

ASSEMBLY BILL NO. 524—COMMITTEE ON
HEALTH AND HUMAN SERVICES

(ON BEHALF OF THE DEPARTMENT OF HUMAN
RESOURCES, DIRECTOR'S OFFICE)

MARCH 29, 2005

Referred to Committee on Health and Human Services

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

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

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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 health; changing the portion of the money in the Fund for a Healthy Nevada that may be used to pay certain administrative costs incurred by the Department of Human Resources; revising provisions concerning the program to provide prescription drugs and pharmaceutical services to certain senior citizens; requiring the Department to coordinate the provision of prescription drugs and pharmaceutical services by state programs that provide pharmaceutical or medical assistance and certain Medicare pharmaceutical benefits; and providing other matters properly relating thereto.

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

- 1 **Section 1.** NRS 439.620 is hereby amended to read as follows:
- 2 439.620 1. The Fund for a Healthy Nevada is hereby created
- 3 in the State Treasury. The State Treasurer shall deposit in the Fund:



1 (a) Fifty percent of all money received by this State pursuant to
2 any settlement entered into by the State of Nevada and a
3 manufacturer of tobacco products; and

4 (b) Fifty percent of all money recovered by this State from a
5 judgment in a civil action against a manufacturer of tobacco
6 products.

7 2. The State Treasurer shall administer the Fund. As
8 administrator of the Fund, the State Treasurer:

9 (a) Shall maintain the financial records of the Fund;

10 (b) Shall invest the money in the Fund as the money in other
11 state funds is invested;

12 (c) Shall manage any account associated with the Fund;

13 (d) Shall maintain any instruments that evidence investments
14 made with the money in the Fund;

15 (e) May contract with vendors for any good or service that is
16 necessary to carry out the provisions of this section; and

17 (f) May perform any other duties necessary to administer the
18 Fund.

19 3. The interest and income earned on the money in the Fund
20 must, after deducting any applicable charges, be credited to the
21 Fund. All claims against the Fund must be paid as other claims
22 against the State are paid.

23 4. Upon receiving a request from the State Treasurer or the
24 Department for an allocation for administrative expenses from the
25 Fund pursuant to this section, the Task Force for the Fund for a
26 Healthy Nevada shall consider the request within 45 days after
27 receipt of the request. If the Task Force approves the amount
28 requested for allocation, the Task Force shall notify the State
29 Treasurer of the allocation. If the Task Force does not approve the
30 requested allocation within 45 days after receipt of the request, the
31 State Treasurer or the Department, as applicable, may submit its
32 request for allocation to the Interim Finance Committee. Except as
33 otherwise limited by this subsection, the Interim Finance Committee
34 may allocate all or part of the money so requested. The annual
35 allocation for administrative expenses from the Fund, whether
36 allocated by the Task Force or the Interim Finance Committee must
37 not exceed:

38 (a) Not more than 2 percent of the money in the Fund, as
39 calculated pursuant to this subsection, each year to pay the costs
40 incurred by the State Treasurer to administer the Fund; ~~and~~

41 (b) Not more than ~~[3]~~ 2.025 percent of the money in the Fund,
42 as calculated pursuant to this subsection, each year to pay the costs
43 incurred by the Department, including, without limitation, the Aging
44 Services Division of the Department, to carry out its duties set forth
45 in NRS 439.625 ~~[to 439.690, inclusive.]~~ and 439.630; and



1 (c) *Not more than 1.5 percent of the money in the Fund, as*
2 *calculated pursuant to this subsection, each year to pay the costs*
3 *incurred by the Department to administer the provisions of NRS*
4 *439.635 to 439.690, inclusive.*

5 ➡ For the purposes of this subsection, the amount of money
6 available for allocation to pay for the administrative costs must be
7 calculated at the beginning of each fiscal year based on the total
8 amount of money anticipated by the State Treasurer to be deposited
9 in the Fund during that fiscal year.

10 5. The money in the Fund remains in the Fund and does not
11 revert to the State General Fund at the end of any fiscal year.

12 6. All money that is deposited or paid into the Fund is hereby
13 appropriated to the Department and, except as otherwise provided in
14 paragraphs (c), (d) and (h) of subsection 1 of NRS 439.630, may
15 only be expended pursuant to an allocation made by the Task Force
16 for the Fund for a Healthy Nevada. Money expended from the Fund
17 for a Healthy Nevada must not be used to supplant existing methods
18 of funding that are available to public agencies.

