

**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
May 18, 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 8:15 a.m., on Wednesday, May 18, 2005. Chairwoman Shelia 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. Shelia 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

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Mark Krmpotic, Senior Program Analyst
Linda Smith, Committee Secretary
Susan Cherpeski, Committee Secretary

Chairwoman Leslie said the first item for the Subcommittee's consideration was the budget closing of the Health Care Financing and Policy. She asked Steve Abba, Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), to guide the members through the budget issues.

DEPARTMENT OF HUMAN RESOURCES – BUDGET CLOSINGS

HEALTH CARE FINANCING AND POLICY (101-3158)
BUDGET PAGE HCF&P - 1

Mr. Abba said Budget Account 3158 was the administrative account of the Division of Health Care Financing and Policy. He said there was one main issue to be considered and that was the 12 new positions recommended over the

2005-07 biennium. Decision Unit M-200 requested a total of 5 positions and staff had reviewed the position requests and recommended approval of the 2 additional positions for the budget unit and the 1 additional position for the information systems unit. A new Management Analyst IV position was requested for the rates and cost containment unit. There was a complex process that was placed on the Division to develop reasonable rates. The Division had a fairly large rates unit with 1 section supervisor and a staff of 10, 1 being a unit chief. The Division was requesting 1 additional position to serve as a unit chief, which would allow the Division to divide the rates unit into two different segments; an institutional provider rates unit that would primarily deal with hospitals and long-term care facilities, and a non-institutional provider rates unit that would address all other groups. Mr. Abba said in looking at the organizational structure the Division was pursuing, staff felt the request was reasonable and recommended approval of the Management Analyst IV position.

Mr. Abba continued and said M-502 included 2 positions, a Management Analyst and an Accounting Technician for the accounting unit. The two positions were somewhat lower on the Division's priority list. Mr. Abba said the list of priorities was located on pages 7 and 8 of the closing document. The Division had provided staff with additional information which indicated that the Medicaid Management Information System (MMIS) and the Design Support System (DSS) were generating a great deal more work for the accounting unit, primarily in the areas of advance payments, reissued checks, and cash receipts. The accounting unit also had more responsibility for the accounting transactions under the MMIS. Mr. Abba said staff recommended approval of the Accounting Technician position and deferral of the Management Analyst position, which would have had responsibility for developing ad hoc reports and queries through the MMIS and DSS in addition to conducting waiver audits and post audits. Mr. Abba said he thought the analyst position could be justified in the future.

Mr. Abba said M-503 recommended 4 new positions for the new Payment Error Rate Measurement (PERM) program, a federally-mandated program that had to be implemented by October 1, 2006. One of the positions was approved by the Interim Finance Committee (IFC) at the November 2004 meeting. Mr. Abba said the Division had received federal advance money for the PERM program, which would help the Division establish some of the criteria required for the October 1st start date. The Division indicated that the remaining new positions were needed based upon the number of records to be audited and the time required to conduct the audits. The Centers for Medicare and Medicaid (CMS) issued information that indicated the tasks required for the PERM would take approximately one hour per task. The Division used that information and discussed the issue with other states. Based on the information gleaned from other states the Division thought each task would take approximately 1.5 hours per task. The Division estimated that there were approximately 1,400 hours of productive time per position annually. Mr. Abba noted that the Division's estimate of 1,400 hours was quite low and staff believed 1,800 hours of productive time per position was more reasonable. Staff also assumed that 1.25 hours would be required for each task—the midpoint between what CMS had indicated and what the Division indicated. Using staff assumptions, 3 positions would be required. There were two different options for the Committee to consider; (1) approve the 4 positions recommended by the Governor, which would include the auditor position approved by the IFC, 2 additional professional staff, and 1 clerical position, or (2) approve 3 positions based upon staff's assumptions, which recommended approval of the auditor position and the 2 professional staff positions. Mr. Abba said staff considered

the fact that the PERM was a new program and perhaps a more conservative approach was needed.

Mr. Abba referenced Decision Unit E-409, which added the additional administrative funding previously approved by the Subcommittee for the Health Insurance Flexibility and Accountability (HIFA) waiver and included 1 position that would have responsibility for developing the HIFA waiver and for working with the consultants the Division anticipated hiring to assist with the development of the waiver. Once the waiver was approved, the position would be responsible for monitoring the waiver. Mr. Abba said staff had no problems with the requests and recommended approval of the position and recommended approval of the additional funding included in FY2006 for the consultants.

Mr. Abba said the only remaining item was E-905, the module used to transfer federal Title XIX funds to the Welfare Division. In the past, the funding was transferred out of the Medicaid budget for cost allocation purposes and was now recommended to be placed in the administrative account. The additional funding made it appear that the administrative account was increasing significantly.

Mr. Abba said in closing the budget there would be a number of technical adjustments and staff requested approval to make any required technical adjustments based on the decisions made by the Subcommittee.

Chairwoman Leslie provided a brief summary of the closing issues related to the positions and said The Executive Budget recommended 12 new positions and staff recommended 10 of the positions. The Management Analyst position in M-502 and the Administrative Assistant position in M-503 were not recommended for approval.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE WITH
STAFF RECOMMENDATIONS, INCLUDING APPROVAL OF TEN
POSITIONS AND TECHNICAL ADJUSTMENTS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the
vote.)

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NEVADA MEDICAID, TITLE XIX (101-3243)
BUDGET PAGE HCF&P - 14

Mr. Abba said at the hearing held April 27, 2005, the Division indicated there was a shortfall projected in the Medicaid budget of approximately \$25.7 million over the 2005-07 biennium. The projected shortfall was based on new projections on caseload and costs through the Medicaid Payment Projection (MPP) model, a change in the federal match rate in FY2007, and new calculations on the "clawback" savings as a result of the Medicare Modernization and Improvement Act (MMA). Mr. Abba referred members to a table included on page 10 of the closing document that he would be reviewing during the budget presentation. The estimated costs for the FMAP (federal medical assistance percentage) had increased from the approximately \$3.2 million presented at the Subcommittee meeting held April 27, 2005, to \$6.2 million. The amendment submitted by the Budget Division requesting the

FMAP change was in error. Mr. Abba said he had reviewed the latest FMAP changes with the Division and said he thought the latest projection of \$6.2 million versus \$3.2 million was accurate. The \$6.2 million increase resulted in the projected shortfall of up to \$28.7 million. Not presented at the earlier meeting were adjustments that staff was recommending, which would be discussed in the body of the budget closing. The adjustments that staff recommended would reduce the projected shortfall of \$28.7 to approximately \$9.7 million. Adjustments included:

- The Health Maintenance Organization (HMO) inflation rate, a savings of \$13 million over the biennium
- Additional IGT transfer of \$1 million approved by the Subcommittee in a prior meeting
- Additional savings in Drug Rebates of \$3.5 million
- Elimination of waiver slots, which would save \$1.53 million

The adjustments totaled \$19 million.

Mr. Abba said at the April 27th hearing the Division estimated the supplemental request for FY2005 would be between \$17 million to \$36 million; the revised estimate was \$22.8 million. S.B. 512 provided for the supplemental appropriation in that amount.

