

ASSEMBLY BILL NO. 493—COMMITTEE ON COMMERCE AND LABOR

MARCH 28, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Requires Department of Human Resources to apply for Medicaid waiver pursuant to Health Insurance Flexibility and Accountability demonstration initiative. (BDR 38-736)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ***omitted material*** is material to be omitted.

AN ACT relating to public welfare; requiring the Department of Human Resources to apply for a Medicaid waiver pursuant to the Health Insurance Flexibility and Accountability demonstration initiative; providing a mechanism for funding the benefits provided pursuant to the waiver; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 422 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 5, inclusive, of this act.

Sec. 2. 1. *The Director shall apply to the Federal Government for a Medicaid waiver pursuant to the Health Insurance Flexibility and Accountability demonstration initiative of any succeeding program to provide certain health care benefits through Medicaid and the Children's Health Insurance Program to the persons described in section 3 of this act.*

2. *The Director shall fully cooperate in good faith with the Federal Government during the application process to satisfy the requirements of the Federal Government for obtaining a waiver pursuant to this section, including, without limitation:*



1 (a) Providing any necessary information requested by the
2 Federal Government in a timely manner;

3 (b) Responding promptly and thoroughly to any questions or
4 concerns of the Federal Government concerning the application;
5 and

6 (c) Working with the Federal Government to amend any
7 necessary provisions of the application to satisfy the requirements
8 for approval of the application.

9 3. In applying for a waiver pursuant to this section, the
10 Director shall consider any recommendations he receives from the
11 Board of Trustees of the Fund for Hospital Care to Indigent
12 Patients established pursuant to NRS 428.195, any board of
13 county commissioners and the Board of Directors of the Nevada
14 Association of Counties.

15 **Sec. 3.** The Director shall include in the application for the
16 Medicaid waiver pursuant to section 2 of this act, to the extent
17 authorized by federal law, that the waiver is to:

18 1. Provide coverage for medical services to pregnant women
19 who have household incomes that are more than 133 percent of
20 the federally designated level signifying poverty but not more than
21 185 percent of the federally designated level signifying poverty.

22 2. Provide a \$100 per month subsidy toward a policy of
23 insurance purchased by an employee or the spouse of an
24 employee:

25 (a) Who works for an employer that employs at least 2 but not
26 more than 50 employees;

27 (b) Whose household income is less than 200 percent of the
28 federally designated level signifying poverty; and

29 (c) Who is otherwise ineligible for Medicaid.

30 3. Provide coverage for hospital care to persons who have low
31 incomes, are otherwise ineligible for Medicaid and who have a
32 catastrophic illness or injury which results in unpaid charges for
33 hospital care. As used in this subsection, "hospital care" has the
34 meaning ascribed to it in NRS 428.155.

35 **Sec. 4.** 1. If the Federal Government approves a Medicaid
36 waiver which the Director applied for pursuant to section 2 of this
37 act, the Director shall adopt regulations to implement the waiver
38 and establish a program in accordance with the waiver, which
39 may include, without limitation, regulations setting forth:

40 (a) Any amount of contribution that a person who receives any
41 benefit under the program is required to pay;

42 (b) Criteria for eligibility;

43 (c) The services covered by the program;

44 (d) Any limitation on the number of persons who may
45 participate in the program; and



1 (e) Any other regulations necessary to carry out the program.

2 2. The Director shall also adopt any necessary regulations to
3 ensure that an employer that provides health care insurance to an
4 employee does not discontinue or reduce his contribution toward
5 such insurance as a result of any subsidy authorized under the
6 program established pursuant to this section.

7 3. The Director shall submit a quarterly report concerning
8 benefits provided by the program established pursuant to this
9 section to the Interim Finance Committee and the Legislative
10 Committee on Health Care.

11 4. The Director may administer a program established
12 pursuant to this section through the Division of Health Care
13 Financing and Policy.

14 Sec. 5. To fund a program established pursuant to section 4
15 of this act, the Director shall use:

16 1. Any money provided by appropriation by the Legislature
17 for that purpose; and

18 2. Any federal money allotted to the State of Nevada for that
19 purpose.

20 Sec. 6. NRS 422.240 is hereby amended to read as follows:

21 422.240 1. Money to carry out the provisions of NRS
22 422.001 to 422.410, inclusive, *and sections 2 to 5, inclusive, of this*
23 *act* and 422.580, including, without limitation, any federal money
24 allotted to the State of Nevada pursuant to the program to provide
25 Temporary Assistance for Needy Families and the Program for
26 Child Care and Development, must, except as otherwise provided in
27 *sections 2 to 5, inclusive, of this act and* NRS 422.3755 to 422.379,
28 inclusive, and 439.630, be provided by appropriation by the
29 Legislature from the State General Fund.

