

SENATE BILL NO. 533—COMMITTEE ON
HUMAN RESOURCES AND EDUCATION

MARCH 26, 2007

Referred to Committee on Human Resources and Education

SUMMARY—Makes various changes relating to county hospitals.
(BDR 40-1388)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§§ 1, 8, 9)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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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 county hospitals; revising the manner of creation of the board of hospital trustees in certain larger counties; revising the powers and duties of the board of hospital trustees in such counties; requiring certain reviews of the county hospital in such counties; requiring the Legislative Auditor to conduct a performance audit of the University Medical Center of Southern Nevada; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law provides for the administration of county hospitals by boards of
2 hospital trustees. (Chapter 450 of NRS) **Section 1** of this bill revises the manner of
3 creation of the board of hospital trustees in counties whose population is 400,000 or
4 more (currently Clark County). **Section 8** of this bill requires the board of hospital
5 trustees in such a county to contract with a management company to operate the
6 hospital. The board is required to contract with a management company until at
7 least July 1, 2012. **Section 9** of this bill requires the board of hospital trustees in
8 such a county to conduct certain reviews in the next 2 years. **Section 10** of this bill
9 requires the Legislative Auditor to conduct a performance audit of the University
10 Medical Center of Southern Nevada.



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

Section 1. Chapter 450 of NRS is hereby amended by adding thereto a new section to read as follows:

1. There is hereby created in each county whose population is 400,000 or more a blue ribbon committee on county hospitals consisting of 35 members appointed by the board of county commissioners of that county, not more than two of whom may be members of the board of county commissioners. The board of county commissioners shall appoint members to the Committee who have knowledge and expertise concerning management of public and nonprofit hospitals.

2. The duties of the blue ribbon committee on county hospitals must include, without limitation:

(a) Considering the structure and framework of governing bodies of other public and nonprofit hospitals;

(b) Developing the criteria for the composition of a qualified and diverse governing body for the county hospital; and

(c) Creating, from its membership, a nominating committee consisting of nine members, none of whom may be members of the board of county commissioners of the county in which the committee is created.

3. The nominating committee created pursuant to subsection 2 shall appoint 11 residents of the county to serve as the board of hospital trustees for the county. The appointments must be made based upon criteria established by the blue ribbon committee on county hospitals. The term of office of each member of the board is 2 years.

4. In addition to any other duties conferred pursuant to NRS 450.010 to 450.510, inclusive, a board of hospital trustees appointed pursuant to this section shall consider the feasibility of conveying or leasing the public hospital to a nonprofit corporation.

Sec. 2. NRS 450.010 is hereby amended to read as follows:

450.010 For the purposes of NRS 450.010 to 450.510, inclusive, *and section 1 of this act*, “taxpayers” include only citizens of the United States of the age of 18 years and upward who, at the time of filing their petition, are registered electors of the county in which an election is proposed to be held and whose names appear on the latest assessment roll of the county as owners of real or personal property.

Sec. 3. NRS 450.070 is hereby amended to read as follows:

450.070 1. Except *as otherwise provided in section 1 of this act and* in counties where the board of county commissioners is the



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1 board of hospital trustees, the board of hospital trustees for the
2 public hospital consists of five trustees, who must:

3 (a) Be residents of the county or counties concerned.

4 (b) Be elected as provided in subsection 2.

5 2. In any county:

6 (a) Whose population is less than 100,000, hospital trustees
7 must be elected for terms of 4 years in the same manner as other
8 county officers are elected.

9 (b) Whose population is 100,000 or more but less than 400,000,
10 hospital trustees must be elected from the county at large for terms
11 of 4 years.

12 **Sec. 4.** NRS 450.080 is hereby amended to read as follows:

13 450.080 Except *as otherwise provided in section 1 of this act*
14 *and* in counties where the board of county commissioners is the
15 board of hospital trustees:

16 1. The offices of hospital trustees are hereby declared to be
17 nonpartisan, and the names of candidates for such offices shall
18 appear alike upon the ballots of all parties at all primary elections.

19 2. At the general election only the names of those candidates,
20 not to exceed twice the number of hospital trustees to be elected,
21 who received the highest numbers of votes at the primary election
22 shall appear on the ballot.

23 **Sec. 5.** NRS 450.090 is hereby amended to read as follows:

24 450.090 1. In any county whose population is 400,000 or
25 more, the board of ~~county commissioners is, ex officio, the board~~
26 ~~of hospital trustees, and the county commissioners shall serve as~~
27 ~~hospital trustees during their terms of office as county~~
28 ~~commissioners.]~~ *hospital trustees must be appointed in the manner*
29 *provided in section 1 of this act.*

30 2. In any county whose population is less than 400,000, the
31 board of county commissioners may enact an ordinance providing
32 that the board of county commissioners is, ex officio, the board of
33 hospital trustees. If such an ordinance is enacted in a county:

34 (a) The county commissioners shall serve as hospital trustees
35 during their terms of office as county commissioners; and

36 (b) If hospital trustees have been elected pursuant to NRS
37 450.070 and 450.080, the term of office of each hospital trustee who
38 is serving in that capacity on the effective date of the ordinance is
39 terminated as of the effective date of the ordinance.

40 3. A board of county commissioners shall not enact an
41 ordinance pursuant to subsection 2 unless it determines that:

42 (a) The county has fully funded its indigent care account created
43 pursuant to NRS 428.010;

44 (b) The county has fulfilled its duty to reimburse the hospital for
45 indigent care provided to qualified indigent patients; and



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(c) During the previous calendar year:

(1) At least one of the hospital's accounts payable was more than 90 days in arrears;

(2) The hospital failed to fulfill its statutory financial obligations, such as the payment of taxes, premiums for industrial insurance or contributions to the Public Employees' Retirement System;

(3) One or more of the conditions relating to financial emergencies set forth in subsection 1 of NRS 354.685 existed at the hospital; or

(4) The hospital received notice from the Federal Government or the State of Nevada that the certification or licensure of the hospital was in imminent jeopardy of being revoked because the hospital had not carried out a previously established plan of action to correct previously noted deficiencies found by the regulatory body.

4. Except in counties where the board of county commissioners is the board of hospital trustees, in any county whose population is 100,000 or more but less than 400,000, the board of hospital trustees for the public hospital must be composed of the five regularly elected or appointed members, and, in addition, three county commissioners selected by the chairman of the board of county commissioners shall serve as voting members of the board of hospital trustees during their terms of office as county commissioners.

5. Except in counties where the board of county commissioners is the board of hospital trustees, in any county whose population is less than 100,000, the board of hospital trustees for the public hospital must be composed of the five regularly elected or appointed members, and, in addition, the board of county commissioners may, by resolution, provide that:

(a) One county commissioner selected by the chairman of the board of county commissioners shall serve as a voting member of the board of hospital trustees during his term of office as county commissioner;

(b) A physician who is the chief of the staff of physicians for the public hospital shall serve as a voting member of the board of hospital trustees; or

(c) Both a county commissioner appointed pursuant to the provisions of paragraph (a) and a physician appointed pursuant to the provisions of paragraph (b) shall serve as voting members of the board of hospital trustees.

➤ The term of office of a member appointed pursuant to the provisions of paragraph (b) is 2 years and begins on the date the board of county commissioners appoints the member.



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Sec. 6. NRS 450.110 is hereby amended to read as follows:

450.110 Except in counties where the board of county commissioners is the board of hospital trustees, a vacancy in the board of hospital trustees occasioned by a resignation, removal or otherwise must be reported to the board or boards of county commissioners and must be filled in the same manner as the original appointment. An appointee shall hold office:

1. Until the next following general election in the usual manner; ~~for~~

2. If the appointee is a physician appointed to fill the vacancy of a member appointed pursuant to the provisions of paragraph (b) of subsection 5 of NRS 450.090, for the unexpired term of that member ~~for~~; or

3. If the appointee is a member of a board of hospital trustees that is appointed pursuant to section 1 of this act, for the unexpired term of that member.