Mr. Abba referred to the proposed inflation rate increases and said the Medicaid budget had a significant component of pharmacy costs. Staff recommended approval of the revised inflation rates of 11.6 percent for prescription drugs in FY2006 and 10.7 percent for FY2007, amounts included in the latest projection model. Mr. Abba said the rates were consistent with the rates used for the Mental Health and Developmental Services budget and the Senior RX budget. Mr. Abba referenced the second component of the decision module which involved the inflation rates used for the HMO providers. The Subcommittee had addressed the rates in closing the Nevada Check Up budget. Mr. Abba explained that the inflation rate applied to HMO providers had been factored into the calculations twice. The error had been corrected and resulted in a slightly lower inflation rate of 6.3 percent for each year of the 2005-07 biennium. The two adjustments would provide a savings in Decision Unit M-101 of approximately \$5.6 million in FY2006 and \$7.4 million in FY2007; a total of \$13 million over the biennium.

Mr. Abba noted that during the 2005 Legislative Session the Medicaid budget was closed with significant savings based on the assumption that a new rate methodology for physician groups would be developed that would result in a savings of \$7.3 million. Because the new methodology faced resistance by the physician groups, the administration made the determination not to proceed with the new rate reductions. The Division also authorized rate increases for certain specialty groups that were not funded in the budget. All the decisions were made without review by the Interim Finance Committee. Mr. Abba suggested that the Interim Finance Committee (IFC) be more involved in issues such as rate increases that might occur during the interim that were not funded, and that the IFC have a stake in the decision-making process since any changes would have an impact on Medicaid funding into the future. Staff recommended two options for the Subcommittee's consideration. The first option would include language in the back of the Appropriations Act which would require the Division to report to the IFC any provider reimbursement modifications that were not legislatively authorized and any reimbursement modifications that were legislatively authorized that were changed prior to implementation. The change

would allow the money committees an opportunity to provide comment and possibly approve or, at a minimum, be informed of the current and future fiscal implications of such actions. The second option would be to issue a Letter of Intent containing the same stipulations. Mr. Abba pointed out that including the language in the Appropriations Act had “a little more teeth” and was the option that staff was suggesting.

Chairwoman Leslie asked for discussion on the two options presented by staff. She felt it was important for the IFC to be involved in any rates increases in order to understand what impact any increases would have in the future.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, said he understood the concern related to the impact any rate adjustment had on the Division budget and the need to have the approval of, or involvement with, the IFC prior to any rate increases. He cautioned that often, perhaps several times each month, he had to enter into negotiations with providers in order to care for people who needed appropriate care, either in state or out of state. The Division had responsibility through the *Nevada Revised Statutes* and under federal law to allow providers to appeal reimbursement methodologies. Mr. Duarte explained that often the Division ended up with negotiated rates and he suggested that large rate changes or overall changes in methodology might be appropriate for IFC involvement, but he voiced concern with the logistics of waiting for IFC approval on a negotiated rate, which could delay care for those in need.

Chairwoman Leslie stressed that the Subcommittee did not want to micromanage the Division, but was concerned when a legislatively-approved budget was altered. Mr. Duarte said he understood the Chair’s concern. He explained that the change occurred when the pediatric specialists were refusing to see children in hospitals, which resulted in the children having to be sent out of state to receive services. Mr. Duarte suggested that major changes that would require a change in the Medicaid State Plan or the Nevada Check Up State Plan, where reimbursement methodologies were defined at a high level, might be appropriate for IFC involvement if the changes resulted in projected impacts on the budget. Mr. Duarte said the Division always projected a fiscal impact when generating a State Plan amendment. He said the Division would want the IFC to review any amendment that had a certain level of impact.

Senator Raggio said he was not quite as concerned with the rate adjustment issue and said he would defer to the individuals having responsibility for operating the programs. He pointed out that the Division had to act quickly when the physician groups refused to accept the new reimbursement methodology. Senator Raggio said he did not think the Subcommittee needed to require the agency to come before the IFC for approval. He suggested requiring a report to the IFC containing the reasons for the adjustments and agreed that the Legislature should not attempt to micromanage the Division during the interim. The Senator noted that the request for a report could either be included in the Appropriations Act or a Letter of Intent. Senator Raggio said he liked Mr. Duarte’s suggestion requiring a certain level of impact and suggested that Mr. Duarte provide the level amount that would be workable.

Chairwoman Leslie asked Mr. Duarte to provide staff with language suggested by Senator Raggio related to the level of rate increase. Mr. Duarte agreed with the request and said he would provide the information to LCB staff.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE INFLATION ADJUSTMENTS RECOMMENDED BY STAFF AND INCLUDE A LETTER OF INTENT BASED ON INFORMATION PROVIDED BY THE DIVISION OF HEALTH CARE FINANCING AND POLICY TO STAFF.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

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Mr. Abba referred to item 2 in the closing document which addressed the caseload and new positions requested in the Medicaid budget. Mr. Abba said caseload and cost per eligible information were the "guts" used to project Medicaid costs. The medical payment projection (MPP) was rerun in April and the caseload assumptions used for that run were significantly lower than the caseload assumptions included in The Executive Budget. The reductions were primarily in the area of TANF (Temporary Assistance to Needy Families) caseload and, to a certain degree, caseloads in the non-institutional area of the aged, blind, and disabled. The revised caseload projections were 10.4 percent lower for FY2006 and 13.2 percent lower for FY2007. Mr. Abba pointed out that caseloads continued to rise, but at a slower rate. He said staff had worked closely with the Welfare Division on the caseload projections and concurred with the validity of the caseload assumptions. Mr. Abba said another part of the projection assumptions used for calculating Medicaid was the cost per eligible (CPE) assumption. There were 22 different aid categories in Medicaid and each aid category had a specific CPE. In many circumstances those CPEs in the latest projections were increasing significantly. Mr. Abba said staff was uncomfortable with the assumptions used, primarily because they were probably somewhat affected by the MMIS with the claims backlog. Many of the increases could not be reasonably explained. However, staff did not have another alternative for the Subcommittee to consider. Also, staff was reluctant to make any adjustments in the CPE because the weekly claim runs for FY2005 were significantly higher than in previous fiscal years and the Division did have a significant supplemental request for FY2005. Even with the problems, staff was recommending that the caseloads and the CPE assumptions used for the latest projection be approved. Mr. Abba said under M-200 the revised projections indicated there was a shortfall of approximately \$8.8 million over the 2005-07 biennium.

Mr. Abba noted that Decision Unit M-200 requested 20 new positions; 15 in FY2006 and 5 in FY2007. Mr. Abba briefly reviewed the positions:

- M-200 included a recommendation for 144 waiver slots for the physically disabled waiver program, also called the Waiver for Independent Nevadans (WIN). If the additional slots were approved there would be a need for 4 new case managers. The additional staff fit within the existing staffing-to-case ratio that the Division employed and, if the additional slots were approved, staff would recommend approval of the 4 new positions.
- A Health Care Coordinator III position was recommended to support the additional requirements that the Center for Medicaid Services (CMS) placed on the states for waiver quality management. Staff recommended approval of the position.

