

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Seventy-Fourth Session
February 16, 2007**

The Committee on Government Affairs was called to order by Vice Chair Peggy Pierce at 8:02 a.m., on Friday, February 16, 2007, in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblywoman Marilyn Kirkpatrick, Chair
Assemblywoman Peggy Pierce, Vice Chair
Assemblyman Bob Beers
Assemblyman David Bobzien
Assemblyman Jerry D. Claborn
Assemblyman Pete Goicoechea
Assemblyman Harvey J. Munford
Assemblywoman Bonnie Parnell
Assemblyman James Settelmeyer
Assemblyman Lynn D. Stewart

COMMITTEE MEMBERS ABSENT:

Assemblyman Kelvin Atkinson, Excused
Assemblyman Chad Christensen, Excused
Assemblyman Ruben Kihuen, Excused
Assemblywoman RoseMary Womack, Excused

GUEST LEGISLATORS PRESENT:

Assemblyman Joe Hardy, Assembly District 20



STAFF MEMBERS PRESENT:

Amber Joiner, Committee Policy Analyst
Scott McKenna, Committee Counsel
Emilie Reafs, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Kim R. Wallin, CMA, CFM, CPA, State Controller
Christi Thompson, Chief Accountant, Office of the State Controller
Vinson W. Guthreau, Nevada Association of Counties
John J. Slaughter, AICP, Management Services Director, Office of
Washoe County Manager
Danny Coyle, Past President, State of Nevada Employees Association
Bjorn (BJ) Selinder, Representing Eureka and Churchill County
Michael Hackett, Nevada State Medical Association
John Wiles, Division Counsel, Division of Industrial Relations

[Roll Call]

[The Chair had laryngitis so Vice Chair Pierce conducted the meeting.]

Vice Chair Pierce:

There are ten members present, so we have a quorum. Today we have three bills to hear. I will begin by opening the hearing on Assembly Bill 16.

Assembly Bill 16: Revises the authority of the State Board of Examiners concerning bad debts. (BDR 31-82)

This bill was sponsored on behalf of the Office of State Controller.

Kim Wallin, CMA, CFM, CPA, State Controller:

[From notes, ([Exhibit C](#))] The State Controller's Office requests to amend NRS [*Nevada Revised Statutes*] 353C.220 to allow the clerk of the Board of Examiners to designate small debts below \$50 as bad debts. In many cases the Board of Examiners is approving the write off of debts that are as small as a few cents. Currently, all debts, except payroll debts below \$50, must be presented to the Board of Examiners.

This change would just make it easier to 'write off' bad debts which does not have a major financial impact on the State. So far this year, the Board of Examiners has written off 1,121 accounts for a combined total of \$18,364.74. This amounts to an average debt of \$16.38.

The agencies would still be required to try to collect these debts and should present them for 'write-off' when reasonable collection efforts have failed.

Assemblyman Goicoechea:

Could you explain the procedure they go through now to collect a bad debt.

Kim Wallin:

The procedure? I will let my head of Debt Collection come up here and tell you the details.

Christi Thompson, Chief Accountant, Office of the State Controller:

Agencies are supposed to try to collect their own debt through a series of letters. After a period of time if they find they cannot collect the debt, they have the option to turn it over to the State Controller's Office who will send it over to a debt collection company, who then starts another series of letters, phone calls, credit reporting, et cetera.

Assemblyman Goicoechea:

You send out a series of letters, and then send it to a debt collection agency. I assume that is done on a percentage.

Christi Thompson:

They charge a percentage, and if possible, that percentage is charged to the debtor by NRS.

Assemblyman Goicoechea:

If they do not collect, does the Controller's Office have to pay a fee to the collection agency?

Christi Thompson:

No, the collection fee is charged only if the agency is successful in collecting the debt.

Assemblyman Settlemeyer:

The same amount of time is usually spent to collect a debt. How many hours on average do you spend collecting a bill? If someone owes only \$16, are you spending \$160 to try to get that bill?

