

**MINUTES OF THE
SENATE COMMITTEE ON HUMAN RESOURCES AND EDUCATION**

**Seventy-third Session
February 14, 2005**

The Senate Committee on Human Resources and Education was called to order by Chair Maurice E. Washington at 1:36 p.m. on Monday, February 14, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, 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.

COMMITTEE MEMBERS PRESENT:

Senator Maurice E. Washington, Chair
Senator Barbara K. Cegavske, Vice Chair
Senator Dennis Nolan
Senator Joe Heck
Senator Bernice Mathews
Senator Valerie Wiener
Senator Steven Horsford

GUEST LEGISLATORS PRESENT:

Senator Dina Titus, Clark County Senatorial District No. 7

STAFF MEMBERS PRESENT:

Marsheilah D. Lyons, Committee Policy Analyst
Leslie K. Hamner, Committee Counsel
Patricia Vardakis, Committee Secretary

OTHERS PRESENT:

Robert Desruisseaux, Governor's Strategic Plan Accountability Committee for
People with Disability
Mary Bryant, Vice Chair, Governor's Council on Developmental Disabilities
Karen Taycher
Gillian Wells, Transition Director for Nevada Parents Educating Parents

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Karla McComb, Director of Governmental Affairs and Grants, Easter Seals
Southern Nevada
Dorothy (Dotty) Merrill, Washoe County School District
Todd M. Butterworth, Office of Disability Services, Department of Human
Resources
Michael T. Coleman, Administrator, Rehabilitation Division, Department of
Employment, Training and Rehabilitation
Terry L. Johnson, Deputy Director, Department of Employment, Training and
Rehabilitation
William R. Uffleman, Nevada Bankers Association
Tom Hudson
Scott Reynolds, Clark County School District
Florence LaRoy
Joan Albstein
Jack Mayes, Executive Director, Nevada Disability Advocacy and Law Center
Tom Allman
Andrew Wasynczuk, Northern Nevada Center for Independent Living
James F. Nadeau, Nevada Association of Realtors
Jean Peyton
Kenneth Johnson
Darryl Patten
Sarah Mentzer
Michael J. Willden, Director, Department of Human Resources
Charles Duarte, Administrator, Division of Health Care Financing and Policy,
Department of Human Resources
Jon L. Sasser, Washoe Legal Services
Bill Welch, Nevada Hospital Association
Bobette Bond, Hotel Employees and Restaurant Employees International Union
Welfare Fund

CHAIR WASHINGTON:

Bill Draft Request (BDR) 34-184 concerns creating a Rural Nevada Legal
Services Corps to encourage attorneys to practice in legally underserved areas
of the State. Part of their tuition would be written off for serving in the rural
areas. Is there a motion for introduction?

BILL DRAFT REQUEST 34-184: Authorizes creation of Rural Nevada Legal
Services Corps within William S. Boyd School of Law. (Later introduced
as [Senate Bill 57.](#))

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SENATOR CEGAVSKE MOVED TO INTRODUCE BDR 34-184.

SENATOR WIENER SECONDED THE MOTION.

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

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CHAIR WASHINGTON:

We will set up a subcommittee on mental health. We need to follow the deadline for committee introductions which is February 28, 2005. Senator Cegavske will chair the subcommittee and the members will be Senators Heck, Nolan and Wiener.

We will open the hearing on Senate Bill (S.B.) 22.

SENATE BILL 22: Creates Interagency Advisory Board on Transition Services to study issues related to services for persons with disabilities who are transitioning from secondary school to adult living. (BDR 38-689)

ROBERT DESRUISSEAU (Governor's Strategic Plan Accountability Committee for People with Disability):

The issue of transition services was identified by the Governor's Strategic Plan Accountability Committee for People with Disability. I want to stress the importance of moving forward with transition services. Over the years there has been little change or movement in any way. There is a fiscal note on S.B. 22 regarding funding for the Office of Disability Services. Through the strategic planning process we saw the Office as the coordinating and central location for disability services in Nevada. We want to make sure it continues. I wanted to know if there is a fiscal note.

CHAIR WASHINGTON:

I have not seen the fiscal note, but we will review it.

SENATOR DINA TITUS (Clark County Senatorial District No. 7):

During the past two interims I have chaired the committee to study the programs offered by the State for the disabled. Our purpose was to review State programs that were available, do an inventory and see how they could be

revised. We were assisted in this effort by the Governor's Strategic Plan Accountability Committee for People with Disability and the executive department that was looking at devising a strategic plan to move us toward compliance with the 1999 U.S. Supreme Court Olmstead decision. It states that people with disabilities should be moved out of institutions and into the community, where they can lead meaningful and fulfilled lives. The report, "Legislative Committee on Persons with Disabilities; Legislative Counsel Bureau Bulletin No. 05-14" can be found on the Internet. It reflects what the community has learned, what it hopes to accomplish, the committee's recommendations and BDRs. On page 25, there is a list of participants. The bills before you are just a portion of those from the committee. One bill will be going to the Senate Committee on Finance; the bill will reduce the waiting lists for services. Another bill is going to the Senate Committee on Commerce and Labor; the bill will establish a hot line for services for the disabled. One of our goals was to move toward "one-stop shopping, no wrong door," so people will have one source to let them know the services available to them.

I ask the Committee to consider introducing Bill Draft Request R-693. This BDR recognizes a Wednesday in April as Service Animal Recognition Day. Senate Bill 22 concerns the transition from high school to adult living situations. Senate Bill 23 authorizes the use of a signature stamp for people who have a disability that prevents them from writing their name. Senate Bill 24 extends the expedited service permits from the Department of Motor Vehicles. Presently, the period of validity is for two years and this bill will extend it to ten years. Senate Bill 36 concerns service animals. There are many laws concerning this issue and we have tried to address them by proposing this bill.

BILL DRAFT REQUEST R-693: Designates the second Wednesday in April as "Service Animal Recognition Day." (Later introduced as [Senate Concurrent Resolution 3.](#))

SENATE BILL 23: Authorizes certain persons with physical disabilities to use signature stamps under certain circumstances. (BDR 38-690)

SENATE BILL 24: Increases period of validity of expedited service permits for certain persons with disabilities. (BDR 38-691)

SENATE BILL 36: Makes various changes concerning animals trained to assist or accommodate persons with disabilities. (BDR 38-694)

SENATOR TITUS:

I will be turning over an issue concerning the Coalition Employing Nevadans in Training and Services (CENTS) program from the Department of Employment, Training and Rehabilitation (DETR) to the Office of Disability Services where it will fit more appropriately and will be a priority. In DETR it has fallen through the cracks. That would require an amendment to one of these bills and I can provide the Committee with the appropriate information.

CHAIR WASHINGTON:

I understand S.B. 36 is a cleanup bill.

SENATOR TITUS:

Senate Bill 36 is a composite of many bills concerning service animals and is not so controversial now.

MARY BRYANT (Vice Chair, Governor's Council on Developmental Disabilities):

I have provided the Committee with my written testimony ([Exhibit C](#)) in support of S.B. 22 and the Interagency Advisory Board on Transition Services.

CHAIR WASHINGTON:

There is an extensive list of people on the Advisory Board. How much authority will they have?

SENATOR TITUS:

The reason for the various people is transitioning into real life involves issues such as education, transportation, housing and employment. One of the functions is coordination of efforts so people will know where to go and what services are available.

