent for 2004.

Mr. Schlottman pointed out that the NDOC had experienced a double-digit increase in admissions in 2003, which was far higher than anticipated, but the increase had slowed somewhat during the past year. The bulk of admissions were based on new commitments, or offenders with new sentences from the courts. Mr. Schlottman stated it was an interesting phenomenon, in that there was a different type of inmate being sentenced. For years, the NDOC population had been hardening, with more violent offenders and sex offenders, but the current population was different in that there had been a substantial increase in the number of property offenders being sent to prison.

Mr. Schlottman indicated that the question was whether a similar situation had occurred in the past, where there had been a massive increase in the prison population and a corresponding increase in property offenses. The answer to that question was "yes," stated Mr. Schlottman, and he reported that in 1994 and 1995 the NDOC had experienced double-digit increases in the prison population. During that period, property offenses had increased dramatically. Another similarity between both periods was that both occurred when the economy was coming out of a recession and was in the first years of recovery, so there appeared to be some economic component to the increase in prison population.

Two thoughts came to mind, said Mr. Schlottman, and the first was that it could be a resource issue. Local governments and law enforcement entities now had money coming in and were able to put additional officers on the streets and, as a result, were making more arrests and prosecuted more

criminals. Mr. Schlottman believed that could account for part of the increase, but looking at the crime statistics for 2003, while down 6 percent nationally, 3 groups had increased dramatically in Nevada. The first group was larceny, the second group was motor vehicle theft, and the third group was burglary. Mr. Schlottman pointed out that those were three property crimes, which had changed the inmate distribution to a "softer" distribution (page 9, [Exhibit H](#)).

Mr. Schlottman stated that compounding the problem at the NDOC was the fact that, not only were new commitments increasing, but releases were decreasing. There were two components to release: 1) Offenders who expired their sentences and did not receive parole; and 2) Offenders who were paroled. Mr. Schlottman said the number of offenders discharged due to expiration of sentence had increased and that meant paroles had significantly declined. Mr. Schlottman referenced the chart on page 11 of [Exhibit H](#), which depicted the annual net change in paroles. He pointed out that the parole-grant rate in 2004 had actually decreased by 11.78 percent.

The second issue was parole violators, and Mr. Schlottman stated that violators posed an interesting problem for Nevada. When violators were returned to prison, they did not stay for a long period of time. Two-thirds of the parole violators received by the NDOC stayed less than 6 months. Mr. Schlottman indicated that all offenders entering the system were required to go through intake. He stated that was where the taxpayer essentially paid for the inmate to receive a psychological examination, medical examination, and dental examination, and then the inmate would be discharged. Mr. Schlottman said that was a problem because the NDOC did not have the opportunity to program violators in education, job training, substance abuse recovery training, or give them the skills to be successful. According to Mr. Schlottman, 89 percent of the parole violator population would be released from the NDOC in less than one year via expiration of sentence, which was not sufficient time to provide programming for them. Mr. Schlottman stated that as a result, the NDOC warehoused parole violators and provided them with virtually no more skills to succeed on the outside than they had when their paroles were revoked.

Mr. Schlottman referenced the chart which depicted the parole grant rate on page 11 of the exhibit, and pointed out that the grant rate had been on a decreasing pattern for the last few years.

Assemblywoman Giunchigliani asked whether part of that was tied to the hardened population. Mr. Schlottman stated the question was whether the population currently reviewed by the Parole Board was any different than it had been in past years. The answer appeared to be that, after review of all classes of felonies from the most severe to the least severe where individuals received probation, the denial rates were up across all categories. Ms. Giunchigliani stated she would like documentation of that fact and asked that Mr. Schlottman provide that information. Mr. Schlottman agreed to provide the information.

Continuing his presentation, Mr. Schlottman referenced the chart depicting release distribution on page 11 of the exhibit, which showed that in 2003 discharges were 43 percent and moved up to 48 percent in 2004, while the number of offenders receiving parole decreased from 57 percent to 52 percent. The chart on page 12 depicted the increase in property offenders coming into the system. Mr. Schlottman said there had been a decrease in every other category and a 5 percent increase in property offenders, which was occurring in both the male and female populations.

Mr. Schlottman indicated that the exhibit contained a chart which depicted the NDOC's past performance and year-to-year increase in the population projection. The chart showed the volatility of the increase from year-to-year and also showed that the projection moved within about 1 percent from year-to-year. Mr. Schlottman believed that could be the result of regression in the formula, which did not capture the volatility in the increase in population.

Regarding new building projects, Mr. Schlottman indicated they were as follows:

1. Casa Grande, scheduled to open in 2005.
2. SNCC, Youthful Offender Facility, scheduled to open August 2006.
3. HDSP, Phase IV, scheduled to open November 2007. Might have to increase to four housing units at HDSP depending on the population increase.
4. Women's Addition, SNWCC, scheduled to open May 2008, viewed as a step-down facility to be used as programming transition area for female offenders.
5. Indian Springs Work Center expansion, scheduled to open March 2009. Would take advantage of work opportunities in Las Vegas.
6. Southern Regional Medical Facility (RMF), scheduled to open May 2010. The RMF was a very necessary facility, as the NDOC currently had very few medical beds available in the southern part of the state.
7. Humboldt Conservation Camp Remodel and Expansion, scheduled to open August 2010. One of the CIPs might be reconsidered, because the NDF had indicated it would prefer an expansion somewhere within the Las Vegas or Reno/Carson City area, as it would help the NDF make its revenue projections.
8. Prison 8, scheduled to open October 2010. A prison with approximately 1,500 beds, which the NDOC believed would be the largest size manageable, based on experience with the HDSP.
9. New Women's Correctional Facility, scheduled to open March 2013. That facility might be re-evaluated to include additional programming.
10. CIP to site the new prisons and determine the best use.

Assemblywoman Leslie asked for information regarding the proposed SNCC Youthful Offender Facility, which she stated she was surprised to see in [Exhibit H](#). Ms. Leslie said she would like to know what the NDOC was thinking for that facility, particularly as it related to sentencing. She believed that it had been determined over the interim not to proceed with a youthful offender facility.

