

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON K-12/HUMAN RESOURCES**

**Seventy-Third Session
March 31, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on K-12/Human Resources, was called to order at 8:02 a.m., on Thursday, March 31, 2005. Chairwoman Sheila Leslie presided in Room 3137 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.

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Ms. Sheila Leslie, Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Ms. Chris Giunchigliani
Mrs. Debbie Smith
Ms. Valerie Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator Barbara Cegavske, Chairwoman
Senator Bernice Mathews
Senator William J. Raggio
Senator Dina Titus

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

None

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Michael Chapman, Program Analyst
Carol Thomsen, Committee Attaché
Connie Davis, Committee Attaché

Chairwoman Leslie called the meeting to order and announced that during the work session the Subcommittee would review issues previously heard and members could ask questions or seek further clarification. Chairwoman Leslie said the current work session would be regarding the budget accounts within the Department of Human Resources (DHR).

DEPARTMENT OF HUMAN RESOURCES

ADMINISTRATION (3150)

HR ADMIN 1 – 8, Volume II

Chairwoman Leslie stated that Decision Unit E-451 recommended a new public information officer (PIO) position, and she asked whether there were any questions from Subcommittee members. DHR staff members were present at the hearing and could provide further clarification of issues pertinent to the DHR.

Chairwoman Leslie indicated that Decision Unit E-453 recommended appropriations for a statewide Suicide Awareness and Prevention Program that had not been funded through MAXIMUS funding over the 2003-05 biennium because those funds had failed to materialize. Funding was recommended for the upcoming biennium. Chairwoman Leslie asked for clarification regarding the 1,200 hours of contract secretarial support for the two new positions. She noted that prior testimony had been unclear as to why those hours would be necessary. The Executive Budget indicated that the contract secretarial support would be used to provide strategic planning support and administrative support.

Michael Torvinen, Administrative Services Officer IV, DHR, explained that the two positions would provide more than clerical support for the professional staff, who would be creating the suicide prevention plan and conducting outreach. The DHR felt it was a necessary expense that would be ongoing because there would be a great deal of work surrounding the meetings, such as setting up meetings, transcribing minutes, and keeping track of information. Mr. Torvinen said the DHR believed there was a need for clerical support staff hours for the professional staff; he noted that existing support staff did not have the available capacity to provide that service.

Chairwoman Leslie said she would review the response, but warned that she might not be satisfied with that answer. She indicated that she had served on the interim committee that had recommended the two positions, and she was unsure whether she could go along with the request for 1,200 hours of contract secretarial support.

COMMUNITY BASED SERVICES (3266)

HR ADMIN 15 – 21, Volume II

Chairwoman Leslie indicated that Decision Unit M-540 recommended an increase in General Fund support to address the waiting lists for the Personal Assistance Services (PAS), Traumatic Brain Injury, and Independent Living Services programs. Chairwoman Leslie said the Subcommittee had heard substantial testimony regarding the decision unit that had not been funded for the Traumatic Brain Injury program in the Medicaid budget. She asked whether the DHR would be able to offer some services for those persons who might need extra assistance, perhaps through the Office of Community Based Services.

Todd Butterworth, Chief, Office of Disability Services, explained there had not been extensive discussions related to that issue, and the thought had been that perhaps within the PAS program, cueing might be added as a service to help individuals suffering from brain injury. Mr. Butterworth stated that was certainly something that could be contemplated. Chairwoman Leslie asked

whether that would necessitate a change in the budget for the PAS program, or could that be added with existing funding. Mr. Butterworth believed that cueing could be added to the PAS program with existing resources. However, he noted that over the long term, it would very likely extend the waiting list and might cause somewhat of a bottleneck. The funding requested for the PAS program was to address the existing service level, but Mr. Butterworth believed that the array of services could conceivably be expanded to include cueing.

Chairwoman Leslie said she would like to see if something could be done to aid that population and she asked for information regarding how that might be accomplished. Mr. Butterworth stated he would provide the information. He explained that he was unclear whether the addition of cueing would simply require a change in the *Nevada Administrative Code* (NAC) or whether it would require a change in the *Nevada Revised Statutes* (NRS).

Chairwoman Leslie asked whether there were further questions from the Subcommittee regarding BA 3266.

Assemblywoman Giunchigliani referenced the increase in General Fund support of approximately \$1.9 million and \$2.2 million over the biennium to address waiting lists for existing programs. She noted that there was no program for autistic children. Chairwoman Leslie indicated that the Subcommittee would be discussing that issue later in the presentation.

Chairwoman Leslie stated that Decision Unit E-429 recommended an increase in the hourly rate for PAS from \$17 to \$18.50. She pointed out that the increase would cost the State a great deal of money over the biennium within the various budget accounts that funded PAS. Chairwoman Leslie said she was still not satisfied with the reason the rate was being increased by \$1.50, and she asked whether there had been a problem in obtaining and retaining PAS. There had been past discussions about the "middleman" and whether the personal care attendants would realize the \$1.50 raise. Chairwoman Leslie said it had been suggested that, if the \$1.50 raise was approved and added to the various budgets, it could be accomplished by adding 75 cents for each year of the biennium.

Michael Willden, Director, Department of Human Services (DHR), reminded the Subcommittee that a task force had studied the payment levels for the personal care attendants approximately 4 years ago, and the rate increase of \$1.50 would be an attempt to fund the level recommended by that task force. Chairwoman Leslie stated that attendants had received a 14 percent increase over the last biennium. Mr. Willden said that was correct and attendants were being paid approximately \$14.00 per hour, but the goal was to increase the rate to \$18.00 or \$18.50 per hour. He had always maintained that the rate increase would have to be done in increments. Mr. Willden said he was not personally opposed to funding 75 cents over each year of the upcoming biennium to implement the raise, as long as progress continued to be made. That was the important issue for the care attendants.

Mr. Willden also reminded the Subcommittee that A.B. 337 would regulate the personal care attendants and there would be additional responsibility for training and oversight, et cetera. He was worried that if the two pieces, regulation of the industry and rate increases, were not kept together it would become more and more difficult to recruit care providers. Mr. Willden emphasized that those two pieces were very important. Chairwoman Leslie said she had not put those

two pieces together, but she did remember hearing A.B. 337 in a recent meeting of the Assembly Committee on Health and Human Services.

Chairwoman Leslie reiterated that it was a significant amount of money and the increase would require additional funding in the DHR budget accounts that funded personal care attendants. Mr. Willden stated the funding had been included in the budget account for Community Based Services (BA 3266), but had been left out of the budget for the Aging Services Division's Senior Services Program (BA 3146), and the Nevada Medicaid budget (BA 3243). A budget amendment had been submitted by the Budget Office to include funding for the rate increases in those budget accounts. Mr. Willden believed that the increase should be across-the-board for all personal care attendants. Chairwoman Leslie pointed out that funding would have to be added to those budget accounts in order to facilitate that raise. It was one thing to consider items within The Executive Budget, but quite another to add funding where it had been left out of the budget. Mr. Willden said that he understood the funding issue.

Mr. Willden stated that the DHR would attempt to do everything possible as a Department to ensure that the majority of the raise was not expended for costs and profit, but would be paid to the personal care attendants. He was not exactly sure of the Department's power in that area, but when the DHR was dealing with an agency it would be made clear that it would be unsatisfactory for the \$1.50 raise to go directly to profit, which was not the intent.

HEALTHY NEVADA FUND (3261)
HR ADMIN 22 – 28, Volume II

Chairwoman Leslie said there were many unknowns and concerns in BA 3261 regarding the possible overstatement of available unused Healthy Nevada Fund revenue from prior years. She asked whether additional calculations had been completed regarding available unspent funds in the budget account to support the Senior Rx Program.

Mr. Torvinen indicated that he had recalculated the amounts and it appeared that he had made a mistake by over-committing the carryover funding. He explained how the mistake had occurred, and stated the amount over-committed was approximately \$2 million in tobacco funding in the second year of the biennium. Mr. Torvinen did not believe that additional money would need to be added to the budget or that changes would be necessary. The anticipated rebate savings from the new contract for the Senior Rx Program had not been built into the budget because the contract had been finalized after the budgets had been compiled. Mr. Torvinen indicated that he believed there would be a savings of \$1.3 million over the biennium at the minimum rebate amount in the contract, which was \$2 per prescription.

According to Mr. Torvinen, he had re-projected the enrollment in the Senior Rx Program, which traditionally had not met the projected level. The re-projection showed that enrollment would not reach the level of 12,000, which Mr. Torvinen estimated would save approximately \$382,000. That would leave funding of approximately \$411,000 to balance remaining expenses. Mr. Torvinen said that he had not yet accounted for the Medicare Modernization Act (MMA) activity and the DHR believed that quite a few of the enrollees in the Senior Rx Program would move to the Medicare Part D program. He believed that would create a significant savings. Overall, said Mr. Torvinen, it appeared the Healthy Nevada Fund would be sound, as far as the budget was concerned, and there should be sufficient tobacco settlement monies to cover

expenses. As it stood at the present time, without those adjustments, the Fund would be over-committed by \$2.1 million.

Chairwoman Leslie said the Legislature did not like major mistakes, but did understand that mistakes could happen. Mr. Willden stated that the actual shortfall would be approximately \$411,000 after the aforementioned adjustments and he believed that prescription rebates from the new contractor would cover that shortfall. If not, the fallback would be to cap enrollment in the Senior Rx Program at less than 12,000 and create a waiting list. Chairwoman Leslie asked Mr. Willden and Mr. Torvinen to coordinate figures with LCB staff to facilitate budget closings.

Speaking of enrollment, Chairwoman Leslie asked about the status of the Senior Rx Program year-to-date. She also wondered whether there would be a surplus of funding at the end of the current fiscal year. Mr. Torvinen advised that the entire allocation of tobacco settlement money would be expended for FY2005 and the Division would dip into the General Fund dollars appropriated for the program. He said there had been approximately 600 less applications than budgeted enrollment in December 2004, but the program had traditionally had lower than projected applicants. Mr. Torvinen stated that he did not have the specific numbers. Chairwoman Leslie indicated that she wanted Mr. Torvinen to look at the figures going forward and, if enrollment was coming in under projections, determine whether too much funding had been built into the budget over the next biennium. Mr. Torvinen stated that was a possibility because enrollment had been dropping somewhat, but he did believe that the program would expend the tobacco money in FY2005.

Chairwoman Leslie asked whether a budget amendment had been submitted to address the "clawback provision" of the MMA. Because of the MMA, the State Medicaid program would be required to refund a portion of its savings for no longer providing pharmacy coverage to dual eligibles to the federal Medicare program. Mr. Willden indicated that the budget amendment had been prepared and submitted to the Budget Division, but he was not sure when that amendment would be available for review by the Subcommittee. He stated that he had spoken to Andrew Clinger, Deputy Director, Budget Division, who explained that a packet of budget amendments for the DHR would be delivered to LCB staff in the near future, but he did not know if the amendment pertaining to the clawback provision would be included in that packet.

Chairwoman Leslie indicated that LCB staff had not yet received the budget amendment pertaining to that provision. Mr. Willden said he would ascertain the status of the budget amendment. Chairwoman Leslie advised that the Subcommittee was getting to the point where the budgets had to be finalized.

Chairwoman Leslie reported that she had recently read a very interesting article in *The New York Times* about the application process for seniors applying for Medicare, Part D. The testimony at previous Subcommittee meetings had indicated that seniors would be able to fill out the application easily. Chairwoman Leslie indicated that the application was 7 pages long and it was estimated that only 1 percent to 2 percent of the people who were sent the application would be able to fill it out and send it back.