19 **Sec. 2.** NRS 439.630 is hereby amended to read as follows:

20 439.630 1. The Task Force for the Fund for a Healthy
21 Nevada shall:

22 (a) Conduct public hearings to accept public testimony from a
23 wide variety of sources and perspectives regarding existing or
24 proposed programs that:

25 (1) Promote public health;

26 (2) Improve health services for children, senior citizens and
27 persons with disabilities;

28 (3) Reduce or prevent the use of tobacco;

29 (4) Reduce or prevent the abuse of and addiction to alcohol
30 and drugs; and

31 (5) Offer other general or specific information on health care
32 in this State.

33 (b) Establish a process to evaluate the health and health needs of
34 the residents of this State and a system to rank the health problems
35 of the residents of this State, including, without limitation, the
36 specific health problems that are endemic to urban and rural
37 communities.

38 (c) Reserve not more than 30 percent of all revenues deposited
39 in the Fund for a Healthy Nevada each year for direct expenditure
40 by the Department to pay for prescription drugs and pharmaceutical
41 services for senior citizens pursuant to NRS 439.635 to 439.690,
42 inclusive, and to fund in whole or in part any program established
43 pursuant to NRS 422.274 or 422.2745. From the money reserved to
44 the Department pursuant to this paragraph, the Department may
45 subsidize ~~{all}~~ **any portion** of the cost of ~~{policies of health~~



~~insurance that provide coverage to senior citizens for~~ *providing*
prescription drugs and pharmaceutical services *to senior citizens*
pursuant to NRS 439.635 to 439.690, inclusive, and fund in whole
or in part any program established pursuant to NRS 422.274 or
422.2745. The Department shall consider recommendations from
the Task Force for the Fund for a Healthy Nevada in carrying out
the provisions of NRS 439.635 to 439.690, inclusive, and
administering any program established pursuant to NRS 422.274 or
422.2745. The Department shall submit a quarterly report to the
Governor, the Task Force for the Fund for a Healthy Nevada and the
Interim Finance Committee regarding the general manner in which
expenditures have been made pursuant to this paragraph and the
status of the program.

(d) Reserve not more than 30 percent of all revenues deposited
in the Fund for a Healthy Nevada each year for allocation by the
Aging Services Division of the Department in the form of grants for
existing or new programs that assist senior citizens with independent
living, including, without limitation, programs that provide:

- (1) Respite care or relief of family caretakers;
- (2) Transportation to new or existing services to assist senior
citizens in living independently; and
- (3) Care in the home which allows senior citizens to remain
at home instead of in institutional care.

➤ The Aging Services Division of the Department shall consider
recommendations from the Task Force for the Fund for a Healthy
Nevada concerning the independent living needs of senior citizens.

(e) Allocate, by contract or grant, for expenditure not more than
20 percent of all revenues deposited in the Fund for a Healthy
Nevada each year for programs that prevent, reduce or treat the use
of tobacco and the consequences of the use of tobacco.

(f) Allocate, by contract or grant, for expenditure not more than
10 percent of all revenues deposited in the Fund for a Healthy
Nevada each year for programs that improve health services for
children.

(g) Allocate, by contract or grant, for expenditure not more than
7.5 percent of all revenues deposited in the Fund for a Healthy
Nevada each year for programs that improve the health and well-
being of persons with disabilities. In making allocations pursuant to
this paragraph, the Task Force shall, to the extent practicable,
allocate the money evenly among the following three types of
programs:

- (1) Programs that provide respite for persons caring for
persons with disabilities;
- (2) Programs that provide positive behavioral supports to
persons with disabilities; and



1 (3) Programs that assist persons with disabilities to live
2 safely and independently in their communities outside of an
3 institutional setting.

4 (h) Reserve not more than 2.5 percent of all revenues deposited
5 in the Fund for a Healthy Nevada each year for direct expenditure
6 by the Department to fund in whole or in part any program
7 established pursuant to NRS 422.2745. The Department shall
8 consider recommendations from the Task Force for the Fund for a
9 Healthy Nevada in administering any program established pursuant
10 to NRS 422.2745.

11 (i) Maximize expenditures through local, federal and private
12 matching contributions.

13 (j) Ensure that any money expended from the Fund for a
14 Healthy Nevada will not be used to supplant existing methods of
15 funding that are available to public agencies.

16 (k) Develop policies and procedures for the administration and
17 distribution of contracts, grants and other expenditures to state
18 agencies, political subdivisions of this State, nonprofit
19 organizations, universities and community colleges. A condition of
20 any such contract or grant must be that not more than 8 percent of
21 the contract or grant may be used for administrative expenses or
22 other indirect costs. The procedures must require at least one
23 competitive round of requests for proposals per biennium.