Ms. Crawford explained that facility would address those juveniles adjudicated as adults. Ms. Leslie worried that it was in anticipation of certifying more juveniles as adults and she would like to know what the NDOC was planning for the youthful offender facility. Ms. Crawford emphasized that the Department had to move the "kids" out of the adult prison setting. At the present time, there were 618 juveniles in the NDOC, and during the past week a 15-year-old sentenced for robbery with a 3 to 5 year sentence had been received. Ms. Crawford believed that if juveniles were adjudicated as adults it would be for offenses with longer sentences, such as murder. Ms. Crawford indicated that the NDOC was receiving more and more juveniles with shorter sentences, and it was her understanding that the juveniles were being sent to prison because there was nowhere else to send them. Ms. Crawford stated that "blended" sentencing would be wonderful, but in the meantime, she believed that the state had to do something to protect those juveniles while housed in the adult facilities. Ms. Leslie wanted to ensure that more juveniles were not

adjudicated as adults if there was a youthful offender facility. Her concern was that once such a facility was opened there would be double the amount of juvenile offenders sent to prison rather than to a more appropriate institution. Ms. Crawford concurred.

Mr. Rexwinkel, Assistant Director, Support Services, presented the budget overview as depicted on page 16 of [Exhibit H](#). The General Fund allocation for FY2006-07 was \$435,047,001 and the allocation of "other funds" was \$87,766,385. Mr. Rexwinkel stated that the following amounts came from the other funds category:

- Approximately \$45 million for the Prison Industries Division and Inmate Services
- Approximately \$2.4 million for illegal alien assistance grants
- Approximately \$1.7 million for medical from the Inmate Welfare Fund
- Approximately \$3 million paid by inmates for room and board
- Approximately \$3.1 million for programs

Mr. Rexwinkel indicated that the NDOC recapped what came out of the budget system for pay adjustments of approximately a \$29.3 million increase for sworn officers, nurses, correctional caseworkers and the 2 percent salary adjustment for cost of living.

Continuing, Mr. Rexwinkel stated that the difference in the base amount of \$438,575,813 and the final appropriation of \$522,813,386 was based on the following decision units.

M-100 Inflation: \$4,489,967. Mr. Rexwinkel stated that included inflation for electric and gas rates, which amounted to a significant amount for the NDOC. Inflation also included internal service fund increases for DoIT services, Motor Pool charges, state-owned building rent, insurance, et cetera. Mr. Rexwinkel pointed out that the largest component in M-100 was for medical, and the medical inflation rate amounted to approximately \$3.6 million of the overall request. The medical inflation rate was provided by the Centers for Medicare and Medicaid, Office of the Actuary.

M-200 Caseload Growth: \$32,920,486.

M-300 Fringe Benefits: \$5,391,540. Mr. Rexwinkel stated that amount was for health insurance, retirement, unemployment compensation, and worker's compensation.

M-400 and M-589 Deferred Maintenance: \$4,080,532.

E-710 Replacement Equipment: \$2,443,327. That amount would be utilized across all budgets.

E-720 New Equipment: \$230,216. Mr. Rexwinkel noted most of the new equipment would be utilized for the opening of the Casa Grande facility.

E-805 Reclassification: <\$8,496>. Mr. Rexwinkel stated the NDOC would reclassify an information system specialist III to an information system specialist IV, and an administrative aid position to a student worker position, which would result in a substantial savings.

E-810, E-811, M-304, and M-305 Pay Adjustments: \$29,279,278. Mr. Rexwinkel stated that amount represented the 10 percent increase for sworn officers, nurses, and correctional caseworkers. The total also included the 2 percent cost-of-living adjustments.

Enhancements: \$5,410,723.

Regarding the per-inmate operating cost, page 17, [Exhibit H](#), Mr. Rexwinkel stated the costs had been compared to the legislatively approved FY2005 budget, and had increased in most areas. The reason for that was pay adjustments and inflation.

Mr. Rexwinkel said that deferred maintenance projects were listed on page 17 of the exhibit and if the Committee had questions, he would be happy to provide additional information. The total was approximately \$4 million and included items that were beyond normal occurrences from year to year in routine maintenance.

Mr. Rexwinkel stated that the per-inmate growth in a non-intake institution was depicted on page 18 of the exhibit, and showed the incremental cost per inmate in a non-intake institution:

- Operating supplies \$69.20
- Clothing \$30.26
- Inmate labor \$35.46 (included inmates working in culinary and other areas of the institutions and camps)
- Food \$789.87
- Inmate supplies \$140.91

Mr. Rexwinkel noted that the total was \$1,065.70 and the per-inmate medical cost was \$840.63 for a grand total of \$1,906.33.

Regarding caseload growth, Mr. Rexwinkel stated that the amount of approximately \$4.3 million was the result of the per inmate costs. There was other caseload growth in inmate welfare, inmate stores, and inmate drug testing. Mr. Rexwinkel said that opening Southern Nevada Correctional Center (SNCC) would result in hiring an additional 236.5 FTEs with a cost of \$19,855,316, and opening Casa Grande would result in hiring an additional 22 FTEs with a cost of \$7,364,015.

Mr. Rexwinkel indicated that pay increases for sworn staff were depicted on page 18 of [Exhibit H](#) and showed what the pay would be on June 30, 2005, at step 1, what it would be with a two grade increase, plus the 2 percent cost-of-living adjustment. The chart also depicted the increases for FY2006. Page 19 of the exhibit depicted recommended pay increases for caseworkers and nurses and utilized the same scenario as the increases for sworn staff.

Mr. Rexwinkel stated that enhancements included replacement of the Nevada Corrections Information System (NCIS), or offender tracking system, as previously discussed by Ms. Crawford. Also included were:

- E-275: Funding for 6 positions to support the NCIS.
- E-804: Cost allocation for the Nevada Highway Patrol (NHP) for dispatch services.
- E-817: Cost allocation for the Nevada Department of Transportation (NDOT) for the 800 megahertz radio system.