- 4 Health Care Coordinators were requested for the Katie Beckett Program—a program that allowed children with disabilities to use Medicaid services to remain at home rather than in an institutional setting. The Division, in projecting the need for the positions, assumed caseload increases within the non-institutionalized caseload, which included the aged, blind, and disabled, of between 7 and 5 percent—the latest MPP actually reflected a reduction in caseload compared to the Governor’s recommended budget. Based on information provided by the Division, staff recommended approval of 3 of the 4 positions. There were additional requirements and staff believed the 3 new positions would address the new requirements.
- 3 Health Care Coordinators were recommended for the Facility Outreach and Community Integration Services (FOCIS) program. The program emphasized placement of individuals in a community setting, either upon discharge from a hospital or a long-term care facility. As with the Katie Beckett Program, the projected caseload the Division used for requesting the positions was actually lower in the MPP. Staff recommended that 2 of the 3 positions be approved.
- 3 Health Care Coordinators were requested for the Care Coordination program, which placed emphasis on clients currently in a community setting, primarily at home. The emphasis was to keep the clients in the home without having to face the issue of having to be institutionalized. Based on the projected reduction in caseload, staff recommended 2 of the 3 positions be approved.
- 1 Health Care Coordinator III, which was not based on caseload, was requested for the Quality Assurance (QA) program. The position was requested as a result of a recommendation from the Nevada State Council on Personal Assistant Services. The Council adopted a number of recommendations that would impact the Division. One recommendation approved by the Council that would have the greatest impact required that at least 25 percent of all service providers be surveyed on an annual basis to provide an independent review of the services in order to determine client satisfaction with the services provided. Mr. Abba pointed out that the closing document included a list of the current activities performed by the Division in relationship to waivers and annual reviews. The Division did not have sufficient staff to complete the additional survey activity. Mr. Abba noted that the Council’s recommendation was not a mandate because it originated in a non-state agency council and would be a major policy decision for the Subcommittee.
- 2 Health Care Coordinator IV positions to serve as unit supervisors for the Las Vegas District Office. If staff’s recommendation to eliminate 4 positions in M-200 and E-452 was approved, staff would recommend 1 new Health Care Coordinator IV position, which would provide a supervisor-to-staff ratio of 1:9.
- 2 Administrative Assistant positions; a position for the Medicaid Estate Recovery (MER) unit and a position for the Las Vegas District Office. Staff recommended both positions, but recommended that recoveries be increased to cover the additional costs of the MER position. The additional clerical position for the Las Vegas District Office was reasonable if the additional supervisor position was approved for the new unit.

Chairwoman Leslie referred to the CPE and said she recommended approving M-200 and asked the Division to keep the IFC informed in case there needed to

be an adjustment. She asked that there be discussion on the caseload and new positions.

Assemblyman Denis asked for additional information on the Health Care Coordinator II positions for the WIN program. He noted that 144 waiver slots were being added and asked the current number of slots. Mr. Abba explained that M-200 included 144 waiver slots, and E-455 and E-456 recommended an additional 97 waiver slots. When the latter two decision units were discussed by the Subcommittee, staff would be recommending eliminating 17 of the slots due to a lower than projected waiting list; the total number of new waiver slots would be 224 if the recommendations of staff were adopted by the members.

Senator Cegavske recommended that the members accept staff's recommendations on the positions.

Mr. Abba restated the recommendations which included the elimination of 1 position for the Katie Beckett Program, 1 position for the FOCIS program, and 1 position for the Care Coordination program. He noted that the Subcommittee needed to make a policy decision on the QA position.

Chairwoman Leslie said she thought Senator Cegavske was recommending approval based on staff recommendations and that the Health Care Coordinator III for the QA program not be approved. Senator Cegavske agreed with the Chair's assessment. In response to a question posed by Senator Cegavske related to the waiver slots, Mr. Abba said if fewer than 144 waiver slots were approved the members would have to reconsider the number of positions. He said staff recommended approval of the 144 slots based upon the information provided by the Division regarding caseload and he reiterated that an adjustment to the number of slots would be recommended when E-455 and E-456 were discussed.

SENATOR CEGAVSKE MOVED TO APPROVE THE NEW POSITIONS AS RECOMMENDED BY STAFF BUT NOT APPROVE THE HEALTH CARE COORDINATOR III POSITION REQUESTED FOR THE QUALITY ASSURANCE PROGRAM.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

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Mr. Abba said he would not provide many specifics on the Medicare Prescription Drug, Improvement, and Modernization Act (MMA), which had been heard in numerous hearings. During the April 27th hearing the Division discussed in detail the revised amount of General Fund savings; The Executive Budget included a savings of approximately \$17.8 million, the revised savings level was \$4.1 million, a reduction of \$13.7 million. Staff had worked with the Division and thought the calculations were reasonable. The Budget Division had submitted budget amendment number 77, which formalized the request for the adjustment. Staff recommended approval.

SENATOR CEGAVSKE MOVED TO APPROVE BUDGET AMENDMENT 77 AS SUBMITTED BY THE BUDGET DIVISION AND RECOMMENDED BY STAFF.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

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Mr. Abba referred to the Behavioral Health Redesign and said E-402 had also been discussed a number of times with the Division of Health Care Financing and Policy, and components of the decision unit had already been approved with the budgets of the Mental Health Division, Mental Health and Developmental Services, and the Division of Child and Family Services. The decision unit opened up behavioral health services to a population not being served, including children, adults, and families. The intent was to open the services through a new delivery system utilizing specialty clinics and specific professional providers that currently could not provide the services. The issue of cost was based upon unmet need and the additional services that would be available through redesign of the system. The new services included peer support and family support. Staff had reviewed the assumptions used for developing costs for the services and the unmet need and caseload increase of approximately 20 percent and felt the assumptions were reasonable. Mr. Abba said staff also thought the additional position that had been requested, a Health Care Coordinator, to oversee the implementation of the behavioral health redesign and monitor the activities of the sister agencies was justified. Mr. Abba said approval was a major policy decision, but portions of the policy decisions had already been made in other budget closings. Staff had reviewed E-402 from the fiscal standpoint and thought the assumptions were reasonable.

Chairwoman Leslie suggested that the Committee continue down the path of accepting the Governor's recommendation. She thought modifying the current delivery system for behavioral health services would make a huge difference for the citizens of Nevada.

SENATOR CEGAVSKE MOVED TO APPROVE THE BEHAVIORAL HEALTH REDESIGN AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus and Ms. Weber were not present for the vote.)

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Mr. Abba continued and said E-455 and E-456 provided 97 waiver slots for the WIN program. The slots would take care of the projected waiting lists. In reviewing recent information on the projected waiting lists starting in October 2005 and projected forward through the biennium, the number of new waiver slots needed for the waiting list was overstated by 17. Staff recommended the adjustment of eliminating 17 wavier slots and also eliminating 1 case manager position that was recommended. The overall savings was approximately \$500,000 in General Fund dollars over the 2005-07 biennium.

Assemblywoman Giunchigliani asked if it would be possible to consider the traumatic brain injury waivers with the savings. Ms. Giunchigliani said she thought it would be a perfect opportunity to utilize the \$500,000 to implement

the program, even if the program was phased in. Chairwoman Leslie recalled that the waiver was for severely traumatic brain-injured individuals and the Governor had elected not to include the waiver. The Chair noted that there had been a great deal of testimony supporting the program.

Mary Wherry, Deputy Administrator, Division of Health Care Financing and Policy, said the intent of the Division's request was to add waiver slots and additional services. The services would include a day treatment program for the people who had places to go during the evening and then to have a residential care program as well. The most important component was the addition of services, given the fact that the Division had the 144 slot waivers for the maintenance module. Chairwoman Leslie asked Mr. Abba to provide further information.

Mr. Abba said the decision module that was reflected as unfunded in the Medicaid budget contemplated initiating the waiver in FY2006, but it would take time to develop the state plan and the services that would be provided, such as developing rates. The actual activity of providing services began in FY2007. The Division originally requested 45 slots; 30 slots would have services called residential habilitation and 15 slots would include services for behavioral adult care. The implementation date was July 1, 2006, for all 45 slots.