SENATOR CEGAVSKE:

As a member of the Governor's Vocational Educational Committee, one of the things that became apparent was there is dysfunction among the various agencies. We tried to streamline the process. One of the biggest challenges is in the University and Community College System of Nevada. Interim Chancellor James E. Rogers has agreed to work with us. One of our goals is to help with that transition. The reason for the variety of people was to know what resources existed and where to go for access to those resources.

KAREN TAYCHER:

In response to your question, the Advisory Board would be reporting to the Governor's Strategic Plan Accountability Committee for People with Disability, which was formed to help the ten-year strategic plan move forward. We believe that connection will give it the teeth needed to move forward.

GILLIAN WELLS (Transition Director for Nevada Parents Educating Parents):

I am the chair of the Transition Forum which is a standing committee for the Governor's Council on Rehabilitation and Employment of People with Disabilities. In 2004, I came before the Legislative Committee on Persons with Disabilities presenting ten transition recommendations that the committee and the Governor's Council felt would further the transition-related initiative in our State. These recommendations were incorporated in the Governor's Strategic Plan Accountability Committee for People with Disability's report. Their recognition of the need for more of a structured system for transition services was the reason for S.B. 22. Over the last four years, the people of Nevada have embraced a stronger commitment to prepare youth with disabilities for life after high school. Through the many efforts and initiatives of the Department of Employment, Training and Rehabilitation, our State has been able to see the positive outcome of our youth with disabilities. It is time for our State to implement a comprehensive approach of coordination, communication and accountability across all systems. Transitioning of our youth is more than helping them move from one place to another; it is making sure systems are in place that promote, track and follow them.

KARLA MCCOMB (Director of Governmental Affairs and Grants, Easter Seals Southern Nevada):

I am the Director of Governmental Affairs and Grants for Easter Seals Southern Nevada and the chair of the Governor's Council on Rehabilitation and Employment of People with Disabilities. The issue of transitioning our youth into the workforce is very important. Every young person we put into gainful employment means we have less responsibility as a state and a country to provide for them. As a teacher and administrator for over 32 years, I am able to look at transition from the school's perspective and what special education teachers do to facilitate transition. I was a member of the Southern Nevada Workforce Investment Board when the original plan for workforce investment for Nevada was written. I saw the role that young people with disabilities could play on being served by the Workforce Investment Act. As the chair of the Governor's Council on Rehabilitation and Employment of People with

Disabilities, I was made aware of how important it was to take care of this issue.

Easter Seals Southern Nevada is a provider who wants to help these young people succeed as they transition. Senate Bill 22 will help to keep the issue of transition in the forefront and not let it slide into a back corner. I urge your support of this bill.

I do have a few concerns. When you evaluate the proposed membership of this Council, I noted that the Transition Forum is listed as a partner and not the Governor's Council; I believe that needs to be corrected. The Forum is a subcommittee of the Governor's Council and only exists at the pleasure of the Governor's Council. The wording should refer to having a representative who is a member of the Governor's Council. You can be assured the person chosen would have a strong background in transition.

I am concerned when a bill that is going to become law specifically mentions an organization such as Nevada Parents Educating Parents (P.E.P.), Incorporated and the Nevada Disability Advocacy and Law Center. I would prefer to see the wording of the bill changed to state: "Representatives of organizations such as" rather than specific organizations.

CHAIR WASHINGTON:

Senator Titus would there be a problem inserting the language: "Organizations such as," on page 3, line 28 of S.B. 22?

SENATOR TITUS:

Lines 25 through 29 could be combined and made generic. It would be broader and could include organizations such as Easter Seals. Ms. McComb made another suggestion concerning the Governor's Council that should be included.

CHAIR WASHINGTON:

Staff will research the bill and address the appropriate changes in our work session.

DOROTHY (DOTTY) MERRILL (Washoe County School District):

We support S.B. 22 and its proposal for the Interagency Advisory Board on Transition Services. Out of the 62,000 students served in the Washoe County School District we are providing services for more than 8,000 students with

disabilities. The issue of transition to one extent or another will be important to each of them. We look forward to working with the Interagency Advisory Board and the opportunity for representation from the school district. This coordinated effort will maximize the available resources and help all.

CHAIR WASHINGTON:

We will open the hearings on S.B. 23, S.B. 24 and S.B. 36.

SENATOR TITUS:

I have located the section of the bill containing Ms. McComb's concern. It is found on page 5, lines 26 through 29.

TODD M. BUTTERWORTH (Office of Disability Services, Department of Human Resources):

I want to comment on the fiscal note for S.B. 22. This bill calls for our office to staff and coordinate the activities of the Transition Board. We will be arranging meetings and travel, posting agendas, conducting research, writing reports and other activities requested by the Board. The Office of Disability Services consists of seven professional and three administrative staff. We run 14 statewide programs. We staff seven different boards and councils similar to this one. In our fiscal note, we are requesting approximately \$12,000 in travel funds for the Committee to accommodate what is requested in the bill. To provide staff we are requesting \$22,000, which would provide one administrative staff person and a partial position for a professional staff person. Currently, those positions are related to federal grants which are not related to transition services.

CHAIR WASHINGTON:

The fiscal note of \$35,000 should be submitted to the Committee on Finance. If you are in agreement with the amendments Ms. McCombs has made and any other changes, we will expedite this bill.

MICHAEL T. COLEMAN (Administrator, Rehabilitation Division, Department of Employment, Training and Rehabilitation):

I have responsibility for vocational rehabilitation in the State. I express my support of S.B. 22 on behalf of DETR. We have participated in the Interagency Advisory Board and view our role as important to this effort. The Rehabilitation Division oversees vocational rehabilitation and also the Bureau of Services to the Blind and Visually Impaired. We receive federal and State funding related to

those services and must operate within their laws. We will work closely coordinating with the school systems and the Department of Education, particularly with students who are 16 years of age or older. We are working on how to bridge with the higher education institutions in Nevada.

I do have some concerns. I concur with Ms. McComb's suggestion to state the Governor's Council on Rehabilitation and Employment of People with Disabilities rather than a subcommittee. The Council is stated in federal law and we work to provide appropriate representation for this Council. Concerning data, the work of the Council and the data required is unclear to us. We are willing to work with committees with existing data, but if it would require additional data or programming, there is a possibility of a fiscal note. We would work diligently to provide data to committees within existing data processing and management information, but if it required more in-depth processing, then we would have concerns.

On page 3, line 11 of S.B. 22, the administrator is specified, but there are others who have the ability to designate a representative with expertise in transition services. Elsewhere in the bill, it is more generic. My intention is to serve on the Council, but it would be beneficial to have the ability to have a representative if my schedule does not permit my attendance.

On page 6, section 11, we would request DETR be added to the list of recipients of the annual report since our Department is responsible for vocational rehabilitation.

SENATOR CEGAVSKE:

I interpret the language on page 3, lines 28 and 29 to mean if the Nevada P.E.P., Incorporated was not in existence, a successor organization would be a member because it would be appointed by the Governor.

LESLIE K. HAMNER (Committee Counsel):

You are correct. This group expires by limitation in the year 2013.

SENATOR CEGAVSKE:

There would not be a need to make an amendment in that case.

CHAIR WASHINGTON:

You would prefer the language remain as stated and not be amended?

SENATOR CEGAVSKE:
Yes.

