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

Seventy-third Session
May 13, 2005

The Joint Subcommittee on Human Resources/K-12 of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order at 8:18 a.m. on Friday, May 13, 2005. Chair Barbara K. Cegavske presided in Room 3137 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

SENATE COMMITTEE MEMBERS PRESENT:

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

ASSEMBLY COMMITTEE MEMBERS PRESENT:

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

STAFF MEMBERS PRESENT:

Steven J. Abba, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Rick Combs, Program Analyst
Gary L. Ghiggeri, Senate Fiscal Analyst
Bob Guernsey, Principal Deputy Fiscal Analyst
Anne Vorderbruggen, Committee Secretary

OTHERS PRESENT:

Mary Liveratti, Deputy Director, Department of Human Resources
Alexander Haartz, M.P.H., Administrator, Health Division, Department of Human Resources
Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Human Resources

CHAIR CEGAVSKE:
We have copies of the Joint Subcommittee on K-12, Human Resources Closing List No. 8 (Exhibit C, original is on file at the Research Library). We will start with the Healthy Nevada Fund, budget account 262-3261.

HUMAN RESOURCES ADMINISTRATION

Healthy Nevada Fund — Budget Page HR ADMIN-22 (Volume II)
Budget Account 262-3261

M-101 Inflation — Page HR ADMIN-23

RICK COMBS (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
The Healthy Nevada Fund is the account that receives tobacco settlement revenues and funds the Senior Rx program. The first major closing issue has to do with the funding increases recommended in the budget for the Senior Rx program. In decision unit M-101, the *Executive Budget* recommended $1.8 million in FY 2006 and $3.2 million in FY 2007 for inflationary increases for prescription drug costs. Those amounts were based on inflation rates of 15 percent each year. However, the inflation rates for prescription drugs used in Medicaid and the Division of Mental Health and Developmental Services (MHDS) budgets were 12.4 percent in FY 2005, 12.1 percent in FY 2006 and 11.7 percent in FY 2007. The inflation rates used in the Medicaid and MHDS budgets are based on information provided by the Centers for Medicare and Medicaid Services (CMS). Updated tables from that organization reflect a decrease in the inflation factors to 11.6 percent in FY 2006 and 10.7 percent in FY 2007. The revised factors were approved by the Subcommittee when it closed the MHDS budgets. They are also included in the revised Medicaid Projection Program. Applying those inflation rates to a projected average cost for 2005 of $65.45 per member per month (PMPM) would produce an average PMPM cost for the first year of the biennium of $72.93 and $80.62 for the second year of the biennium. The revised inflation rates would reduce the funding required in decision unit M-101 by approximately $1.6 million in FY 2006 and approximately $2.2 million in FY 2007.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE REVISED INFLATION RATES FOR PRESCRIPTION DRUG EXPENDITURES AS RECOMMENDED BY STAFF AND PRESENTED ON PAGE 3 OF EXHIBIT C.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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E-401 Access to Health Care and Health Insurance — Page HR ADMIN-25

MR. COMBS:
In decision unit E-401, the *Executive Budget* recommended $419,037 in the first year of the biennium and $1.6 million in the second year for increased enrollment in the Senior Rx program. Those numbers were based on 11-percent growth between FY 2004 and FY 2005, 10.9-percent growth between FY 2005 and FY 2006 and 9.8-percent growth between FY 2006 and FY 2007. Based on updated information provided by the Department for this fiscal year, it appears

the growth in enrollment has slowed. Fiscal staff is now projecting an average of 9,053 participants in the program for this current fiscal year which would reflect average enrollment growth over the last fiscal year of 4.3 percent. As a result, the Department has provided a revised projection based on 5.6-percent growth in the first year of the upcoming biennium and 5.3-percent growth in the second year. It is staff's recommendation that the amounts in decision unit E-401 be adjusted to $448,464 the first year of the biennium and $990,989 the second year. The reason the amount for the first year of the biennium would increase slightly is because the Department added an equal number of new participants in each month, whereas the methodology used by staff bases the projection on the average monthly enrollment for each fiscal year.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE REVISED ENROLLMENT GROWTH RATES AS PRESENTED ON PAGE 4 OF EXHIBIT C.
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> ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.
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> THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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E-402 Access to Health Care and Health Insurance — Page HR ADMIN-25

MR. COMBS:
Decision unit E-402 recommends a new management analyst I position. The Senior Rx program changed from a fully-insured program to a self-insured program, effective January 1, 2005. Duties previously performed by the insurance administrator are now the responsibility of the Department. Staff does not have any concerns with the recommended new position and it appears warranted based on the change in the program. The position is funded in the *Executive Budget* entirely with General Fund appropriations. Staff recommends the issuance of a Letter of Intent indicating the Department should attempt to fund the costs of the position in the future with tobacco revenues rather than General Funds when that is possible under the administrative expenditure cap and within the available tobacco revenues.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE NEW MANAGEMENT ANALYST I POSITION IN DECISION UNIT E-402 AND REQUEST A LETTER OF INTENT THAT THE DEPARTMENT ATTEMPT TO FUND THE COSTS OF THIS POSITION IN FUTURE BIENNIA WITH TOBACCO REVENUES RATHER THAN GENERAL FUND APPROPRIATIONS TO THE EXTENT ALLOWABLE UNDER THE ADMINISTRATIVE EXPENDITURE CAP FOR THE HEALTHY NEVADA FUND, AS PRESENTED ON PAGE 4 OF EXHIBIT C.
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> SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR TITUS WAS ABSENT FOR THE VOTE.)