- E-376: Continue residential substance abuse treatment program (OASIS).
- E-378: Cost allocation for the Going Home Prepared program.
- E-250: Southern Desert Correctional Center (SDCC). Return a maintenance worker IV position that was eliminated in FY2003.
- E-251: Add three correctional officer positions for the segregation unit at SDCC.
- E-250: Lovelock Correctional Center (LCC). Add one correctional officer for the Structured Living Program.
- E-250: Southern Nevada Women's Correctional Center (SNWCC). Add eight correctional officer positions.
- E-250: High Desert State Prison (HDSP). Add 21 positions, 2 of which would be gun rail officers for yard control.
- E-251: HDSP. Add 19 positions for intake and unit management, including 1 correctional caseworker and 1 administrative assistant.
- E-710: Various budget accounts. Replacement equipment.
- E-809: Various budget accounts. Ten percent/two grade increase for sworn staff.
- E-810: Various budget accounts. Pay increase for caseworkers and nurses.
- E-811: Various budget accounts. Movement from classified to unclassified service for certain positions.
- E-889: One-shot budget item. Replacement of 48 vehicles.

Concluding his presentation, Mr. Rexwinkel stated that page 21 of [Exhibit H](#) depicted the costs for replacement of the NCIS and the summary of the various CIPs, as previously discussed by Ms. Crawford.

Chairman Arberry referenced the expansion at High Desert State Prison and asked whether there would be additional "beds" or "cells." Mr. Schlottman indicated that the NDOC anticipated building three housing units with a total of 504 cells. Two beds would be placed in each cell, similar to a regular general population housing unit. Mr. Schlottman said that would allow the NDOC to then change unit two at HDSP, which was a much more sturdy structure and more suited to maximum housing, into single-cell housing. It was anticipated that in the future the HDSP would become a maximum security prison as the population increased because of the nature of its construction.

PUBLIC EMPLOYEES' BENEFITS PROGRAM

PEBP 1-12 – Volume III

P. Forrest Thorne, Executive Officer, Public Employees' Benefits Program (PEBP), referenced [Exhibit I](#), "Public Employees' Benefits Program, FY 2006-2007 Biennial Budget," and explained that he would cover the financial status of the PEBP, program achievements, transition to preventative care, concepts upon which the budgets were built, and review the budget accounts related to the plan. In addition, stated Mr. Thorne, appendices were included regarding insurance economics and dealing with the financial status of the plan. Also included were the demographics, which dealt with the composition of the participants.

Page 3 of the exhibit depicted the financial status of the PEBP, stated Mr. Thorne, and in FY2004 operating income had exceeded expenses by \$46 million, leaving the PEBP with a cash balance at the end of FY2004 of \$46.8 million. That was the first time since FY2001 that the PEBP had shown positive net assets. Mr. Thorne reported that in FY2004 the claims expense decreased from the prior year for the first time since FY2000, and claims costs had actually been less than both FY2002 and FY2003. Mr. Thorne said for the

6 months that ended December 31, 2004, the PEBP had operating income of \$18.9 million on revenues of \$112.4 million. However, during that period there had been a Health Maintenance Organization (HMO) available in northern Nevada and, as a result of that shift, even though the program showed good operating income, the claims costs were \$64.3 million, which was up 15.6 percent compared to the prior comparable period, despite having fewer participants in the Preferred Provider Organization (PPO) plan.

Continuing his presentation, Mr. Thorne stated that page 4 of [Exhibit I](#) showed a graphical representation of the revenues and expenditures of the program. The PEBP had cash with the State Treasurer of \$68 million, cash on a balance basis, which included outstanding checks, was <\$71,000>, and the net income for the six months was \$18.9 million.

Page 5 of the exhibit depicted program achievements, stated Mr. Thorne, and he indicated that the PEBP had completed the plan year transition from a calendar year to a fiscal year. That had been a tremendous help in working with the budget and tying the revenue stream to the biennial budget process, particularly in the subsidy. Mr. Thorne reported that the PEBP had also revised its contract Request for Proposal (RFP) schedule to conform to the change in the fiscal plan year. That would help reduce the burden on staff and the Purchasing Division in future years. Mr. Thorne pointed out that there was a huge increase in the purchasing assessment, which reflected the fact that the PEBP had gone through the bid process for every single vendor during the previous 18-month period.

Mr. Thorne stated that the PEBP had implemented predictive modeling to set the 2005 plan year rates. Predictive modeling looked at the health status of the PEBP participants as opposed to simply "trending out," based on the claims paid out during the prior year. Mr. Thorne stated that methodology was mandatory for Medicare and was used by most of the major carriers. The PEBP had also implemented a Disease Management Program which dealt with the four significant chronic disease issues that faced the PEBP: 1) asthma; 2) diabetes; 3) hypertension; and 4) chronic heart failure. Mr. Thorne stated that the PEBP had also put into place a 24-hour nurse hotline for PPO participants, which allowed participants to call for advice regarding certain symptoms, such as a child who did not feel well, et cetera. Mr. Thorne said the hotline would provide answers to questions about whether the participant should go to the emergency room or what type of treatment should be sought. The hotline offered nurse-provided guidance regarding the level of care the participant should seek, and Mr. Thorne reported that both programs had been well received by the participants.

Assemblywoman Smith asked whether the nurse hotline was contracted out or conducted in-house. Mr. Thorne stated it was contracted out. Ms. Smith asked about the liability. Mr. Thorne replied that any liability would be the responsibility of the contractor.

Mr. Thorne reiterated that the PEBP had awarded HMO contracts for both northern and southern Nevada, and only Churchill, Lander, and Pershing Counties would be without HMO coverage for FY2005. However, the PEBP had been informed that Anthem HMO would be licensed to provide coverage to those counties beginning July 1, 2005.

Mr. Thorne reported that for the first time, the PEBP would offer HMOs as an option throughout the state. In addition, the PEBP had implemented necessary system enhancements to handle the requirements of the combined effects of

Assembly Bill 249 of the Seventy-Second Legislative Session and Assembly Bill 286 of the Seventy-Second Legislative Session. Mr. Thorne stated that legislation dealt primarily with billing multiple employers for the subsidy required for retirees.