Christi Thompson:

No, our threshold for turning it over to a debt collection company, after a series of letters, is \$25, which is also the federal government cut-off. We did a time-cost study for the payroll debts, which the agencies try to collect in house. We decided that \$50 was the cut off, because payroll debts cost more to collect.

Assemblyman Settlemeyer:

So you have a form of de minimus billing then?

Kim Wallin:

Right now in order to write off the bad debts, the Board of Examiners has to go through every single debt and say "Yes, it is bad." The intent of this bill is to save the Board of Examiners from going through eleven hundred plus debts a year and declaring them bad.

Assemblyman Settlemeyer:

Thank you, I misunderstood.

Assemblyman Beers:

What is the projected savings to the State if it is enacted?

Kim Wallin:

It is going to be de minimus because it is saving the Board of Examiners from having to say "Yes, this four-cent debt is bad." It will allow the clerk to just write it off.

Assemblyman Beers:

Yes, but do we have a projected dollar figure?

Christi Thompson:

We do not really have a dollar figure. It was requested by the agencies after there were a lot of debts that were four cents and 11 cents that went to the Board of Examiners. I got feedback that they did not want or need to be seeing those.

Assemblywoman Kirkpatrick:

Ms. Wallin, could you tell us what the timeframe would be before it would be written off? How long before it goes before the Board of Examiners now and how will this speed up the process?

Christi Thompson:

All this will do is make it a little easier and faster because they submit them to the Budget Division for write-off. Every agency should have their own in-house procedures for collecting debts; they should send a series of letters. How long they want to work on them is up to them.

Assemblywoman Kirkpatrick:

Let me use this for an example: I know someone who owed one penny on their taxes because of the way it was calculated. The person was sent a letter, and that took about 45 days, so after that then what? I would not want the debt written off the next day. There has to be some procedure.

Kim Wallin:

They are still going to follow the same procedures they have been doing. What this will stop, is that the Board of Examiners will not approve the write-off of the bad debts. The clerk will be allowed to do it at that time. The same procedures will be followed with the letters and their attempts to collect. That timing will still be the same, it is just that the actual Board of Examiners does not have to have a meeting and say that these debts are bad.

Vice Chair Pierce:

Is there anyone else who wanted to speak in favor, opposed, or neutral to A.B. 16? Seeing no one I will close the hearing on A.B. 16.

I will open the hearing on Assembly Bill 6.

Assembly Bill 6: Authorizes a board of county commissioners to enter into a contract to provide the residents of the county with discounts on prescription drugs. (BDR 20-530)

Vice Chair Pierce:

Assemblyman Hardy sponsored this bill so he will come and testify first.

Assemblyman Joe Hardy, District 20:

The genesis of A.B. 6 was at the Nevada Association of Counties convention in Winnemucca in September 2005, when the National Association of Counties presented a program that would allow every resident of the county that participates to have a free drug discount card. The implementation was problematic because there were questions of whether it would be an unfair business advantage [to the company offering the cards] and if counties were allowed to enter into such agreements.

We received a letter from the Legislative Counsel Bureau (LCB) ([Exhibit D](#)) that said yes, if the [individual] County Commission[s] determined that [the prescription drug card] was for the good of public health, then a County Commission could have a contract with National Association of Counties (NACO) or do the NACO program. [With the letter from the LCB] eight counties in the State of Nevada went forward with this and the bottom line is that over

the last eight to twelve months it has saved the residents of the State of Nevada almost a quarter of a million dollars.

The average savings is about 20 percent on their prescription drugs. The contract is for any drug by any person who has the free card. This is a nationwide program. The largest county in Nevada, in population, chose not to participate because they are waiting for permission to enter into such an agreement.

I have with me John Slaughter, who is presenting a friendly amendment that will probably relieve the angst that some people will have. To my far right is the NACO representative who will be addressing the details. I would say that in the world of health, prescription drugs are not cheap. Anything we can do that will allow somebody to save money on their prescription drugs, that is legal, is a good idea. When you compare the 18,000 medications that have been covered by this program and the average \$11 per prescription or the 20 percent saved, and if a person is on five medications, the fifth would essentially be free. In the world of medicine, where you are trying to get people to comply with taking medicine, when people skip doses in order to be able to afford it, it is wise to be able to save them money. This is one small piece that will allow them to do that.

I need to say that the Canadian drug plan that we enacted last Session has been active for the last three months. The last statistics that I saw were about 810 drugs total but I do not know how much money was saved. Almost every major pharmaceutical company participates in some type of patient program for medications. One company has a patient assistance program that has been able to give millions of dollars of medications on a needs-based basis. There is a major organization that has a four dollar generic opportunity. But the card program is for any medication, and most times you will get a 20 percent savings on any one of the medicines. The program is huge and obviously affects the elderly because they are on the most medicines. Even outside of the doughnut hole, not all of those medicines are covered by Medicare Part D, whereas this card covers them all. With that I would ask if there are any questions.

Assemblyman Beers:

Dr. Hardy, will this card work in conjunction with other plans?

Assemblyman Hardy:

It will not take away from other plans. If your plan has a better deal for a prescription, then you will get that better deal. Free is still free. The way some of those work is a physician will receive a box of medication, then make sure it gets passed on to the patient. That is speaking from my role as a doctor.

Assemblyman Beers:

Then it is an either/or?

Assemblyman Hardy:

Yes.

Assemblyman Stewart:

Who bears the cost of producing and distributing the cards?

Assemblyman Hardy:

This is where I turn over the "how it works." This is the card for Washoe County. [Holds up [Exhibit E](#)]. The card is pretty simple, and it is sitting out on the counter, and Mr. Slaughter will address that. It is free; you get it, tear it off, do not have to sign it, and just take it in. For any resident of the county one card is for the entire family.

John J. Slaughter, AICP, Management Services Director, Office of Washoe County Manager:

I am going to defer to Vinson Guthreau.

Vinson W. Guthreau, Nevada Association of Counties:

Members of the Committee and Assemblyman Hardy, thank you for the opportunity to speak today in support of Assembly Bill 6, which would reaffirm the legal ability of county governments to offer prescription drug discount cards, such as the one offered by the National Association of Counties. I would like to take this opportunity to personally thank Assemblyman Hardy for his leadership on this bill.

I would like to outline some of the details of the National Association of Counties Prescription Drug Discount Card Program ([Exhibit F](#)) and how that program has impacted the State of Nevada. I have passed out an overview of the program, and included in that is a breakdown of savings by county.

First, allow me to explain what the program is. The National Association of Counties Prescription Drug Discount Card Program helps consumers save money on their prescription medications any time their prescriptions are not covered by insurance. The free cards are distributed in the sponsoring NACO member's county and may be used at any of the 57,000 participating retailers. I would be happy to provide a comprehensive list of retailers upon request, but it is quite extensive. Some of the examples are Rite-Aid, CVS, Walgreens, and any of those who have been on the East Coast; Eckerd is also on that list.

The program is intended for and available to all county residents. Additional benefits of the program include no enrollment fee, membership fee, or any restriction on frequency of use of the card. Benefits will start immediately to consumers. As we referenced the card before, it is a tear-off card. Once the citizen has the card they can begin using the program.

After a two year search, the National Association of Counties has chosen Caremark Rx to administer the program and the discount can be used for any prescriptions. I would be remiss if I did not mention it also covers pet medications. So for any of you that have pets, it also covers those that may not be covered by insurance. Benefits of the card are that it has the lowest price guarantee and an average retail savings of 20 percent. So if the pharmacy is offering maybe a sale on the particular medication that you might be seeking, you get the lower price.

Currently the largest user demographic for the card is the 70-75 year old age group. This card can be used to supplement the Medicare Part D coverage. As of February 1, 2007, Nevadans have saved nearly \$240,000 on their prescription medications. This is savings that is realized with the participation of only eight counties in Nevada. It is our belief at the Nevada Association of Counties that passage of this legislation will result in additional savings. We look forward to working with the Committee on this legislation to insure that every Nevadan has the opportunity to participate in this program.

I would be happy to take any questions.

Assemblyman Goicoechea:

I think the real key to this legislation is that it is enabling. It clarifies that the Board of County Commissioners can in fact seek any program that provides a benefit for their constituents.

Assemblyman Hardy:

Yes, that is true.

Assemblywoman Kirkpatrick:

On the proposed amendment you have, it says that you do not have competitive bid requirements.

John Slaughter:

That is correct, and the purpose of the amendment ([Exhibit G](#)) is that there may be other programs that come along, and we would like this to be non-exclusive. The county is not receiving any money for these programs. We are also not

charging these companies for this program, so we see this as a non-exclusive program that would allow other programs to come into the mix if they want.

Assemblywoman Kirkpatrick:

So what do you believe will be your actual bidding price? Is it going to be \$25,000 at a time that you are going to purchase? Is there going to be a public process gone through by the Board of County Commissioners? What will be the transparency by getting out of the bidding process?

John Slaughter:

There is no monetary exchange between the county and the contractor, so in that sense we are saying that there is no reason to bid these. We are approached to use these programs and told the offering is for our residents at no cost to the county, at no cost to the residents, so in that sense, there is no need to bid the program.

Assemblywoman Kirkpatrick:

If that is the case, would it then be a consent agenda item, or how would we track what kind of programs we have out there?

John Slaughter:

I will go back to when Washoe County implemented this particular program. We delayed our implementation of the program due to the fact that there was not an expressed provision in the NRS. When we received the letter from Legislative Counsel Bureau, we were comfortable in implementing the program. It did appear on our County Commission agenda, and it was publicly noticed. We had discussion by the Commissioners, and no one from the public came and spoke in opposition to the program. They probably did not even really understand what the program was, but we explained that in the Commission meeting. The Commissioners reviewed and approved implementation of this particular program.

Assemblywoman Parnell:

Has NACO given any thought expanding the idea to look at the underserved populations in the counties in terms of medical care?

John Slaughter:

As I mentioned, when we began to implement the program, we marketed this at our WIC clinics and our health departments, where the posters and the cards are available. I think as we learn a little more about the program and its popularity, we will see more aggressive marketing in our county. On the last page of the NACO handout you will see the participation rates of all the counties. I am afraid to say that we, Washoe County, did not have the highest

participation. Over the next year we anticipate that we will aggressively market the program and any other program like this that comes along.

Vinson W. Guthreau:

I wanted to speak to this briefly. I am new to NACO, and this is something on which we will aggressively be working, probably after session. It is a great program that I just learned about myself. I think NACO's idea is to have a coordinated statewide effort, not just the counties. This piece of legislation will assist us in that effort because the roadblocks I have heard of so far have been questions on the legality of it. You can tell from the participation rates, the more encouragement there is to citizens, the more this card is used.

Assemblyman Beers:

This is a superb idea and I commend Assemblyman Hardy for introducing the bill. We have a card here with Washoe County on it; will we be seeing a card like this for each of the other sixteen counties?

John Slaughter:

What you have is the card that is used in Washoe County. Every county that has the card has the ability to market it within their counties. So in Douglas County, one of the first to market the card, it would say Douglas County. All of their marketing material would include that Douglas County is the sponsor of that program along with NACO.

Vice Chair Pierce:

This legislation is permissive. The decision lies with the County Commissioners of each county.

Assemblyman Munford:

I was going to ask you that question. If a constituent of mine wanted to know about this program, how would they find out about it? How would it get to the people in a sense that this is another avenue for them in terms of prescription drugs?

Assemblyman Hardy:

You live in Clark County. The reason that we are here is so that the misgivings expressed by the District Attorney's Office will be allayed. They will have some cover when the County Commission addresses this program in their regular meeting. I would encourage you [Assemblyman Munford] to talk to your constituents to show up en masse at the County Commission hearing and say "We love Assemblyman Munford for making sure that he gave us this opportunity."

The opportunity for marketing, we have used the word marketing, but the bottom line is the county does not expend any money to print the cards or posters. That is provided by the NACO program itself, so the county does not have to do anything. I can tell you quite frankly, that in Nye County, we have an elected official who beats the drum and makes sure that everybody knows about this; the numbers are just incredible. It would not surprise me if someday you are in front of the TV and you get to say something positive about this.

It is more than word of mouth. Almost every physician will be encouraging their patients of every age and ill to make sure they know they could save on every medication. It would be a good thing for patients to be able to afford their medicines and not have to hoard them or spread them out.

Assemblyman Goicoechea:

Looking at the eight counties that are participating, let us say that you take a Washoe County card and you go to the "W" store in Churchill County. The pharmacist would say this is a Washoe County card. Maybe it would be more appropriate, especially if we get all seventeen counties on board, to print State of Nevada on the card. I realize that it is a county endorsement plan, but I am a little concerned about walking into a pharmacy and having them say "This is Washoe County, we are in Churchill."

John Slaughter:

We would love for all 17 counties to participate. If it comes to that and we could then say that this is a program supported by not only the counties but also the State, I think that would be appropriate.

Vinson W. Guthreau:

I wanted to address the issue, in case there is any misconception. If you receive your card in Washoe County, and go to a participating retailer, they will accept your card. The point would be to get all 17 counties on board; however, your card will not be rejected if you go to a participating retailer. They have agreed to this, so regardless that it says Washoe, the card can be used in Eureka County.

Vice Chair Pierce:

Dr. Hardy, did you want to add anything else?

Assemblyman Hardy:

I appreciate the opportunity to be before you. Ted Olivas from the Nevada Public Purchasing Study Commission supports this and is here if you would like to hear from him. We have support from other organizations as well, and appreciate them being able to buy in as they wish.

Danny Coyle, Past President, State of Nevada Employees Association:

Today, I have on my NARA hat, the Nevada Alliance for Retired Americans. I handed the clerk my American Federation of State, County, and Municipal Employees (AFSCME) card, but I do not think that is inappropriate now that I know that the program adopts the Public Employee's Benefits Program (PEBP) formulary.

I agree with Mr. Slaughter's proposed amendment to make it non-exclusive because you never know what other providers may want to come on the program, and it could be beneficial to us all. Both organizations, NARA and AFSCME retirees are always looking out for our retired members and senior citizens. We think this is a good program and we support it. I want both organizations to be on the record as supporting Assemblyman Hardy's bill and Mr. Slaughter's amendment.

Vice Chair Pierce:

Is there anyone else who would like to speak in favor of A.B. 6? Come forward please.

Bjorn (BJ) Selinder, Representing Eureka and Churchill County:

I am here to express support for A.B. 6 with the amendment as provided by Washoe County. With regard to getting the word out, Churchill County makes the cards available through the Social Services Department as well as through the senior citizens center.

Michael Hackett, Nevada State Medical Association:

We wanted to go on record in support of this bill. To echo the comments of Assemblyman Hardy, it is very unfortunate when senior citizens have to choose between affording their prescriptions and paying other kinds of bills. We would support anything that would take that kind of decision out of their hands.

Vice Chair Pierce:

Is there anyone else who would like to speak in support of A.B. 6? Is there anyone who would like to speak in opposition? Is there anyone else who would like to testify on this bill? I will close the hearing on A.B. 6.

I will open the hearing on A.B. 28.

Assembly Bill 28: Revises provisions governing the Advisory Council of the Division of Industrial Relations of the Department of Business and Industry. (BDR 18-555)

This bill was sponsored on behalf of the Division of Industrial Relations.

John Wiles, Division Counsel, Division of Industrial Relations:

I am presenting A.B. 28 this morning. The bill is very simple and straight forward. We are reducing the number of required meetings of our Advisory Council from two to one per year. It was a general consensus among the Administrator and the Advisory Council that it was not necessary to require multiple meetings a year. One mandatory meeting a year would be sufficient. That is really all the bill says.

Vice Chair Pierce:

Are there any questions for Mr. Wiles?

Assemblyman Goicoechea:

Historically, how many times a year did they meet?

John Wiles:

The statute provided for twice a year. Some years they met two or three times a year, but in the past few years I can say two at most.

Assemblyman Goicoechea:

Just what they were required by law?

John Wiles:

That is correct.

Assemblyman Goicoechea:

What is their function?

John Wiles:

The Advisory Council has multiple functions: they can make recommendations, they can do investigations to help us do our job better, they review the quarterly reports of accidents and injuries, and they also have a debt write-off function. They write off debts that are three years old or impractical or impossible to collect. Once a year is sufficient for the purposes of the debt write-off; in terms of their report and investigatory and recommendation power, they can call a meeting if they want to at any time. The same is true after reviewing the reports of accidents and injuries. For example, if they see a pattern they would like to investigate or ask some questions about, they can call a meeting.

As a background, the Advisory Council consists of seven members. Three are management representatives; three are labor representatives, and one is a representative of the general public. All are appointed by the Governor.

Assemblyman Settlemeyer:

Are they paid to be on that Council? Or reimbursed?

John Wiles:

They are reimbursed for meetings; I think it is \$80. Yes, there is remuneration for attending the meetings.

Assemblyman Settlemeyer:

Is it broad based? Are they from throughout the State?

John Wiles:

We have members from the northern part of the State and the southern part of the State.

Assemblyman Settlemeyer:

Is it required within statute that members be spread out, or is it just the way it has been formulated?

John Wiles:

As a matter of practice and, I think, tradition, the Governor has historically tried to reach out to various industries and constituent groups throughout the State.

Vice Chair Pierce:

What does the Division of Industrial Relations do?

John Wiles:

The Division of Industrial Relations actually has several major functions. The Division regulates Occupational Safety and Health. We have the State Occupational Safety and Health Administration OSHA program, and a program for the safety and health of mine workers, so we have a mining safety program. We also regulate Worker's Compensation insurers, so we have a Worker's Compensation section as well. I might add, in conjunction with our Occupational Safety and Health Administration, we also have a consultation and training service that provides free safety related training and consultation to employers throughout the State of Nevada.

Vice Chair Pierce:

Is there anyone else who would like to speak in support of A.B. 28? Is there anyone to speak in opposition or neutrality for A.B. 28? I will close the hearing on A.B. 28.

Is there any public comment? [There was none.]

This concludes our meeting. The next meeting will be Monday at 9:00 a.m. February 19th. We will have a work session on the bills that we heard yesterday and today. Meeting is adjourned. [8:46 a.m.]

RESPECTFULLY SUBMITTED:

Emilie Reafs
Committee Secretary

APPROVED BY:

Assemblywoman Marilyn K. Kirkpatrick, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Government Affairs

Date: February 16, 2007

Time of Meeting: 8:00 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Record
A.B. 16	C	State Controller	Prepared Statement
A.B. 6	D	Assemblyman Joe Hardy	Letter from LCB
A.B. 6	E	Washoe County	Prescription Discount Card
A.B. 6	F	Nevada Association of Counties	Prescription Drug Discount Card Program presentation
A.B. 6	G	Washoe County	Proposed Amendment