30 2. Disbursements for the purposes of NRS 422.001 to 422.410,
31 inclusive, *and sections 2 to 5, inclusive, of this act*, and 422.580
32 must, except as otherwise provided in *sections 2 to 5, inclusive, of*
33 *this act and* NRS 422.3755 to 422.379, inclusive, and 439.630, be
34 made upon claims duly filed and allowed in the same manner as
35 other money in the State Treasury is disbursed.

36 Sec. 7. Chapter 428 of NRS is hereby amended by adding
37 thereto a new section to read as follows:

38 1. The Board may authorize counties to apply to the Board
39 for reimbursement or partial reimbursement of unpaid charges for
40 hospital care in excess of \$25,000 to any one person which have
41 been incurred by a person certified as indigent by the board of
42 county commissioners pursuant to this chapter.

43 2. The Board shall set forth the circumstances under which
44 and the manner in which counties may apply for reimbursement
45 pursuant to this section, including, without limitation, any amount



1 of money that the county must expend before it may apply for
2 reimbursement pursuant to this section.

3 3. The Board may review an application it receives pursuant
4 to this section and approve or disapprove reimbursement of all or
5 part of the unpaid charges in excess of \$25,000. If reimbursement
6 or partial reimbursement is approved, payment to the county must
7 be made from the Fund, to the extent money is available in the
8 Fund, and the county must reimburse the provider of care for the
9 care given to any one indigent person which exceeds \$25,000 but
10 only to the extent of the money reimbursed or partially reimbursed
11 to the county from the Fund on account of that patient.

12 4. Upon payment to the county, the Board:

13 (a) Is subrogated to the right of the county to recover unpaid
14 charges from the indigent person or from other persons
15 responsible for his support, to the extent of the reimbursement or
16 partial reimbursement paid; and

17 (b) Has a lien upon the proceeds of any recovery by the county
18 from the indigent person or other person responsible for his
19 support, to the extent of the reimbursement or partial
20 reimbursement paid from the Fund.

21 **Sec. 8.** NRS 428.115 is hereby amended to read as follows:

22 428.115 As used in NRS 428.115 to 428.255, inclusive, *and*
23 *section 7 of this act*, unless the context otherwise requires, the
24 words and terms defined in NRS 428.125 to 428.165, inclusive,
25 have the meanings ascribed to them in those sections.

26 **Sec. 9.** NRS 428.175 is hereby amended to read as follows:

27 428.175 1. The Fund for Hospital Care to Indigent Persons is
28 hereby created as a special revenue fund for the purposes described
29 in NRS 428.115 to 428.255, inclusive ~~H~~, *and section 7 of this act*.

30 2. All money collected or recovered pursuant to NRS 428.115
31 to 428.255, inclusive, *and section 7 of this act, all money collected*
32 *or recovered pursuant to subsection 2 of section 5 of this act* and
33 the interest earned on the money in the Fund must be deposited for
34 credit to the Fund. Claims against the Fund must be paid on claims
35 approved by the Board.

36 3. *If the Board determines that the amount of money in the*
37 *Fund is greater than the amount needed for the purposes*
38 *described in NRS 428.115 to 428.255, inclusive, and section 7 of*
39 *this act, the Board may transfer the excess money to the Medicaid*
40 *Budget Account in the State General Fund for use pursuant to*
41 *section 5 of this act.*

42 **Sec. 10.** NRS 428.265 is hereby amended to read as follows:

43 428.265 As used in NRS 428.265 to ~~428.345,~~ 428.305,
44 inclusive:



1 1. "Fund" means the fund for medical assistance to indigent
2 persons.

3 2. "Supplemental Account" means the Supplemental Account
4 for Medical Assistance to Indigent Persons.

5 **Sec. 11.** NRS 428.275 is hereby amended to read as follows:

6 428.275 1. The board of county commissioners of a county
7 shall before July 1, 1985, by ordinance, create in the county treasury
8 a fund to be designated as the fund for medical assistance to
9 indigent persons.

10 2. The money in the fund must be used ~~for reimbursement, as~~
11 ~~provided in NRS 428.335 and 428.345, of any unpaid charges for~~
12 ~~medical care furnished to an indigent person who falls sick in the~~
13 ~~county other than care furnished on account of an injury suffered in~~
14 ~~a motor vehicle accident.] in the manner set forth in NRS 428.295~~
15 ~~and to fund, in part, the waiver obtained pursuant to section 2 of~~
16 ~~this act and any program established pursuant to section 4 of this~~
17 ~~act.~~

18 3. All money collected or recovered pursuant to this section
19 and NRS 428.285, and the interest earned on the money in the fund ,
20 must be deposited for credit to the fund. Claims against the fund
21 must be paid on claims approved by the board of county
22 commissioners. Any money remaining in the fund at the end of any
23 fiscal year does not revert to the county general fund.