One of the things that the PEBP had established was a feedback loop from participants, so that timely responses could be received from participants regarding their needs and what was important to them in the plan. Mr. Thorne said the PEBP had conducted participant focus groups and an electronic survey in early fall 2004. Between the two, there were over 4,500 participants who responded to those efforts. According to Mr. Thorne, the PEBP had also approved an expanded communications plan, which included creation of a new logo that clearly identified the PEBP, and differentiated the Public Employees' Benefits Program (PEBP) from the Public Employees' Retirement System (PERS). Mr. Thorne explained that the focus groups had discovered there was considerable confusion among participants regarding the PEBP and the PERS.

Mr. Thorne stated that the PEBP had implemented a quarterly newsletter, and the first issue had been mailed in January 2005. He believed all participants should have received that newsletter, which was part of the response to the focus groups. Participants were looking for more timely information about the program and what was going on with it. Mr. Thorne said the PEBP had also implemented a state-of-the-business annual document to let stakeholders know where the PEBP had been, where it was now, and where it was headed in the future. The first issue of that document had been presented to the Board of the PEBP at its January 2005 meeting, and a copy had been forwarded to the Governor and all legislators.

Mr. Thorne indicated that the PEBP had revised its employee benefit orientation program, which introduced new employees to the benefits offered by the program. In the spring of 2005, the PEBP would implement a new retiree benefit orientation. Mr. Thorne informed the Committee that a large percentage of state employees would become eligible for retirement within the next 3 to 5 years, and the PEBP wanted to provide those employees with transition information, such as what action was needed on their part and the considerations offered employees upon retirement.

Mr. Thorne stated that the PEBP wanted to complete an overhaul of its website. The feedback had been that, while there was a lot of good information available on the website, it was often difficult to find the exact information a person was looking for. The PEBP hoped to have that website up and running in the next week, and it was hoped that it would make it much easier for all users to locate the needed information in a more easily accessible manner.

Mr. Thorne reported that the PEBP had completed a reconciliation of its records to pay center remittances. That was the first time such reconciliation had been done in Mr. Thorne's tenure with the state and, to his knowledge, it had never been done prior to that. The PEBP was very proud of that accomplishment and was currently going through the more detailed and time-consuming process of updating the systems, and determining whether the discrepancies were eligibility-related or were the result of problems with information reported from the pay centers.

Mr. Thorne advised that an audit of PEBP's financial statements had been completed within 90 days from the end of the fiscal year. The PEBP had worked with its auditors and the Controller's Office to streamline the process

and the way it performed the audit, and was proud of providing such timely information to the Board.

Continuing his presentation, Mr. Thorne said the program was currently in good financial health, and the PEBP recognized that if there was any hope of keeping the program that way over the long-term, it had to shift its focus from reactive to proactive. The PEBP was looking at preventative care and wellness as possibly the only way it could maintain the financial health of the program. Mr. Thorne stated the PEBP recognized that it was a long-term approach, which would require extensive consumer education, but the PEBP wanted to focus on the wellness aspects. Preventative care was a focus of the program, said Mr. Thorne, along with expansion of its wellness coverage, instituting screening for high-risk factors, exploring coverage of care that would mitigate high-risk factors, increasing the awareness of participants regarding health choices and options, and focusing on better health for participants in an effort to prevent those serious illnesses.

Assemblywoman Smith asked whether there was a wellness incentive. Mr. Thorne replied that there was wellness coverage in the program, and the PEBP was working with the Community Health Bureau of the Health Division on a health and wellness program for state employees and retirees. Mr. Thorne stated the program was working with its consultants and would approach its Board at both the February and March 2005 meetings regarding how it could provide an incentive to utilize preventive services.

Mr. Thorne indicated that a number of concepts had been applied in the development of the budgets, one of which was to separate out the costs from the revenues. It was primarily claim costs that drove the overall cost of the program. Mr. Thorne explained that the PEBP had no plan design changes for the base budget and had built in moderate growth over the biennium. However, he noted that a decision unit had been included which would give the Board discretion to restore benefits over the biennium that had been cut during 2003 in an effort to provide stability for the program.

According to Mr. Thorne, the PEBP was also reviewing utilization of the reserves to stabilize the fund balance and smooth rate increases over the biennial period. The PEBP was attempting to put a mechanism in place that would allow it to accommodate the ups and downs that were inevitable with such a program. Mr. Thorne said the PEBP would like to accomplish that through a biennial budget cycle and address those ups and downs via a normal budget process, as opposed to dealing with them during special sessions of the Legislature, such as had been done in 2002. He explained that the PEBP also proposed the creation of a new budget account to eliminate reconciliation issues and duplicative efforts between the PEBP and the pay centers.

Mr. Thorne advised that BA 1338 covered the costs of the program, and the Committee should recognize that plan costs had to be paid by someone. The budget account acknowledged that premium revenues were received from a variety of different sources, and cost sharing between the employer and the employee or retiree was a revenue issue. Mr. Thorne explained that the proposed budget for BA 1338 would allow approval of program operations and plan basics without affecting the plan design, which was set by the Board. BA 1338 would provide the Board with flexibility within the scope of the approved budget.

According to Mr. Thorne, the PEBP was projecting 2 percent per year growth in participants because of retirement, addition of non-state retirees, and growth in participating employers. The base budget and maintenance decision units included no changes in the existing plan design, but there was a benefit restoration enhancement decision unit, which would allow some of the benefits that had been cut to be returned to participants. Mr. Thorne indicated that the budget would utilize the existing reserves to stabilize the fund balance and smooth rate increases over the biennial period.

Referencing [Exhibit I](#), Mr. Thorne stated that the chart on page 12 showed the progression from the adjusted base through the FY2005 work program, and the PEBP's request for each year of the upcoming biennium.

The graphic on page 13 of the exhibit illustrated expenditures, and Mr. Thorne noted that the self-funded claims expense segment of the pie chart rose over the biennium and would reduce the reserves. Mr. Thorne stated that the PEBP was purposely drawing down some of the reserves over the biennium to stabilize the growth and the cost to the state and the participants.