24 (l) To make the allocations required by paragraphs (e), (f)
25 and (g):

- 26 (1) Prioritize and quantify the needs for these programs;
27 (2) Develop, solicit and accept applications for allocations;
28 (3) Conduct annual evaluations of programs to which
29 allocations have been awarded; and

30 (4) Submit annual reports concerning the programs to the
31 Governor and the Interim Finance Committee.

32 (m) Transmit a report of all findings, recommendations and
33 expenditures to the Governor and each regular session of the
34 Legislature.

35 2. The Task Force may take such other actions as are necessary
36 to carry out its duties.

37 3. The Department shall take all actions necessary to ensure
38 that all allocations for expenditures made by the Task Force are
39 carried out as directed by the Task Force.

40 4. To make the allocations required by paragraph (d) of
41 subsection 1, the Aging Services Division of the Department shall:

42 (a) Prioritize and quantify the needs of senior citizens for these
43 programs;

44 (b) Develop, solicit and accept grant applications for allocations;



(c) As appropriate, expand or augment existing state programs for senior citizens upon approval of the Interim Finance Committee;

(d) Award grants or other allocations;

(e) Conduct annual evaluations of programs to which grants or other allocations have been awarded; and

(f) Submit annual reports concerning the grant program to the Governor and the Interim Finance Committee.

5. The Aging Services Division of the Department shall submit each proposed grant which would be used to expand or augment an existing state program to the Interim Finance Committee for approval before the grant is awarded. The request for approval must include a description of the proposed use of the money and the person or entity that would be authorized to expend the money. The Aging Services Division of the Department shall not expend or transfer any money allocated to the Aging Services Division pursuant to this section to subsidize any portion of the cost of ~~polices of health insurance that provide coverage to senior citizens for~~ providing prescription drugs and pharmaceutical services to senior citizens pursuant to NRS 439.635 to 439.690, inclusive, or to pay for any program established pursuant to NRS 422.274 or 422.2745.

6. The Department, on behalf of the Task Force, shall submit each allocation proposed pursuant to paragraph (e), (f) or (g) of subsection 1 which would be used to expand or augment an existing state program to the Interim Finance Committee for approval before the contract or grant is awarded. The request for approval must include a description of the proposed use of the money and the person or entity that would be authorized to expend the money.

Sec. 3. NRS 439.660 is hereby amended to read as follows:

439.660 The Department of Human Resources shall, in cooperation with ~~[the Department of Taxation and]~~ the various counties in this State:

1. Combine all possible administrative procedures required for determining those persons who are eligible for assistance pursuant to NRS 427A.450 to 427A.600, inclusive, and 439.635 to 439.690, inclusive;

2. Coordinate the collection of information required to carry out those provisions in a manner that requires persons requesting assistance to furnish information in as few reports as possible; and

3. Design forms that may be used jointly by the Department of Human Resources ~~[, the Department of Taxation]~~ and the various counties in this State to carry out the provisions of NRS 427A.450 to 427A.600, inclusive, and 439.635 to 439.690, inclusive.



1 **Sec. 4.** NRS 439.665 is hereby amended to read as follows:

2 439.665 1. The Department may ~~{enter}~~ :

3 (a) *Enter* into contracts with private insurers who transact health
4 insurance in this State to ~~{arrange}~~ *subsidize the cost of prescription*
5 *drugs and pharmaceutical services for senior citizens by arranging*
6 for the availability, at a reasonable cost, of policies of health
7 insurance that provide coverage to senior citizens for prescription
8 drugs and pharmaceutical services ~~{;}~~ ; *or*

9 (b) *Subsidize the cost of prescription drugs and*
10 *pharmaceutical services for senior citizens in any other manner.*

11 2. Within the limits of the money available for this purpose in
12 the Fund for a Healthy Nevada, a senior citizen who is not eligible
13 for Medicaid and who is eligible for a ~~{policy of health insurance}~~
14 *subsidy for the cost of prescription drugs and pharmaceutical*
15 *services* that is made available pursuant to subsection 1 is entitled to
16 an annual grant from the Fund to subsidize the cost of ~~{that~~
17 ~~insurance, including premiums and deductibles.}~~ *prescription drugs*
18 *and pharmaceutical services,* if he has been domiciled in this State
19 for at least 1 year immediately preceding the date of his application
20 and:

21 (a) If the senior citizen is single, his income is not over \$21,500;
22 or

23 (b) If the senior citizen is married, his household income is not
24 over \$28,660.

25 ➤ The monetary amounts set forth in this subsection must be
26 adjusted for each fiscal year by adding to each amount the product
27 of the amount shown multiplied by the percentage increase in the
28 Consumer Price Index from December 2002 to the December
29 preceding the fiscal year for which the adjustment is calculated.