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E-403 Access to Health Care and Health Insurance — Page HR ADMIN-26

MR. COMBS:
Decision unit E-403, on page 4 of Exhibit C, recommends $69,667 in the first year of the biennium and $104,209 in the second year for projected increases in utilization of the Senior Rx program. This utilization factor has been included in the adjustment made in decision unit M-101. Growth in the number of prescriptions for each enrollee appears to be accounted for in the inflation adjustment in M-101 which is based on the PMPM cost. The CMS inflation rates used are based on total drug expenditures and, therefore, the inflation rate would also account for increases in the number of prescriptions for each participant. For those reasons, staff recommends not approving this decision unit. The Department has indicated they do not disagree with this recommendation.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO NOT APPROVE DECISION UNIT E-403.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. COMBS:
The issue, at the top of page 5 of Exhibit C, has to do with rebates on prescription drugs. Part of the change from a fully-insured program to a self-insured program involved using Catalyst Rx as the pharmacy benefits manager. Through this contract, the Department will get rebates of at least $2 for each prescription. Because the contract was completed after the budget process was begun, the rebates did not get included in the *Executive Budget*. There was discussion this amount could be as high as $1.3 million in each fiscal year. However, those estimates were based on the enrollment growth and the inflationary increases projected in the *Executive Budget*. Staff recommends budgeting conservatively for rebates during this biennium. With Medicare Part D coming online January 1, 2006, the Department has indicated that 8,000 of its current 9,000 enrollees would be eligible for Medicare Part D coverage. The cost of the prescriptions for a majority of the 8,000 enrollees will be paid through Medicare and not through this program. In those situations, this program would not receive the rebate. Based on those two issues, staff recommends reducing expenditures for the Senior Rx program by $279,201 in the first year of the biennium and $58,773 in the second year to account conservatively for the receipt of prescription drug rebates.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE STAFF'S RECOMMENDATION TO REDUCE

EXPENDITURES FOR THE SENIOR RX PROGRAM AS PRESENTED ON PAGE 5 OF EXHIBIT C.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. COMBS:
The next issue, on page 5 of Exhibit C, is that Medicare Part D will be coming online January 1, 2006, and the Senior Rx program will have to be reconfigured. At the March 25, 2005, work session, the director of the Department of Human Resources indicated the Department has not been able to get sufficient information regarding eligibility to make a reliable cost estimate for the impact of Medicare Part D. That is partly due to the fact that the drug formulary had not been provided to the state. The director requested that any reductions in General Fund appropriations for the program be reserved for the use of the Department as it responds to the impacts of Medicare Part D. The recommendations the Subcommittee has approved reduces the General Fund need by $1.3 million in each year. The Department has not provided any information that would cause staff to believe covering a participant under the Medicare Part D program would cost any more than covering them under the current Senior Rx program. Based on that fact, as well as the conservative estimates of the reductions in expenditures for the prescription rebates, staff does not believe the request to reserve the funding in this account is warranted. Staff recommends that the Department be given the authority to transfer the remaining General Fund appropriations in this account, from one fiscal year to the next, with the approval of the Governor and the Interim Finance Committee.

CHAIR LESLIE:
I realize the Department is in a tough position because we have not received the information we need from the federal government. I want to encourage the Department to keep us informed and the Subcommittee to be open to the idea of the Interim Finance Committee (IFC) possibly establishing a subcommittee to work with them as we get more information from the federal government and see how it is going to impact Senior Rx. We finally have Senior Rx working well and do not want the new federal program to negatively impact our seniors. There are many unanswered questions, not due to the fault of anyone in our state, and I think the Legislature needs to be involved in some of these key decisions.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE STAFF'S RECOMMENDATION THAT FUNDING NOT BE RESERVED IN THE SENIOR RX PROGRAM, THAT THE DEPARTMENT OF HUMAN RESOURCES BE GIVEN THE AUTHORITY TO TRANSFER GENERAL FUND APPROPRIATIONS BETWEEN FISCAL YEARS UPON THE APPROVAL OF THE GOVERNOR AND THE INTERIM FINANCE COMMITTEE AND THAT THE DEPARTMENT CAN COME TO THE IFC FOR A SUPPLEMENTAL APPROPRIATION IF NECESSARY.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR RAGGIO:
How would Medicare Part D work in practice? How will the provider know what kind of co-pay to apply?

MARY LIVERATTI (Deputy Director, Department of Human Resources):
It would be the same as when you use your insurance card. They will know what you qualify for and the amount of your co-pay.

MR. COMBS:
The next issue, on page 6 of Exhibit C, is funding for the Disability Rx program. The Governor has recommended $468,156 in the first year of the biennium and $465,227 in the second year to provide disabled individuals with a prescription drug benefit. In the 2003 Legislative Session, there was legislation to allow 2.5 percent of the tobacco settlement proceeds to be used for this program. The bill provided authority for the program through a Title XIX waiver. The federal government informed the Department the request for the waiver was not likely to be approved. Assembly Bill (A.B.) 495, which has been passed in the Assembly and referred to the Senate Committee on Human Resources and Education, would authorize the program without the Title XIX waiver. If approved, it will be initiated to provide wraparound prescription drug benefits similar to the Senior Rx program and possibly through the same pharmacy benefits manager.

ASSEMBLY BILL 495 (1st Reprint): Makes various changes concerning Fund for a Healthy Nevada and provision of prescription drugs and pharmaceutical services by this State. (BDR 40-1031)

The *Executive Budget* does not include any funding for administrative expenses associated with Disability Rx. Because of the infancy of this program, the Department does not know what the administrative expenses might be at this point. There are tobacco settlement monies available in the account that can be used to fund the administrative expenses when they are determined and they can be work programmed into the account. Since this is a new program that has not yet begun, does the Subcommittee wish to request a Letter of Intent to require quarterly reports to IFC regarding the development of the program and its coordination with Medicaid Part D?