Continuing his presentation, Mr. Thorne stated that the chart on page 14 of [Exhibit I](#) showed the components of the budget requests through the adjusted base, maintenance, enhancements, and the total. The PEBP's adjusted base budget funded current operations without provision for increases in self-funded claims or fully insured products. Mr. Thorne indicated that the budget maintained current staffing levels, current private consulting firms, and reflected full-year costs of any new contracts approved in FY2004. The budget contained three maintenance decision units:

1. M-100 Inflation and per unit increases. Basically consisted of adjustments to statewide assessments.
2. M-101 Inflation. Dealt with cost increases for the PEBP's insured products. A 10 percent escalation clause was contained in the HMO contracts and a 5 percent renewal cost increase had been estimated on life and disability insurance products. The trend used on the self-funded claims expense ranged from 14 percent to 18 percent for medical, which included prescription drugs and vision costs, and 7 percent to 10 percent for dental.
3. M-200 Caseload growth. The 2 percent inflation factor for participant population growth.

Mr. Thorne reported that the budget contained a number of enhancement decision units, but the two key units were: E-200, rate stabilization reserve and E-251, benefit restoration. The rate stabilization reserve (E-200) implemented the recommendation from the PEBP's actuaries that was approved by the Board in March 2004, and was in addition to the Program's reserve for Incurred but Not Reported (IBNR) claims. Mr. Thorne stated that the IBNR was actually a liability of the Program for claims that had been incurred by participants, but for which no bill had been received for payment. The enhancement unit was intended to cover contingent expenses and unexpected increases in inflation and/or large claims. Mr. Thorne explained that if the PEBP encountered another situation such as the one that occurred during FY2002-03, when there had been a horrendous increase in large claims and overall utilization, the enhancement unit was the reserve that would carry the PEBP through the biennium and deal with that situation within a normal budgetary cycle.

Mr. Thorne said E-200 would minimize the impact to plan design and premium revenues throughout the biennium. There had been four consecutive cycles where participants had faced either significant premium increases or benefit changes, or both. Mr. Thorne stated the PEBP was planning to stabilize both the plan and the costs. The estimates in enhancement unit E-200 were based on 2 to 3 months of projected claims based on the modeling and, based on the approval of the Board, had been set at 2.5 months.

Mr. Thorne indicated that staff training was crucial for executive-level staff to remain current in their respective areas of expertise. There had been rapid changes both in technology and health-care related issues. Mr. Thorne said some examples of those rapid changes could be seen in the Health Insurance Portability and Accountability Act of 1997 (HIPAA), Medicare, and Other Postemployment Benefits (OPEB), which referenced evaluations required under the Governmental Accounting Standards Board (GASB).

According to Mr. Thorne, enhancement unit E-251, benefit restoration, was a key element. The Board of the PEBP requested that an amount equal to 5 percent of annual claims cost be set aside to restore benefits previously cut by the Board in order to stabilize the financial position of the plan. Mr. Thorne stated that the Board definitely wanted feedback from participants regarding what was important to them before making a decision regarding restoration of benefits or changes. Participant priorities were the central focus of the focus group meetings and participant survey. Mr. Thorne reported that participants had determined the four most important benefits were: 1. Reduction of the deductible; 2. Increase in dental benefits; 3. Restoration of the vision benefit; and 4. Expansion of the drug formulary. All of those benefits were under consideration by the Board.

Mr. Thorne noted that the structure of the benefit restoration would be determined during the rate-setting process in February and March 2005, and would:

- Be based on a review of the previous budget cuts
- Be cognizant of the participant feedback
- Be based on the actuarial estimates of the cost of the restoration
- Be within the funding parameters established by the Governor and the Legislature

Mr. Thorne said that enhancement unit E-325 was the PEBP's communications program, which would provide funding for the new quarterly newsletter to participants. Mr. Thorne stated that was a key element in the educational forum for participants, and would provide better understanding of benefits, improve health-care choices, and provide information in a timely manner. Mr. Thorne noted that the program met one of PEBP's stated goals, which was to provide effective communications so that participants understood the plan and were able to maximize benefits.

Mr. Thorne stated that the last two enhancement units, E-525 and E-710, dealt with office relocation and replacement equipment, and provided funds for the new space in the Department of Conservation and Natural Resources building.

Chairman Arberry advised Mr. Thorne that the Committee was very familiar with the PEBP budget issues, and because of time constraints, he would like to allow questions from the Committee. Chairman Arberry apologized for the time constraints and indicated that the Committee realized how much time had been

required for PEBP staff to prepare the budget presentation. He assured Mr. Thorne that the Committee appreciated their effort.

The Chair recognized Assemblywoman Giunchigliani.

Ms. Giunchigliani stated that The Executive Budget indicated a 3.1 percent increase and a 4.0 percent increase over the biennium in the monthly contribution for state employees. Mr. Thorne stated that the FY2005 amount was \$558.07; in FY2006 it would be \$570.51, which amounted to a 2.2 percent increase; and in FY2007 it would be \$590.72, which would be a 3.5 percent increase. Ms. Giunchigliani said the figure provided to the Committee was that the monthly contribution paid by the state would be \$575.44 for FY2005-06. Mr. Thorne believed that number had since been adjusted to the aforementioned amounts.

Ms. Giunchigliani referenced the amount recommended for state retirees, and said it appeared that the recommended base subsidy amount was \$345.92. Mr. Thorne stated he would provide the new numbers for that state subsidy. The amount was \$341.30 for FY2006, which was a 7.9 percent increase, and \$359.23 for FY2007, which was a 5.3 percent increase.

Ms. Giunchigliani noted that Governor Guinn had launched a new concept in his State of the State Address, where newly hired state employees would not be eligible for the State insurance subsidy upon retirement. She asked why the subsidy for retirees was increasing by 7.9 percent, while the increase for active employees was only 2.2 percent. Mr. Thorne explained that the difference in the increase was to maintain a percentage of the aggregate cost as a subsidy year to year, biennium to biennium. There was a different mix within the PPO and HMO plans within the retiree population as compared to active employees. Mr. Thorne remarked that there was a much higher participation in the HMOs, particularly in southern Nevada, which were much lower in cost, and that factor reduced the rate of increase for the active group as compared to the retiree group. Ms. Giunchigliani noted that there was no HMO available in the rural counties. She asked whether the new HMO available in northern Nevada had been factored into the State subsidy. Mr. Thorne replied in the affirmative.