24 **Sec. 12.** NRS 428.285 is hereby amended to read as follows:

25 428.285 1. The board of county commissioners of each
26 county shall establish a tax rate of at least 6 cents on each \$100 of
27 assessed valuation for the purposes of the tax imposed pursuant to
28 subsection 2. A board of county commissioners may increase the
29 rate to not more than 10 cents on each \$100 of assessed valuation.

30 2. In addition to the levies provided in NRS 428.050 and
31 428.185 and any tax levied pursuant to NRS 450.425, the board of
32 county commissioners shall levy a tax ad valorem at a rate necessary
33 to produce revenue in an amount equal to an amount calculated by
34 multiplying the assessed valuation of all taxable property in the
35 county by the tax rate established pursuant to subsection 1, and
36 subtracting from the product the amount of unencumbered money
37 remaining in the fund on May 1 of the current fiscal year.

38 3. For each fiscal year beginning on or after July 1, 1989, the
39 board of county commissioners of each county shall remit to the
40 State Controller from the money in the fund an amount of money
41 equivalent to 1 cent on each \$100 of assessed valuation of all
42 taxable property in the county for credit to the ~~[supplemental fund.]~~
43 **Supplemental Account.**

44 4. The tax so levied and its proceeds must be excluded in
45 computing the maximum amount of money which the county is



1 permitted to receive from taxes ad valorem and the highest
2 permissible rate of such taxes.

3 **Sec. 13.** NRS 428.305 is hereby amended to read as follows:

4 428.305 1. The Supplemental Account for Medical
5 Assistance to Indigent Persons is created in the Fund for Hospital
6 Care for Indigent Persons. ~~[Any money recovered pursuant to NRS~~
7 ~~428.345 and the]~~ *The* interest earned on the money in the
8 Supplemental Account must be deposited for credit to the
9 Supplemental Account.

10 2. ~~[[]] Beginning with the fiscal year that begins on July 1,~~
11 ~~2005, at the end of each quarter of a fiscal year,~~ the balance in the
12 Supplemental Account ~~[exceeds \$2,000,000 on May 1, the excess~~
13 ~~must be credited pro rata against the amounts due from the~~
14 ~~respective counties.]~~ *must be transferred to the Medicaid Budget*
15 *Account in the State General Fund for use pursuant to section 5*
16 *of this act.*

17 **Sec. 14.** NRS 439B.330 is hereby amended to read as follows:

18 439B.330 1. Except as otherwise provided in *this subsection,*
19 *subsection 2 and* NRS 439B.300, ~~[and subsection 2 of this section,]~~
20 each county shall use the definition of "indigent" in NRS 439B.310
21 to determine a person's eligibility for medical assistance pursuant to
22 chapter 428 of NRS, other than assistance provided pursuant to NRS
23 428.115 to 428.255, inclusive ~~[.]~~, *and section 7 of this act. Each*
24 *county shall use the definition of "indigent" in NRS 439B.310 to*
25 *determine a person's eligibility for any medical assistance*
26 *pursuant to section 7 of this act.*

27 2. A board of county commissioners may, if it determines that
28 a hospital within the county is serving a disproportionately large
29 share of low-income patients:

30 (a) Pay a higher rate to the hospital for treatment of indigent
31 inpatients;

32 (b) Pay the hospital for treatment of indigent inpatients whom
33 the hospital would otherwise be required to treat without receiving
34 compensation from the county; or

35 (c) Both pay at a higher rate and pay for inpatients for whom the
36 hospital would otherwise be uncompensated.

37 3. Each hospital which treats an indigent inpatient shall submit
38 to the board of county commissioners of the county of residence of
39 the patient a discharge form identifying the patient as a possible
40 indigent and containing the information required by the Department
41 and the county to be included in all such forms.

42 4. The county which receives a discharge form from a hospital
43 for an indigent inpatient shall verify the status of the patient and the
44 amount which the hospital is entitled to receive. A hospital
45 aggrieved by a determination of a county regarding the indigent



1 status of an inpatient may appeal the determination to the Director
2 or a person designated by the Director to hear such an appeal. The
3 decision of the Director or the person he designates must be mailed
4 by registered or certified mail to the county and the hospital. The
5 decision of the Director or the person he designates may be appealed
6 to a court having general jurisdiction in the county within 15 days
7 after the date of the postmark on the envelope in which the decision
8 was mailed.