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE THAT A LETTER OF INTENT BE REQUESTED TO REQUIRE QUARTERLY REPORTS TO THE INTERIM FINANCE COMMITTEE REGARDING THE DEVELOPMENT OF THE DISABILITY RX PROGRAM AND ITS COORDINATION WITH THE MEDICARE PART D BENEFIT.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. COMBS:
The first item, under Other Closing Issues on page 7 of Exhibit C, is administrative costs. It was indicated to the Subcommittee that the administrative costs for the Healthy Nevada Fund were likely to exceed the current statutory cap of 3 percent of receipts. Without including the Disability Rx administrative expenses, the administrative expenses are just under the 3-percent cap for the next two fiscal years. When the Disability Rx administrative expenses are included, it is likely they would be over the 3-percent cap. There are identical provisions in A.B. 495 and A.B. 524 which would increase the statutory cap to 5 percent. However, the Department has indicated it intends to request an amendment to provide the cap would apply only to the Senior Rx and Disability Rx portions of the Healthy Nevada Fund. The cap for the remaining programs in the Healthy Nevada Fund would remain at 3 percent. That would make sense since they are staffing and providing the program for Senior Rx and Disability Rx, whereas the other Healthy Nevada Fund programs are approval of grants to other agencies to provide services. This does not affect the closing other than to make the Subcommittee aware that when the Disability Rx administrative expenses are included, there will be a need to either increase the 3-percent cap or reduce expenditures.

ASSEMBLY BILL 524: Makes various changes concerning Fund for a Healthy Nevada and provision of prescription drugs and pharmaceutical services by this State. (BDR 40-169)

M-502 Federal Mandate — Page HR ADMIN-24

Decision unit M-502 recommends $24,025 in the first year of the biennium and $18,696 in the second year for costs associated with the fiscal impact of the Medicare Part D benefit on the Senior Rx program. The costs include $1,322 each fiscal year for out-of-state travel to attend the Medicare conference in Washington, D.C., $13,748 in the first year and $15,135 in the second year for printing and mailing a quarterly newsletter to keep Senior Rx members up to date regarding Medicare Part D issues. There is also funding included for Department of Information Technology programmer and developer support costs to assist with making changes to the Senior Rx computer system. Based on the extensive testimony provided to the Subcommittee regarding the effort that will be required of the Department to provide Rx beneficiaries with information about Part D and its impact on them, the recommendation appears reasonable.

E-400 Access to Health Care and Health Insurance — Page HR ADMIN-25

Decision unit E-400 includes $599 for additional staff training for the Senior Rx program. That recommendation appears reasonable.

E-710 Replacement Equipment — Page HR ADMIN-26

Decision unit E-710 recommends replacement of a computer in the first year of the biennium and a network laser printer in the second year. Those costs have been adjusted for updated pricing information and they appear reasonable.

The only technical adjustment in this budget account is increased tobacco settlement funding and the availability of unused funding from prior years has enabled the transfer to the Grants Management Unit to be increased by $724,401 in the first year of the biennium and $100,742 in the second year. Staff requests authority to make the same adjustments in the Grants Management Unit account.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNITS M-502, E-400 AND E-710 AND THE TECHNICAL ADJUSTMENT FOR BUDGET ACCOUNT 101-3261 AS PRESENTED ON PAGE 7 OF EXHIBIT C.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR, Grants Management Unit — Budget Page HR ADMIN-30 (Volume II)
Budget Account 101-3195

MR. COMBS:
A Supplemental Closing Document for budget account 101-3195 (Exhibit D) has been distributed to the Subcommittee.

CHAIR CEGAVSKE:
For the record, I want to disclose that my husband is employed as general manager of Crawford Coin, Inc. The company that owns Crawford Coin, Inc. operates convenience stores and gasoline service stations. Crawford Coin, Inc. is a licensed slot operator at these convenience stores and gasoline service stations. As general manager of Crawford Coin, Inc., my husband is a key employee. I have been advised that I am required to make this disclosure but not required to abstain from voting on this issue because any resulting benefit or detriment of this bill to Crawford Coin, Inc., as a gaming licensee, is not greater than that accruing to any other gaming licensee.

E-325 Services at Level Closest to People — Page HR ADMIN-34

MR. COMBS:
Budget Account 101-3195, the Grants Management Unit, was recommended for closure by the Subcommittee with the exception of a decision unit dealing with the establishment of a problem gambling program. The recommendation included in the *Executive Budget* was for a total of $200,000 in each fiscal year ($100,000 in General Funds and $100,000 in gifts and donations) for the establishment of the program. At that time, I indicated to the Subcommittee that Senate Bill (S.B.) 357, which would establish an advisory committee on problem gambling and create a revolving account to support programs for prevention and treatment of problem gambling, had been referred to the Senate Committee on Finance. The bill would require the Nevada Gaming Commission to deposit, into the revolving account, a portion of the slot license fees for the next two years.

SENATE BILL 357: Creates Advisory Committee on Problem Gambling and authorizes grants of money for programs for prevention and treatment of problem gambling. (BDR 40-1157)