Ms. Giunchigliani said it appeared that the two priorities were the day treatment and the residential, which covered the 45 slot requests. She asked if there was an appetite to try to use the General Fund savings to fund a portion of the program in FY2007.

Senator Raggio said he was very interested in the program, but suggested that the Subcommittee wait until all the issues that had been included on priority lists were reviewed and see what funding was available. Ms. Giunchigliani indicated she would be happy to support Senator Raggio's recommendation as long as the members did not lose sight of the need for a program for individuals with traumatic brain injuries (TBI). Senator Raggio pointed out that there were a number of items that had been included on priority lists and did not think it was beneficial to start selecting individual programs at this point in time. Ms. Giunchigliani said the Senator had made a good point. She asked that the Subcommittee add the TBI program to the priority list.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE DECISION
UNITS E-455 AND E-456 WITH STAFF RECOMMENDATIONS AND
TO ADD THE DECISION UNIT FOR TRAUMATIC BRAIN INJURY TO
THE PRIORITY LIST.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Ms. Weber was not present for the
vote.)

Mr. Abba referenced the few closing issues and said Decision Unit E-401 recommended discretionary rate increases for air ambulance providers, providers for mental health rehabilitative treatment services, and established a per diem rate for home infusion therapy. The Subcommittee had already approved rate increases in closing the Nevada Check Up budget and for consistency staff

recommended approving the rate increase in this budget as well. Mr. Abba said the rates for Personal Care Assistance services increased from \$17 per hour to \$18.50 per hour, which was split over the biennium. The Subcommittee had also approved the rate increases in closing the Aging Services budget. Mr. Abba said Decision Unit E-426 eliminated the patient liability option under the Community Home-Based Initiatives Program (CHIP) and had previously been approved in the closing of the Senior Services budget and the Division of Aging Services. Mr. Abba said a reduction of 70 waiver slots for the CHIP was recommended. The reduction was based upon the revised project plan that the Subcommittee approved for the Division of Aging Services and resulted in a savings of \$1.1 million over the 2005-07 biennium. Mr. Abba said staff recommended an adjustment for drug rebates collected from pharmaceutical companies. Based on the estimate provided by the Division for FY2005, staff recommended adjustments that would increase drug rebates. The increase would allow for a General Fund reduction of approximately \$1.6 million in FY2006 and \$1.9 million in FY2007.

Mr. Abba said there were a number of technical adjustments required based upon the Subcommittee's decisions, including the FMAP adjustments, inflation adjustments, adjustments for positions that were approved and positions not approved. Staff requested the Subcommittee's approval to make the technical adjustments for full committee closings.

Chairwoman Leslie thanked Mr. Abba for his presentation and said the other closing issues were to follow the Governor's recommendations with the technical adjustments. She noted the significant reduction in General Funds as a result of the increase in the drug rebates and commended staff.

SENATOR CEGAVSKE MOVED TO CLOSE BA 3243 AS
RECOMMENDED BY THE GOVERNOR AND TO INCLUDE
TECHNICAL ADJUSTMENTS FOR THE FULL COMMITTEE
CLOSING BASED UPON THE SUBCOMMITTEE'S DECISIONS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED. (Ms. Weber was not present for the
vote.)

Chairwoman Leslie thanked Mr. Abba for his hard work. She pointed out that Medicaid was a difficult budget and was a major part of the State budget. The Chair also thanked Mr. Duarte and his staff for their diligent work on the budget. She said she continued to hope that the IFC would approve a special subcommittee to work with the Division of Health Care Financing and Policy during the interim.

HR, WELFARE ADMINISTRATION (101-3228)
BUDGET PAGE WELFARE - 1

Mark Krmpotic, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the first issue related to a new Program Specialist position recommended to provide program support for the implementation of the Medicare Modernization Act (MMA). Mr. Krmpotic said staff did not have any issue with the request for the MMA position. The budget also included 2 new positions associated with the federal Improper Payments Information Act. The

Division had stated for the record that an additional 30 positions might be required in BA 3228 in order to comply with the federal regulations, which were due to become effective in August 2005. Mr. Krmpotic said staff did not have any concerns with the 2 new Quality Control Specialist positions, but would be concerned over the proposed addition of 30 positions to carry out the mandate of the Act. The Subcommittee might wish to express, through a Letter of Intent, that implementation of the mandate should be limited to the resources approved in the Welfare Administration budget account during the 2005-07 biennium.

Mr. Krmpotic said a third major issue related to the Health Insurance Flexibility and Accountability (HIFA) waiver. The Administration account included funding of \$425,039 in FY2006 and \$37,634 in FY2007 to implement program changes to the NOMAD system to be able to accommodate the HIFA. Action taken previously by the Subcommittee called for a delay in the HIFA until July 1, 2006. In light of that, staff asked the Division whether funding for MSA programmers to make modifications to the system would still be required given the longer period allowed for implementation to make the program changes to the HIFA. The Division had indicated there was still a need for the MSA programmers and, if internal resources were required, that would impact other changes required for the existing system. Staff did not have any information to contradict the information provided by the Division and had reviewed the duties of the existing Nevada Operations of Multi-Automated Data System (NOMADS) positions. Staff did consider that given the fact that the NOMADS positions were recommended for transfer into BA 3228, that the Welfare Division might have greater control over the day-to-day duties and activities, which might lend itself to using internal resources, however, the Division continued to stand by the Governor's recommendation.

Mr. Krmpotic reminded the members of the transfer of the NOMADS positions that were included under other closing items and asked the members to note that the General Government Subcommittee, in closing the DoIT budget accounts, approved the transfer out of the positions from the DoIT into the Welfare Administration account. Staff had made some technical adjustments based on the closing of the budgets by the General Government Subcommittee. Mr. Krmpotic noted that a number of adjustments would be made based upon revised cost allocation generated by the Division. The Division had also revised elements of its cost allocation to satisfy a federal requirement. That cost allocation became effective beginning the second quarter of FY2005 and the Division had captured another quarter of information, the third quarter of FY2005. Mr. Krmpotic requested authority to make changes to revenues in BA 3228 as a result of the revised cost allocation. Based on information provided by the Division, it appeared that the General Funds would increase by approximately \$60,000 in FY2006 and \$7,000 in FY2007. The remaining adjustments would be made primarily to federal revenue amounts.

Chairwoman Leslie indicated the issue to be discussed by the members was whether to issue a Letter of Intent.

SENATOR CEGAVSKE MOVED TO CLOSE BA 3228 WITH STAFF RECOMMENDATIONS AND TECHNICAL ADJUSTMENTS AND ISSUING A LETTER OF INTENT INDICATING THAT IMPLEMENTATION OF THE IMPROPER PAYMENTS INFORMATION ACT SHOULD BE LIMITED TO THE 2 QUALITY CONTROL SPECIALIST POSITIONS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Titus was not present for the vote.)