CHAIR WASHINGTON:
Senator Titus, what are your thoughts on the matter?

SENATOR TITUS:
I do not wish to exclude anyone who wishes to be involved.

CHAIR WASHINGTON:
Would the language on lines 30 through 32 cover the issue?

SENATOR TITUS:
I think it would include those other groups. I question deleting the language stated on lines 25 through 27 because we do need legal advice.

TERRY L. JOHNSON (Deputy Director, Department of Employment, Training and Rehabilitation):
Regarding S.B. 22, we offer our support and assistance to aid the Legislative Committee on Persons with Disabilities in going forward with these issues. I have communicated with the Department of Human Resources (DHR) and with Senator Titus concerning the costs that may be involved with affecting some of the recommendations. For the record, "We stand prepared to assist with the existing resources that we have. As Mr. Coleman indicated, if there are items beyond, there may be some fiscal effects. We will submit the fiscal information to your staff before the end of the business day."

CHAIR WASHINGTON:
Would you keep Senator Titus apprised of the fiscal issues?

MR. JOHNSON:
Yes, we have communicated over the last few days with regard to the fiscal issues. We have also talked with DHR to get an understanding about what is expected of us. We will help implement the recommendations to the extent of our existing resources.

Senate Bill 36 proposes to amend portions of *Nevada Revised Statutes* (NRS) 118. Currently, the Nevada Equal Rights Commission enforces various complaints based on discrimination. They are now working with the

U.S. Department of Housing and Urban Development to enforce complaints based on housing discrimination which would include persons with disabilities. There is a federal funding requirement that NRS 118 must be substantially equivalent to the federal Fair Housing Act in order for the State to receive federal funding. Your Staff, the Office of the Attorney General, and the U.S. Department of Housing and Urban Development (HUD) have been working over the past few months to bring NRS 118 to a level of compliance with the HUD requirements to ensure persons are not discriminated against based on disability in terms of housing. We are working on NRS 118 to be in compliance with federal requirements for purposes of housing discrimination. Senate Bill 36 proposes to amend NRS 118. We ask to be included in that process.

WILLIAM R. UFFLEMAN (Nevada Bankers Association):

I will address S.B. 23 and the use of a rubber stamp as a facsimile signature for a person with a disability. When a bank honors a check with a facsimile signature, the person whose signature it is has assumed the liability for forgery or the unauthorized use of the facsimile signature. The Uniform Commercial Code stipulates should the bank honor a facsimile signature, the bank is liable if it turns out to be a forgery. For the record, "We would be very concerned if liability for the unauthorized use did not reside with the individual whose facsimile signature is being used on a check or similar financial instrument." I reviewed the Legislative Committee on Persons with Disabilities report where reference was made to a Minnesota Statute 645.44, subdivision 14, as being the underlying document from which a portion of the bill was taken. This statute defines writing and addresses facsimile signatures for persons with disabilities. The Minnesota Statute states: "... for all purposes of the signature by the person with the disability and affixed in the person's presence" This key factor is not in S.B. 23, but could be included in lines 18 through 29, on page 2 of the bill.

CHAIR WASHINGTON:

Would a person be required to be in the bank's presence before they used the signature stamp?

MR. UFFLEMAN:

When a client opens a checking account they sign a signature card and other documents. Businesses come to the bank and tell us that the signature of our chief executive officer is on a rubber stamp. On their signature cards there is additional language that states that the bank is relieved of the liability for the

unauthorized use of that signature stamp. In terms of serving the community it is a good bill.

CHAIR WASHINGTON:

I think it is a good bill. I just want to clarify the liability part. We need to have language that actually deals with the liability and make sure the holder of the signature stamp is liable for any document that is stamped, which would take the liability away from the bank.

MR. UFFLEMAN:

That would satisfy all of our concerns.

TOM HUDSON:

I will read from prepared testimony ([Exhibit D](#)) concerning inequities in NRS and *Nevada Administrative Code* 233, and regulations enforcement by the Nevada Equal Rights Commission.

CHAIR WASHINGTON:

Your concerns may not be applicable to S.B. 22. We will take your written statement and have staff review it. Your issues may need to be considered by the Senate Committee on Government Affairs.

SCOTT REYNOLDS (Clark County School District):

I am the Executive Director for Student Support Services in the Clark County School District. We support S.B. 22 because it addresses our State and national concerns regarding the need for transition services for individuals with disabilities who require assistance in making a successful transition from a school setting into community employment and other settings. Community agencies across the State increased their focus on transition services in Nevada and have increased their collaboration. The next step in establishing an interagency advisory board is a logical progression in the overall improvement of transition services for individuals with disabilities. There is no fiscal impact to schools and the Clark County School District would like to indicate its support of S.B. 23, S.B. 24 and S.B. 36 because they provide for reasonable accommodations for individuals with disabilities.

FLORENCE LAROY:

My testimony is on behalf of my son, Jeffery. He is 20 years old and a high-functioning autistic who requires a work setting that will meet his unique

needs. He also requires trained support personnel to guide him through the process. He is a client of three agencies. They are supposed to be working together to make his transition into the workforce. Three different job developers have been assigned to him since we started the process last summer. Despite the promise that a job was imminent nothing has happened. When inquiries are made, we are assured that is still an option. A contract with vocational rehabilitation has been signed and money has been allocated for an extended work experience, but my son has not taken his first step toward a job. Jeffery is very capable and deserves the opportunity to get work experience.

I have some concerns. There is no single authority in charge of the transition services and who monitors implementation. There are costs incurred, but no progress is being made. There are numerous meetings and nothing comes to fruition. There is no authority responsible for the efficient coordination and delivery of services. Each agency spends little effective time and effort with the service seeker and typically recommends contacting another agency. There is a general lack of willingness to provide a job based on the client's interest or potential, or to be innovative. Contractors used by the agencies are only prepared to provide very limited jobs. The more training the person needs to get started, the less the agency appears interested in pursuing the case. If the job seeker is not ready for full employment they are discouraged from seeking agency services.

I am very concerned about the direction this is going. I would like to see S.B. 22 move forward and change the opportunities for our young people with disabilities so they can become as independent as possible and utilize their skills.

JOAN ALBSTEIN:

I have a bright but physically handicapped daughter. Special students want the same things in life as other students. Parents of special students want the same for their children as other parents, a successful, happy life. At 16 years of age, my daughter has graduated from high school and has been successfully transitioned to attending the University of Nevada, Las Vegas. She is a volunteer at her previous high school with a class of autistic students. I am now concerned about her transitioning to live away from home.

My daughter presently has a name stamp, but does not know if it is valid. She would like to have her own bank account. There are questions about a name

stamp. Who recognizes it? Who makes it? What happens if it is lost or stolen? Could it be used for credit card purchases?

CHAIR WASHINGTON:

The credit card company would have to make that decision.

SENATOR TITUS:

Ms. Hamner could help us answer those questions.

MS. HAMNER:

Senate Bill 23 requires each person and governmental entity to accept a signature that is made with the use of a signature stamp the same as it would any other signature. They would be required to treat them the same. Most of the details for the use of the signature stamp will be addressed by regulations adopted by the Department of Human Resources.

SENATOR NOLAN:

The Nevada Bankers Association was satisfied with an indemnification of themselves for the signature stamp. We have heard increasing stories of caregivers taking advantage of disabled persons by taking control of their finances. My concern is that we take enough precautions to protect people against such things happening.