The impact of this legislation on the General Fund is $822,000 in the first year of the biennium and approximately $1.7 million in the second year. In an effort to get the budget account closed, it appears that the recommendation for $100,000 in General Funds and $100,000 in gifts and donations can be approved by the Subcommittee subject to the full-money committees considering S.B. 357. The Department has indicated its administrative costs associated with S.B. 357 would be $29,575 the first year of the biennium and $20,612 in the second year if that bill is enacted. The Subcommittee may wish to consider recommending closure of the budget account with $100,000 in General Funds in each year and authorize staff to reduce the appropriation from $100,000 to the administrative costs identified by the Department if S.B. 357 is enacted.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3195 WITH $100,000 IN GENERAL FUNDS AND $100,000 IN GIFTS AND DONATIONS EACH YEAR OF THE BIENNIUM AND AUTHORIZE STAFF TO REDUCE THE APPROPRIATION FROM $100,000 TO THE ADMINISTRATIVE COSTS IDENTIFIED BY THE DEPARTMENT IF S.B. 357 IS ENACTED.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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MR. COMBS:
The second issue in Exhibit D has been closed differently by the Senate and Assembly sides of this Subcommittee. There was an unallocated amount of Title XX federal funds not shown as expenditures in the budget. The Subcommittee discussed three options for the unallocated funds. One option was to offset the General Fund appropriations in the Aging Services Division's EPS/Homemaker Programs account. The second option was to use the funding to increase expenditures for non-state agencies in this account. The third option was to reduce the Temporary Assistance for Needy Families (TANF) transfer into this account and use the TANF funding to recreate the TANF rainy day reserve in the TANF account. The Senate side of the Subcommittee voted to close the budget account using the funding in the EPS/Homemaker Programs budget to offset the General Fund. The Assembly voted to close the budget account by using one-half of the unallocated money to reduce the General Fund need in that account and use the other half to increase the expenditures for grants to non-state agencies.

On May 9, 2005, the Department of Human Resources submitted to the Fiscal Analysis Division a memorandum indicating that a recent reconciliation of the Title XX block grant funds revealed an additional $1.4 million. That funding from the current biennium can be balanced forward to the next biennium. In their memorandum of May 9, 2005, included with Exhibit D, the Department provided several suggestions for the use of this available funding.

The Subcommittee has various options for the use of the additional funds. Since this is a complicated issue and there are many different options, staff has presented an option, on page 3 of Exhibit D, that represents a compromise between the Department's proposal for the use of the entire $1.4 million to increase funding for non-state agencies and the opportunity to reduce General Fund need in state agency budgets that receive Title XX funding. This option would involve dividing the total $2.3 million that is unallocated over the 2005-2007 biennium and using half of it to increase funds for the non-state agencies over a four-year period. This would be done by creating a balance forward. This Legislature cannot commit the next Legislature to funding for the non-state agencies at that level, but the funding can be left in the budget to make that a possibility for the next Legislature.

The other half of the $2.3 million could go toward reducing General Fund need in accounts that currently receive Title XX money. I would recommend that you consider reducing the General Fund need in the Aging Services Division's EPS/Homemaker Programs account by the amount approved by the Senate Subcommittee. That would be $475,335 in the first year of the biennium and $468,477 in the second year. The balance of the Title XX funds ($108,695 in FY 2006 and $115,552 in FY 2007) could be used to reduce General Fund need in either the MHDS or Division of Child and Family Services budgets. The Subcommittee could authorize staff to determine the appropriate accounts and report back to the full committee when the budgets are closed.

This option or any similar resolution the Subcommittee comes to would not address the issue of replacing the tobacco settlement funding in the Aging Services Division's Senior Services Program account. It would allow that discussion to take place during the resolution of budget differences by the full committees. The option would, however, eliminate the closing differences that currently exist in the Grants Management Unit budget account and the Aging Services EPS/Homemaker Program account.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO ACCEPT THE COMPROMISE PROPOSED BY STAFF ON PAGE 3 OF EXHIBIT D FOR THE USE OF THE UNALLOCATED TITLE XX FUNDING.
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> SENATOR RAGGIO SECONDED THE MOTION.
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> THE MOTION CARRIED UNANIMOUSLY.

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HEALTH

HR, Office of Health Administration — Budget Page HEALTH-1 (Volume II)
Budget Account 101-3223

BOB ATKINSON (Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
Budget account 101-3223 is on page 24 of Exhibit C. There are two major budget closing issues in this budget account.

E-250 Working Environment and Wage — Page HEALTH-4

The *Executive Budget* recommended nine new positions in this budget account. Most of the positions are in personnel-related and information technology areas. This is due to the growth in the Division, primarily in the area of federal grants. Within the last month, the U.S. Department of Health and Human Services notified the Health Division they have some concern with the indirect cost methodology that has been used by the Division. The primary concern is how it relates to block grant funding. At this time, there is uncertainty about the amount of indirect costs that will be collected in this budget account. The Health Division has prioritized the positions recommended by the Governor and is proposing that four of the positions be delayed until the second year of the upcoming biennium. This will give them time to get the indirect cost issue settled. The Division also indicated that if the indirect costs are not sufficient to fund these positions, they would not be filled. With the information staff has, at this time, that may be the most workable solution and that is what staff would recommend.

E-275 Maximize Internet and Technology — Page HEALTH-5

This issue also affects the replacement of information technology equipment in this budget account. The Division has about $2.5 million in information technology equipment. In decision unit E-275, the Governor has recommended $684,450 over the biennium to begin the replacement of some of that equipment. That is funded with indirect costs, and the Division has indicated they may have to slow the replacement of that equipment if the indirect costs generated are not sufficient to cover that expenditure. Staff recommends the decision unit be approved as recommended by the Governor subject to sufficient funding being available.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3223 AS RECOMMENDED BY THE GOVERNOR, WITH A DELAY IN THE NEW POSITIONS IN DECISION UNIT E-250 AS PROPOSED BY THE HEALTH DIVISION AND APPROVAL OF DECISION UNIT E-275 SUBJECT TO SUFFICIENT FUNDING BEING PROVIDED THROUGH THE INDIRECT COST ALLOCATION.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR, Health Facilities Hospital Licensing — Budget Page HEALTH-41 (Volume II)
Budget Account 101-3216

MR. ATKINSON:
There are no major closing issues in budget account 101-3216.