30 3. The subsidy granted pursuant to this section must not exceed
31 the annual cost of ~~{insurance that provides coverage for}~~
32 prescription drugs and pharmaceutical services ~~{, including~~
33 ~~premiums and deductibles.}~~ *provided to the senior citizen.*

34 4. A ~~{policy of health insurance}~~ *subsidy* that is made available
35 pursuant to subsection 1 must provide for:

36 (a) A copayment of not more than \$10 per prescription drug or
37 pharmaceutical service that is generic as set forth in the formulary of
38 the insurer ~~{;}~~ *or as set forth by the Department;* and

39 (b) A copayment of not more than \$25 per prescription drug or
40 pharmaceutical service that is preferred as set forth in the formulary
41 of the insurer ~~{;}~~ *or as set forth by the Department.*

42 5. The Department may waive the eligibility requirement set
43 forth in subsection 2 regarding household income upon written
44 request of the applicant or enrollee based on one or more of the
45 following circumstances:



- 1 (a) Illness;
- 2 (b) Disability; or
- 3 (c) Extreme financial hardship, when considering the current
- 4 financial circumstances of the applicant or enrollee.

5 ➡ An applicant or enrollee who requests such a waiver shall include
6 with that request all medical and financial documents that support
7 his request.

8 6. If the Federal Government provides any coverage of
9 prescription drugs and pharmaceutical services for senior citizens
10 who are eligible for a subsidy pursuant to subsections 1 to 5,
11 inclusive, the Department may, upon approval of the Legislature, or
12 the Interim Finance Committee if the Legislature is not in session,
13 change any program established pursuant to NRS 439.635 to
14 439.690, inclusive, and otherwise provide assistance with
15 prescription drugs and pharmaceutical services for senior citizens
16 within the limits of the money available for this purpose in the Fund
17 for a Healthy Nevada.

18 7. The provisions of subsections 1 to 5, inclusive, do not apply
19 if the Department provides assistance with prescription drugs and
20 pharmaceutical services for senior citizens pursuant to subsection 6.

21 **Sec. 5.** NRS 439.670 is hereby amended to read as follows:

22 439.670 1. A senior citizen who wishes to receive a subsidy
23 pursuant to NRS 439.665 must file a request therefor with the
24 Department.

25 2. The request must be made under oath and filed in such form
26 and content, and accompanied by such proof, as the Department
27 may prescribe.

28 3. The Department shall, within 45 days after receiving a
29 request for a subsidy, examine the request and grant or deny it.

30 4. The Department shall determine which senior citizens are
31 eligible to receive a subsidy pursuant to NRS 439.665 and, *if the*
32 *Department has entered into a contract pursuant to NRS 439.665*
33 *to provide the subsidy*, pay the subsidy directly to ~~an insurer~~ *the*
34 *person or entity* with whom the Department has entered into ~~a~~
35 ~~contract pursuant to NRS 439.665.]~~ *the contract.*

36 **Sec. 6.** 1. The Department of Human Resources shall:

37 (a) Coordinate each state program that provides pharmaceutical
38 or medical assistance to persons in this State with the Medicare Part
39 D benefit so that each Medicare beneficiary who is eligible for or
40 enrolled in such a state program maintains his present coverage for
41 prescription drugs and pharmaceutical services to the extent allowed
42 by federal law; and

43 (b) Coordinate each state program that provides pharmaceutical
44 or medical assistance to persons in this State with the Medicare Part
45 D benefit in a manner that:



1 (1) Maximizes coverage for prescription drugs and
2 pharmaceutical services for persons in this State;

3 (2) Minimizes disruptions in the enrollment of persons in this
4 State in state and federal programs that provide coverage for
5 prescription drugs and pharmaceutical services;

6 (3) Minimizes disruptions in the eligibility of persons in this
7 State for state and federal programs that provide coverage for
8 prescription drugs and pharmaceutical services;

9 (4) Minimizes out-of-pocket expenses for prescription drugs
10 and pharmaceutical services for Medicare beneficiaries in this State;
11 and

12 (5) Maximizes federal funding for coverage of prescription
13 drugs and pharmaceutical services for persons in this State.

14 2. The Department of Human Resources shall submit a plan for
15 coordinating the state programs with the Medicare Part D benefit as
16 required by subsection 1 to the Interim Finance Committee for
17 approval before the Department coordinates those programs and
18 benefits.

19 3. The Department of Human Resources may adopt such
20 regulations as may be required to carry out the provisions of this
21 section.

22 **Sec. 7.** 1. This act becomes effective upon passage and
23 approval.

24 2. Section 6 of this act expires by limitation on July 1, 2007.



