

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*



1 *requirements of the Federal Government for obtaining a waiver*
2 *pursuant to this section, including, without limitation:*

3 *(a) Providing any necessary information requested by the*
4 *Federal Government in a timely manner;*

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

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

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

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

20 *1. Provide coverage for medical services to pregnant women*
21 *who have household incomes that are more than 133 percent of*
22 *the federally designated level signifying poverty but not more than*
23 *185 percent of the federally designated level signifying poverty.*

24 *2. Provide a monthly subsidy of up to \$100 toward a policy of*
25 *insurance purchased by an employee or the spouse of an*
26 *employee:*

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

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

31 *(c) Who is otherwise ineligible for Medicaid.*

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

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

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

44 *(b) Criteria for eligibility;*

45 *(c) The services covered by the program;*



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

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

4 2. The Director shall also adopt any necessary regulations to
5 ensure that an employer that provides health care insurance to an
6 employee does not discontinue or reduce his contribution toward
7 such insurance as a result of any subsidy authorized under the
8 program established pursuant to this section. Such regulations
9 must include, without limitation, a requirement that a person is
10 not eligible for a subsidy unless his employer contributes at least
11 50 percent toward the premium for insurance provided by the
12 employer.

13 3. The Director shall submit a quarterly report concerning
14 benefits provided by the program established pursuant to this
15 section to the Interim Finance Committee and the Legislative
16 Committee on Health Care.

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

19 1. The money transferred pursuant to subsection 2 of
20 NRS 428.305;

21 2. Any money provided by appropriation by the Legislature
22 for that purpose; and

23 3. Any federal money allotted to the State of Nevada for that
24 purpose.

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

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

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

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

43 1. The Board may authorize counties to apply to the Board
44 for reimbursement or partial reimbursement of unpaid charges for
45 hospital care in excess of \$25,000 to any one person which have



1 *been incurred by a person certified as indigent by the board of*
2 *county commissioners pursuant to this chapter.*

3 2. *The Board shall set forth the circumstances under which*
4 *and the manner in which counties may apply for reimbursement*
5 *pursuant to this section, including, without limitation, any amount*
6 *of money that the county must expend before it may apply for*
7 *reimbursement pursuant to this section.*

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

17 4. *Upon payment to the county, the Board:*

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

22 (b) *Has a lien upon the proceeds of any recovery by the county*
23 *from the indigent person or other person responsible for his*
24 *support, to the extent of the reimbursement or partial*
25 *reimbursement paid from the Fund.*

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

27 428.115 As used in NRS 428.115 to 428.255, inclusive, *and*
28 *section 7 of this act*, unless the context otherwise requires, the
29 words and terms defined in NRS 428.125 to 428.165, inclusive,
30 have the meanings ascribed to them in those sections.

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

32 428.175 1. The Fund for Hospital Care to Indigent Persons is
33 hereby created as a special revenue fund for the purposes described
34 in NRS 428.115 to 428.255, inclusive ~~§~~, *and section 7 of this act.*

35 2. All money collected or recovered pursuant to NRS 428.115
36 to 428.255, inclusive, *and section 7 of this act, all money collected*
37 *or recovered pursuant to subsection 3 of section 5 of this act* and
38 the interest earned on the money in the Fund must be deposited for
39 credit to the Fund. Claims against the Fund must be paid on claims
40 approved by the Board.

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

42 428.265 As used in NRS 428.265 to ~~[428.345,]~~ *428.305*,
43 inclusive:

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



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

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

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

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

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

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

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

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

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

4. The tax so levied and its proceeds must be excluded in computing the maximum amount of money which the county is permitted to receive from taxes ad valorem and the highest permissible rate of such taxes.



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

2 428.305 1. The Supplemental Account for Medical
3 Assistance to Indigent Persons is created in the Fund for Hospital
4 Care for Indigent Persons. ~~[Any money recovered pursuant to NRS~~
5 ~~428.345 and the]~~ *The* interest earned on the money in the
6 Supplemental Account must be deposited for credit to the
7 Supplemental Account.

8 2. ~~[H]~~ *Beginning with the fiscal year that begins on July 1,*
9 *2005, at the end of each quarter of a fiscal year,* the balance in the
10 Supplemental Account ~~[exceeds \$2,000,000 on May 1, the excess~~
11 ~~must be credited pro rata against the amounts due from the~~
12 ~~respective counties.]~~ *must be transferred to the Health Insurance*
13 *Flexibility and Accountability Holding Account in the State*
14 *General Fund in an amount not to exceed the amount of any*
15 *appropriation provided by the Legislature to fund a program*
16 *established pursuant to section 4 of this act.*

17 3. *Any money remaining in the Health Insurance Flexibility*
18 *and Accountability Holding Account at the end of each fiscal year*
19 *reverts to the Fund for Hospital Care to Indigent Persons and to*
20 *the State General Fund in equal amounts.*

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

22 439B.330 1. Except as otherwise provided in *this subsection,*
23 *subsection 2 and* NRS 439B.300, ~~[and subsection 2 of this section.]~~
24 each county shall use the definition of "indigent" in NRS 439B.310
25 to determine a person's eligibility for medical assistance pursuant to
26 chapter 428 of NRS, other than assistance provided pursuant to NRS
27 428.115 to 428.255, inclusive ~~[.]~~, *and section 7 of this act. Each*
28 *county shall use the definition of "indigent" in NRS 439B.310 to*
29 *determine a person's eligibility for any medical assistance*
30 *pursuant to section 7 of this act.*

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

34 (a) Pay a higher rate to the hospital for treatment of indigent
35 inpatients;

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

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

41 3. Each hospital which treats an indigent inpatient shall submit
42 to the board of county commissioners of the county of residence of
43 the patient a discharge form identifying the patient as a possible



1 indigent and containing the information required by the Department
2 and the county to be included in all such forms.

3 4. The county which receives a discharge form from a hospital
4 for an indigent inpatient shall verify the status of the patient and the
5 amount which the hospital is entitled to receive. A hospital
6 aggrieved by a determination of a county regarding the indigent
7 status of an inpatient may appeal the determination to the Director
8 or a person designated by the Director to hear such an appeal. The
9 decision of the Director or the person he designates must be mailed
10 by registered or certified mail to the county and the hospital. The
11 decision of the Director or the person he designates may be appealed
12 to a court having general jurisdiction in the county within 15 days
13 after the date of the postmark on the envelope in which the decision
14 was mailed.

15 5. Except as otherwise provided in subsection 2 of this section
16 and subsection 3 of NRS 439B.320, if the county is the county of
17 residence of the patient and the patient is indigent, the county shall
18 pay to the hospital the amount required, within the limits of money
19 which may lawfully be appropriated for this purpose pursuant to
20 NRS 428.050, 428.285 and 450.425.

21 6. For the purposes of this section, the county of residence of
22 the patient is the county of residence of that person before he was
23 admitted to the hospital.

24 **Sec. 15.** The provisions of NRS 428.315, 428.335 and 428.345
25 are hereby repealed.

26 **Sec. 16.** Any balance existing in the Supplemental Account for
27 Medical Assistance to Indigent Persons created by NRS 428.305 on
28 June 30, 2005, must be transferred to the Fund for Hospital Care to
29 Indigent Persons.

30 **Sec. 17.** 1. This section and sections 1 to 6, inclusive, and 16
31 of this act become effective on July 1, 2005.

32 2. Sections 7 to 15, inclusive, of this act become effective on
33 July 1, 2005, and expire by limitation on July 1, 2007, if the waiver
34 applied for by the Director of the Department of Human Resources
35 pursuant to section 2 of this act is not approved by the Federal
36 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.