M-504 Mandates — Page HEALTH-44

The two positions recommended in decision unit E-504 are positions that were eliminated when the budget account had some funding problems. Since that time, the services of those positions have been performed with temporary contract employees. This would return those positions to state employees.

E-326 Services at Level Closest to People — Page HEALTH-45

Decision unit E-326 recommends two administrative assistant positions, one for Las Vegas and one for Carson City. The Division indicated that paperwork in the licensure and complaint investigation activities tends to accumulate. If the people who do the inspections have to do the paperwork, they are taken away from the complaint investigations and licensure activities. The administrative assistants would perform that function and allow the surveyors to do the functions they are supposed to be performing.

The continuation of the federal background check grant that was approved at the March 23, 2005, meeting of the Interim Finance Committee has been built into the budget as an adjustment. This is a pilot program to identify efficient, effective and economical procedures for producing comprehensive background checks on prospective direct-access workers in long-term care facilities and providers.

E-710 Replacement Equipment — Page HEALTH-45
E-720 New Equipment — Page HEALTH-46

In earlier discussions, staff reported that the Health Division found someone who was willing to lease computers to them for $550 a year. That made sense when personal computers were priced at $1,700. The most recent pricing information has computers in the neighborhood of $1,200. In accordance with the Subcommittee's decisions on this situation in earlier budgets, staff recommends the purchase of the computers rather than a lease.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3216 AS RECOMMENDED BY STAFF ON PAGES 26 AND 27 OF EXHIBIT C.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR, Early Intervention Services — Budget Page HEALTH-87 (Volume II)
Budget Account 101-3208

M-200 Demographics/Caseload Changes — Page HEALTH-89

MR. ATKINSON:
On page 28 of Exhibit C is the Early Intervention Services budget account. In the past, this was known as the Special Children's Clinic budget account. The Governor's recommended budget includes $2.8 million in the first year of the biennium and $3.3 million in the second year to address caseload issues at the clinics. One of the big issues is the federal government's requirement that an individualized family service plan be developed within 45 days. The most recent information we have is that at the end of March, there were 330 children who had waited longer than 45 days to be served. The Division indicates the recommended funding would allow them to serve an additional 360 children. In an earlier hearing, the Division testified that a recent federal review had noted progress in this area and the Health Division was under the impression there would be no federal sanctions as long as progress was being made.

ASSEMBLYMAN DENIS MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-200 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

CHAIR LESLIE:
It is important we accept the Governor's recommendation for funding for the caseload and attempt to meet the 45-day requirement. We are making progress. The Health Division has done a good job in this transition.

THE MOTION CARRIED UNANIMOUSLY.

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M-502 Federal Mandate — Page HEALTH-91

MR. ATKINSON:
In decision unit M-502, the governor recommends $2 million in the first year of the biennium and $2.2 million in the second year to provide services to youngsters who are referred to the program through the Child Abuse Prevention and Treatment Act (CAPTA). In 2003, the federal government amended that act to require that the children identified through the act receive an automatic referral to the services provided through the Individuals with Disabilities Education Act (IDEA) funding at the Special Children's Clinics. Based on statistics collected by the Division of Child and Family Services, the Health Division estimates about 1,200 children will be identified through that process. Based on past experience, they estimate that 10 percent of the children will already be receiving services, 22 percent of the children will be ineligible and 21 percent would not complete the process, meaning they moved out of the area, the parents did not want the services or the Health Division was unable to contact them. This means approximately 628 additional youngsters would need

to be served by the clinics because of this change in federal law. The funding in this decision unit is recommended to serve those 628 children.

The Health Division provides quarterly reports on waiting lists and other information to the Interim Finance Committee. The Subcommittee may want to consider asking the Health Division to include statistics on the number of children referred through CAPTA in order to keep the Committee informed on this situation.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE DECISION UNIT M-502 AS RECOMMENDED BY THE GOVERNOR AND REQUEST THAT THE HEALTH DIVISION INCLUDE INFORMATION ON CAPTA REFERRALS IN THEIR QUARTERLY REPORTS TO THE INTERIM FINANCE COMMITTEE.

SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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SENATOR RAGGIO:
This program deals with children under the age of three. What happens to the children who are referred to your agency?

ALEXANDER HAARTZ, M.P.H. (Administrator, Health Division, Department of Human Resources):
The federal law requires that children who have been identified as abused or neglected have an entitlement under the early intervention system. We would be receiving these children through the early intervention services.

SENATOR RAGGIO:
Do you mean physical custody?

MR. HAARTZ:
No, it is not an issue of physical custody. It is an issue of an evaluation and making a determination as to whether each child has a developmental delay or is in need of services historically performed by the Special Children's Clinics. If that is the case, these children are treated no differently than any other children receiving services. We do not have responsibility for the protective services or the child welfare issues. Those issues would remain with the appropriate agencies.

M-425 Deferred Facilities Maintenance — Page HEALTH-91

MR. ATKINSON:
In decision unit M-425, the recommended budget includes $606,000 in the first year of the biennium and $254,000 in the second year. Two budget amendments were received from the Budget Division that removed three of the projects currently in progress. If funding is placed in this budget account, it becomes a maintenance of effort issue that has to be continued in the account even if we do not have additional facilities to maintain. Therefore, staff

recommends that the funding be removed from this account and put in another, more appropriate, budget account such as Buildings and Grounds. That will probably be the account that will be providing these services. The projects would still be funded, but we would not be creating a maintenance of effort issue.