SENATOR TITUS:

We certainly do not want to make a situation worse; we want to make it better. The Nevada Disability Advocacy and Law Center will help us with those situations.

JACK MAYES (Executive Director, Nevada Disability Advocacy and Law Center):

I am here to support S.B. 23. This issue came to the Legislature through an individual who approached us. Santa Perez is joining us from Las Vegas. She has cerebral palsy and has difficulty signing. Last year, while we were doing some voter outreach education, Ms. Perez made us aware that even though she could not sign her name very well she was forced to do so at the polling location next to her signature stamp. We found that this was protocol. It is a common practice for people with disabilities to have these signature stamps.

CHAIR WASHINGTON:

What happens if a signature stamp is stolen and forged on other documents?

MR. MAYES:

There is always a balance between protecting the disabled person and the concern of financial exploitation. Through regulation we could balance that problem. I would help research what other states are doing to put some protections in the bill.

CHAIR WASHINGTON:

We do not want to delay the bill.

MR. MAYES:

The Office of Disability Services could provide them with regulations from other states.

SENATOR WIENER:

Assemblyman Anderson and I are developing an identity theft bill. This issue could be included in the bill. Contact me in order to expedite the processing of this bill.

SENATOR NOLAN:

Exploitation of senior citizens and the disabled is at epidemic levels. Now we have an opportunity to afford them the protection.

TOM ALLMAN:

I will read the written testimony ([Exhibit E](#)) of Santa Perez who is in support of S.B. 23. Santa assured me that she is very protective of her stamp and has never had any problems concerning it.

ANDREW WASYNCZUK (Northern Nevada Center for Independent Living):

I have had a signature stamp for the last 20 years. In order to be able to use the stamp, I had to have it notarized to be known as a legal stamp. I believe those who cannot sign their name or use their hands should have a signature stamp. The stamp is a means of independence for persons with disabilities.

JAMES F. NADEAU (Nevada Association of Realtors):

I direct your attention to section 12 of S.B. 36 which addresses landlord and tenant issues. We support the language in subsections 1 and 2. There is language in other portions of the statute that should be added to subsection 1 under paragraph (c). The restriction in subsection 1, paragraph (b) does not

relieve a tenant from liability for damages which may be caused by a service animal.

CHAIR WASHINGTON:
Where is this in the bill?

MR. NADEAU:
I have provided the Committee with a handout ([Exhibit F](#)). We would like that protection.

MR. DESRUISSEAU:
There has been testimony regarding the Nevada Equal Rights Commission where we were led to believe they did not have the authority for enforcement. They can only investigate complaints. People have testified that the Nevada Equal Rights Commission took their testimony, but nothing happened. The reason for the language in section 1 of S.B. 36 is because people who have pets want to turn them into service animals. The Americans with Disabilities Act is written in an open-ended manner regarding what constitutes a service animal. It does allow for any animal to become a service animal. Those of us in the technical assistance arena are faced with the frustration of individuals wanting to take their pets with them into restaurants and other places. I am concerned about how such a requirement would be enforced. I am in support of the language in this bill. People passing their pets as service animals create many difficulties for those individuals who have legitimate service animals. I request we look at the Nevada Equal Rights Commission to see whether they could be given some authority to enforce these laws.

CHAIR WASHINGTON:
We will take note of your comments.

SENATOR HECK:
Page 4, line 13 of S.B. 22 refers to, "A parent of a person with a disability who is not younger than 14 years of age or older than 25 years of age" Am I to understand that the Interagency Advisory Board is just focusing on the activities for individuals in that age group? How was the age group determined?

SENATOR TITUS:
The focus is on the transition from high school to real life.

SENATOR HECK:

I support the concept of the use of a signature stamp. My concern is with the language on page 2, line 33 of S.B. 23 regarding a mark, a symbol or the stamp with a printed name, not a signature. They would be easy to forge. Was there any consideration for safeguards when using something other than an actual written signature?

SENATOR TITUS:

We want to make this available to people who cannot write their names and may need an alternative. We felt the office that would develop the standard would put those safeguards into regulation.

SENATOR HECK:

Regarding S.B. 24, if the disability had been certified by a physician as permanent, why would they need to come back for a renewal?

SENATOR TITUS:

I know a license plate for the disabled needs to be renewed. It is a safeguard to make sure that the person it is issued to is alive and using the permit, and the license has not been passed on to someone else.

JEAN PEYTON:

I am here to testify on S.B. 36. It is important to include service animals in training. Under the federal law they have few rights. This bill will allow service animals in training almost the same access as working animals. Our service animals are only as good as their training. I am supportive of the wording on the fraudulent representation of service animals and service animals in training. It is a nightmare situation when people want to bring their pets along. For those of us who use service animals, it is important to monitor what is happening so abuses do not occur.

Prior to S.B. 36, the State law was a little looser on identifying service animals than the federal law. People in public accommodations could ask to see your paperwork. The federal law states you only have to respond to the question, "Is that a service animal?" and then respond, "Yes." Then they may ask, "What type of service does your animal provide?" This issue is included in this bill and my hope is the Nevada Equal Rights Commission can work with us on this matter. The language on page 11, lines 27 through 29 of S.B. 36 brings us into compliance with federal law.

KENNETH JOHNSON:

I am in support of S.B. 22, S.B. 23, S.B. 24 and S.B. 36. As a visually impaired person, I feel having these bills go into effect is something needed in the community. The signature stamp will help those in the disabled community who cannot sign their name.

DARRYL PATTON:

I have attention deficit disorder. I am here to speak about S.B. 22 and the age limits. I understand why the age range is from 14 years of age to 28 years of age, because persons with disabilities may need additional time to be able to live on their own. I am in high school and this training should begin early.

SARAH MENTZER:

I am supporting S.B. 22. I have been living on my own since I was 18 years old. I do have a large family supporting me, which makes it easier. I believe many disabled youths would benefit from this bill.

MR. BUTTERWORTH:

I want to comment of the fiscal note for S.B. 23. Our office has been asked to promulgate the regulations on the bill. Not having much expertise in this area, I have asked other divisions what the cost would be to do this. We have submitted a fiscal note for \$5,500. Based on new information, the amount can be lowered to \$3,500. This would include the cost of getting outside help in crafting the regulations, holding public notice hearings and the cost of the Legislative Counsel Bureau's review.

CHAIR WASHINGTON:

We will close the hearing on S.B. 22, S.B. 23, S.B. 24 and S.B. 36.

It was my understanding Nevada P.E.P will be left in the bill. There were two other amendments. One was the Governor's Council to be placed in the bill appropriately and the other concerned CENTS.

SENATOR TITUS:

I will provide Ms. Hamner with the language.

SENATOR NOLAN MOVED TO AMEND AND DO PASS S.B. 22 WITH THE AMENDMENTS AS STATED AND APPROVED BY SENATOR TITUS.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

SENATOR NOLAN MOVED TO DO PASS S.B. 23.

SENATOR CEGAVSKE SECONDED THE MOTION.

CHAIR WASHINGTON:

The bill should be amended to include language regarding the liability of the person owning the signature stamp.

SENATOR TITUS:

Could that be considered in the regulations?

SENATOR MATHEWS:

I would not leave it up to the institutions, but let the regulators look into the liability.