9 5. Except as otherwise provided in subsection 2 of this section
10 and subsection 3 of NRS 439B.320, if the county is the county of
11 residence of the patient and the patient is indigent, the county shall
12 pay to the hospital the amount required, within the limits of money
13 which may lawfully be appropriated for this purpose pursuant to
14 NRS 428.050, 428.285 and 450.425.

15 6. For the purposes of this section, the county of residence of
16 the patient is the county of residence of that person before he was
17 admitted to the hospital.

18 **Sec. 15.** Section 5 of this act is hereby amended to read as
19 follows:

20 Sec. 5. **1.** To fund a program established pursuant to
21 section 4 of this act, the Director shall use:

22 ~~1-1~~ **(a) The money transferred pursuant to subsection 2**
23 **of NRS 428.305;**

24 **(b) Any money transferred pursuant to subsection 3 of**
25 **NRS 428.175;**

26 **(c) Any money provided by appropriation by the**
27 **Legislature for that purpose; and**

28 ~~1-2~~ **(d) Any federal money allotted to the State of**
29 **Nevada for that purpose.**

30 **2. If the Director determines that any money**
31 **transferred pursuant to subsection 2 of NRS 428.305 will**
32 **not be used to fund the benefits provided pursuant to the**
33 **waiver, he shall transfer the money to the Fund for Hospital**
34 **Care to Indigent Persons created by NRS 428.175.**

35 **Sec. 16.** The provisions of NRS 428.315, 428.335 and 428.345
36 are hereby repealed.

37 **Sec. 17.** Any balance existing in the Supplemental Account for
38 Medical Assistance to Indigent Persons created by NRS 428.305 on
39 July 1, 2005, must be transferred to the Medicaid Budget Account.

40 **Sec. 18.** 1. This section and sections 1 to 6, inclusive, and 17
41 of this act become effective on July 1, 2005.

42 2. Sections 7 to 13, inclusive, 14, 15 and 16 of this act become
43 effective on the date on which the waiver applied for by the Director
44 of the Department of Human Resources pursuant to section 2 of this
45 act is approved by the Federal Government.



TEXT OF REPEALED SECTIONS

428.315 Administration of Supplemental Account by Board of Trustees of Fund for Hospital Care to Indigent Persons. The Board of Trustees of the Fund for Hospital Care to Indigent Persons shall administer the Supplemental Account and for that purpose may:

1. Enter into all necessary contracts and agreements.
2. Employ personnel as necessary and prescribe their compensation and working conditions.
3. Enter into agreements with the Department of Administration to obtain the services of attorneys, auditors and accountants.
4. Rent, lease, purchase or otherwise procure or receive real or personal property.
5. Adopt regulations necessary for carrying out the provisions of NRS 428.305 to 428.345, inclusive.

428.335 Application by county for reimbursement for charges; certification of indigency and amount of expenditure.

1. If during any fiscal year the amount of money expended by a county to provide assistance to those persons eligible pursuant to this chapter exceeds the amount available to a county under the provisions of subsections 1 and 2 of NRS 428.295, the board of county commissioners may apply to the Board of Trustees of the Fund for Hospital Care to Indigent Persons for reimbursement or partial reimbursement of unpaid charges for hospital care in excess of \$25,000 to any one person which have been incurred by a person certified as indigent by the board of county commissioners pursuant to this chapter.

2. The board of county commissioners must certify that each person on whose account application is made is indigent and the county has expended 90 percent of the amount of money available to that county pursuant to subsections 1 and 2 of NRS 428.295. The application must be in such form and contain such information as the Board of Trustees requires.

428.345 Review of application; payment to county from Supplemental Account; reimbursement of provider of care by county; Board of Trustees subrogated to right of county; lien on proceeds of recovery.

1. The Board of Trustees of the Fund for Hospital Care to Indigent Persons shall review the application and approve or



disapprove reimbursement of all or part of the unpaid charges in excess of \$25,000. If reimbursement or partial reimbursement is approved, payment to the county must be made from the Supplemental Account, to the extent money is available in the Supplemental Account, and the county must reimburse the provider of care for the care given to any one indigent person which exceeds \$25,000 but only to the extent of the money reimbursed or partially reimbursed to the county from the Supplemental Account on account of that patient.

2. Upon payment to the county, the Board of Trustees:

(a) Is subrogated to the right of the county to recover unpaid charges from the indigent person or from other persons responsible for his support, to the extent of the reimbursement or partial reimbursement paid; and

(b) Has a lien upon the proceeds of any recovery by the county from the indigent person or other person responsible for his support, to the extent of the reimbursement or partial reimbursement paid from the Supplemental Account.