Ms. Giunchigliani indicated that it still did not make sense to her why an increase was recommended for current retirees, especially when the suggestion was to cut the retirement benefit for new hires. She stated she would rather use that funding to make sure there were no future benefit losses for active employees. Mr. Thorne stated that elimination of the retirement subsidy for new hires would be a policy decision for the Legislature. The PEBP's budget request, which mirrored the recommendation in The Executive Budget, was to review the subsidy as a portion of the aggregate cost, which was 72 percent of the aggregate for retirees, or 78 percent for the primary retiree and 55 percent for the dependent portion. For active employees, stated Mr. Thorne, the subsidy was 87 percent of the aggregate, or 96 percent for the employee and 66 percent for the dependent's portion.

Ms. Giunchigliani indicated that the savings projected for the Governor's proposal to eliminate the subsidy upon retirement for new hires was approximately \$500 million. She asked whether the PEBP had computed that amount and if there was something that showed the savings. Mr. Thorne stated that the PEBP had provided an estimate to the Governor's Office and the Budget Office for that projection, which had been based on the best information available. Admittedly, said Mr. Thorne, there were many assumptions in that projection, such as the age of retirees, years of service, when the employee

would retire, what would be the inflation rate, and what would be the growth of retirees over that period. Mr. Thorne stated when a projection reached that far into the future the information was very "iffy" regarding the actual numbers. He indicated that the PEBP could provide the assumptions and what the scale would be, but it would certainly behoove anyone to have an actuary look at the projection on a more detailed basis to refine the projection.

Ms. Giunchigliani asked whether the proposal had been a recommendation from the Board to the Governor. Mr. Thorne replied that the PEBP had only provided the estimates of the projected savings. Ms. Giunchigliani stated that, at best, the estimates were only a guess, so the projected \$500 million in savings 20 years into the future might not really materialize. The proposal was to negatively impact state employees while the actual dollar amount in savings was not known. Mr. Thorne said the figure could be considerably less, although that was unlikely, or it could be substantially higher. To give the Committee a point of reference, when the retiree subsidy was put into place by the 1979 Legislature, it was \$15 per month. Mr. Thorne said that looking at the progression of the subsidy from 1979 to the current time would make it possible to project the subsidy over an additional 25-year period using the same rate of increase. Ms. Giunchigliani stated that in 1979, health care was not so costly.

Ms. Giunchigliani believed the proposal needed substantial review, and she said she was not at all comfortable with the proposal. If there was a problem, the Legislature needed to know what had caused it, and she could not recall any conversation about cutting benefits for new state hires. Ms. Giunchigliani remarked that the proposal had caught legislators off guard. She noted there were problems on a national scale with health-care costs, and yet the Legislature had an obligation to make sure that taxpayers in Nevada were not overburdened. Ms. Giunchigliani remarked that state employees were not paid well in the first place, and benefits were offered as part of the package. She reiterated that the savings amount was unsure, and it did not appear there would be even a \$16 million per year savings if projected out over the 20 years. It appeared to be "guesstimated" and Ms. Giunchigliani said she would rather not increase subsidies in some cases rather than have participants lose their benefits. Ms. Giunchigliani asked Mr. Thorne to provide the Committee with a copy of the calculations, the assumptions, and other information provided to the Governor and the Budget Office. Mr. Thorne replied that he would provide that information.

Ms. Giunchigliani referenced the formulary, and indicated that a constituent had called her regarding the special medication required by a doctor for his wife's severe illness. She asked whether there was an application process for newer drugs that came on the market and were not covered in cases of severe illness. Mr. Thorne stated there were a number of ways that such a situation could be handled. He advised that the PEBP's pharmacy benefit manager and the physicians that reviewed the formulary had chosen not to add a new drug to the formulary until it had been on the market at least 6 months. That was based on the withdrawal of medication from the market because problems had been discovered after broad usage. Mr. Thorne said if a drug was not on the formulary and the patient had tried the alternatives, or there was a medical reason why a patient could not take the alternatives, there was a step process available through Catalyst Rx. The physician could talk to the pharmacist, provide documentation of medication tried which had not worked, and the pharmacist could approve medication on that basis even though it might not be on the formulary.

Senator Coffin referenced an Interim Retirement and Benefits Committee meeting that had been held approximately 2 weeks ago, and noted that there had been no mention at that time of the work being done on the Governor's proposal for retirees. He asked whether the PEBP staff had been working on the problem at that time. Mr. Thorne asked whether Senator Coffin was referring to the proposal to eliminate the insurance subsidy for new hires. Senator Coffin said yes, and noted that the proposal would have required substantial work. Mr. Thorne stated that the PEBP had responded to the information request from the Budget Office and the Governor in December 2004. He pointed out that the PEBP received many information requests that never moved forward, and the PEBP had heard about the Governor's proposal at the same time as everyone else.

Senator Coffin asked whether the PEBP had found out at the same time as everyone else that the savings was projected at \$500 million. Mr. Thorne replied no, but rather had found out about the Governor's decision to go forward with the proposal. Senator Coffin asked who had created the pro forma to predict the \$500 million savings, or even if the proposal was workable. Mr. Thorne stated that the PEBP had completed the projections internally and had made some assumptions. Staff had spoken to the PEBP's actuary regarding whether the proposal was reasonable, had looked at the PERS' actuarial assumptions for mortality in their retiree benefits, and attempted to develop some type of logical or rational approach to providing an estimate. Mr. Thorne emphasized that it was an estimate.

Senator Coffin stated he was also "in the business," and he wondered how such a proposal had been put together so rapidly that the Governor could actually "throw out" that number. He could see that the projection did not have the vetting it should have had, because it should have been reviewed by the PEBP's actuary when the PEBP discovered that the Governor was going to move forward with the proposal, rather than just "shoving" the proposal into the State of the State Address. Senator Coffin stated that was an incredible podium from which to make such an announcement without having completed the background work. He realized that the PEBP received many requests for information, and even though it might not have had any more credibility than other requests, who could have known the Governor's Office would "jump" on the projection. Senator Coffin asked whether Mr. Thorne could provide any details to the Committee regarding how the proposal would be initiated. Mr. Thorne asked whether Senator Coffin was asking for information regarding the method that PEBP had used to arrive at the proposed savings. Senator Coffin asked how the proposal would be done, which he believed was the main question.