HR, WELFARE FIELD SERVICES (101-3233)
BUDGET PAGE WELFARE – 17

Mr. Krmpotic said 11 new positions were recommended by the Governor for the Welfare Division. Based on the delay of implementation of the HIFA waiver until July 1, 2006, the agency had submitted some staff revisions that called for the elimination of 3 positions due to the phasing-in and staggering of the positions to ramp up in relation to the increases in caseload. The adjustments submitted reduced funding in FY2006 from \$93,908 to \$19,515 and in FY2007 from \$448,908 to \$291,939. The Welfare Division's involvement with respect to HIFA primarily related to coverage for pregnant women and also determining income eligibility with respect to the small employer insurance program. Mr. Krmpotic said the 2003 Legislature provided 135 new positions to address increases in caseload for the TANF, food stamps, and Medicaid, and to address concerns over processing the cases. Mr. Krmpotic noted that the projections approved by the 2003 Legislature for TANF cases totaled approximately 33,000 in FY2005; that number had been reduced to 21,000 cases. He noted that more of the Division's effort had gone to Medicaid cases, which was reflected in the Division's cost allocation. In light of the reduced TANF caseload and the increase in positions the Department received last session, the Subcommittee might wish to consider elimination of the recommended 8 new positions as revised by the agency to support HIFA in field offices.

Chairwoman Leslie suggested addressing the major closing issues separately because of the complexity of the issues. The Chair said she wanted to be certain the HIFA would move forward without a hitch and asked Ms. Ford if she wanted to comment. Chairwoman Leslie felt that staff had made a good argument that the agency could address the HIFA with existing staff.

Nancy K. Ford, Administrator, Welfare Division, Department of Human Resources, pointed out that for the pregnant women there was an added increase in income level and the concern was that the Division continued to have increases in the caseloads in the food stamps and Medicaid areas. Ms. Ford said agency staff was not dedicated to a particular program but were full service and looked at all the cases. Ms. Ford said the small employers program was an entirely new caseload. The Division had hoped to locate the staff having responsibility for the small employers in the Carson City office with the specialized caseloads, such as breast and cervical cancer and the CHAP and Check Up cases.

Chairwoman Leslie asked if the major work for the small employers group was the responsibility of an outside contractor. She pointed out that a significant amount of funding had been approved for a contractor. Ms. Ford explained that agency staff continued to have responsibility for the income test for the small employers group.

Senator Titus interjected that it might be possible to operate with fewer than 8 new positions, but said she would hate for the Subcommittee to eliminate all 8 of the positions. The Senator commented that in the short time she had

served on the Subcommittee she had heard of all the good programs and often people did not know what programs were available. The HIFA was an outstanding program and the Senator reiterated that she would like to see some additional staff approved.

Senator Mathews asked Ms. Ford if the Carson City office was the only office that had staff for the breast and cervical cancer program. Ms. Ford answered in the affirmative and pointed out the caseload for the program was a small, specialized caseload. She said that rather than having to train 800 family services specialists, the Division had a very specialized caseload and staff trained in those areas. Senator Mathews asked what happened to individuals with breast and cervical cancer in a large area such as Las Vegas. Ms. Ford explained that all the applications received throughout the state were funneled to the Carson City office, but the individuals received medical service in their home area. Ms. Ford added that 3 of the new positions would be for the small employers insurance, 4 would be eligibility workers for the pregnant women and children, and 1 would be a clerical position.

Chairwoman Leslie said she had understood Ms. Ford to say in earlier testimony that the staff shared eligibility duties. Ms. Ford said the 4 positions for the pregnant women and children program would be spread out across all the different offices. The small insurance component, which was new, would be located in Carson City. Chairwoman Leslie said she still thought the duties were currently being performed for the pregnant women and children program. Ms. Ford said the Division anticipated more cases because more people would realize that they would be eligible for the program. Chairwoman Leslie said perhaps she could be persuaded on the new employer/employee position. However, the caseloads had dropped dramatically and it appeared the programs could be covered with all the extra staff approved by the 2003 Legislature. Ms. Ford pointed out that the caseload drop was only in the TANF program. When TANF caseloads declined and the food stamps and Medicaid caseloads increased, the result was a fairly stagnant caseload.

Ms. Giunchigliani said she believed additional staff was needed for the small employer program. In response to a question posed by Ms. Giunchigliani related to the status of the regulation on abused immigrants, Ms. Ford replied that the Division was not proposing a regulation in the area because it would expand the expenditure of TANF funds. She thought there had been a suggestion of a Letter of Intent for the Division to expand into the area, which would have to be funded 100 percent with state funds.

In response to a question posed by Senator Cegavske related to the number of vacancies, Ms. Ford said there were 81 vacancies across all the Division budgets and approximately 50 vacancies in BA 3233. Ms. Ford pointed out that vacancies were filled on a continual basis; there was attrition in the account because of the large number of employees. She said the Division continued to run academies. A Family Services Specialist (FSS) was required to attend an academy for three months to learn the numerous programs. Senator Cegavske asked what the averages were for the vacancies and Ms. Ford indicated the average vacancy rate in the account was 5 percent. The Senator then asked about the average length of time an unfilled position remained vacant. Ms. Ford did not have the information readily available but said she would be happy to forward the information.

Senator Cegavske pointed out that it was important for agencies requesting new positions to be able to provide detailed vacancy information to the

legislative members. The Senator said she could not support any additional positions for the HIFA program. Ms. Ford noted that in her original budget presentation she had pointed out that the Division could justify 116 new positions based upon the existing caseload. The fact that the Division had vacancies required existing staff to complete the work. Ms. Ford said the Division had recently met the federally required case processing time frames and any lack of staff would add to the risk of the division being out of compliance. At present, the Division was operating under an injunction in the Child Health Assurance Program (CHAP) to process the cases within the federally required time frame. Ms. Ford emphasized that she did not want the Subcommittee to think that the Division had excess staff, because that was not the case.

Chairwoman Leslie said Ms. Ford had made a good point. The Chair recognized the reduction in TANF caseload more than likely helped in again meeting the processing time frames.

Ms. Giunchigliani referenced the vacancy issues raised by Senator Cegavske and recommended that the next legislative body establish a policy that any position vacant for nine months or longer be eliminated before an agency presented a new budget for the 2007-09 biennium and would recommend that the policy be included in the Appropriations Act or adopted by the members. She said she had hoped to have the policy adopted during the 2005 Legislative Session but recognized staff did not have time to work on the issue since it was so late in the session. Ms. Giunchigliani said she understood Ms. Ford's concern with need for additional staff.

Chairwoman Leslie said she understood that the Division had a large number of staff and a great deal of turnover, but the Subcommittee did not want to add more money for positions that would not be filled. The Chair suggested adding 3 positions for the new program duties for determining eligibility for health insurance for employees of small employers.

SENATOR TITUS MOVED TO CLOSE THE HIFA WAIVER SECTION
OF BA 3233 WITH THE ADDITION OF 3 NEW POSITIONS
DEDICATED TO THE SMALL BUSINESS INSURANCE PROGRAM.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED WITH SENATOR CEGAVSKE VOTING NO.

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Mr. Krmpotic referred to Decision Unit E-425 and said the Governor had recommended funding in the amount of \$438,005 in FY2006 and \$253,511 in FY2007 to relocate the Division's Charleston Avenue office in Las Vegas to a new leased location. Additional funding was included for rent increases to pay for non-leased space in a new facility, but also \$250,000 to replace existing furniture with modular furniture units over the 2005-07 biennium. Funding was also included for upgraded network equipment. If the funding was not approved and the relocation not approved, the Division would still request approximately \$21,000 for replacement of the network equipment. Mr. Krmpotic recommended an additional increase in network equipment of \$6,424 and said LCB staff did not have concerns with the decision unit.