Mr. Willden stated he had read the same article and had received approximately 100 emails related to the application. He concurred that the application was 7 pages long and explained that it had been released in a test market area at the present time. The applications had been sent to over 2,000 applicants

within 42 zip codes and Mr. Willden believed that the proof would be evident after the 2,000 applications had been filled out and returned. Mr. Willden indicated that when he said he thought the application was simple, it was because some applications asked a number of very detailed questions and the Part D application contained standard questions.

Mr. Willden opined that the difficult part of the application would be in determining the assets of the applicant. That was confusing for everyone, not only seniors. Chairwoman Leslie said she had read the application and there were parts that she would not be able to answer. Mr. Willden said the DHR had similar problems in its other eligibility programs that tested assets. Chairwoman Leslie said her point remained the same and she was very concerned about the ability of senior citizens to complete the application for the program. Mr. Willden assured the Chair that the DHR would do everything in its power to make the application process easy for seniors.

Chairwoman Leslie indicated that when the Subcommittee closed the budget for the DHR it should consider an interim subcommittee that would work with the Department through the IFC because it was clear that the formularies for Part D would not be available prior to closing the budget. Mr. Willden would not be able to provide information regarding that program and, perhaps, the Subcommittee should consider placing some monies in reserve to ensure that seniors would not lose coverage through the MMA. Chairwoman Leslie said there were other options available that should be considered in budget closings.

GRANTS MANAGEMENT UNIT (3195)
HR ADMIN 30 – 39, Volume II

Chairwoman Leslie noted that Decision Unit E-325 recommended a total of \$200,000 to establish a Problem Gambling program. That funding would be split with \$100,000 from the General Fund and \$100,000 in gifts and donations. She asked whether there were any questions concerning BA 3195 and, there being none, closed the hearing.

PUBLIC DEFENDER (1499)
PUB DEF 1 – 5, Volume II

Chairwoman Leslie indicated that there had been a budget amendment to add \$397,029 in General Funds to BA 1499 in each year of the biennium, which would reduce county fee revenues by an identical amount to correct an error in The Executive Budget. The Subcommittee had previously discussed the historical split between the State and the counties and LCB staff had reviewed the situation. Chairwoman Leslie wondered whether a better ongoing analysis could be done which would more accurately depict numbers and averages. Chairwoman Leslie had the sinking feeling that Public Defenders were spending more time handling county cases than the counties had budgeted for.

Mr. Torvinen replied that there was a way to provide more accurate numbers and he had been working with staff to develop a program. Over the past few years, the Public Defender's Office had been reporting some hourly information, such as hours committed to each county, and the Division would go back and review that information to see how the allocation and/or split could be readjusted more appropriately, and with better documentation. Mr. Torvinen said the funding had to balance between each county's participation in the system and the DHR would work with the counties to develop a proposal.

DIVISION OF HEALTH CARE FINANCING AND POLICY

ADMINISTRATION (3158)

HCF&P 1 – 13, Volume II

Chairwoman Leslie noted that the budget requested funding for 12 new positions over the biennium and the Subcommittee had asked the Division to prioritize the new positions, and also to provide supporting justification. Chairwoman Leslie asked whether that information had been submitted. Charles Duarte, Administrator, Division of Health Care Financing and Policy (HCF&P), said that the information would be submitted today to the Fiscal Analysis Division of the LCB.

MEDICAID (3243)

HCF&P 14 – 30, Volume II

Regarding the Medicaid rate increases, Chairwoman Leslie said some apparently were mandatory and others were discretionary, such as the rate increase for care providers, which the Subcommittee had discussed. The Subcommittee had received the budget amendment which proposed to increase the rate of reimbursement for personal care attendants from \$17 to \$18.50 per hour. Chairwoman Leslie reiterated that the raise would add up to a significant amount of money, particularly within the Division, at \$1.5 million in General Fund revenue during the first year of the biennium and \$1.6 million during the second year, for a total of approximately \$3.4 million.

Chairwoman Leslie referenced caseload increases and new positions, and noted that the Subcommittee had previously discussed the Medicaid Payment Projection (MPP) model. She asked for further information regarding implementation of the Medicaid Management Information System (MMIS), which might be skewing the more recent cost per service data used for the MPP, resulting in an over-projection of medical costs.

Mr. Duarte reported that the Division would not know whether the information was skewed until it received the next run. The Division was projecting that the run would be ready for review approximately April 11, 2005, and, at that time, Mr. Duarte said he would meet with LCB Fiscal Division staff and Budget Division staff to review the information and develop a confidence level, or lack of confidence level. He reiterated that he could not provide the information at the present time.

Chairwoman Leslie said Decision Unit M-200 also included 20 new positions, and the Subcommittee would ask that the Division prioritize the positions and provide the justification for those requested positions.

Regarding the behavioral health redesign, Chairwoman Leslie asked for additional information regarding how the assumptions used to project the unserved population, which would result in a 20 percent increase in caseload, had been derived. Mr. Duarte said the assumptions used by the Division for the caseload increases were really best guesses at the time and the Division would provide a response to LCB staff but, essentially, the assumption had been a rough estimate. The Division did not have any hard figures regarding the actual increase in caseload that might be associated with the new program.

Mary Wherry, Deputy Administrator, HCF&P, said the challenge for the Division was attempting to secure the number of children who were currently being served between custody and non-custody children, Nevada Check Up participants, and Medicaid children. The Division had looked at how many children were currently being served by psychologists and, ultimately, had used the national average of how many children were diagnosed with severe emotional disturbance (SED) or mental illness issues that needed to be addressed. Ms. Wherry said that was the method used by the Division to arrive at the "ballpark" estimate.

Chairwoman Leslie asked for further information regarding the types of services that would be provided through peer and family support. Ms. Wherry said that peer support would primarily include adolescent peers working with other adolescents, such as an adolescent peer who had recovered, and been determined to be in recovery by their therapist, working with another adolescent to help that adolescent through the process. That would primarily be associated with foster care children who had been in the system for a lengthy period of time and who needed to see how another child had moved successfully through the system.

Chairwoman Leslie asked whether the peer and family support program would be run through the specialty clinics. Ms. Wherry said the program would be in addition to the Division's Mental Health Rehabilitation option. The specialty clinics would include outpatient behavioral health, although the specialty clinics could become mental health rehabilitation providers, and the Division hoped that the clinics would engage in those activities. Ms. Wherry indicated that peer and family support was perceived by the Division as another way of providing in-home support where one family could work with another family in the family's home, rather than services always being provided outside the home. A family could also work with a family going through reunification, where a child was still in some type of custodial environment, so that a family who had already been through the reunification process could help facilitate some of the activities and emotional adjustments that families had to make to reunify.

Ms. Wherry stated there was a wide array of situations where peer family support could be used, whether for a seriously mentally ill person who was using an adult peer or a seriously mentally ill family with a recently diagnosed younger member who might need a peer to help the family cope with the diagnosis.

Chairwoman Leslie asked about the commercial rate for Mojave Medical Services, which had been reduced. She asked whether that reduction had been built into the budget. Patrick Cates, Administrative Services Officer IV, HCF&P, explained that the commercial rate for Mojave Medical Services was under development and was not included in The Executive Budget. The proposed rate was approximately \$55 per hour, which was a little more than half of the current rate. However, Mr. Cates noted that the Division would hold a public hearing in April to present that rate to the public and, oftentimes, the Division would make adjustments to its proposals based on the comments made during public hearing. Mr. Cates said the Division would not know what the savings would be until that hearing had been held.

Chairwoman Leslie stated that she understood, but asked whether there was a ballpark figure for potential savings. Mr. Cates said that he would provide that information to the Subcommittee. Chairwoman Leslie indicated she would like to review that information.

Chairwoman Leslie asked for clarification regarding the utilization management component of the proposed redesign, and how that would be done. Ms. Wherry explained that the utilization management component in Decision Unit E-402 was primarily to take over the management for residential group care and non-residential mental health rehabilitation by the Division. She said that the utilization review for children requiring services would continue to be performed by the Division of Mental Health and Developmental Services (MHDS), however, the HCF&P would provide oversight. The Division would also provide oversight for the utilization review for adults, which would be performed by a private contractor. According to Ms. Wherry, that oversight would be facilitated via the new Health Care Coordinator position. One of the Division's expectations in targeted case management would be that the contractor work with the targeted case management staff involved in the management of those cases. Ms. Wherry stated that would provide a correlation regarding length of stay and/or treatment needs, et cetera.

Chairwoman Leslie asked whether there were further questions from the Subcommittee and, there being none, opined that the redesign was one of the best items within the budget and she was very excited about it.

Regarding the physically disabled waiver slots, Decision Units E-455 and E-456, Chairwoman Leslie noted that LCB staff had asked the Division to reconcile the slots for the Waiver for Independent Nevadans (WIN), and she asked whether that had been completed. Mr. Duarte indicated that the Division had received a number of questions from LCB staff and responses, including the response regarding the waiver slots, would be provided today. Chairwoman Leslie asked whether that information would include reconciliation of the Community Home Based Initiative Program (CHIP) waiver slots. Mr. Duarte said the Division for Aging Services would address the CHIP waiver slots.

HIFA MEDICAL (3247)
HCF&P 31 – 32, Volume II

Chairwoman Leslie referenced uncapping the enrollment for the Nevada Check Up program and noted that a budget amendment had been received. She asked about the status of enrollment for the Nevada Check Up program. Mr. Duarte said the Division was still below the budgeted enrollment levels that were projected for the current biennium. The current enrollment was approximately 27,400, but as a result of significant outreach efforts on the part of the southern Nevada Covering Kids and Families Coalition, there had been a substantial increase in applications for the program. Mr. Duarte said that outreach had resulted in a rapid rise in the overall enrollment.

Chairwoman Leslie asked if the Division would pay for the additional Nevada Check Up applicants by delaying Health Insurance Flexibility and Accountability (HIFA) waiver applicants for 3 months. Mr. Duarte said the Division would not delay the complete implementation of HIFA. The Division would delay the implementation of the first coverage group, which would be pregnant woman, initially proposed to start in January 2006. Mr. Duarte said the Division would suggest a 3-month delay, which would shift some of the hospital costs associated with births into the next biennium and that would create the savings.

Chairwoman Leslie said that concerns remained regarding the ability of the Nevada Association of Counties (NACO) to handle the administration for making eligibility determinations regarding its portion of HIFA, and she asked whether

the counties understood the requirements. Mr. Duarte said that Mr. Liveratti would explain his conversation with Andrew List, NACO Administrator.

John Liveratti, Chief of Compliance Unit, HCFP, indicated that he had recently met with Mary Walker and Andrew List of NACO and had gone over the Division's understanding of the county's portion of HIFA, which was the catastrophic event coverage portion. Mr. Liveratti stated that an additional meeting was scheduled for April 1, 2005, to review the issue in greater detail. Chairwoman Leslie asked whether NACO had dealt with the Division in the past. Mr. Liveratti said that NACO had not worked with the Division in the past. Chairwoman Leslie asked whether NACO understood the federal requirements. Mr. Liveratti said NACO "was on board" with the Division regarding HIFA.

In terms of the Welfare Division determining eligibility for health insurance for employees of small employers, Chairwoman Leslie asked whether the HCF&P was comfortable with how the small employer piece would work. She said she was still somewhat concerned regarding re-determinations and how often those would be done. Chairwoman Leslie asked what safeguards were in place to ensure that the money would actually be used for the purpose for which it was intended.

Mr. Liveratti explained that the Division was hoping to contract that function, with the Welfare Division conducting the initial eligibility determination, which would basically be an income determination. The other elements of the determination would be made by a contracted vendor who understood such information. Mr. Liveratti said the Division's budget request anticipated a quarterly re-determination as meeting the requirements. The contractor would contact the employer to ensure that the employee was still employed and that insurance coverage was ongoing and would track that information. Mr. Liveratti said the re-determination would also ensure that the coverage provided to employees met the requirements of the waiver, which was to provide inpatient x-ray, physician, and basic health care.

Chairwoman Leslie said quarterly re-determinations seemed reasonable, and the employer would be required to verify whether the person was still employed and still carried the health coverage. Mr. Liveratti said the vendor would contact the insurance carrier to ensure that insurance remained in place and that the employees were still covered. Much of the re-determination process could be conducted electronically, based on carrier insurance information for persons who were enrolled.

Chairwoman Leslie asked about the price of the contract, which would be a substantial amount of \$1.9 million over the biennium. There would be a local provider for the contract. Mr. Duarte said the Division actually administered a similar program, the Health Insurance Premium Payment (HIPP) program at the present time through a vendor. Whether or not the Division would have to go out for procurement of that vendor was the question. Mr. Duarte indicated that budget estimates for HIFA had been developed from the HIPP program that the vendor currently administered for the Division.

Senator Raggio asked about the subsidy that would be paid to the employee. He wondered how the Division would ensure that the payment to the employee would be used for the purpose of paying health insurance premiums. Mr. Liveratti explained that the deduction for the insurance premium would be withheld from the employee's paycheck and the employee would be reimbursed for up to \$100 toward the cost of the premium. When the employee received

the \$100, it would be to replace the premium amount withheld from his check. Senator Raggio said the intent was that the employee would have health care coverage. Mr. Liveratti said the verification would be that the employee was enrolled in the program, that the employer was paying half of the premium, and that the employer was deducting the remaining amount from the employee's paycheck. The program would reimburse the employee for up to \$100 of his portion of the premium.

Senator Raggio referenced the catastrophic event coverage and asked whether that would be based on property tax revenue. If so, Senator Raggio asked what the effect would be, if any, on the legislation regarding property tax relief. Mr. Willden explained that there were multiple pieces to the HIFA waiver and the two non-federal funding sources were: 1. General Fund appropriation of approximately \$274,000 during the first year of the biennium and approximately \$5 million during the second year of the biennium; and 2. Similar allocations from the Indigent Accident Fund or the Supplemental Relief Fund administered by the counties.

According to Mr. Willden, the Indigent Accident Fund was funded via a 1.5-cent levy on ad valorem tax and the Supplemental Relief Fund was funded via a 1-cent levy on property tax. He stated that the two accounts would technically be merged through A.B. 493, which had been heard by the Committee on Commerce and Labor on March 30, 2005. Mr. Willden said the 1.5-cent levy on ad valorem tax would continue for the combined Indigent Accident Fund/Supplemental Relief Fund for use by the counties in administering their duties under the NRS. The 1-cent levy from the former Supplemental Relief Fund would be placed into a new account, the HIFA Holding Account, which would be matched by federal dollars to provide services.

Mr. Willden pointed out that the proposed change would ultimately come before the Subcommittee because the changes the Division had heretofore been working on stipulated that the funding would be realized from the Indigent Accident Fund. A.B. 493, which had been passed by the Committee on Commerce and Labor on March 30, 2005, repealed the Supplemental Relief Fund and placed the 1-cent levy from that Fund into the HIFA Holding Account. Mr. Willden reported that the language within the NRS that allowed the counties to pay supplemental relief bills would be added to the NRS pertaining to the Indigent Accident Fund. The changes contemplated by the Division were opposite of the changes addressed in the bill, said Mr. Willden, and the Division would be required to submit an additional budget adjustment regarding which fund would be deleted.

Chairwoman Leslie believed the bottom line question from Senator Raggio was whether the action taken by the Legislature to address property tax relief would affect the HIFA Holding Account. Mr. Willden said it would not.

Senator Titus cautioned the Division against making the HIFA waiver program so complicated that nobody would "buy" into it, either from the business end or the individual end. After hearing testimony about the complicated application process for Medicare Part D, Senator Titus believed the Division should keep that in mind when the program was established by the State and NACO.

Mr. Duarte concurred that the program should be kept as simple as possible, and he explained that it would be a negotiated program between the Division and the Centers for Medicare and Medicaid Services (CMS). The final version would be negotiated, and Mr. Duarte said the Division would do the best it

could to keep the program simple, but there might be some federal requirements that would make the process a bit more complicated.

Chairwoman Leslie asked for a definition of the catastrophic event coverage component and what services would be covered. Mr. Duarte explained that the catastrophic event coverage was primarily related to hospital inpatient care and nursing facility care. That coverage would be for individuals admitted through the hospital who would accumulate a significant level of claims against them that might or might not be covered under the Indigent Accident Fund or Supplemental Relief Fund. Mr. Duarte stated that the Division would evaluate those cases and work with NACO as that agency would actually approve the expenditures related to those events. Again, stated Mr. Duarte, those events would primarily be catastrophic life-threatening events or trauma-related events, and/or serious chronic disease events that could result in the need for inpatient care or short-term/long-term care.

Chairwoman Leslie asked whether there would be any restrictions or limitations on the services. Mr. Duarte indicated that there could be some restrictions regarding catastrophic events and the major restriction imposed by the Division would be the \$9 million cap.

Chairwoman Leslie asked whether the Division was anticipating enrollment caps for all components of the HIFA waiver. Mr. Duarte said that in previous discussions with the CMS, the Division had talked about the concept of enrollment caps, which had been well received. The CMS had also discussed the need for the Division to develop a fall-back contingency plan related to the possibility that the State Children's Health Insurance Program (SCHIP) allotments could be exhausted or changed by Congress at a future date. Mr. Duarte stated that the Division should have the flexibility to cap enrollment or expenditures in order to limit the State's and the federal government's financial exposure to funding shortfalls. The possibility did exist, and Mr. Duarte explained that if the SCHIP allotment was exhausted, the State could still cover a large portion of that program via Medicaid, but the State General Fund requirements would be higher.

Chairwoman Leslie asked whether the Division had received information from the CMS that it would approve the catastrophic component. Mr. Duarte indicated that he had spoken to an expert who handled the HIFA waiver at the CMS central office, and there had been concern initially that the State would not offer any type of primary care benefit to the group, therefore, it did not appear to be an expansion beyond what was being provided by the county. However, said Mr. Duarte, the expert indicated that the CMS would evaluate whether or not it was an expansion at the aggregate level, looking at the Division's plans for the other components of the HIFA waiver. Mr. Duarte said the Division felt confident that the program concept would "pass muster" with the CMS.

Chairwoman Leslie said the catastrophic component was integral to the entire program and if that was not included, there would be no HIFA waiver program. She said she was glad the CMS had taken an enlightened view of that component.

Chairwoman Leslie asked, should the Subcommittee approve the HIFA waiver program, whether unexpended General Fund appropriations within the HIFA Holding Account would be reverted at the end of each fiscal year. Mr. Willden said that was correct. He explained that A.B. 493 had been amended prior to

passage by the Committee on Commerce and Labor to make that stipulation very clear. Unexpended funds from the county or the State General Fund would revert at the end of each year on reconciliation.

Chairwoman Leslie said it was a very creative proposal and one way for the State to make headway regarding the uninsured population, which most legislators heard about from their constituents on a regular basis.

Chairwoman Leslie noted that LCB staff had also requested reconciliation regarding the Title XXI funds for the next 5 years and she asked whether that would be provided. Mr. Duarte replied in the affirmative and stated the information would be provided to LCB staff this date.

Chairwoman Leslie asked whether there were further questions from the Subcommittee regarding the HIFA waiver program and, there being none, closed the hearing, and opened the hearing on BA 3178.

NEVADA CHECK UP PROGRAM (3178)
HAC&P 35 – 43

Chairwoman Leslie noted that the budget requested approximately \$9.4 million for rate increases for Health Maintenance Organization (HMO) payments and projected pharmaceutical costs. She pointed out that additional funding had been requested for projected caseload growth via a budget amendment. Chairwoman Leslie said it appeared that the caseload for the Nevada Check Up program was trending-up and she asked whether there were further projection figures. Mr. Duarte indicated that the Division would establish a new base budget as a result of some of the caseload increases that were occurring at the present time. That information would be provided to LCB staff as soon as possible.

Decision Unit E-425 requested three new Family Service Specialist positions, and information had been requested regarding the average caseload those employees would carry with the requested new positions. Mr. Duarte said that information would be provided to LCB staff.

There being no further questions regarding the Nevada Check Up program, Chairwoman Leslie closed the hearing, and opened the hearing for the Division of Mental Health and Developmental Services (MHDS).

DIVISION OF MENTAL HEALTH AND DEVELOPMENTAL SERVICES

Chairwoman Leslie noted that the Subcommittee had discussed the budget accounts within the Division of MHDS at great length, but there were a few issues that should be clarified so that the Subcommittee would be well prepared to make the difficult budget decisions. She advised that there were some division-wide issues for consideration as follows:

- Decision Unit M-425, Deferred Maintenance
- Decision Unit E-350, Service Provider Rate Increases
- Decision Unit E-810, Salary Adjustment for Nurses

Chairwoman Leslie noted that members of the Subcommittee had spoken to the Joint Subcommittee for Higher Education/CIPs about the possibility of “razing” some of the buildings at the Lake’s Crossing Center, and she wanted to ensure

that members received the information regarding what buildings had been determined uninhabitable that could be razed.

Carlos Brandenburg, Ph.D., Administrator, Division of Mental Health and Developmental Services (MHDS), indicated that he had met with the Public Works Board and there was a list of buildings for demolition; he stated he would provide a copy to the Subcommittee. Chairwoman Leslie said the Subcommittee simply needed to know whether there would be a resultant savings in deferred maintenance costs if some buildings were demolished. Dr. Brandenburg said there would be no overlap and budget corrections had been made regarding maintenance needs. In terms of demolition of the buildings, there would be no savings in maintenance.

Chairwoman Leslie referenced service provider rate increases of 3 percent in the first year of the biennium and 5 percent in the second year, E-350, and the salary adjustment for nurses, E-810, which recommended a two-grade pay increase. She asked whether that would aid the Division in recruitment of nurses.

Assemblywoman Smith stated that she still had concerns about the nurse recruitment issue. The Subcommittee had requested information about recruitment issues listed by employees during exit interviews, but she did not believe the Subcommittee had received that information. Chairwoman Leslie indicated that LCB staff had received the information and it had been circulated to members of the Subcommittee.

Assemblywoman Smith said there had been discussion during a previous meeting about psychiatric nurses and the length of time required for the training program. The training period was longer, and the question had been whether a psychiatric nurse could complete the training in a 2-year program. Dr. Brandenburg said that psychiatric nurses could complete the training in a 2-year program. A psychiatric nurse was required to have 1 year of psychiatric experience. One of the recruitment tools being considered by the Division was actually bringing in nurses at a Psychiatric Nurse I pay grade and under-filling the positions until the nurses had completed the 1-year experience requirement. At that time, the nurses would be upgraded to a Psychiatric Nurse II pay grade.