Mr. Thorne said the PEBP had reviewed the age of retirees with their respective years of services, and had basically looked at the requirements, such as at least 5 years of service at age 65, 10 years of service at age 60 or more, or 30 years of service at any age. The PEBP had assumed the same inflation factors that its actuary was using in development of the Governmental Accounting Standards Board (GASB) liability response, which was an ongoing study. Mr. Thorne explained that the PEBP had looked at the fact that the scale of subsidy would remain the same as in current statute, which was based on years of service ranging from 25 percent of the base amount to 137.5 percent of the base amount. The PEBP had assumed that there would be the same distribution of retirees with certain years of service as there was in current state retiree population. Mr. Thorne stated the PEBP had then estimated how many new retirees there would be each year, accounting for a mortality factor of 5 percent, as utilized in the PERS actuarial estimates for retiree benefits.

Different approaches had been used in an effort to determine what the number of new retirees would be each year, and the PEBP then took an average of those retirees to arrive at a midpoint. Mr. Thorne explained that was the information used in the summary. There were many calculations regarding what the subsidy would be in each subsequent year based on the inflation factors, and how many retirees there would be with how many years of service.

Senator Coffin said it was a huge undertaking which, in Senator Coffin's thinking, would take at least two years to study. It ran along the lines of the movement in Congress at the present time to essentially privatize the Social Security system. There was much controversy over that movement, and quite frankly, since Medicare, which was basically the retiree's health plan, was really what was "sick" in the Social Security system, Senator Coffin opined that the Governor's proposal was not necessarily an outrageous idea.

Mr. Thorne indicated that the figure of \$500 million was the savings estimate for elimination of the retiree subsidy. Mr. Thorne stated it was his understanding that the proposal would eliminate the subsidy for retirees based on the hire date of the employee. Employees hired after a certain date would receive no insurance subsidy whatsoever upon retirement. Mr. Thorne said the \$500 million represented the estimated savings.

Senator Coffin stated that he had not believed the proposal could be that bad. He had been told that it would completely eliminate the subsidy upon retirement for new hires, but he had assumed there had to have been some thought given regarding how the program would be set up. He asked whether there was a model in another state that could be reviewed. Mr. Thorne stated there was no subsidy to model, as the proposal was to eliminate the subsidy as it was currently structured for future hires. It would not affect current employees, and the PEBP had not factored in anything for current employees or current retirees. Senator Coffin stated there would be nothing to encourage persons to apply for employment with the state if the state simply indicated it would subsidize the insurance premium for active employees, but upon retirement the employee would basically be responsible for his own insurance needs. Mr. Thorne stated that was the proposal from the Governor. He emphasized that the PEBP had provided the estimate of what the savings would be from the proposal and that had been its only role in the proposal. Mr. Thorne stated there would obviously be considerable debate over the merits of the proposal.

Senator Coffin said he really did want to find out the process the administration had gone through to come up with the proposal. Mr. Thorne indicated that Senator Coffin should direct that question to the Governor's Office.

Senator Beers asked whether state employees had Medicare deductions withheld from their paychecks. Mr. Thorne replied that some did. For persons hired after 1986 or 1987, Medicare was deducted. Mr. Thorne stated he was not sure whether employees hired prior to that date were given the option to opt into Medicare. He noted that anyone hired after 1986/1987 or new hires were covered under Medicare.

Senator Beers asked whether post-1986/1987 employees who retired after the age of 65 would be covered by both the State health plan and Medicare. Mr. Thorne replied in the affirmative. He stated that Medicare would become the primary insurance for those eligible at age 65 and the benefits would be coordinated through the PEBP. For retirees who were not eligible for Medicare, the plan would remain the primary insurance. Mr. Thorne indicated that the PEBP required all retirees who were Medicare age to purchase Part B, which

was the physician portion, but some employees would not be eligible for the hospital portion of Medicare, or Part A.

Senator Mathews commented that was not the way it worked, and she had the letters to prove it. The state was slow to pay, and asked questions as if a person was a criminal because the state had to pay the 10 percent after Medicare payment. In most instances, stated Senator Mathews, the person was never reimbursed and had to pay the costs. She stated she would be happy to show Mr. Thorne the letters. Mr. Thorne asked that she please do that. Senator Mathews stated she would, and she believed the state paid secondarily if it paid anything at all, and then harassed persons as if they were at fault.

Senator Beers noted that Medicare was the plan that the vast majority of Nevadans retired into. Senator Mathews said that was a concern, and she wondered what would happen if the Governor's proposal was initiated. Someone had to pay for retiree health care, and it would probably be those young enough to carry the costs. Senator Mathews reiterated that someone would have to provide the medical care for those people when they became ill after age 65, which was when people suffered the most illnesses.

Senator Beers said it was the cost for the Medicare program that the federal government withheld from his paycheck, and his employer matched the amount. He asked whether the cost of the subsidy for retirement premiums was currently approximately \$25 million per year. Mr. Thorne replied that was correct, and the estimate was \$25 million in FY2006 and \$27 million in FY2007 for the subsidy. Senator Beers stated that would presumably grow as more and more people retired. He asked whether retirees were in the same risk pool as active employees. Mr. Thorne replied yes. Senator Beers asked if that would remain the same, and Mr. Thorne replied in the affirmative.

Senator Beers stated if the cost of coverage had to be paid in full by retirees, presumably less of them would take the insurance coverage, since they also had Medicare. The concern would be that over the long haul only retirees who were very sick would retain the coverage and that would start driving the rates even higher for all employees, active and retired.

Mr. Thorne agreed that such a scenario would have an impact on the rates. The PEBP had seen that in the non-state portion of the program, where the requirement was to commingle the retirees and active employees, much as it did for state employees. What had been observed was a shift in the number of retirees on a ratio to the number of active employees from non-state entities, because the non-state entities had fled to lower insurance rates. Mr. Thorne reported that the state ratio was approximately 3:1 actives to retirees, and that the non-state ratio had been down to 1:1. The PEBP now had more retirees than actives in the non-state group, which had a definite impact on the restructure.

Chairman Arberry asked whether Mr. Thorne had completed his presentation and Mr. Thorne replied in the affirmative.

Assemblyman Hettrick stated that almost everyone was suffering from lack of detail regarding the Governor's proposal. It was his understanding that the intent was that a future retiree who received no insurance subsidy would have guaranteed issue to buy into the state plan if the retiree wanted to pay the premium. Mr. Hettrick asked whether Mr. Thorne was aware of that guarantee. Mr. Thorne indicated that had also been his understanding. Mr. Hettrick asked

whether that guaranteed issue would be a window of opportunity or whether it would be available forever. For example, if a person retired at age 55 and did not want to buy the insurance, could that person purchase the insurance if he became ill at a later date.

Mr. Thorne explained that under the current rules of the system, if a person did not elect the coverage upon retirement, that person had basically opted out of the program, but in January of even-numbered years, persons had the option to opt back into the program. Mr. Thorne reiterated that every other year there was an opportunity for retirees to re-enter the program. The rationale for that was because a person could retire at any age with 30 years of service, and many retirees would go on to other careers where they might receive insurance coverage as an active employee.

Assemblywoman McClain commented that if state employees were not paid a decent living wage, they would not be employed long enough to retire anyhow, which would make the proposal moot.

Senator Coffin acknowledged that the PEBP had simply provided data at the request of the Governor, and then the proposal had been included in the Governor's State of the State Address. Based on the question asked by Mr. Hettrick, Senator Coffin believed that adverse selection would occur and drive the premiums up even further, as claims would increase because those who chose to remain in the plan upon retirement would be those with definite medical problems. Also, those who opted in during an open enrollment period would be persons who had ongoing or future medical bills, which would also hurt the plan. Senator Coffin stated that he did wonder what the younger retirees, such as police officers and firemen, and those who retired in their mid-50s with 30 years of service, would do for health insurance until they reached the age of 65. Senator Coffin said he could see that a debate might occur regarding the idea that the state would pay employees an extra 1 percent in pay, which would be invested so that it would grow into an amount that would allow employees to purchase their own insurance in 30 or 40 years.

Mr. Thorne stated it was his understanding that the state would not provide that type of mechanism, and the proposal was simply to eliminate the retiree subsidy for future state hires.

Senator Beers stated that he had never heard of an ongoing, periodic open enrollment post-retirement, and he asked Mr. Thorne if he was aware of that occurring in the private sector. Senator Beers noted that the adverse selection costs of that type of policy would be tremendous. He stated that the reason for the problems experienced by the PEBP over the past 6 years had suddenly become very apparent to him. Mr. Thorne explained that the provision for reinstatement contained a pre-existing condition clause that was in effect for a year. He stated that policy was not uncommon for governmental entities, but was very uncommon in the private sector for the simple reason that persons retiring from one area in the private sector did not tend to go into another sector and continue working. He noted that persons who retired in the private sector "actually retired."

Mr. Thorne explained that there had been a significant change in the past 10 to 15 years in the private sector, based on the rule of the Financial Accounting Standards Board (FASB), which had been applied to the private sector in the early- to mid-90's, and required entities to account for the unfunded liability. Mr. Thorne stated that was now coming back to the governmental level, where states would have to first calculate and then post that unfunded liability as well.

According to Mr. Thorne, it would have significant impact down the road for the state and other governmental entities.

Senator Beers noted that would be a large credit on the balance sheet. He asked about the debits. Mr. Thorne stated there were two levels of reporting, one from the plan level and the second from the employer's balance sheet in reporting the amount of the unfunded liability.

Senator Mathews said she had received a letter from her provider that stated her account was being sent to collection, and she asked whether that letter should be forwarded to the PEBP. Mr. Thorne stated he would be happy to help Senator Mathews with that problem. Senator Mathews requested that the PEBP write a letter stating that she did not have bad credit and the problem was with the PEBP. Senator Mathews likened the situation to a bank stating that her account was empty when she knew there was money in the account.

Assemblywoman Giunchigliani asked that, when Mr. Thorne provided the Committee with the calculations and assumptions pertaining to the Governor's proposal, he indicate what percent of the alleged \$500 million savings would actually be General Fund, versus federal, versus paid by the individual. She believed the Committee should see where the savings would occur.

Mr. Thorne stated he did not have that information, but since the PEBP was funded on an assessment against all agency budgets, legislators could take the same split as in the budgets and it would be the same factor.

Chairman Arberry asked whether there were any further questions from the Committee for Mr. Thorne, and there were none. He then asked whether there was anyone present from the general public who would like to testify regarding the budget presentations heard by the Committee, and there were no persons who wished to testify.

The Chair advised the Committee that meetings scheduled for the following week would be located in both Carson City and Las Vegas via videoconferencing. Chairman Arberry advised that Senator Raggio would be the Chair at the Carson City location, and he would be the Chair in the Las Vegas location.

There being no further business to come before the Committee,
Chairman Arberry adjourned the meeting at 5:01 p.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Attaché

APPROVED BY:

Assemblyman Morse Arberry Jr., Chairman

DATE: _____

Senator Bob Beers, Acting Vice Chairman

DATE: _____

<u>EXHIBITS</u>				
Committee Name: <u> xLegislative Commission’s Budget Subcommittee </u>				
Date: <u> x1/26/05 </u> Time of Meeting: <u> x 8:35 a.m. </u>				
Bill #	Exhibit ID	Witness	Dept.	Description
	A			Agenda
	B	Michael Willden	DHR	Overview/Director’s Office Budget
	C	Dr. Carlos Brandenburg	MHDS	Budget Presentation
	D	Alex Haartz	Health	NV State Health Div.
	E	Carol Sala	Aging	Overview/Budget Present
	F	Amy Wright	P&P	Div. Parole/Probation
	G	Dorla Salling	P/Board	Board of P.Commissioners
	H	Jackie Crawford	NDOC	Gov.’s Recommendation for Budget
	I	P. Forrest Thorne	PEBP	PEBP Biennial Budget