SENATOR CEGAVSKE MOVED TO CLOSE DECISION UNIT E-425
WITH STAFF RECOMMENDATIONS AND FUNDING FOR THE
NETWORK EQUIPMENT.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Mr. Krmpotic referred to Decision Unit E-426 which addressed the recommended relocation of the Division's Henderson office, which was originally recommended because the landlord at the current facility had expressed a desire for the agency to move so the leased space could be converted to retail space. Staff had received written confirmation from the landlord who wished to terminate the lease at the end of the lease period. Funding of \$160,000 was included for 64 modular furniture units at \$2,500 per unit. Mr. Krmpotic said LCB staff did not feel the new modular furniture was a necessity for the relocation and said the Subcommittee might want to delete the funding for the modular furniture. The agency had indicated that modular furniture utilized space more efficiently. The proposed move would result in a reduction in office space from 25,000 square feet to 20,000 square feet. Funding of \$21,000 was also included for network upgrades and again staff recommended a technical adjustment based on revised prices.

Mr. Denis asked why the Division would not need the modular office furniture if it was moving to a smaller location. Mr. Krmpotic said the existing furniture was not in a state of disrepair as it was at the Charleston office.

Chairwoman Leslie said she thought the Division's argument for the modular units was that the units would fit the new space better than the existing furniture.

Mr. Krmpotic said he had toured the facility and did not recall modular furniture units in the Henderson office. He pointed out that the Division hoped in the long term to convert to modular furniture units because of efficiency of space. The Flamingo office in Las Vegas had modular furniture for its entire staff.

SENATOR CEGAVSKE MOVED TO APPROVE DECISION UNIT
E-426 WITH STAFF RECOMMENDATIONS BUT NOT TO SUPPORT
FUNDING FOR THE MODULAR FURNITURE UNITS.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Senator Titus introduced the Fallon Young Democrats from the Churchill County High School and welcomed them to the hearing.

Mr. Krmpotic continued the budget closing presentation and referred to E-427 and E-430 which addressed the expansion of the Fallon office and at the same time the closure of the Hawthorne office located in Mineral County. The Division had asked to withdraw the request for closure of the Hawthorne office, which would add \$13,232 in FY2006 and \$12,025 in FY2007. Mr. Krmpotic

said originally LCB staff thought the expansion of the Fallon office was to house the additional staff associated with the closure of the Hawthorne office. The Division had provided additional information that showed the office space was cramped and caseloads were increasing and there were privacy concerns related to staff discussions with clients. Based on the information provided by the agency, staff did not have concerns with expanding the Fallon office, even though the Subcommittee might not approve closure of the Hawthorne office. Staff recommended a decrease in the cost of the file server based on the size needed for the Fallon office.

Chairwoman Leslie pointed out that the military base located in Hawthorne was on a list of bases to be closed and she did not believe the Hawthorne office of Welfare Field Services should be closed.

Senator Cegavske noted that Senator Mike McGinness, Central Nevada Senatorial District, was working with Congress to prevent the closure of the base.

SENATOR CEGAVSKE MOVED TO CLOSE DECISION UNITS E-427
AND E-430 WITH STAFF RECOMMENDATIONS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Mr. Krmpotic referred to the other closing issues and said the recommendation to add 11 positions to support MMA, Part D, had been withdrawn by the Budget Division. Staff had reflected on the impact of the request in the closing document. Another closing issue included a new telephone system for the Fallon office, which staff recommended. Mr. Krmpotic said the recommended budget failed to include 6 Family Support Specialists in BA 3233 that had been approved by the 2003 Legislature, and LCB staff recommended approval of the positions. If the Subcommittee approved the positions, staff would have to make changes to a number of revenue sources to support the positions. Mr. Krmpotic pointed out there would also be an impact on the budget due to the Division's cost allocation; an increase of \$2 million in General Funds in FY2006 and there would be a decrease of \$2.9 million in FY2007 in General Funds. Associated with the cost allocation were increases in Title XIX funding of approximately \$3 million each year of the 2005-07 biennium. Mr. Krmpotic requested authority to make changes in the cost allocation for BA 3233.

SENATOR CEGAVSKE MOVED TO APPROVE OTHER CLOSING
ITEMS WITH STAFF RECOMMENDATIONS AND TECHNICAL
ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR, WELFARE/TANF (101-3230)
BUDGET PAGE WELFARE – 28

Mr. Krmpotic opened the hearing on BA 3230 and said the revised caseload projections for the Temporary Assistance for Needy Families (TANF) resulted in the Division revising the block grant spending analysis for FY2005. Based on the analysis, the Division indicated that the majority of the General Funds that were appropriated in lieu of TANF for the current fiscal year, totaling approximately \$22 million, would be reverted to the General Fund at the end of FY2005. The Division also projected a TANF reserve at the end of the 2003-05 biennium of \$10.2 million, funds that had not been spent from the TANF block grant that could be expended in the future depending on caseload fluctuations. Because of the decreases in TANF caseload projections and revisions to the Division's cost allocation, the Division projected a TANF reserve of \$11 million by the end of the 2005-07 biennium. Mr. Krmpotic said that based on the Subcommittee's actions for the Welfare Division as a whole during the current hearing, the Division would have a decrease of General Funds compared to the Governor's recommendation of approximately \$3.6 million over the biennium, which might be closer to \$4 million based on technical adjustments.

Mr. Krmpotic moved to M-200, TANF caseloads, and said the Governor's recommended budget included TANF caseload projections of 24,244 in FY2006 and 25,191 in FY2007. LCB staff had worked with the Division to update caseload projections based upon recent trends, which resulted in revised TANF caseloads of 21,006 in FY2006 and 21,770 in FY2007. The impact of the caseload projections resulted in a savings of \$4.2 million in FY2006 of federal TANF funding and \$4.6 million in FY2007, which included \$2.8 million in General Funds and \$1.8 million in federal TANF funding.

Chairwoman Leslie asked the members to consider the first two closing issues for BA 3230 and said she was relieved that there was a possibility of establishing a reserve once again; \$11 million was a good start. She noted how quickly the reserve was spent down after the tragedy of September 11, 2001.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE TANF
FUNDING AND TANF CASELOADS WITH STAFF
RECOMMENDATIONS AND TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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Chairwoman Leslie said the next item to be reviewed was the New Employees of Nevada (NEON) program.

Mr. Krmpotic said the Division had received notification that they would be subject to a penalty of \$2.2 million for failing to meet work participation requirements in FY2003. The Division had appealed the penalty and Mr. Krmpotic said he was not aware that there had been any ruling or response from the federal Department of Health and Human Services. The \$2.2 million penalty was not incorporated into the TANF block grant analysis, which could have a potential impact in the upcoming biennium.

Mr. Krmpotic said E-425 recommended TANF funding of \$346,426 in each year of the 2005-07 biennium to provide for vocational skills development services through the community colleges for NEON participants. The funding would also provide for job retention training services. Mr. Krmpotic said if the Subcommittee approved E-425, it might wish to have the Division report back to the IFC on performance indicators reflecting the effectiveness of funding provided for vocational and skills development services.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE THE NEON PORTION OF BUDGET ACCOUNT 3230 AND SUBMIT A LETTER OF INTENT REQUIRING THE DIVISION TO REPORT BACK TO THE INTERIM FINANCE COMMITTEE ON PERFORMANCE INDICATORS REFLECTING THE EFFECTIVENESS OF FUNDING PROVIDED FOR VOCATIONAL AND SKILLS DEVELOPMENT SERVICES.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

Mr. Krmpotic said other closing items included a rate increase for service providers in the area of substance abuse and domestic violence of \$57,263 in each year of the biennium and the recommendation appeared reasonable to LCB staff. Finally, E-427 proposed the transfer of funding for the Family Preservation Program (FPP) to the Division of Mental Health and Disability Services. Mr. Krmpotic noted that the Subcommittee approved E-427 while closing the budget accounts for the Division of Mental Health and Disabilities.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE DECISION UNITS E-426 AND E-427 IN BA 3230 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO HAVE STAFF MOVE FORWARD ON A REGULATION, OR A LETTER OF INTENT, REGARDING TANF AND THE VICTIMS OF DOMESTIC VIOLENCE ACT THAT WOULD ALLOW IMMIGRANT WOMEN TO BE ABLE TO SELF PETITION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Senator Cegavske said she would like to see the language and the Letter of Intent prior to approving the motion.