Dr. Brandenburg advised that State Personnel had conducted a salary benefit analysis and discovered that, on an average, the pay for the Division's psychiatric nurses was anywhere from 23 percent to 43 percent under the pay that was currently realized by psychiatric nurses in other settings. To answer Chairwoman Leslie's question, Dr. Brandenburg stated that the increase in salary under Decision Unit E-810 would definitely aid the Division in recruiting and retaining psychiatric nurses.

Chairwoman Leslie asked whether nurses were being hired from the nursing school who were interested in psychiatry. It appeared that psychiatric nurses seemed to love that type of work and it was a specialty that some nurses liked and some did not. She wondered whether Dr. Brandenburg was comfortable that the Division would be able to recruit and fill the positions. Dr. Brandenburg said the Division would be attempting to hire 99 new psychiatric nurses in Las Vegas, which would be a challenge. One of the positive aspects was that the Division's facilities had become teaching facilities within the various nursing departments, and many times the nurses who completed rotation in the Division's facilities actually made the decision to become a psychiatric nurse, and would ultimately end up working for the Division. He emphasized that the

Division would rely not only on the local institutions of higher education to recruit nurses, but would also commence an out-of-state recruitment plan. Dr. Brandenburg reiterated that the Division had many nurses to hire.

Assemblywoman Giunchigliani said she had asked for a list of positions requesting a two-grade pay increase and nurses were the top group, with a turnover rate of approximately 80 percent. Whatever decision was made by the Subcommittee regarding other positions that requested a two-grade increase, she believed that the increase for nurses was justified.

Dr. Brandenburg noted that most of the nurses that the Division had lost in the past had been lost to institutions in the community because those institutions had offered nurses bonuses of up to \$7,000 and an increase in salary.

Chairwoman Leslie indicated that other common issues within the budget were:

- Decision Unit M-101, Medication Inflation
- Decision Unit M-200 series, Caseload Increases – Mental health

Chairwoman Leslie said the medication inflation was rather significant and LCB Fiscal Division staff continued to review the methodology used by the Division to determine the inflationary rate. She encouraged the Division to work with staff. Dr. Brandenburg said the Division had used the same methodology for the current biennium as it had in the past, and it was very accurate in terms of the actual inflation factor. He was confident that the methodology, which was actually created by the Centers for Medicare and Medicaid Services (CMS), was very accurate.

Regarding caseload differences, Chairwoman Leslie said that it appeared the Division would be serving 9,415 additional people under the proposed budget, which she believed was significant. There were persons in the community suffering from severe mental illness who were not being served. Dr. Brandenburg pointed out that the study conducted by the Division over the past year indicated that the Division was under-serving the Nevada population of seriously and persistently mentally ill by approximately 27,000 persons. The increase in caseload would go a long way toward providing the assistance and services that were much needed in the State.

Chairwoman Leslie said that A.B. 175 included General Fund appropriations to fill the “gap” and the Senate had also introduced a similar bill, S.B. 405. Those bills would add appropriations to support additional community residential placements associated with the mental health courts, and assist with the hospital overcrowding issue.

Dr. Brandenburg said that the Division would release a Request for Proposal (RFP) on April 1, 2005, requesting that the vendor provide a dollar amount for a 50-bed crisis unit with a medical clearance component attached. The Division hoped to have that RFP to the Legislature by the second week in May. Chairwoman Leslie believed that was a great example of the Legislature planning ahead and, with the RFP ready for release, at least there would not be a further delay.

MHDS ADMINISTRATION (3168)

MHDS 1 – 7, Volume II

Chairwoman Leslie noted that budget amendment 29 had been received from the Budget Division regarding the full-time Management Analyst II and the

part-time Administrative Assistant II positions related to the new Avatar billing system. Since the billing system would be centralized, she wondered whether it would be possible to eliminate or reduce billing positions at the agency level.

Jennifer Kizer, Administrative Services Officer IV, MHDS, explained that the billing system was centralized in that the billings would be sent out in batches from the central office and each agency would no longer have its own billing system. However, those payments still had to be posted and the billings checked and edited before being sent out to ensure they were in proper format with correct billing codes, et cetera. Ms. Kizer indicated that the Division was currently understaffed in its billing area and she did not believe there could be a reduction in positions.

Chairwoman Leslie indicated that there had been improvements in billing, such as being more accurate and more rapid, and she did not want to create problems in the MHDS such as had occurred in other divisions that had been audited.

Regarding the Psychiatric Residency Program, Chairwoman Leslie pointed out that the budget did support the continuation of that program in northern Nevada. There was no additional money in The Executive Budget for a program in southern Nevada, and she commented that many Legislators would like to create a southern program. Chairwoman Leslie said information had been submitted to the Subcommittee, which indicated that if the Division were to include a Psychiatric Residency Program in southern Nevada, four full-time residents would be recommended, with a cost of \$180,000 in the first year of the biennium and \$250,000 in the second. Dr. Brandenburg said those costs would be consistent with the costs of the Residency Program in northern Nevada. The Division's proposal for southern Nevada was a mirror image of the program in northern Nevada.

Chairwoman Leslie said it appeared that the southern program would have twice as many residents, which would be appropriate given the population of southern Nevada. It appeared that the Division supported two full-time second-year residents in the northern program. Dr. Brandenburg stated that was correct, the Division supported two full-time second-year residents and two half-time residents. Chairwoman Leslie reminded the Subcommittee that approval of a southern Nevada Psychiatric Residency Program would be an additional cost not included in The Executive Budget.

NEVADA MENTAL HEALTH INSTITUTE (3162)
MHDS 8 – 20, Volume II

Chairwoman Leslie stated that the Subcommittee had received budget amendment 34 regarding the Northern Nevada Adult Mental Health Services (NNAMHS), which recommended additional positions to support the Washoe County Mental Health Court program. Chairwoman Leslie indicated that she worked for the Washoe County Mental Health Court, however, her employment would not influence her decision regarding the budget. The budget amendment would eliminate the contract with the private provider and utilize State caseworkers, which would result in a net increase to the General Fund.

Dr. Brandenburg said the higher net increase to the General Fund during the first year of the biennium was the result of equipment purchase and operating expenditures. One of the reasons the program was being moved out of contract services to State positions was the lack of continuity that occurred as a result

of having contract employees. Dr. Brandenburg stated it was imperative for the Division to actually have staff members working on an ongoing basis with the court, which would facilitate the use of medical records. Currently, under the contract provider, a release of medical records was required, which created a breakdown in the continuity of care. Dr. Brandenburg indicated it was an extremely important program that kept individuals out of the jails and hospitals.

FACILITY FOR THE MENTAL OFFENDER (3645)
MHDS 21 – 27, Volume II

Chairwoman Leslie stated that there had been a vacant position at the Lake's Crossing Center for a Psychiatric Nurse II since June 2002. Dr. Brandenburg had advised the Subcommittee about the difficulties of recruiting for that position, since it was a graveyard shift and not very attractive. Chairwoman Leslie indicated that the position funding was being used to contract for that position, and she asked whether the Division had made headway in filling that position.

Dr. Brandenburg respectfully suggested that the Subcommittee allow the Division to retain the funding in the salary category and if he was unable to fill the position over the upcoming biennium, he would submit a work program and move the funds into the contract category. He explained that the Division continued to attempt to recruit a psychiatric nurse, but it was extremely difficult to recruit a graveyard shift nurse to work at the Lake's Crossing Center. Chairwoman Leslie asked whether there was a shift differential in pay for the graveyard shift. Dr. Brandenburg said there was a 5 percent shift differential for the graveyard shift.

Chairwoman Leslie indicated that The Executive Budget recommended a two-grade pay increase for correctional officers within the Nevada Department of Corrections, but had omitted the correctional officer positions at the Lake's Crossing Center. In an effort to ensure that all employees were treated the same, the Subcommittee had asked LCB staff to determine the fiscal impact associated with a two-grade increase for the Division's correctional officers. Those figures were \$28,238 in the first year of the biennium and \$29,373 in the second year. Dr. Brandenburg said that was correct, and quite often State Personnel did not realize that the Division utilized correctional officer positions at its maximum security forensic facility and, as a result, those positions had simply been overlooked. He indicated that the Lake's Crossing Center employed three senior correctional officers, one correctional sergeant, and one correctional lieutenant to assist the Division in providing the security needed at that facility.

Chairwoman Leslie said she was particularly interested in forensic specialists, who basically did the same work with the same patients as correctional officers, but who were not paid at the same level as correctional officers. She believed that inequity had also been overlooked in the past, and if the Subcommittee chose to add a two-grade increase for the 38 forensic specialist positions at Lake's Crossing Center, the cost would be \$176,503 in the first year of the biennium and \$182,960 in the second year.

Dr. Brandenburg said what the Subcommittee should understand was that the forensic specialists were Peace Officers' Standards and Training (P.O.S.T.) certified, and were also required to meet the Category 3 requirements of P.O.S.T., which were the same requirements for correctional officers.

Chairwoman Leslie indicated it would be a morale issue since the positions performed the same duties, but the forensic specialists received less pay.

RURAL CLINICS (3648)
MHDS 29 – 40, Volume II

Chairwoman Leslie reported that the budget recommended money for a new rural clinic in Laughlin, and the Subcommittee had heard a great deal of testimony regarding that issue.

Regarding the behavioral health redesign, Chairwoman Leslie said the proposal would reduce the current staffing ratios for outpatient counseling from 75:1 to 35:1, and service coordination ratios for children with Severe Emotional Disturbance (SED) from 35:1 to 12:1. There apparently had been an error in calculating total caseload and the Division had provided LCB Fiscal Division staff with revised decision units.

Dr. Brandenburg said the Division had used a faulty methodology in calculating the caseload numbers, and after recalculation, the Division could fund the entire behavioral redesign using the dollars recommended in The Executive Budget for the current biennium. The original proposal had recommended hiring half the requested positions during the 2005-07 biennium and the remaining half during the 2007-09 biennium. Dr. Brandenburg recommended that the Subcommittee allow the Division to fund the behavioral redesign in full during the current biennium. Chairwoman Leslie said it was an error that actually worked in favor of the budget.

Travel costs for the contract psychiatrist to visit Rural Clinics had apparently been removed from the budget in error, thinking that the videoconferencing would eliminate that necessity. Chairwoman Leslie asked whether the Division would provide LCB staff with a phase-in plan to restore a portion of that travel funding. As the videoconferencing came online, Chairwoman Leslie wondered whether there would be a savings in travel funds. Dr. Brandenburg respectfully suggested that the Subcommittee provide a Letter of Intent to allow the Division to create a methodology to determine whether there would be a savings. The idea was that videoconferencing would be an augmentation to the actual services that were provided by the psychiatrists. The Division had shown in Silver Springs, which was the site for the pilot program, that actual visits by the psychiatrist were necessary, but for crisis situations and after-hours emergency situations, the videoconferencing was a very useful tool. Dr. Brandenburg suggested that the Subcommittee not reduce the Division's in-state travel for psychiatrists. He stated that he would review the costs to determine if there would be possible savings and would work with LCB staff.

Chairwoman Leslie indicated that it appeared the travel was not necessarily related to the videoconferencing capabilities; the Subcommittee believed that travel expenses could be saved, but it did not appear to be the case in providing psychiatric services to the rural areas. Dr. Brandenburg said the Division had four communities in rural areas where it was struggling to provide psychiatric services, and if A.B. 9 did not pass, the Division might not be able to provide those services. Having the ability of videoconferencing gave the Division a level of service that was not previously available.

SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES (3161)
MDHS 41 – 55, Volume II

Chairwoman Leslie referenced the increased inpatient bed capacity for the Southern Nevada Adult Mental Health Services (SNAMHS) as recommended in The Executive Budget, which the Subcommittee had discussed numerous times.

Chairwoman Leslie asked whether there were further questions regarding mental health before moving to Developmental Services budget accounts. She noted that A.B. 204 would authorize \$9.9 million in general obligation bond funding and \$1.4 million General Fund to construct the final 40-bed module at the new hospital. Dr. Brandenburg said the facility would be a 190-bed hospital, of which 150 beds would come online in May 2006, and the bill would allow the Division to build the fourth pod at the same time as the others were being built. That 40-bed pod would actually come online in December 2006, which would provide the full 190-bed complement of the new hospital online at that time. Chairwoman Leslie asked whether The Executive Budget had provided staffing for the fourth pod, and Dr. Brandenburg replied in the affirmative.

Chairwoman Leslie asked if everything was funded in the Mental Health budget, along with the add-ons provided in the “gap” bills put forth by the Senate and Assembly regarding triage centers and additional contract beds to fill the gap, was Dr. Brandenburg confident that those measures would significantly solve the emergency room crisis in Las Vegas. Dr. Brandenburg replied, “Absolutely.” For the month of March, the Division had averaged 37 individuals waiting an average of 56 hours in emergency rooms, which was a significant reduction. The key was to ensure that the Division had the capacity to accept a mentally ill person who had been medically cleared in the emergency room.

Chairwoman Leslie said the holdup did not appear to be with emergency room clearance because hospitals were set up to conduct medical clearances and separate the persons who needed medical treatment from those who had mental health issues. The problem appeared to be that once persons were medically cleared and needed to be transferred to a mental health acute care facility, there were no beds available. Dr. Brandenburg said that was correct, and what happened was that the medical clearance process usually took between 1 to 2.5 hours and, once cleared, if there were no beds available at the psychiatric facility the person had to wait in the emergency room for a vacancy. Chairwoman Leslie said that did not take into account those persons waiting to access emergency rooms and could not because mental health patients were taking up the beds.

Chairwoman Leslie believed the Subcommittee completely understood that issue and it was her hope and belief that the budget would adequately address the emergency room problems, perhaps not 100 percent, but at 85 percent. Dr. Brandenburg said it would go a long way toward solving the problem, and the Division would provide information to the 2007 Legislature regarding the continuing need for hospital beds. He stated that the budget provided funding for not only the additional 86 beds the Division needed on the inpatient side, but also provided the additional supportive community resources, or wraparound services, that the Division needed to have on the outpatient side. Dr. Brandenburg opined that there could not be one without the other.

Chairwoman Leslie indicated that the Subcommittee might issue a Letter of Intent to the Division asking it to come before the Interim Finance Committee (IFC) on a quarterly basis and report regarding the emergency room situation,

where persons were being sent, and other issues for which the IFC might want additional data. The Legislature did not want to see another situation in the State, such as the emergency room situation in Clark County, get so out of hand again. Dr. Brandenburg said he would be more than happy to work with the Legislature and LCB staff regarding the Letter of Intent.

Chairwoman Leslie referenced common issues regarding Developmental Services, such as caseload increases in Decision Unit M-200, which would support an additional 282 clients. The Subcommittee had asked the Division to review the numbers because the projection was out-of-date, and that had been done. The updated recommendation was for a significant increase in caseload growth.

Dave Luke, Ph.D., Associate Administrator for Developmental Services, Division of Mental Health and Developmental Services (MHDS), said that the projections had been updated through December 2004 and had been used as the basis to generate the revised information.

Dr. Luke referenced [Exhibit B](#), "Developmental Services Projected Waiting Lists," and indicated that he would review the information under the column entitled, "STATE." The number of persons on the current waiting list for residential support was 424. The additional residential support needs based on revised projections were 283, for a total projected residential need over the biennium of 707. Dr. Luke explained that The Executive Budget would address 270 and bring the waiting list down to 437. The revised information would add another 148 slots and further reduce the waiting list to 289. Dr. Luke noted that there would always be people on the waiting list, but the Division's goal was to have a 90-day processing and turnaround time.

Chairwoman Leslie asked about the current turnaround time for persons on the waiting list. Dr. Luke said the average was 6 to 8 months. Chairwoman Leslie said the recommendation would be to add funding of \$8.8 million over the biennium, \$5.3 million in General Fund revenue, to serve the additional 322 clients. That would be above and beyond the amount recommended in The Executive Budget. Dr. Luke said that was correct.

Chairwoman Leslie believed it was important to note that the Division was experiencing trouble in the area of residential support. She asked about those persons who remained on the waiting list for residential support for 8 months and where they lived for those months. Dr. Luke said those persons on waiting lists would be residing at home or with relatives, and usually would manage to "hold on" with hope of support in sight. Those persons were provided with case management services or job support.

Chairwoman Leslie asked whether there were federal regulations pertaining to waiting lists for residential support, and was the State in danger of being sued. Dr. Luke said there had been decisions which indicated that a "reasonable" time to provide services was 90 days, and that was the Division's goal. Chairwoman Leslie commented that 8 months was a long way from 90 days.

Chairwoman Leslie noted that the Subcommittee had discussed the Family Preservation Program in detail during previous budget hearings. The Subcommittee also understood the increase in community placements to comply with the Olmstead decision.

Chairwoman Leslie stated the only area that the Subcommittee would like to discuss further was autism. She noted that public testimony had been presented during the meeting of the Subcommittee on March 8, 2005, regarding the provision of services for individuals and families of individuals with autism. She noted that there had been quite a lot of attention surrounding autism, and deservedly so. Chairwoman Leslie wanted the Subcommittee to be aware of the amount submitted by the Division to the Governor's Office for budget consideration, even though the decision unit had not been prioritized. If the Subcommittee decided to add funding, it would be \$1.02 million in FY2005-06 and \$3.43 million in FY2006-07, for a total of approximately \$4.5 million. That amount would provide service coordination for families in an effort to determine which services were needed for their particular child. Chairwoman Leslie remarked that the Subcommittee had heard testimony that every child was different and services that worked for one autistic child might not work for another. The funding would phase-in an additional 78 families over the biennium under the amended waiver.

Dr. Luke said that was correct, and that funding would actually serve a total of 150 individual children and their families. It would serve 72 families in the first year of the biennium, although not through waiver funds, but rather families who did not meet the waiver standards. During that time period, the Division would amend the waiver and 78 additional families would be added using waiver funds during the second year of the biennium.

Chairwoman Leslie pointed out that the previous numbers she had referenced would be General Fund appropriations.

HEALTH DIVISION

VITAL STATISTICS (3190) **HEALTH 9 – 14, Volume II**

Chairwoman Leslie stated that Decision Unit E-325 requested a new administrative services officer position, and the Subcommittee had asked how the Division would cost-allocate that position. The answer was that the Division would cost-allocate the position with future federal grants, but the duties of the position did not qualify for federal funding. Chairwoman Leslie asked for an explanation regarding why the position was needed, was it truly a critical position, and she asked for an explanation regarding the funding for the position.

Alexander Haartz, Administrator, Health Division, explained that the position under question was an administrative services officer I, grade 37, to serve as the Fiscal Manager and manage all financial matters, including compliance with federal grant regulations, for the Office of Vital Records. Mr. Haartz noted that the position would not only serve the Office of Vital Records, but would also assist the Bureau of Health Planning and Statistics. He stated that the position was not narrow of scope, but had simply been placed in BA 3190. Mr. Haartz explained there were various federal grants and contracts within the Office of Vital Records, and the Division's intent was to cost-allocate across all available federal and fee funding sources. Mr. Haartz explained that would limit the impact on the General Fund and would recognize how the workload split out. It would, however, take up to 1 year to write the share of the cost, similar to rent, into a grant application. Mr. Haartz said the Division intended to do that, but it would take time to put the funding into the grant applications as they were renewed to obtain the federal funding.

Chairwoman Leslie noted that until the federal funding was realized, the position would cost the State \$49,412 in FY2006 and \$63,381 in FY2007. Mr. Haartz said the position had been recommended in The Executive Budget to be funded with General Fund in order to establish the position and in recognition that as grants were renewed, the Division would be able to include funding for the position, at which time the impact to the General Fund would be reduced. Chairwoman Leslie said the amount was increased for the second year of the biennium. Mr. Haartz explained that the amount of the increase was based on how the budget had been constructed because the Division had not built-in the position from a cost allocated standpoint.

Chairwoman Leslie stated that the Legislature had approved 5 new fiscal positions during the 2003 Session and 2 additional positions for the upcoming biennium, not counting the request for the administrative services officer position. It seemed somewhat of an overload on the fiscal side of the Division. Mr. Haartz said he could appreciate that from the Subcommittee's standpoint, however, the Health Division continued to grow and was continually challenged with maintaining financial accountability.

HEALTH AID TO COUNTIES (3209)
HEALTH 24, Volume II

Chairwoman Leslie reported that the Subcommittee had heard previous testimony from the counties and she pointed out that funding was not recommended in The Executive Budget. The counties were in the process of submitting their proposal to develop a statewide chronic disease program, and the General Fund cost at \$1.10 per capita would be \$2.4 million in the first year of the biennium and \$2.5 million in the second year. She asked Mr. Haartz whether that was his understanding of the request from the counties.

Mr. Haartz said that sounded correct, and the cost was based on \$1.10 per capita, taking into account the populations of Clark County, Washoe County, and Carson City.

Chairwoman Leslie asked Mr. Haartz if he had any additional thoughts on the request, and was there any other way to establish a chronic disease program. Mr. Haartz said the only other way at the present time would be for the counties to contribute funding toward such a program, or for the Health Division, in combination with the counties and other interested partners, to attempt to secure federal funding or funding from a private nonprofit organization, such as the Robert Wood Johnson Foundation. Although the Division had tried on a number of occasions, it had not been successful in terms of implementing grants to accomplish creation of such a program.

CONSUMER HEALTH PROTECTION (3194)
HEALTH 25 – 32, Volume II

Chairwoman Leslie noted that The Executive Budget recommended the transfer of the remaining portions of the Safe Drinking Water program to the Division of Environmental Protection. That transfer would involve fees and Chairwoman Leslie asked whether everything was "on track" regarding the transfer. Mr. Haartz believed that it was and explained that a bill would be heard in the near future that would effectuate the legal aspects of the transfer.

SEXUALLY TRANSMITTED DISEASE CONTROL (3215)
HEALTH 66 – 71, Volume II

Chairwoman Leslie indicated that the Subcommittee had recently heard substantial testimony regarding the AIDS Drug Assistance Program (ADAP), and wanted to ensure that no waiting list was created. The Subcommittee had not had a chance to review the methodology submitted by the Division, however, LCB staff would review that information. She emphasized how strongly some members of the Subcommittee felt about maintaining AIDS patients on waiting lists without access to medication. Mr. Haartz said the Division would be happy to work with LCB staff.

IMMUNIZATION PROGRAM (3213)
HEALTH 73 – 77, Volume II

Chairwoman Leslie said there was information within BA 3213 that had not yet been received by the Subcommittee regarding a new vaccine, Menactra. She asked Mr. Haartz to provide information regarding the vaccine and discuss whether federal funding would be available, either on an ongoing basis or as seed money, with the State responsible for further expenses.

Mr. Haartz advised the Subcommittee that Menactra, which was the commercial name for a vaccine that protected against invasive meningococcal disease, would soon be made available. As a State, Nevada would not be required to take action until such time as the Food and Drug Administration (FDA) approved the vaccine. At that time, the Advisory Committee on Immunization Practices for the Centers for Disease Control and Prevention would approve the use and determine the age ranges. Typically, stated Mr. Haartz, the vaccine would then be approved by the Vaccines for Children Program, and federal funding would be provided to cover the targeted age groups of children. Mr. Haartz said that at the current time it was too early to determine whether or not there would be an impact on State funding. Obviously, if there was a financial impact that was not budgeted, the Division would appear before the IFC, as previously instructed via a Letter of Intent, or the Legislature, if still in session, to explain the financial impact.

Chairwoman Leslie said that the Division could anticipate another Letter of Intent, and she asked the Division to ensure that the Legislature was kept informed regarding possible expenses for the new vaccine.

EARLY INTERVENTION SERVICES (3208)
HEALTH 87 – 100, Volume II

Chairwoman Leslie noted that Decision Unit M-200 recommended funding for caseload increases, which the Subcommittee understood. The maintenance of effort (MOE) requirement would apply which made the Legislature somewhat nervous. Mr. Haartz said there were federal regulations that required the Division to address caseload and waiting list time frames, and the decision unit was designed to bring the Division closer to federal compliance requirements. There was a MOE attached to the federal funding, which the Legislature had to be aware of.

WELFARE DIVISION

WELFARE ADMINISTRATION (3228)

WELFARE 1 – 16, Volume II

Chairwoman Leslie noted that The Executive Budget recommended two quality control specialist positions, and previous testimony from the Division warned that eventually the request might be for 30 positions, which the Subcommittee found unacceptable. Chairwoman Leslie said that, hopefully, the situation had not changed and two positions would suffice going forward.

Nancy Ford, Administrator, Welfare Division, explained that the Division was asking for the two quality control specialist positions in order to initiate the Payment Error Rate Measurement program. Ms. Ford stated that the Division would like the ability to approach the IFC after release of the final regulations in August 2005 if additional positions were needed. The Division did not know what the final outcome would be, but sincerely hoped that the federal government recognized the impact that was being placed on the states. Chairwoman Leslie said that the regulations had to be reasonable. The State wanted to do a good job, but there was not an endless stream of funding for quality control specialist positions.

Chairwoman Leslie indicated that the Subcommittee had thoroughly discussed the transfer of positions which directly supported the Nevada Operations Multi-Automated Data Systems (NOMADS). She stated that there appeared to be a new issue regarding allocation of State and federal dollars between the Administration and Field Services accounts, based on the reduction in the Temporary Assistance for Needy Families (TANF) caseload. Ms. Ford reported that with the evening-out of the TANF caseload, there would be a shift in the General Fund need; she noted that General Fund revenue had been requested in the TANF budget account. The General Fund revenue would shift to Medicaid and the Food Stamp Program, which were the other major programs with a 50-50 split of State and federal funds.

Chairwoman Leslie asked whether the TANF caseload had been determined through a random moment of time survey. Ms. Ford stated that was correct, and the Division had conducted quarterly random moment surveys. The Division sent out numerous questionnaires to its field staff, who were asked what they were working on at that moment in time. That was how the cost allocation was determined, whether field staff was working on TANF, the Food Stamp Program, Medicaid, et cetera. Chairwoman Leslie asked whether LCB staff had been provided that information to facilitate budget adjustments that would be needed for the cost allocation. Ms. Ford stated the Division would work very closely with LCB Fiscal Division staff to ensure that the cost allocation was correctly computed.

WELFARE FIELD SERVICES (3233)

WELFARE 17 – 27, Volume II

Chairwoman Leslie stated that The Executive Budget recommended funding for the relocation of the Charleston Avenue office to a new location at the intersection of Nellis and Bonanza. The Subcommittee had discussed the modular furniture in-depth. Chairwoman Leslie asked whether the Division had provided a reallocation of the zip codes to the Subcommittee so it would know which zip codes would be served through that office. She also asked how

convenient the office would be for the existing clients who were served at the Charleston Office.

Ms. Ford said the office would move further east in the valley. The Division believed that growth in the valley would make it a much better location for clients to access services. Currently, the Owens, Belrose, and Charleston offices were located around the center of Las Vegas. The proposed move would provide much better access for the clients. Ms. Ford indicated that the Division proposed to move zip code 89115 from the Owens office to the new Nellis/Bonanza office, and that would encompass approximately 6,000 cases. She stated that the staff for those cases would also move to the new office, which would alleviate the huge overcrowding at the Owens office at the present time. Ms. Ford explained that there were approximately 148 employees in the Owens office and approximately 105 in the Charleston office. The Division anticipated moving approximately 30 positions to the new office, which would increase staff levels at that location to 135.

Assemblyman Denis asked about the exact location of the proposed office, other than being located at Bonanza and Nellis. Ms. Ford indicated it was basically on the corner of Bonanza and Nellis, but she did not have the exact address. Chairwoman Leslie stated that Ms. Ford could provide the address to Mr. Denis.

Assemblywoman Giunchigliani asked whether the Division was closing the Charleston office or was it simply diverting staff and clients to the new office. Ms. Ford said the Charleston office would close as the lease would expire on December 31, 2005. That office would move to the Bonanza/Nellis site, which was currently an Albertson's store that would be remodeled for use by the Division. Ms. Ford stated that, because there would be more space in the new office, the 89115 zip code would be moved to that location. Ms. Giunchigliani asked what other zip codes would be served by the new office. Ms. Ford said that office would also serve 89101, 89104, 89110, 89116 and 89127, which were general delivery post office boxes, and 89412. Ms. Giunchigliani noted that 89101 and 89104 were in her district in the downtown area of Las Vegas, and relocating those zip codes would require that clients either drive or take a bus to the office at Nellis and Bonanza, which would not be convenient.

Ms. Giunchigliani said that zip code 89115 was near the Nellis/Bonanza area, so it would make sense to move that zip code to the new location. She noted that the zip codes were in her district and also in Mr. Denis's district.

Chairwoman Leslie asked that Subcommittee members whose district would be affected by the change in location discuss further justification with Ms. Ford. Ms. Ford stated she would be happy to talk with Subcommittee members and the Division could also make additional adjustments in the zip code allocations if necessary.

Chairwoman Leslie referenced the Henderson office relocation, and asked whether written information had been received from the landlord that indicated the office had to be relocated. She asked whether it was a situation where the Division would like to relocate the office, rather than a need to relocate. Ms. Ford stated that she believed it was a need to relocate because the lease for the Henderson office would be up in November 2006 and the landlord had indicated that he wanted to use that building for other purposes. However, the landlord did not want to lose the Division as a tenant so he offered to build to suit. Ms. Ford indicated that the rent for the new office was still well within the

comparables of the area. When the Division moved into that office approximately July 1, 2006, the landlord would offer the new building at the same gross rent that the Division currently paid until January 1, 2007, at which time the rent would increase to \$1.30 per square foot. Ms. Ford emphasized that \$1.30 per square foot was well within the market rate for the area. Chairwoman Leslie asked Ms. Ford to request written confirmation from the landlord explaining the situation. Ms. Ford stated she would request that information.

Chairwoman Leslie said she felt very strongly about the closure of the Hawthorne office, thereby making those persons drive to Fallon for services. She asked about the caseload in the Hawthorne office. Ms. Ford stated that currently there were approximately 300 cases handled by the Hawthorne office. The Division had contacted people in Hawthorne and discovered that Hawthorne might be facing a boom in the next few years in the mining industry, with a significant number of additional jobs available within that industry. Chairwoman Leslie hoped that those predictions were true, and it would be a first in approximately 20 years if the mining industry indeed created new jobs in Hawthorne. Ms. Ford said a new subdivision was underway where 40 to 50 new homes would be built. Ms. Ford stated that there appeared to be a great deal of movement happening in Hawthorne at the present time, and the Division had reconsidered closure of that office. There were only three persons in the office, which was the minimum needed to manage the office. Chairwoman Leslie asked whether the Division would submit budget adjustments, and Ms. Ford replied in the affirmative.

WELFARE/TANF (3230)

WELFARE 28 – 32, Volume II

Regarding the TANF reserve, Chairwoman Leslie said the Subcommittee was concerned about the recommendation in The Executive Budget not to include a reserve in BA 3230 as members of the Subcommittee would like to see some type of reserve for TANF, simply based on sound fiscal planning for unforeseen events. Chairwoman Leslie noted that the caseload was under-projected at the current time and she asked about the latest caseload figures. Ms. Ford stated that the numbers for February 2005 were in, and the projections had leveled out. The Division was projecting slight growth over the next biennium, but not to the extent that had been projected in The Executive Budget. Ms. Ford stated the Division would be truing-up the numbers.

Chairwoman Leslie asked whether that would present an opportunity to create a reserve with the budgeted caseload funding. Ms. Ford said that was a possibility, but the Division also had to consider the shift in the cost allocation as a result of the TANF caseload shift. Chairwoman Leslie stated that the Subcommittee would like the Division to work with LCB staff to determine a way to create a reserve in the TANF account. She believed it was irresponsible to go forward without some type of reserve.

ASSISTANCE TO AGED AND BLIND (3232)

WELFARE 42 – 43, Volume II

Chairwoman Leslie explained that there was an addition within BA 3232, with an increase of General Fund revenue of \$241,892 in the first year of the biennium and \$396,425 in the second year, if the Subcommittee were to provide for caseload increases of 8.1 percent and 4.2 percent over the biennium. The increase was based primarily on historical caseload history.

CHILD ASSISTANCE AND DEVELOPMENT (3267)
WELFARE 44 – 50, Volume II

Chairwoman Leslie said the Subcommittee had heard testimony regarding the Division's plan for implementation of the Nevada Child Care System (NCCS), a statewide child care information system. She noted that LCB staff remained concerned about consolidation of budget categories, and the Subcommittee wanted to ensure that staff could track the flow of money. Chairwoman Leslie indicated that the Subcommittee might request additional detail, particularly in the areas of quality assurance and contract administration. Ms. Ford stated that she would be happy to provide additional information and the Division would not object to maintaining quality assurance as a separate budget item if that would assist with tracking. Chairwoman Leslie asked the Division to work with LCB staff and reach an agreement.

ENERGY ASSISTANCE – WELFARE (4862)
WELFARE 51 – 56, Volume II

The Subcommittee had held what was termed by one reporter as a "schizophrenic hearing" regarding energy assistance. Chairwoman Leslie noted that the Division had also testified before the Senate Committee on Commerce and Labor, Chaired by Senator Randolph Townsend, regarding S.B. 123. She explained that LCB staff had analyzed the budget and had determined that the way the budget had been submitted, including the backlog, administrative expenses would be approximately 5.5 percent.

Ms. Ford said the administrative expense would address the total fund, and what the Division currently received was 3 percent of 75 percent of the fund. What the Division was asking for in S.B. 123 was to increase the administrative expense to 7 percent of 75 percent of the fund, which would equate to approximately 5.2 percent of the total fund.

Chairwoman Leslie asked about case processing time. Ms. Ford indicated that if the bill was passed and the Division was provided with 7 percent administrative expenses, it was believed that cases could be processed within 30 days. Chairwoman Leslie asked whether that time frame would stand, even with increased caseload projections. Ms. Ford stated that was correct.

Chairwoman Leslie asked whether there was any way to streamline the eligibility process. Ms. Ford reported that most of the requirements were set forth in the NRS, and she did not have the discretion to make changes. Chairwoman Leslie asked whether there were changes to statute in S.B. 123. Ms. Ford indicated that S.B. 123 would allow her to help manage the fund by establishing limits on the benefits, either maximum or minimums, or conditions on the benefits. That would allow management of the fund to ensure that the Division did not run out of money. Ms. Ford stated that by 2007, the Division anticipated that the carry-forward would be expended and the Division would be required to manage within the annual allocation. She stated that she did not have discretion in changing eligibility requirements.

Chairwoman Leslie said the Subcommittee would continue to monitor S.B. 123 as it wound its way through the process and, hopefully, the program would work. Ms. Ford pointed out that Energy Assistance had been a very good program, which had been touted as a model for all 50 states in the country. It had been very well designed by the Legislature, so it was a commendation to

that Body. Chairwoman Leslie indicated that the implementation had been somewhat rough, and Ms. Ford noted there had been a huge change in the program. Chairwoman Leslie said it was a very necessary program and the Subcommittee's concerns were not about the need.

Assemblywoman Giunchigliani asked about the Kinship Care Program, which had been partially funded with TANF funds. She asked whether the age cap had been changed in regulation. Ms. Ford indicated that the age cap was still set at 62 for kinship care. People under that age would qualify for non-needy caretaker benefits, which was a lesser payment. Ms. Ford explained that the benefit for the Kinship Care Program had been reinstated to the 90 percent level and was paid with TANF funding. Ms. Giunchigliani said the Subcommittee would like to ratchet that age barrier down if additional funding was realized. Unfortunately, there were many young grandparents in Nevada who could possibly qualify.

Chairwoman Leslie wanted to ensure that the domestic violence victims were covered. Ms. Ford said the Division did provide funding for domestic violence, and there was an issue regarding undocumented workers being covered by TANF funding. Ms. Ford believed there had been some discussion regarding issuance of a Letter of Intent from the Legislature regarding that issue. Chairwoman Leslie said the Legislature did not want victims of domestic violence to go without assistance in managing their situations.

Ms. Giunchigliani asked whether the Division had formulated a regulation. Ms. Ford said the Division had not drafted the regulation, but it was believed that the Division had the authority to draft a regulation. Ms. Giunchigliani also believed that the Division had that authority, and it was the direction in which the Division should proceed. It was not an issue of "legal or illegal," but rather it was domestic violence and battered women who could qualify for the benefits, which would assist them in terminating relationships that were very detrimental to them. Ms. Ford said one thing the Subcommittee should be aware of was that the Division could not use federal funds for that purpose, and had to use the State General Fund revenue. Ms. Giunchigliani said the numbers were not large, and she asked Ms. Ford to provide the dollar amount.

Chairwoman Leslie said there had been a high rate of women killed in domestic situations, and the Legislature would not like to see something like that occur because women were not allowed access to the program.

DIVISION OF CHILD AND FAMILY SERVICES

CHILD AND FAMILY SERVICES ADMINISTRATION (3145)

DCFS 6 – 19, Volume II

Chairwoman Leslie stated that Decision Unit E-459 recommended a total of 15 new positions and lowering the staff-to-client ratio in the rural regions from 1:28 to 1:22 in the first year of the biennium and to 1:19 in the second year, which was a "richer" ratio than was being recommended for Clark and Washoe Counties. Previous testimony received from the Division of Child and Family Services (DCFS) indicated that was because approximately 15 percent of rural staff time was spent on travel. Chairwoman Leslie indicated that LCB staff had reviewed the issue with the DCFS, and there appeared to be a general feeling that there was not sufficient documentation regarding the 15 percent travel time. She stated that the Subcommittee did understand that rural areas created staff travel time, but the 15 percent appeared to have simply been "picked" by

the DCSF. Chairwoman Leslie asked whether there was further information that would make the Subcommittee more comfortable with the 15 percent travel time.

Diane Comeaux, Deputy Administrator, DCFS, explained that the Division had actually conducted a time study and that information had been provided to LCB staff. The Division had asked rural staff to provide an accounting of their time in 15-minute increments, and Ms. Comeaux reported that the overall time that staff spent traveling was approximately 15 percent. There was also a fairly high percentage of phone contact, with approximately 19 percent of their time spent on the phone talking to families, as opposed to face-to-face contact with the family or in the foster home conducting a safety or risk assessment.

Chairwoman Leslie asked whether the DCFS was confident that 15 percent of rural staff time was spent in travel, and would the time study back up that figure. Ms. Comeaux said the time study indicated that with all direct staff, including mental health counselors, the exact travel percentage was 13 percent. When the mental health counselors were removed from the study, the percentage increased to 15. Chairwoman Leslie said the Subcommittee would continue to study that percentage of travel.

Decision Unit E-458 recommended six new positions to create a performance-based contracting and monitoring unit to establish a strategic plan. Chairwoman Leslie asked whether the proposed unit would be impacted by the new plan. Jone Bosworth, Administrator, DCFS, stated that the Division's planning process was predicated on receiving those positions in order to move toward performance-based contracts with providers within the next 2 years. Chairwoman Leslie asked whether the unit fit with the new plan, and Ms. Bosworth stated, "Absolutely."

Chairwoman Leslie referenced Decision Unit E-457, which recommended two new positions to develop in-house expertise in cost allocation, which would allow the Division to amend its cost allocation plan and optimize federal revenue. She indicated that a funding goal might be placed in the budget by the Legislature that the Division would be required to meet. She understood that the Division needed the technical expertise and the time to ramp up, but it was believed that cost allocation would ultimately bring more federal dollars into the State and the budget needed to reflect that reality.

Ms. Bosworth stated that, differentially, the Division was very concerned about the President's budget and how that budget would impact what occurred in Nevada. She emphasized that the positions were to hold the Division firm, prior to even looking at what could be done to increase federal revenue. Ms. Bosworth urged the Subcommittee to consider whether or not additional dollars could be tied to increasing federal revenues within the next 2 years. As previously expressed, the Division was very hesitant to say whether or not federal funds could be increased, particularly in light of the President's budget.

CLARK COUNTY INTEGRATION (3142)
DCFS 20 – 33, Volume II

Chairwoman Leslie said the Subcommittee had heard much testimony regarding child welfare integration. With the proposed idea of redesigning residential treatment services, she wondered whether a White Paper or narrative would be published that would tie together the proposed redesign and integration, and provide a better understanding of the program and possible budget adjustments

that would be necessary over the upcoming biennium. She also asked when the Legislature might expect to receive that information.

Ms. Bosworth stated that the Division was in the process of preparing a White Paper regarding the proposed redesign of residential treatment services. The Division had held further discussions with the counties about how the redesign would work and to better understand their concerns. Ms. Bosworth stated the Division anticipated release of the White Paper within the next two weeks. Chairwoman Leslie realized that it would create extra work, but if the State was going to move forward with the program, the Legislature had to better understand how it would impact the current budget. Chairwoman Leslie said it was her understanding that the redesign would be cost-neutral, but there might be some necessary shifting in budget accounts. Ms. Comeaux stated that was correct and the Division had reviewed that possibility. At the present time, because it was fairly early in the process, it was hoped that the budget could remain status quo with the money allocated as recommended, and the Division would manage redesign from those budget accounts.

Chairwoman Leslie indicated that Decision Units E-908 and E-909 referenced the Wraparound in Nevada (WIN) program and there was still some confusion regarding how many SED children were being served at the present time, even after the Division had provided information regarding the financial aspects. Ms. Bosworth explained that there were 496 children being served. Chairwoman Leslie asked whether the Division could provide a chart to the Subcommittee that showed cumulative and ongoing cases, which was the information the Subcommittee would like to see clarified. Ms. Bosworth replied that she would provide that information.

Chairwoman Leslie noted that the foster care caseloads were being reduced in the two urban counties. She stated that the Child Welfare League of America had recommended a caseload ratio of 1:15 and Nevada was still at a ratio of 1:28. Chairwoman Leslie believed that The Executive Budget would make some headway by a reduction in the ratio to 1:25 in FY2006 and 1:22 in FY2007. Research showed that lower caseloads resulted in better care for children.

Assemblywoman Giunchigliani said there were two bills under consideration that dealt with aging-out of the foster care program. One of those bills dealt with Medicaid coverage and she asked whether the Division had computed the fiscal impact of that bill. Chairwoman Leslie believed the fiscal impact would be approximately \$1.9 million. Ms. Comeaux said she did not know the exact amount, but the Division had submitted a fiscal note for the bill.

Ms. Giunchigliani said she liked the concept and, as the Subcommittee dealt with the budget regarding the entire transition, she wondered whether educational costs were included, such as grant money. Perhaps the Legislature simply needed to add the concept so that persons understood that the State would pay a certain portion toward college, university, or trade school, up to a specific age. Ms. Comeaux stated that the children were allowed to use transition from foster care money for educational resources up to age 21; she stated she was not clear about the proposal in the bill. Chairwoman Leslie said the bill in question anticipated payment of full tuition, which the Division was not currently doing. She asked whether there were limitations regarding the amount that could be used for educational purposes. Ms. Comeaux said there were no limitations. Ms. Giunchigliani said the Legislature should be consistent with the age requirement.

UNITY/SACWIS (3143)
DCFS 39 – 47, Volume II

Chairwoman Leslie stated that Decision Unit E-900 recommended the transfer in of 10 positions from the Department of Information Technology (DoIT), and she believed that the Subcommittee was comfortable with that action.

RURAL CHILD WELFARE (3229)
DCFS 55 – 67, Volume II

Chairwoman Leslie said the account had been renamed from Youth Community Services to Rural Child Welfare, and it was the budget account which contained the placement dollars, along with all positions and associated costs for rural child welfare responsibilities. The Department's proposed redesign of residential treatment services also included transferring higher levels of care. In order to accomplish that change, the Subcommittee had been told that additional flexibility was needed. Chairwoman Leslie asked whether there were some examples of the additional flexibility that could be provided to the Subcommittee; would the Division need flexibility in order to make the changes or would it be managed from the budget accounts. Ms. Comeaux believed that Mr. Willden could respond to that question.

Mr. Willden explained that the flexibility needed by the DHR was the flexibility to move money from central budget accounts to either the Washoe or Clark County integration budget, or to take money that was currently budgeted in the DCFS and move it to the Medicaid budget. The question was whether that flexibility would be addressed within the Appropriations Act or Authorization Act. If not, Mr. Willden said the DHS would simply be required to request funding in "chunks" when it came before the Legislature each session, when it would advise that the DHR was ready to take the next step in integration, such as transferring higher levels of care. He indicated it was up to the Legislature.

Decision Unit E-458 recommended funding for provider rate increases for higher levels of care, and Chairwoman Leslie indicated that the Subcommittee had asked for examples of those proposed rate increases, which had been provided.

YOUTH ALTERNATIVE PLACEMENT (3147)
DCFS 84 – 85, Volume II

Chairwoman Leslie stated if the Legislature were to restore the historical funding ratio of 63.17 percent county participation fees and 36.83 percent State General Fund for China Spring, plus add the requested 6 new positions, the additional General Fund cost 704,368 over the biennium.

Chairwoman Leslie indicated that an increase in General Fund support for the Spring Mountain Youth Camp would require a change in the statutes, and if the Subcommittee chose to provide additional funding, it would cost approximately \$7.5 million. The Subcommittee had asked the Spring Mountain Youth Camp to provide a list of enhancements, however, that information had not yet been received.

Ms. Bosworth stated that the DCFS had not received any information from Clark County in that respect. Chairwoman Leslie doubted that the Subcommittee would approve General Fund revenue in the amount of

\$7.5 million. If Spring Mountain needed additional funding, Clark County should provide the requested information quickly.

CALIENTE YOUTH CENTER (3179) AND
NEVADA YOUTH TRAINING CENTER (3259)
DCFS 92 – 104, Volume II

Chairwoman Leslie said the issue at the Caliente Youth Center was the same as the issue at the Nevada Youth Training Center (NYTC). The Executive Budget recommended additional funding for new staff to reach the staffing ratio of 1:8 during waking hours at each facility. Chairwoman Leslie explained that the agreement with the U.S. Department of Justice regarding the Civil Rights of Institutionalized Persons Act (CRIPA) report required a staffing ratio of 1:10 during waking hours. The CRIPA report suggested a staffing ratio of 1:8, but a ratio of 1:10 would meet the requirements.

Chairwoman Leslie indicated that the average monthly census for the two facilities continued to be down, which was good in a way. Comments from local juvenile detention staff indicated that one of the reasons the census was down was because the community programs had been more successful. Local facilities felt very strongly that the money the State had invested in keeping juveniles closer to home had played a major part in that decrease. Ms. Bosworth stated that the Division would agree with that as part of the reason, and she pointed out that juvenile crime was down across the nation. The reopening of the Summit View Youth Correctional Center had also impacted the census at the other facilities.

Chairwoman Leslie said she had received a complaint that juveniles were remaining in local detention facilities too long and the juvenile court had become very upset. The judges had issued orders indicating that juveniles could remain in local detention facilities up to a maximum of 30 days. Chairwoman Leslie indicated that the current complaint was that the State was routinely leaving children in the local juvenile detention facilities for 30 days instead of placing them in State facilities more quickly. She asked why the juveniles were not moved to State facilities since there appeared to be room.

Ms. Bosworth said the Division had conducted an analysis and discovered several glitches within the system; she said that the State was, in fact, acting much more quickly in juvenile cases. She indicated that the Division had established internal goals for reducing the time frame in local juvenile detention facilities below the 30-day period. Ms. Bosworth said that in Clark County the Division did not always receive the court orders, and in Washoe County the Division did not always receive the psycho-socio assessment. She emphasized that the Division was working with the counties to reduce the time frame even further, but it was a shared accountability issue and she did not believe the onus was on the State.

Chairwoman Leslie wondered whether the budget accounts were being overfunded, since it did not appear that the juvenile facilities were going to be filled to capacity. There were certain fixed costs, but if the population ran continually under the census by significant numbers, perhaps those budgets should be reviewed.

Ms. Bosworth said at the present time the Division did not have a longitudinal analysis. The reduction in population had been a very recent occurrence within Nevada with the reopening of the Summit View Youth Correctional Center and

the Juvenile Detention Alternative Program, and Ms. Bosworth believed that the situation should be reviewed over a period of time before budgets were cut.

Chairwoman Leslie said the Subcommittee might recommend the issuance of a Letter of Intent asking the Division to report back to the IFC on a quarterly basis to ensure that the State's county partners were satisfied with the situation.

NORTHERN NEVADA CHILD AND ADOLESCENT SERVICES (3281)
DCFS 112 – 122, Volume II

Chairwoman Leslie said the budget included funding to deal with the waiting lists for the outpatient and Early Childhood Programs (Decision Unit E-452). Decision Unit E-453 recommended 3 new positions for Medicaid Utilization review, but there appeared to be a possibility that the transfer of higher levels of care and the redesign of the residential treatment services might require that those positions be transferred to the Medicaid budget. Ms. Bosworth said the Division was looking at adding the Psychiatric Nurse II positions to the existing teams. The Division did have a concept about the residential treatment redesign, which would be included in the aforementioned White Paper.

SOUTHERN NEVADA CHILD AND ADOLESCENT SERVICES (3646)
DCFS 123 – 134, Volume II

Chairwoman Leslie referenced the LCB audit findings regarding the billing process, and she asked whether there was an estimate regarding how much of the \$2.35 million in Medicaid funds would be recovered and by what date. Ms. Comeaux said that the Division did not have an estimate of how much money would be recovered. At the present time, the Division had to reconcile between what Medicaid had paid for their services and what Title XX had paid for services to those children. Ms. Comeaux said once that was completed, the Division would have a better idea of how much would be recovered.

Chairwoman Leslie stated that was the same answer the Subcommittee had heard the last time it had asked that question. She asked when the information would be available. Ms. Comeaux said the Division had built a reduction of General Fund appropriations and an increase in Medicaid revenues into the budgets in anticipation of receiving full cost reimbursement going forward. Chairwoman Leslie wanted to know how much would be received in the retro billing and when; she asked when the Division would know the amount. Ms. Comeaux explained that the Division was waiting for the information from Medicaid on the paid claims. Chairwoman Leslie asked when Ms. Comeaux believed that information would be received. Ms. Comeaux said the Division hoped to receive that information within the next 2 weeks. She stated it would take the Division about 2 to 3 weeks to complete the analysis. Chairwoman Leslie said the information would probably be available in approximately 1 month. Ms. Comeaux indicated it would be 1 month to 6 weeks. Chairwoman Leslie asked the Division to provide the information as soon as possible, as the Subcommittee needed to resolve the issue.

Chairwoman Leslie noted for the record that the budget would add 11.51 new full-time equivalent (FTE) positions in BA 3646 (Decision Unit E-453) to deal with the waiting lists for the Children's Clinical Services and Early Childhood Services programs.

AGING SERVICES DIVISION

SENIOR SERVICES PROGRAM (3146)

AGING 13 – 20, Volume II

Chairwoman Leslie indicated that the Subcommittee had discussed the fact that position vacancies had not enabled the Division to serve the number of people anticipated. She asked about the status of the Division's plan to fill the position vacancies. Carol Sala, Administrator, Aging Services Division, explained that the Division had conducted an in-depth analysis over the past week, but had not had the opportunity to share that information with LCB staff. Interestingly enough, most of the vacancies had been in the Las Vegas area and Ms. Sala said the Division was aggressively filling those vacancies. The Division was down to three vacancies, however, it had exhausted both the Social Worker I and Social Worker II lists from State Personnel. Ms. Sala said the Division was currently moving toward outsourcing the case management, and had also made some programmatic changes in Las Vegas, which had ramped up the time spent on processing cases. Ms. Sala said the Division had a new manager in Las Vegas who was very proactive and receptive, and the Division had been able to process cases more quickly. She explained that the new social workers were given full caseloads and the seasoned workers were conducting the processing, which was a time consuming and difficult process.

Ms. Sala indicated that the analysis had looked at historic problems in filling vacant positions. There was a great deal of detail and Ms. Sala said she would meet with LCB staff to provide the information. Chairwoman Leslie said the Subcommittee would appreciate that. The Subcommittee's concern was whether The Executive Budget was realistic, given the difficulties the Division had experienced in hiring staff. Ms. Sala believed that the problems that had faced the Division had put a great deal of extra work on staff and caused a spiral. The Division was out of that spiral and Ms. Sala felt that the Division could aggressively move forward and build caseloads. She believed The Executive Budget was realistic and she also believed that the need was there in the community.

Chairwoman Leslie said the Subcommittee would like to see some hard analysis, which apparently had been done by the Division. The Subcommittee also agreed that the need was there in the communities, but it did not want to fund programs that did not materialize, so if the Division's plan was not realistic, it should devise a more realistic plan.

Regarding Decision Unit M-540, Chairwoman Leslie said the recommendation would provide funding for a total of nine persons on the wait list, and yet previous testimony indicated there was only one person on the waiting list. She asked whether there was an update regarding the actual number of persons on the waiting list. Ms. Sala said at the current time there were two people on the wait list. When the budget had been compiled in July 2004, there were nine people on the list. Ms. Sala believed those slots would be filled based on the need in the community and the fact that the Division's clients were increasingly frail. She indicated that there would always be people who fell into the category in NRS 246. Ms. Sala indicated the wait list for services was a "moving target" because when people were identified, the Division immediately moved to place them in the program.

Chairwoman Leslie stated that Decision Unit E-426 addressed patient liability, and some Subcommittee members believed it was time to make all waivers the same.

According to Chairwoman Leslie, Decision Unit E-452 recommended an increase in the rate for personal care aides, and the discussion had been to phase-in those increases over the biennium.

EPS/HOMEMAKER PROGRAMS (3252)
AGING 21 – 25, Volume II

Chairwoman Leslie asked why supervisors did not carry a workload. The idea of adding positions to BA 3252 was to facilitate additional face-to-face contact with clients. Ms. Sala explained that the Elder Protective Services (EPS) program supervisors did not carry a caseload and she pointed out that there had been over 100 referrals in the Reno office over the past month. There was one supervisor position in northern Nevada and one in southern Nevada, who managed referrals as they came in and provided case staffing for the increasingly difficult cases. Ms. Sala said it was very difficult for the lead social workers, who carried a partial caseload, and social workers reported to top level managers who were also trying to conduct management duties. The Division felt it was necessary for the supervisory positions to remain strictly supervisory.

Chairwoman Leslie asked about the ratio in southern Nevada. Ms. Sala said in southern Nevada there were three EPS social workers, but they also supervised the Elko office, which included a social worker. The ratio in southern Nevada was 1:4, but the budget requested two additional EPS workers. Ms. Sala reported that the position in Elko worked part-time for EPS and part-time for the Homemaker Program.

Chairwoman Leslie asked if the budget was approved, would there be an impact on the 3-day time frame for initiating new cases. Ms. Sala said the statute read that the Division would initiate the investigation within 3 working days, and the Division had traditionally required a face-to-face contact within 3 days. The Division had studied the statute and was close to initiating the investigation within 3 working days, which could include making contact. Ms. Sala explained it was hard to establish face-to-face contact in 3 days because locating the person usually took several days.

Chairwoman Leslie said the Subcommittee wanted to be able to quantify the benefits. The Subcommittee wanted some way to show that there was more face-to-face time, a faster initiation time frame, and very clear program outcomes to justify additional positions. Chairwoman Leslie said the program was high priority.

Assemblywoman Giunchigliani said she had long been uncomfortable regarding the amount of tobacco funds that were used in the budget. She believed that while there was a surplus of revenue, the Legislature should look at no longer funding budgets with tobacco money.

Chairwoman Leslie explained that there were some issues that had not been discussed during the work session, such as caseload growth in the substance abuse programs, and because they were not mentioned did not mean the Subcommittee would not discuss them in budget closings. The issues discussed by the Subcommittee during the present work session were those that required clarification so that decisions could be made for budget closings.

Chairwoman Leslie asked whether there was anyone who wished to present testimony to the Subcommittee regarding the DHR budgets.

Diana Glomb-Rogan, representing Nevada Youth Care Providers, stated she would like to make a plea for their situation. Nevada Youth Care Providers were the families and providers who provided therapeutic foster care for children in Nevada, children who had been diagnosed as Severely Emotionally Disturbed (SED), or other mental health diagnoses. Ms. Glomb-Rogan said the rates for providers had not been increased over the past two legislative sessions, and it was becoming increasingly difficult to recruit good providers and maintain the families who worked with those children. She urged the Subcommittee to take the rate increase for providers into consideration.

Chairwoman Leslie asked whether there was further testimony to come before the Subcommittee and, there being none, the Chair adjourned the hearing at 10:15 a.m.

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Attaché

APPROVED BY:

Assemblywoman Sheila Leslie, Chairwoman

DATE: _____

Senator Barbara Cegavske, Chairwoman

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Resources</u>			
Date: <u>March 31, 2005</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B	Dr. Dave Luke, MHDS	Waiting List projections