E-930 Transfers From Medicaid Budget 3243 — Page HEALTH-98

There is also a maintenance of effort issue with the Medicaid match in decision unit E-930. Staff recommends that the General Funds be removed from this account and put into the Medicaid budget. As the children are served, both halves of the money would be transferred from the Medicaid budget in order to avoid the maintenance of effort complications.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO APPROVE THE OTHER CLOSING ITEMS AS PRESENTED ON PAGE 30 OF EXHIBIT C, MOVE THE FUNDS IN DECISION UNITS M-425 AND E-930 TO OTHER ACCOUNTS TO AVOID THE MAINTENANCE OF EFFORT REQUIREMENT AND AUTHORIZE STAFF TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR Health Alcohol & Drug Rehabilitation — Budget Page HEALTH-121 (Volume II)
Budget Account 101-3170

MR. ATKINSON:
Budget account 101-3170 is on page 31 of Exhibit C. On April 12, 2005, the Senate side of the Subcommittee recommended that this budget account be closed as recommended by the Governor. It was held on the Assembly side of the Subcommittee.

CHAIR LESLIE:
I held this budget account because of the caseload growth issue. Would you please review this for us?

MR. ATKINSON:
We have discussed the fact that additional General Fund money is typically not built into this account to address caseload. The caseload growth is ultimately accommodated by the Substance Abuse Prevention and Treatment (SAPT) block grant. This account has a maintenance of effort requirement and any additional General Funds put into the account will have to be maintained in the future. We do not want to jeopardize the federal money in this account as the match is about four to one for every state dollar.

CHAIR LESLIE:
I still feel strongly that we have overlooked for many years the need to have caseload growth in substance abuse. One of the reasons the federal grant is four to one is because the state has never been willing to step up to the plate and fund these services appropriately. Substance abuse is impacting our prisons, it is impacting our social services and it is impacting our community. The methamphetamine epidemic is statewide and growing. If the people cannot get treatment, we will never get ahead of this problem. My recommendation is that the Assembly close this budget account with the Governor's recommendation and put the request from the treatment providers, which I believe was $1.5 million each year, on the priority list. We can then enter into further discussions with the Senate as the budgets are being closed.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3170 AS RECOMMENDED BY THE GOVERNOR AND PUT THE REQUEST FROM THE TREATMENT PROVIDERS ON THE PRIORITY LIST.

> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

CHAIR CEGAVSKE:
I agree that this should be added to the Senate priority list as well.

> ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

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HEALTH CARE FINANCING AND POLICY

HR, HCF&P, Nevada CheckUp Program — Budget Page HCF&P-35 (Volume II)
Budget Account 101-3178

STEVEN J. ABBA (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):
I would like to start with budget account 101-3178 because there are some decision units in this budget account that affect a number of other budget accounts.

At the April 27, 2005, Medicaid update meeting, the Subcommittee was apprised that the Nevada CheckUp Program budget was projecting a potential shortfall in FY 2005 of approximately $774,000. A bill draft request has been requested by the Senate Committee on Finance for a supplemental appropriation.

Under Discussion of Major Closing Issues, on page 14 of Exhibit C, the first major issue is the recommended Health Maintenance Organization (HMO) rate increase. This issue affects several other accounts within the Division including the Health Insurance Flexibility and Availability (HIFA) medical account and the Medicaid budget. The budget, as recommended, includes an inflation rate adjustment for HMOs of 7.5 percent in FY 2006 and an additional 7.5 percent in FY 2007. Those inflation rates were based on information published by the Centers for Medicare and Medicaid Services (CMS). The HMO rates are actuarially determined so actual rates would be based upon actuarial reviews of costs and utilization of the population the HMOs serve.

In looking at this issue, it was noted that the rate increase for FY 2005, which serves as the basis point for rate increases in FY 2006 and FY 2007, had been factored in twice. That inflates the cost for administering the medical part of this program. Staff's first recommendation is to make a technical adjustment and reduce the inflation increase for the upcoming biennium.

The other adjustment staff is recommending deals with the inflation rate proposed in the *Executive Budget* of 7.5 percent. That is not a specific HMO inflation rate. It is a medical care expenditure increase that CMS publishes. That inflation rate includes demographic information. Demographics are already included in this budget in other decision units. Staff recommends that we use a rate based on per capita expenditures which is also published by CMS. That rate is 6.3 percent each year.

The second major closing issue, on page 14 of Exhibit C, is caseload growth. The *Executive Budget* caps enrollment for the Nevada CheckUp program at 30,000 children in FY 2007. There have been two budget amendments, Nos. 58 and 59, that propose to uncap the enrollment in FY 2007 and pay for the additional expenses for the caseload expansion by delaying the implementation of the pregnant women part of the HIFA waiver by three months, from January 2006 until April 2006.

At the Medicaid update meeting, held on April 27, 2005, we heard testimony that the Division was projecting a higher caseload increase. The table, at the bottom of page 14 of Exhibit C, displays the Division's projected caseload based on their latest projection models. The discussion at that meeting indicated the Division projected caseload growth of approximately 2,200 children each month in FY 2006 and almost 4,300 children each month in FY 2007. Exhibit C was predicated upon the information presented on April 27, 2005. We were under the assumption an amendment would be forthcoming in relation to these revised caseload projections. Budget amendment No. 80 was just received. Staff has not had an opportunity to review that information, but in discussing the information with the Department of Administration, we have learned the caseload that is now recommended in budget amendment No. 80 is similar to the caseload options staff is presenting.

On page 15 of Exhibit C, fiscal staff has developed two caseload options for the Subcommittee's consideration. The caseload options are based on two assumptions. The first assumption uses the population projections provided by Global Insight. Global Insight is the company the Fiscal Analysis Division uses for developing economic forecasting rates. They also provide population projections. We are using their information for the age cohort of 0 to 19, which is representative of the Nevada CheckUp caseload. We are using Global Insight instead of the State demographer because they have more current information. We looked at the State demographer's data and the information on population projections is comparable. We then took actual CheckUp caseload over the past several years and did a ratio comparison of that caseload to the population projections at those points in time. Next, we took the ratio comparison of that into the next biennium and came up with a caseload-per-capita rate. We also adjusted the per-capita rate because the Nevada CheckUp caseload is growing at a faster rate than the population for the 0 to 19 age cohort. The table, on page 15 of Exhibit C, contains two options we came up with using those assumptions.

Caseload option A under "staff rec" would increase the caseload to 29,332 children each month. The actual caseload, as of March 2005, is approximately 28,000 children. That would increase to 31,229 each month in FY 2007. Caseload option B is slightly higher at 29,506 children each month in FY 2006 and 31,692 each month for FY 2007. My understanding is that budget amendment No. 80 is similar to caseload option A in this table.

Either one of these caseload options would be fine from staff's standpoint. The Division would have to rerun the projection model to incorporate the inflation rate adjustments we are recommending in addition to either one of these caseload options to get the caseload costs. Either way, the caseload cost will be higher than what is recommended in the Governor's *Executive Budget*. As a rough estimate, caseload option A would be approximately $1 million more in General Fund over the biennium and caseload option B would be approximately $1.4 million more over the biennium.

E-425 Enable, Motivate and Reward Self Sufficiency — Page HCF&P-39

There is one other major issue in this budget account. There are three new positions recommended in decision unit E-425. Staff has reviewed the caseload currently carried by each worker. We have no concerns with the three positions and are recommending the positions be approved. We are requesting the ability to make technical adjustments for building rent and other costs.

Under Other Closing Items, on page 16 of Exhibit C, discretionary rate increases are included in the budget for air ambulance providers, mental health rehabilitative treatment services and home infusion therapy. A rotary filing system is recommended to maintain confidential records. Computer hardware and software is recommended and staff is requesting the ability to make technical adjustments for hardware prices. Depending upon which caseload option is chosen and if the Subcommittee approves the inflation rates, staff will have to make a number of technical adjustments in addition to the Federal Medicaid Assistance Program (FMAP) rates. We are requesting authorization to make those adjustments.

If staff had to make a recommendation on the caseload issue, we would recommend option A which is closer to the caseload the Budget Division processed with budget amendment No. 80.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3178 AS PRESENTED ON PAGES 13 THROUGH 16 OF EXHIBIT C; APPROVE THE INFLATION ADJUSTMENTS RECOMMENDED BY STAFF; APPROVE THE FISCAL ANALYSIS DIVISION'S CASELOAD OPTION A AND AUTHORIZE STAFF TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.
>
> SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HR, HCF&P, HIFA Medical — Budget Page HCF & P-31 (Volume II)
Budget Account 101-3247

MR. ABBA:
On page 9 of Exhibit C is some new information not previously discussed. Part of it pertains to the budget amendment to eliminate the cap on enrollment in the Nevada CheckUp program and to delay implementation of the pregnant women portion of the HIFA waiver for three months. At a previous budget hearing, the Subcommittee requested information on the availability of Title XXI funding in the future. The Division has provided this information which, based upon a number of assumptions, indicates there could theoretically be a problem with the available amount of Title XXI funding by 2010. The problem with the availability of Title XXI funding is based upon high caseload growth and high cost. The Subcommittee just approved changes in the Nevada CheckUp budget that would significantly reduce the potential for not having enough Title XXI money in the future. This means the Department will have to closely monitor and control costs in the HIFA medical account as the program is expanded.

The expansion of health care coverage through the HIFA waiver covers three new eligibility components. It will cover pregnant women from 133 percent of poverty to 185 percent of poverty, it adds a health insurance component for employees of small employers and it adds an element called catastrophic event coverage. Page 10 of Exhibit C contains the definition of a catastrophic event as included in A.B. 493 which is the enabling legislation that would help implement the HIFA program.

ASSEMBLY BILL 493 (1st Reprint): Requires Department of Human Resources to apply for Medicaid waiver pursuant to Health Insurance Flexibility and Accountability demonstration initiative. (BDR 38-736)

This is a major policy decision for the Subcommittee. If the Subcommittee approves this budget, a number of technical changes will have to be made. The changes include inflation, based upon the adjustments just approved in the Nevada CheckUp budget, and some transition costs included for the pregnant women program that were not correct and potential FMAP issues that have to be adjusted. Staff requests the ability to make those technical adjustments based upon the Subcommittee's decision in approving this program.

SENATOR TITUS:
I served on the interim Legislative Committee on Health Care Subcommittee to Study Health Insurance Expansion Options, chaired by Assemblywoman Barbara Buckley, that came up with this plan. I think it is a good plan and we should support it.

CHAIR LESLIE:
I agree with Senator Titus. I also served on that Subcommittee. We have already delayed implementation of the pregnant women portion of the HIFA waiver from January. I can understand we need the extra money to help with

the caseload increases in Nevada CheckUp, but I hope we do not keep delaying that provision.

SENATOR RAGGIO MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3247 AS RECOMMENDED; APPROVE THE GOVERNOR'S RECOMMENDATION TO EXPAND HEALTH CARE COVERAGE FOR PREGNANT WOMEN, EMPLOYEES OF SMALL EMPLOYERS AND CATASTROPHIC EVENT COVERAGE THROUGH A HIFA WAIVER AND FUND THE EXPANSION WITH A COMBINATION OF FEDERAL TITLE XIX AND XXI FUNDS, GENERAL FUNDS AND TAX PROCEEDS FROM THE INDIGENT SUPPLEMENT ACCOUNT; DELAY THE IMPLEMENTATION DATE FOR THE PREGNANT WOMEN PORTION OF THE WAIVER FROM JANUARY TO JULY 2006 TO COINCIDE WITH THE IMPLEMENTATION OF THE EXPANSION FOR THE OTHER COVERAGE GROUPS AND AUTHORIZE STAFF TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

ASSEMBLYWOMAN GIUNCHIGLIANI:
Since we are changing the implementation date from April to July, do we need to make that change in A.B. 493?

MR. ABBA:
That is a good question. I do not believe there is an implementation date for any of the optional groups, such as pregnant women, in A.B. 493.

Chair Cegavske:
Then the implementation date would be tied to the budget.

THE MOTION CARRIED UNANIMOUSLY.

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Increased Quality of Nursing Care — Budget Page HCF & P-33 (Volume II)
Budget Account 101-3160

MR. ABBA:
Budget account 101-3160 is the long-term care nursing provider tax program. There are no major issues in this budget account. The Legislation that provided for the nursing home provider tax allows up to 1 percent of the tax to be used for administration. The *Executive Budget* uses only part of that 1 percent. Staff is recommending to increase the transfer from this account to the Division's administrative account up to the 1 percent maximum. This would reduce General Funds by the amount of the adjustment.

As discussed briefly during the budget hearings, the Division is proceeding with a proposal through their regulatory process to provide nursing homes with an enhanced per-bed day rate to encourage nursing home providers to care for what is termed "behaviorally challenged" patients. As an example, Alzheimer's patients could be cared for in state rather than having to send those types of clients out of state. That is something the Division will be pursuing during the interim. They have indicated, in writing, that any sort of rate enhancement will be done within the confines of this budget so there will be no General Fund impact in the future.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3160 AS RECOMMENDED BY THE GOVERNOR WITH STAFF AUTHORITY TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.
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> ASSEMBLYMAN DENIS SECONDED THE MOTION.
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> THE MOTION CARRIED UNANIMOUSLY.

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SENATOR RAGGIO:
It was my understanding we passed this in the last Legislative Session, at the request of representatives of long-term care, because it provided a mechanism for them to get matching funds. During the interim, I received letters from people who said the long-term care operators were telling them the Legislature raised the tax which they had to pay.

CHARLES DUARTE (Administrator, Division of Health Care Financing and Policy, Department of Human Resources):
I received a copy of the letter from an operator in northern Nevada. I contacted the Nevada Health Care Association and we reviewed the impact of the provider tax legislation on that particular operator. That operator had a net benefit of approximately $300,000 over FY 2004. It was at the request of the industry that this provider tax got passed and it was my understanding it had the full support of the industry.

HR, HCF&P, HIFA Holding Account — Budget Page HCF & P-44 (Volume II)
Budget Account 101-3155

MR. ABBA:
Budget account 101-3155, on page 17 of Exhibit C, is the HIFA Holding Account. This budget account's only purpose is to collect the General Fund appropriation and the tax proceeds that come in from the Indigent Supplement Account and transfer them to the HIFA medical account to fund the medical expenditures in that account. Staff requests approval to make the necessary technical adjustments in this budget account. When the HIFA Administration Account is closed, there will potentially be some other modifications in that account that affect the transfers from the holding account. We request the ability to make the necessary technical adjustments. This is a new budget account that needs to be created in order to fund the HIFA medical account.

> ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3155, AS PRESENTED ON PAGE 17 OF EXHIBIT C, AND AUTHORIZE STAFF TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.
>
> SENATOR TITUS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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HCF&P Intergovernmental Transfer Program – Budget Page HCF & P-46 (Volume II)
Budget Account 101-3157

MR. ABBA:
Budget account 101-3157 is on page 18 of Exhibit C. During the budget hearings, the Subcommittee was made aware of the potential that there would be reductions in the upper-payment limit (UPL) program. This program provides supplemental payments to public hospitals. The Division has worked with their rate consultant and they have determined their methodology can be adjusted to provide additional benefits through the UPL program to participating hospitals that are higher than reflected in the *Executive Budget*. The state benefit received through this program also goes up and that is highlighted on page 19 of Exhibit C. As a result, the benefits that come through the intergovernmental transfer program will be increased and there is an opportunity for the Subcommittee to make an additional transfer to the Medicaid budget in the amount of approximately $1 million. We try to maintain the Intergovernmental Transfer Program budget reserve at approximately $6 million to serve for cash flow purposes. This is a minimal level. Over the years, the reserve has fluctuated. At one time the reserve was greater, but we have used it to help fund Medicaid.

With the changes in the UPL program, in FY 2007 the reserve increases to approximately $7.6 million. On page 19 of Exhibit C, we have provided two options for the Subcommittee's consideration. One option is to reduce the reserve by $1 million and increase the transfer to the Medicaid budget by $1 million. This would offset the General Fund appropriation by a like amount. The other option is to keep the $1 million that is created through the additional benefit from the changes in the UPL program in the reserve. The reserve would increase to approximately $7.6 million based on current projections. The reserve is used as a contingency in case there are additional Medicaid expenditures that are unforeseen at this time.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND TO THE FULL COMMITTEE TO CLOSE BUDGET ACCOUNT 101-3157, AS PRESENTED ON PAGES 18 AND 19 OF EXHIBIT C, TRANSFER $1 MILLION FROM THE RESERVE TO THE MEDICAID BUDGET, AS DESCRIBED IN OPTION 1 ON PAGE 19 OF EXHIBIT C, AND AUTHORIZE STAFF TO MAKE THE NECESSARY TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN GIUNCHIGLIANI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR CEGAVSKE:
There being no further business to come before the Subcommittee at this time, the meeting is adjourned at 9:56 a.m.

RESPECTFULLY SUBMITTED:

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Anne Vorderbruggen,
Committee Secretary

APPROVED BY:

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Senator Barbara K. Cegavske, Chair

DATE:___________________________________

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Assemblywoman Sheila Leslie, Chair