THE MOTION FAILED ON THE SENATE SIDE DUE TO LACK OF A QUORUM. SENATOR CEGAVSKE ABSTAINED FROM VOTING. (Senator Raggio was not present for the vote.)

Chairwoman Leslie said she would entertain the motion for the Letter of Intent on the Assembly side.

THE MOTION CARRIED UNANIMOUSLY ON THE ASSEMBLY SIDE.

CHILD SUPPORT ENFORCEMENT PROGRAM (101-3238)
BUDGET PAGE WELFARE – 33

Mr. Krmpotic said there were no major budgetary issues in BA 3238. The Division had been notified that a penalty would be assessed against the TANF block grant in the amount of \$428,360, 1 percent of the TANF block grant for the federal fiscal year. On December 14, 2004, Nevada received a second notification from the Department of Health and Human Services, which stated that a 2 percent penalty would be assessed the block grant totaling \$856,719. The LCB had not received any word on the appeal of the penalties. Mr. Krmpotic noted that the penalties had been taken into consideration in the estimates for the TANF block grant reserves. Mr. Krmpotic then referred to Decision Unit E-805 and said there had been a recommendation to change the classification for 22 positions which resulted in downgrades for approximately 14 positions. He said the Subcommittee might want to delete E-805 and associated funding with direction to the Division that it seek a study of the positions through the Department of Personnel.

SENATOR CEGAVSKE MOVED TO CLOSE BA 3238 WITH STAFF RECOMMENDATIONS AND TO DELETE DECISION UNIT E-805 WITH DIRECTION TO THE DIVISION TO REQUEST A STUDY OF THE POSITIONS THROUGH THE STATE DEPARTMENT OF PERSONNEL.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

Ms. Giunchigliani asked if staff would be changing all budgets based on the classified and unclassified agreement. The Chair indicated that the agreement had not been announced publicly because there was one item still being worked on.

CHILD SUPPORT FEDERAL REIMBURSEMENT (101-3239)
BUDGET PAGE WELFARE – 41

Mr. Krmpotic said there were no major issues in BA 3239 and staff recommended closure as recommended by the Governor.

ASSEMBLYWOMAN SMITH RECOMMENDED CLOSING BA 3239 WITH THE GOVERNOR'S RECOMMENDATION.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

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ASSISTANCE TO THE AGED AND BLIND (101-3232)
BUDGET PAGE WELFARE - 42

Mr. Krmpotic said The Executive Budget recommended an increase in General Funds of \$241,892 in FY2006 and \$396,425 in FY2007 to provide for caseload increases in BA 3232. Staff updated the decision unit based on revised caseload projections provided by the Division. Decreases in caseload projections resulted in a reduction of General Funds of approximately \$94,176 in FY2006 and \$97,662 in FY2007.

Mr. Krmpotic noted that BA 3232 did not recommend a state-funded increase in the amount of the supplement paid to eligible aged and blind individuals or a rate increase for group care operators. He reminded the Subcommittee that the agency had requested an increase in the rate for group care operators by \$41, which would have increased General Funds to the account by approximately \$212,000 in each year of the 2005-07 biennium. Staff had analyzed information provided by the Division and the \$41 increase was calculated by comparing actual rate increases in the combined federal and state payments made to group care operators as compared with increases in the combined rate if they were increased by the annual Consumer Price Index (CPI) percentage increases, and that resulted in the \$41 increase. Mr. Krmpotic said the Division had provided information to staff which indicated that the state share represented 40.6 percent of the combined rate. If the Subcommittee were to entertain a rate increase for group care operators, staff would suggest that the \$41 increase be reduced to simply reflect the state share, approximately \$16.60, which would result in an approximate increase in General Funds of \$84,000 in each year of the biennium.

Chairwoman Leslie said she understood that Senator Raggio was interested in adding the \$84,000 in General Funds to the budget for the rate increase. She was concerned that the Senator was not present.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, said the Subcommittee could close everything in BA 3232 and when the budget was presented to the full Finance Committee, staff could reference adding the \$84,000 for the rate increase, which could then be considered by the full Senate Finance Committee.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE BA 3232 WITH STAFF RECOMMENDATIONS WITH THE WELFARE DIVISION TO CONTINUE REPORTING TO THE INTERIM FINANCE COMMITTEE ON THE ANNUAL SUPPLEMENTAL SECURITY INCOME (SSI) COST-OF-LIVING INCREASE AND INCLUDE THE \$84,000 IN GENERAL FUNDS FOR THE RATE INCREASE.

Ms. Giunchigliani noted for the record Senator Raggio's concern about the group home. She said, "When we did the rate increases that they turned around and blamed the Legislature for not doing the rate increases." The Chair clarified that Ms. Giunchigliani was referring to the long-term care rate increases.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Senator Cegavske requested to hold the motion on the Senate side and Chairwoman Leslie agreed with the request.

THE MOTION CARRIED ON THE ASSEMBLY SIDE.

Chairwoman Leslie said the motion passed on the Assembly side and the Senate could discuss BA 3232 in the Senate Finance Committee. She asked Mr. Ghiggeri to inform Senator Raggio of the status of BA 3232.

CHILD ASSISTANCE AND DEVELOPMENT (101-3267)
BUDGET PAGE WELFARE - 44

Mr. Krmpotic said the first issue for consideration by the Subcommittee in BA 3267 was the Nevada Child Care System (NCCS), which included federal funding of \$2.5 million in FY2006 and \$438,808 in FY2007. The NCCS would replace a private child care management system currently used by program contractors and would centralize management control functions. The Division had mentioned that the NCCS would pave the way for the Division to take over provider payments and eligibility determinations for child care assistance.

Chairwoman Leslie thought the NCCS would improve data collection and provide information on the child care subsidies and said she would entertain a motion.

SENATOR CEGAVSKE MOVED TO APPROVE FUNDING FOR THE NEVADA CHILD CARE SYSTEM.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

Mr. Krmpotic continued and said several categories were consolidated in the base portion of the budget to facilitate the Division's accounting for Child Care Development Funds (CCDF). The Division had informed staff that the categories as currently structured did not provide accurate information to the individuals reviewing the budget. Mr. Krmpotic said he had requested substantive information on some of the costs, but had not yet received the information. He stated that if the Subcommittee wished to approve the consolidation of categories in BA 3267, the members might wish to consider maintaining a separate category designation for quality assurance.

SENATOR CEGAVSKE MOVED TO MAINTAIN A SEPARATE CATEGORY DESIGNATION FOR QUALITY ASSURANCE.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

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Mr. Krmpotic said a budget amendment had been submitted to transfer the Head Start Grant to the Division's Administration account, which was previously approved by the Subcommittee. He noted that under E-450 additional funding was provided to the Division of Child and Family Services to expand child care training, which was also approved by the Subcommittee during the closing of the budgets for the Division of Child and Family Services. Decision Unit E-710 recommended a software maintenance contract and new software. Staff had made adjustments for revised pricing and recommended approval of E-710.