Sec. 7. NRS 450.140 is hereby amended to read as follows:

450.140 1. The board of hospital trustees shall hold meetings at least once each month, and shall keep a complete record of all its transactions.

2. Except as otherwise provided in NRS 241.0355:

(a) ~~For~~ *And except as otherwise provided in paragraph (d), in counties where three county commissioners are not members of the board, three members of the board constitute a quorum for the transaction of business.*

(b) And except as otherwise provided in paragraph (c), in counties where three county commissioners are members of the board, any five of the members constitute a quorum for the transaction of business.

(c) In counties where the board of county commissioners is the board of hospital trustees, a majority of the board constitutes a quorum for the transaction of business.

(d) In counties where the board of hospital trustees is appointed pursuant to section 1 of this act, six members of the board constitute a quorum for the transaction of business.

Sec. 8. NRS 450.191 is hereby amended to read as follows:

450.191 1. ~~The~~ *Except as otherwise provided in subsection 2, the* governing body of a county hospital may contract with a company which manages hospitals for the rendering of management services in a county hospital under the ultimate authority of the governing body.

2. ~~The~~ *In a county where the board of hospital trustees is appointed pursuant to section 1 of this act, the board shall contract with a company which manages hospitals to render management services at the county hospital under the authority of*



1 *the board. The board shall secure the services of a qualified*
2 *contractor through a public bidding process to assist in developing*
3 *the request for proposals to be used to select the management*
4 *company.*

5 **3.** An agreement *entered into pursuant to this section* may
6 provide:

7 (a) That the administrator of the hospital must be an employee
8 of the company which manages the hospital; and

9 (b) That the hospital may, in accordance with the requirements
10 of NRS 450.530, purchase supplies, materials and equipment
11 through the purchasing contracts of the company which manages the
12 hospital, or through a purchasing group, without complying with the
13 requirements for competitive bidding set forth in chapter 332 of
14 NRS.

15 **Sec. 9.** 1. The board of hospital trustees in a county whose
16 population is 400,000 or more shall continue to serve until a new
17 board is appointed pursuant to section 1 of this act. The new board
18 of hospital trustees must be appointed as soon as is practicable after
19 the effective date of this act.

20 2. A board of hospital trustees appointed pursuant to section 1
21 of this act shall:

22 (a) Enter into a contract with a qualified, independent
23 consultant, who is recognized for his expertise with issues
24 concerning benefits and unions, to conduct an examination of the
25 salary and benefit structure of the employees of the county hospital
26 and any contracts between unions and the hospital.

27 (b) Review the mix of payers to the hospital, including a review
28 of how federal, state and county payment structures can be modified
29 to assist in increasing the percentage of paying patients at the county
30 hospital.

31 3. The examination and review required pursuant to subsection
32 2 must be completed on or before July 1, 2009, and used by the
33 board to guide the management of the hospital.

34 **Sec. 10.** 1. The Legislative Auditor shall conduct a
35 performance audit of the University Medical Center of Southern
36 Nevada. The audit must include, but is not limited to:

37 (a) Practices concerning the payment of the personnel of the
38 hospital;

39 (b) Contracts with payers; and

40 (c) Accounts payable and receivable.

41 2. The Legislative Auditor shall prepare a written report of the
42 performance audit and present the report to the Audit Subcommittee
43 of the Legislative Commission not later than February 1, 2009.

44 3. The provisions of NRS 218.737 to 218.893, inclusive, apply
45 to the audit performed pursuant to this section.



1 **Sec. 11.** The provisions of NRS 354.599 do not apply to any
2 additional expenses of a local government that are related to the
3 provisions of this act.

4 **Sec. 12.** 1. This act becomes effective upon passage and
5 approval.

6 2. Section 8 of this act expires by limitation on July 1, 2012.