SENATOR NOLAN:

Senator Wiener proposed liability be addressed in a bill she is drafting. If the bankers have concerns, they could discuss them with Senator Wiener.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR CEGAVSKE MOVED TO DO PASS S.B. 24.

SENATOR NOLAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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SENATOR TITUS:

I would remind the Committee that the Nevada Association of Realtors has submitted an amendment to S.B. 36 making the language consistent ([Exhibit F](#)).

SENATOR CEGAVSKE MOVED TO AMEND AND DO PASS S.B. 36.

SENATOR WIENER SECONDED THE MOTION.

THE MOTION PASSED. (SENATOR NOLAN WAS ABSENT FOR THE VOTE.)

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MICHAEL J. WILLDEN (Director, Department of Human Resources):

We will go through eight functional areas and give you an overview of the Division of Health Care Financing and Policy budget, a biennial update on our accomplishments and several policy issues. We have submitted four documents to the Committee: State of Nevada, Department of Human Resources, Division of Health Care Financing and Policy, Budget Presentation ([Exhibit G](#), original is on file in the Research Library); Medicaid White Paper on Optional Program Expenditure and Cost Savings Implementation ([Exhibit H](#)); Medicaid and Nevada Check Up Factbook ([Exhibit I](#), original is on file in the Research Library) and Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) ([Exhibit J](#)).

CHARLES DUARTE (Administrator, Division of Health Care Financing and Policy, Department of Human Resources):

I will be referring primarily to [Exhibit G](#). We are responsible for three general activities: the administration of the Medicaid Program, administration of the Nevada Check Up Program and cost containment.

Medicaid is a federal partnership to provide health insurance or medical assistance to individuals that qualify. It is a program where state monies and federal matching funds pay for necessary medical assistance for individuals in the continuum of life and for a wide array of services for individuals. We pay for services rendered at birth and near death, hospice care, long-term care, acute medical services and general medical assistance. There are a variety of people who need more in terms of services such as individuals with disabilities and the

elderly with chronic disease or disabilities. Also, there are individuals who need a wide array of support services.

Page 2 of [Exhibit G](#) is a pie chart representing the Department of Human Resources General Fund budget for the next biennium. We constitute approximately 51 percent of the Department's General Fund request. On page 3, our administrative costs for Medicaid are 5 percent and 1 percent to help with Medicaid administration, particularly in the Clark County School District component of our overall budget.

On page 6 of [Exhibit G](#), there is a pie chart of services for the State Fiscal Year (FY) 2004 by provider category. Hospital services totaled approximately 26 percent of our expenditures for hospital services, long-term care represented 14 percent and pharmacy services were 12.9 percent. These are the larger categories where our money is spent.

There are two pie charts on page 7 of [Exhibit G](#). The pie chart on the right is FY 2004 percent of Caseload by Aid Group. This tells you, as a percent of our overall caseload of 178,000 people, we cover two groups in the State: Temporary Aid for Needy Families (TANF) and Child Health Assurance Program (CHAP). These are primarily recipients that need general medical care and are low-income families. Temporary Aid for Needy Families is of a mixture of different aid categories, a small part of which receive cash assistance or welfare payments. The vast majority of the TANF group are individuals who have income that would allow them to qualify for welfare, but do not receive welfare payments. That is a federal requirement. These are mandatory groups under federal law, which make up about 69 percent of our caseload. The aged, blind and disabled make up the remainder of the categories.

The pie chart on the left shows expenditure by group. The categories of TANF and CHAP consume about 29 percent of our total funds. Our aged, blind and disabled groups use about 68 percent of our funds. This is the opposite in terms of percentages of the caseload mix I previously described. Low-income families and children do not use a lot of resources; therefore, the cost is just a few dollars per person. The majority of our resources go toward covering the aged and disabled.

The Medicaid Management Information Systems description is on pages 8 and 9 of [Exhibit G](#). In 2001, the State recognized our claims payment system needed

to be updated. As a result of the system we were using, which was the only nonfederally certified system, we were losing federal enhanced matching funds to pay for the operations of that system. What spurred the procurement of the new system was the federal Health Insurance Portability and Accountability Act of 1997 (HIPAA), which mandated we build a new system. The new system needed to be built in a one-year time frame to meet the requirements of HIPAA. Even though there were many problems with the system in the beginning, the claims payments are proceeding along well. First Health Services Corporation is in compliance with all of our claims payment contract performance criteria. Claims payments are up to operational levels. We are dealing with individual provider issues, but can still run the Medicaid program effectively. We are in the process of certifying this system with the federal government and have asked for a federal certification review.

CHAIR WASHINGTON:

Many of the complaints were generated last year. There was an enormous backlog of claims being processed.

MR. DUARTE:

The backlog has been reduced to operational levels, which means a standard set of about 60,000 in-house claims that would routinely be in the system. Currently, we are at 45,000 in-house claims. Old claims are being adjudicated in a timely manner. We are working with individual providers and provider associations to work through remaining issues.

One of the other issues we dealt with in the 2001 and 2003 Legislative Sessions was expediting eligibility for pregnant women. There was concern that pregnant women were not getting into the system in a timely manner. One of the issues we felt was necessary to address was to reduce the eligibility requirements by not requiring the demonstration or documentation of their assets. Previously, this was a requirement. This is a new initiative and we are monitoring its success.

SENATOR CEGAVSKE:

I learned a few sessions ago with the Baby Your Baby program money was used from the General Fund to have pamphlets printed but when the Junior League requested pamphlets, they were told they were no longer printed. I have not heard any further information. We are still funding that project. Do you still have

staff seeking eligible children for the program? How many staff members are there? What is the time frame?

MR. DUARTE:

Regarding the pamphlets, I will relay your inquiry to Alexander Haartz of the Health Division and ask him to address that issue with the Committee. To answer your other question, we have one staff person involved in outreach.

SENATOR CEGAVSKE:
Is that for the whole state?

MR. DUARTE:

The person is actually responsible for a grant. We have a grant from the Robert Wood Johnson Foundation called "Covering Kids and Families." It is a four-year grant of approximately \$800,000, which gave us an opportunity to use that money as matching funds for federal State Children's Health Insurance Program (SCHIP) and Medicaid money. We established a number of contracts with community coalitions. We have contracts with the Clark County Health District and the United Way of Northern Nevada. The United Way of Northern Nevada has the northern coalition responsibilities for outreach as well as the rural areas. Clark County Health District has responsibilities for children in the Clark County area. We have used private money as matching funds for federal money for this grant thereby putting money into the community and letting the coalitions do the outreach for us.

SENATOR CEGAVSKE:
How many staff persons are in these areas? How often are they doing this? Did you put out a bid?

MR. DUARTE:

We were able to do this through source procurement because these were existing organizations. I will get you all the staffing information.

SENATOR CEGAVSKE:
I would like the numbers from the time Nevada Check Up started to the present.

SENATOR WIENER:

Federal dollars were lost in many states because we had trouble enlisting people into the program. Part of the problem is getting the word out and part was the attached stigma. Some states issued insurance-like cards so they would not be segregated in doctor's offices. Are we past that part?

MR. DUARTE:

We are getting past the stigma issues. The outreach that is done by the coalitions is not just for Nevada Check Up; it is also for Medicaid. It is primarily focused in schools. We have found it is most successful by tagging those activities with the school lunch program. We have seen flat enrollment in Nevada Check Up specifically because we have increased administrative activities for redetermination and collection of premiums. When people do not pay their assessed premiums they are taken from the rolls.

SENATOR WIENER:

When this became an issue were we losing money because we were not using it? Are we now utilizing the funds to the maximum?

MR. DUARTE:

Of the SCHIP money we receive from the federal government, a certain amount stays with us for three years before it disappears. We are still not utilizing all the medical dollars. Congress just redistributed about \$16.8 million of federal allotment for SCHIP. Our program has not grown at the rate that was projected at its start.

MR. WILLDEN:

The dollars are not really lost. There is an allotment. Unless you have a caseload that can match the federal dollars and pull in those dollars, the funds roll forward for a period of time. Mr. Duarte will speak to the issue when he talks about Health Insurance Flexibility and Accountability (HIFA) demonstration initiative waiver that is being proposed for FY 2006 and 2007. It is a mechanism between the waiver and the growing SCHIP for Nevada Check Up caseload where we are hoping to be able to maximize our federal allotment going forward.

MR. DUARTE:

On page 16, I will briefly touch on some of our pharmacy cost initiatives. Pharmacy was the fastest growing area of expenditures in Nevada Medicaid as

well as all other states' Medicaid programs. Prior to the 2003 Legislative Session we initiated a number of cost-containment activities that have been effective in allowing us to continue to provide pharmacy assistance, but reduce our trajectory of expenditure increases for pharmacy. The first is the maximum allowable cost initiative, which allows us to put pricing on generic products. We scan generic products nationally for a number of drug classes and base our pricing locally at the lowest generic rate. We have found this program has helped us reduce our expenditures for generic products and increase our utilization of generics. Prior to implementation, we were running about 46 percent for generic utilization, and we are now up to 58 percent.

We implemented a preferred drug list. Assembly Bill No. 384 of the 72nd Session amended some of the provisions of the Medicaid program and created a Pharmacy and Therapeutics Committee. The Pharmacy and Therapeutics Committee is composed of physicians, pharmacists and doctors of pharmacy that evaluate our prescription drug list to ensure it is safe, appropriate and that it follows best practices guidelines. We were the second state to be part of a national Medicaid purchasing initiative. We are working with seven other states in negotiating prices for prescription drugs on a preferred drug list. The total for all seven state Medicaid programs is over \$2.7 billion in pharmacy spending for about two million recipients. It gives the states involved a high degree of clout in negotiating drug pricing.

In 2003, Congress passed the Medicare Modernization Act. It contained a number of provisions. The most important provision was the establishment of a Medicaid pharmacy benefit called Medicare Part D. The MMA stipulated states were no longer required to provide pharmacy assistance to individuals who qualify for both state Medicaid and Medicare. We have approximately 16,000 people in our program who meet those qualifications. We would cease providing pharmacy assistance in January 2006 to this dual-eligible population; instead, we would pay the federal government a claw-back. We would pay the federal government for providing pharmacy assistance to these people through the federal Medicare program. The states will be paying approximately \$100 billion of the Medicare prescription drug program cost over a six-year period. All the information we need to provide the Legislature with an accurate cost estimate is not available at this time and may not be available until after this Legislative Session.

CHAIR WASHINGTON:

What was the cost to the State to provide benefits for those who were dual-eligible?

MR. DUARTE:

It was approximately 30 percent of our drug spending or \$40 million. We will have continued responsibility for a large amount of pharmacy expenditures. Those who are dual-eligible are going to receive their services through prescription drug plans that may contract for coverage in Nevada or through managed care organizations. We are concerned about continuity of care and cost issues.

MR. WILLDEN:

This is also a big impact on the Senior Rx program. You will see legislation coming forward to provide flexibility in that program to do a wraparound of the federal benefit.

SENATOR HORSFORD:

Are you evaluating other options? Could the Medicare option be the most feasible for Nevada and the taxpayers?

MR. DUARTE:

We are looking at options. Currently, federal law does not require us to provide pharmacy assistance using federal Medicaid funds to this population. Under federal law, we cannot use federal funds to provide prescription assistance to this group unless the federal government does not provide that coverage. There are only a small number of drug classes that will not be provided by Medicare. If we do provide wraparound services, they would be prescription drug benefits that the Medicare programs do not provide. That would have to be done with monies from the State General Fund.

On page 22 of [Exhibit G](#), I have provided you with information on the HIFA waiver. This was proposed by the Legislative Committee on Health Care. They established a subcommittee to look at health coverage expansion opportunities. The discussion involved using county funds that currently were not being matched with Medicaid funds to maximize the use of those funds. The interim committee on health care identified three groups to provide expanded coverage for pregnant women, low-income employees in small business and a catastrophic group. We have a proposal to cover all three groups in our budget.

Approximately half of the State funds necessary for this program will come from the Indigent Accident Fund and supplemental funds. This is in the Governor's budget and we will work with you on any concerns you have about this waiver. It is a federal waiver, and we have to get it from the U.S. Department of Health and Human Services in order to cover these additional groups. This would use enhanced SCHIP money as well. Senator Wiener, hopefully we can use some of the allotment that is sitting out there to fund services for three identified groups.

MR. WILLDEN:

This will also require legislation to implement the reorganization of the county funds.

CHAIR WASHINGTON:

Will it be going to the Senate Committee on Finance?

MR. WILLDEN:

The legislation will go to policy and the Finance Committee.

MR. DUARTE:

The other issue that is important to talk about is the pending federal reform initiatives being discussed in Congress. President Bush put out his proposals for the 2006 budgets, which affect a number of programs including Medicaid. We are in the process of evaluating the details of that proposal. We have not seen where it directly affects current recipients in our programs. It does affect administrative spending in our Division. It reduces the federal commitment for administration expenditures and makes the states more responsible for administrative activities. We are fairly lean at 5 to 6 percent in terms of overall administrative costs. It could affect some supplemental payments that we make to nursing facilities and hospitals. The President's budget could have a detrimental effect on reimbursements to nursing facilities as well as public hospitals in the State. Congress is concerned about Medicaid spending overall. The need for deficit reduction is tantamount in terms of Congressional priorities. Entitlement programs such as Medicare and Medicaid must be touched. Medicaid has surpassed the Medicare program in expenditures. Congress and the National Governors Association will look at alternatives for the Medicaid program to slow the expenditure trajectory for Medicaid. Medicaid continues to increase, and much of this is due to caseload growth and cost of care. There is talk about caps on enrollment.

CHAIR WASHINGTON:

We are concerned about caseload and the skyrocketing cost of Medicaid. It is an impact to the taxpayers and we are watching what the federal government is going to do.

MR. DUARTE:

Nevada provides the minimum eligibility requirements for people who are required to be covered under federal law. There are some groups that we cover because it makes sense. These are primarily groups who qualify for long-term care or institutional services. If we did not cover them, they would become the responsibility of the counties under Nevada law. By bringing in federal funds to cover that group, it makes fiscal sense. We also cover children and foster care, which we do not have to cover. The groups we cover are mandatory or make sense for Nevada. Optional services include pharmacy benefits. If we got rid of pharmacy benefits, then we would have to get rid of the whole program for adults.

CHAIR WASHINGTON:

It would have to be covered in another way.

MR. DUARTE:

Yes. There would be no federal matching funds. We do not have a rich program. Nevada is fifty-first in the nation in terms of per capita Medicaid funding.

CHAIR WASHINGTON:

We need to be concerned about what we do to answer the public's concerns.

SENATOR HORSFORD:

There is a major shift from the federal level to the states. What I did not hear much about in your presentation is what is coming. What can we expect based on the President's budget? What impacts will the budget have? There are policy decisions we will be making that will protect those people in our charge. I would like to see the big picture of the shift that is taking place from the federal to the state level, so that I could make more informed decisions. Is there more information that you can provide to the Committee?

MR. DUARTE:

We get our news from the same sources as everyone else. There are not many details associated with the President's budget. We are in the process of trying to score the impacts. The President's proposals, with regard to Nevada, affect

two areas. One is administrative activity and the second is the supplemental payments we make to nursing facilities and public hospitals. Once the issues associated with these subsidies are discussed in Congress, the provider community will be out in force talking with their congressional delegates about this situation. Governor Schwarzenegger has apparently made a deal with the federal government to retain some of those subsidy payments. Other proposals in the President's budget affect large optional coverage groups. Many states expanded their Medicaid program to cover populations other than the minimum required under federal law. Nevada did not. For those states the President's proposal could have an impact on capping the federal entitlement payments for those optional categories. We do have documents that we can provide from the American Public Human Services Association and the National Association of State Medicaid Directors.

MR. WILLDEN:

There are a number of organizations in which we participate. The Federal Funds Information for States provides the best documentation. It can be obtained online.

SENATOR HORSFORD:

I will follow up on your suggestion. If there is any additional information you could provide, I would like to be more informed on the issues. We are going to see more shifts in funding and we should be prepared. How much of the \$16 million was Nevada's portion of the returned funds to the federal government? For what services was that money allocated? How are we working to avoid this from occurring in this year's cycle?

MR. DUARTE:

The funds that were redistributed to other states are the federal budget allotments for the State Children's Health Insurance Program. Those dollars pay for medical services to children who do not qualify for Medicaid but who are uninsured and below 200 percent of the poverty limit. In order to get access to those funds you need State General Fund dollars, which is the issue. You need have a State match in order to bring down the federal allotment.

CHAIR WASHINGTON:

Explain to the Committee what the match means.

MR. DUARTE:

The match for the State Children's Health Insurance Program, Nevada Check Up, is 65 percent federal funds. For every dollar we spend, we are reimbursed 65 cents on the dollar from the federal government. The match for Medicaid for medical services is 55 cents on the dollar. It is always in our interest to expand coverage under SCHIP because there is enhanced federal matching of funds. You still need the State match of 35 percent in order to access those federal dollars.

SENATOR HORSFORD:

Did we return money to the federal government because there was not a proper allocation from our State's General Fund? Is that correct?

MR. DUARTE:

No. That is the federal allotment which is budgeted. It is up to each state to utilize that federal allotment. We are not returning any money. We are not utilizing the money to the full appropriation amount that is provided by Congress.

SENATOR HORSFORD:

I want to be clear. We were appropriated money through the federal government for services for children and families, and based on our inability to fully utilize those funds it was redistributed to other states.

MR. DUARTE:

Yes, that is correct.

SENATOR HORSFORD:

What services are funded by that appropriation from the federal government?

MR. DUARTE:

The services that are covered are medical assistance services for children who do not qualify for Medicaid, who are uninsured and below 200 percent of the poverty level.

SENATOR HORSFORD:

Why did we fail to fully utilize the money?

MR. DUARTE:

I could propose a number of initiatives which could consume those dollars very quickly, but we need State matching funds. There are a number of expansion opportunities that we could have proposed over the last biennium that could have used those dollars. We have kept a standard, straightforward SCHIP program in the State of Nevada. Enrollment growth in that program has been slower than budgeted. The budget proposals we submitted would not have consumed the federal appropriation amounts over the last five years.

SENATOR HORSFORD:

Are there any recommendations from the Governor's budget based on the areas you have identified that would address this issue?

MR. DUARTE:

The Governor's budget does include an initiative which was proposed by the Legislative Committee on Health Care to utilize a larger share of those SCHIP funds. The Governor supported the Committee's recommendations for the HIFA waiver, which would use a lot of the SCHIP funds.

CHAIR WASHINGTON:

The Committee needs additional information on Nevada Check Up programs; its inception, problems and current program status. We need information about how CHAP works and where the disproportionate share of funds goes. Also, provide the Committee with the changes in the pharmaceutical program and where the program is going.

We will open the hearing on S.B. 9.

SENATE BILL 9: Increases amount by which certain hospitals are required to reduce or discount certain charges billed to certain uninsured patients and to patients who are eligible for Medicare. (BDR 40-374)

MR. DUARTE:

Senate Bill 9 proposes to make provisions to the inpatient services discount in NRS 439B.260. Senate Bill 9 is sponsored by the Department of Human Resources and is one of the bills submitted to the Legislature through the Office of the Governor. Currently, major hospitals are defined as hospitals with 200 licensed beds or more, or a group of closely associated hospitals with 200 licensed beds or more in a county. These hospitals must discount the total

billed charges for inpatient services by at least 30 percent for an uninsured person who is not eligible for public assistance and who makes reasonable arrangements to pay the hospital bill. We propose to increase the discount on total billed charges offered to uninsured patients to at least 50 percent.

The current discount on billed charges went into effect in 1991. It was a component of price freeze legislation which limited increases by major hospitals to annual consumer price index increase adjustment. The discount became permanent and did not sunset when the price freeze ended in 1999. In 1991 major hospitals reduced their inpatient charges for public and private health plans by approximately 56 percent. As of June 2004, the average reduction of charges for health plans was approximately 79 percent. We believe it should be updated to more closely reflect the contractual reductions in billed charges offered to health plans. This is a small step to protect uninsured patients from the ramifications of not being able to pay their bills, which can lead to bankruptcy and dependence on public assistance.

I have provided a copy of the relevant NRS ([Exhibit K](#)) which requires major hospitals to inform patients of their right to receive a reduction or discount on billed charges, eligibility for the discount and how to apply. It is a Governor's Office bill, but the Division of Health Care Financing and Policy is responsible under for the provisions of NRS 439B.

SENATOR CEGAVSKE:

Do we have a fiscal note as to what it would cost hospitals?

MR. DUARTE:

No, we do not.

SENATOR CEGAVSKE:

Have you discussed this with the hospitals?

MR. DUARTE:

We did not.

SENATOR CEGAVSKE:

Are you bringing a bill before us for which you have not talked to the people it will affect?

MR. DUARTE:
We have not.

SENATOR CEGAVSKE:
That is unfortunate.

SENATOR HECK:
Could you give a definition for a group of closely associated hospitals?

MR. DUARTE:
I do not have the definition with me, but it is in the NRS.

SENATOR WIENER:
Is there a reason for the figure of 50 percent other than it is what the hospitals agreed to with the insurance providers? Was there any analysis as to how much money we can capture by raising the threshold to 50 percent?

MR. DUARTE:
We did not do an analysis. We just wanted to update it from 1991. It is my understanding the population affected by this represents a small portion of hospital revenues. While there is not much revenue for the hospitals associated with this proposal, it does affect the credit rating of these individuals and leads them to our programs, which was a concern to us.

SENATOR HORSFORD:
I think the merits of this bill are significant. We want people to pay their fair share and not get a free ride; this bill does that to a large degree. The justifications you have given for the increase in the discount will help more individuals use services that they may otherwise not seek. There are some areas I would like to see strengthened.

CHAIR WASHINGTON:
Senator Horsford, put your suggestions in writing and give them to Ms. Lyons.

JON L. SASSER (Washoe Legal Services):
I want to thank the Governor for bringing the bill forward. It seems the person who least can afford it has the biggest hospital bill. I had a personal dispute over a magnetic resonance imaging charge. If the insurance company was covering the cost, the charge was \$350, but if I paid for the service, it would

cost \$1,100. Ultimately, the insurance company paid for the service. Otherwise, I would have had to pay. If I did not pay, then my credit would be affected. I ask your support for S.B. 9. The bill could be strengthened in terms of making people aware of this alternative.

CHAIR WASHINGTON:

If I were a person who did not have the ability to pay even when the bill was reduced, would I pay?

MR. SASSER:

It would depend on the size of the bill. Your income may make a difference. These people are predominantly working poor who are struggling to pay their bills. I know of a case where it was being decided whether Medicaid should cover the bill. The man paid the bill because he cared. Later, there was a refund for part of the bill because Medicaid should have paid that portion. The hospital in this case refunded that portion to the man, but legally they could have kept the money.

CHAIR WASHINGTON:

Could an individual negotiate with the hospital to reduce their bill without putting it in statute?

MR. SASSER:

Everyone has the right to negotiate and contract on their own, but it is a matter of the starting point. This bill would lower the threshold in terms of what people would actually pay.

BILL WELCH (Nevada Hospital Association):

The Nevada Hospital Association agrees that dealing with the uninsured population is an important issue and one this Legislature should be addressing. There will be a number of opportunities we will be reviewing. This legislation opens a number of situations that are unintended. It sets a new standard for where we begin to negotiate contracts. In 1991, by setting the figure at 30 percent, it shifted the discount that we were giving to managed care contracts to a figure which was less than 30 percent. If we move it to 50 percent, it will further reduce the base for which we are asked to reduce contracts. What that means to everyone is the cost gets shifted and spread and will ultimately rise. Health insurance premiums will increase and there will be fewer companies insuring their employees. We are giving incentive to not

provide health insurance. What we need to look at is how to address the uninsured population and not a small portion. Mr. Duarte pointed out this will only affect a very few who make a conscious effort to pay their bills. The overwhelming majority of private-pay patients do not pay their bills and this becomes a cost that we have to absorb within the hospital industry.

CHAIR WASHINGTON:

Could an individual negotiate with the hospital on their own without us putting it into statute?

MR. WELCH:

The hospital community does negotiate with individuals and in a number of situations is allowing more than a 30-percent discount. That can be confirmed by contacting the Bureau for Hospital Patients, Office for Consumer Health Assistance, Office of the Governor. This Bureau will help the private consumer who has difficulty with their hospital bills. I have worked with that Bureau since 1999. I am not aware of any time that the office has come to the hospital community and asked for consideration beyond 30 percent that the hospital community has not responded.

Not all individuals are uninsured because they cannot afford to buy health insurance. We have heard testimony of the walking uninsured because they choose not to have health insurance and use their money elsewhere. This gives them an advantage over other individuals. We oppose this legislation. We do support addressing the uninsured population of this state and look forward to working with this Legislature on real solutions to this problem. The hospital community is willing to negotiate with any individual. If there are ways to strengthen the current law at the current discount rates, we are willing to discuss the matter. As Senator Cegavske has suggested, bringing this bill forward without meeting and discussing it with the hospital community is a very unfortunate situation.

SENATOR HORSFORD:

Could a low-income and uninsured person pay full hospital charges, but a group or an employer who has negotiated a premium for their employees gets a discounted rate?

MR. WELCH:

Yes, but the law provides for any private-pay individual who makes an effort to pay their bill within thirty days. The hospital community does not hold to the 30-day limit. Within any time frame in which that individual, whether it be one or two years, determines they can pay the bill, they can negotiate the amount of the bill. Technically your statement is correct, but it does not happen very often.

SENATOR HORSFORD:

It seems the uninsured are getting an advantage over other individuals who have a negotiated-benefits plan. My interest is to do what is in the best interest for those people who we are here to serve. What harm does this bill cause to the hospital industry?

MR. WELCH:

This is not an advantage to the private-pay patient. The overwhelming majority of private-pay hospital bills are not paid. Any further reduction of reimbursement spreads the cost that ultimately must be covered; that is the issue. What S.B. 9 will do is address a very small percentage of the uninsured population. We should be looking at strategies that deal with assisting the uninsured population of this State so they have equitable and reasonable access to health care services in a nonemergency situation. The hospital community is the only provider in the country who is mandated by federal law to take every patient who presents themselves regardless of their ability to pay, and provide them with care. It is the principle that concerns us and the precedent that it will set.

CHAIR WASHINGTON:

For the Committee to better understand the issue, please provide us with information concerning the disproportionate share and how it works.

BOBETTE BOND (Hotel Employees and Restaurant Employees International Union Welfare Funds):

The intent of this legislation is to catch up. In 1991, the payers were paying close to 50 percent of billed charges, so the discount to the uninsured was lower. What Mr. Duarte is trying to do is make things current. As a payer, we pay between 20 to 30 percent of billed charges instead of paying 45 to 50 percent. That is because the charges can be anything the hospital wishes. There is no regulation on billed charges.

SENATOR HORSFORD:

Are you saying the discount is the threshold and based on the hospital's billed charges, they can raise their rates? If the hospital raised their rates over the next few years, in the end services could cost them more than it costs them today?

Ms. BOND:

Yes. The amount the uninsured are paying at 30-percent discount and even at 50-percent discount is greater than it was in 1991, because the billed charges are increasing. The intent of this bill was for the uninsured to catch up, not to lower the field.

SENATOR HORSFORD:

I appreciate the hospital's position. They have an enormous responsibility and have an obligation to serve. My constituents are struggling to make ends meet and the rising cost of health care is a huge factor. We do not have hospital containment any longer. There are other provisions. We have provided flexibility for the industry and S.B. 9 is another example of a constructive way to help the uninsured. It may not be the answer, but it is a way of providing relief to those who need it most. We have insured individuals who have protection and employers who have protection. I believe we need to provide protection for those who are uninsured.

SENATOR WIENER:

By what means are individuals notified that they qualify for the discount percentage?

MR. DUARTE:

There is a provision in NRS 439B.420 where the notification requirements are spelled out.

CHAIR WASHINGTON:

There are other bills that will be presented concerning this issue. Mr. Duarte, please inform the Governor that we will hold this bill until the other bills come out. Then the differences can be addressed. We will close the hearing on S.B. 9.

There is a change on the subcommittee on Mental Health; Senator Horsford will substitute for Senator Wiener.

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Our last order of business is BDR R-693.

SENATOR CEGAVSKE MOVED TO INTRODUCE BDR R-693.

SENATOR WIENER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR NOLAN WAS ABSENT FOR THE VOTE.

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There being no other issues before us today, this meeting of the Senate Committee on Human Resources and Education will now adjourn at 4:44 p.m.

RESPECTFULLY SUBMITTED:

Patricia Vardakis,
Committee Secretary

APPROVED BY:

Senator Maurice E. Washington, Chair

DATE: _____