SENATOR CEGAVSKE MOVED TO APPROVE THE OTHER CLOSING ITEMS IN BA 3267 AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

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ENERGY ASSISTANCE (101-4862)
BUDGET PAGE WELFARE - 51

Mr. Krmpotic said BA 4862 as recommended included two major decision units. The first was Decision Unit E-425, which was an increase in administrative expenditures to support additional caseloads and caseload processing for energy assistance. The increase in caseload was associated with an outreach program conducted by the Division in FY2004. The recommended budget included a policy change recommended by the Division to increase the administrative cap from 3 percent to 7 percent and that request was contained in S.B. 123, which passed the Senate with other significant changes in policy with respect to the program. The amended version of S.B. 123 reduced the mil assessment rate on electricity and natural gas, which reduced revenues coming into the Universal Energy Charge Fund, prohibited the purchase of advertising in the printed and electronic media on consumer outreach, and reduced distributions to the Welfare Division from the Fund for Energy Assistance and Conservation from 75 percent to 50 percent. The decrease corresponded with an increase that the Housing Division would receive. Assistance would be provided strictly to a household domiciled in a mobile home. The policy decisions beyond the increase in the administrative cap were not reflected in BA 4862. The account, as recommended, represented an administrative cap compared to revenues of approximately 3.4 percent, or approximately \$50,000, over what the Division was allowed by existing statute. If the Subcommittee wished to approve E-425, Mr. Krmpotic suggested the members might want to direct the Division to return to the IFC with proposed work program revisions to reflect the major portions of S.B. 123 that would impact the Energy Assistance account.

Chairwoman Leslie said to her knowledge S.B. 123 had not been scheduled in the Assembly and time was getting short.

Senator Titus said she had a lot of problems with the recommendation and said she wanted to see some of the funds that were provided for weatherization diverted to solar hot water heaters. She pointed out that merely providing an individual with a check every month did not solve the problem. Energy costs needed to be reduced and individuals needed help paying energy bills. The Senator thought too many issues needed to be resolved and until some of the problems could be addressed she indicated she could not support the funding for Decision Unit E-425.

Ms. Giunchigliani said E-425 appeared to be overfunded. She noted that there was a startup time, which was a legitimate issue. There was a great need for energy assistance and Ms. Giunchigliani said she would hate to not do something to address the problem. She agreed with Senator Titus that the energy assistance should be expanded so that the requirements were not so restrictive and recalled that in the Senate Finance Committee there had been discussion of not including manufactured homes, which was where many senior citizens resided. Ms. Giunchigliani asked if the decision unit could be approved to include the funding and then let the full committees consider adding solar and other energy saving options. She said she was also concerned that individuals often did not realize energy assistance was available.

Senator Cegavske indicated that there had been discussion in the Senate Chambers that one of the reasons provided for not including the mobile homes was because so many were old; the individuals providing the services felt it was not cost-effective to put \$4,000 into some of the units. The Senator stated that the intent was not to "kick anybody out of the program" but rather to use the funding where it would do the most good. Senator Cegavske said she would have the Senate hold on Decision Unit E-425 and present it before the full committee.

Ms. Giunchigliani said she appreciated the information provided by Senator Cegavske, but noted that there was no distinction for individuals living in older houses. She felt the point of the energy assistance program was to upgrade older homes, no matter what type.

Assemblywoman Gansert recalled that there had been a plan to begin spending the allocation down and thought the allocation was approximately \$13 million that was forecast to be expended. The attempt was to put something in place to make certain the funds were disbursed.

Mr. Denis suggested providing \$4,000 to owners of older mobile homes to purchase a new mobile home that would be more energy efficient.

Senator Titus said Charles L. Horsey III, Administrator, Housing Division, Department of Business and Industry, had testified that mobile homes could be weatherized. Because of Mr. Horsey's testimony, some of the Senators had voted against passage of S.B. 123. Senator Titus said she was not suggesting eliminating the energy assistance program or that the funding be reduced, but thought there was a better way to administer the program or distribute the funds and had reservations with Decision Unit E-425.

Mrs. Smith noted that the energy assistance program was a large issue for her constituents, many of whom resided in mobile homes. She mentioned the 2-1-1 telephone number that would be established with passage of A.B. 310. The 2-1-1 telephone number, a non-emergency information and referral telephone system, would provide residents with information concerning services

available to children and families. Mrs. Smith thought establishment of the 2-1-1 telephone number would increase the number of participants in the energy assistance program since more individuals would be aware of the programs that were available.

Chairwoman Leslie said she felt bad for the Division because they initiated one bill and that bill had been changed into something completely different.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE DECISION
UNIT E-425 WITH THE FUNDING INCLUDED.

Ms. Giunchigliani said she would talk with the Chairwoman of Commerce and Labor, or possibly have the Assembly Ways and Means Committee initiate a bill that would be more creative in the expenditures, outreach, and similar areas. She recognized that the funding was very important and said she did not want to lose it.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY ON THE ASSEMBLY SIDE.

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Mr. Krmpotic referenced Decision Unit E-426, caseload increases, and said the funding included approximately \$6.4 million in each year of the 2005-07 biennium for anticipated increases for the outreach program. He said if the Subcommittee approved the decision unit, it might wish to issue a Letter of Intent directing the agency to report on energy assistance cases on a semiannual basis and to include in the report proposed changes in regulations to limit assistance allowable for each household based on reduced levels of funding. Mr. Krmpotic said the changes in regulations gave the Division Administrator flexibility in the program. One of the concerns was that the increases in caseload would result in spending down the carry forward of the Universal Energy Charge Funds. Based on projections, the agency would be relying strictly on annual revenues received after the 2005-07 biennium. Based on the caseloads the Division was projecting, the Administrator would have to limit amounts paid to each household, or limit benefits for each household. The change in regulation was based on what was included in S.B. 123 and also what was originally requested by the Division in their legislation. If the changes in regulations were approved for the Division Administrator then the Division would also report on those changes in the Letter of Intent.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO CLOSE DECISION
UNIT E-426 WITH A LETTER OF INTENT AS SUGGESTED BY
STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED ON THE ASSEMBLY SIDE.

THE MOTION FAILED ON THE SENATE SIDE WITH SENATOR
CEGAVSKE VOTING NO. (Senator Raggio was not present for the
vote.)

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Mr. Krmpotic referred to the other closing issues and said Decision Unit E-251 recommended funding of \$6,396 in each year of the biennium for out-of-state travel and increased in-state travel. There were also changes in programming costs associated with the transfer of NOMADS programmers. Staff recommended approval of both items.

Chairwoman Leslie noted that the Senate would hold Budget Account 4862, and said she would entertain a motion on the Assembly side.

ASSEMBLYWOMAN GIUNCHIGLIANI MOVED TO APPROVE THE
OTHER CLOSING ITEMS INCLUDED IN BA 4862 AS
RECOMMENDED BY STAFF.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY ON THE ASSEMBLY SIDE.

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Chairwoman Leslie thanked all in attendance and adjourned the meeting at 10:40 a.m.

RESPECTFULLY SUBMITTED:

Linda Smith
Committee Secretary

APPROVED BY:

Assemblywoman Shelia Leslie, Chairwoman

DATE: _____

Senator Barbara Cegavske, Chairwoman

DATE: _____

Assembly Committee on Ways and Means
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EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Resources

Date: May 18, 2005

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda