MINUTES OF THE SUBCOMMITTEE MEETING
OF THE
ASSEMBLY COMMITTEE ON HEALTH AND HUMAN SERVICES

Seventy-Fourth Session
April 3, 2007

The Subcommittee on Health and Human Services was called to order by Chair Sheila Leslie at 3:13 p.m., on Tuesday, April 3, 2007, in Room 3138 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 Sheila Leslie, Chair
Assemblywoman Susan I. Gerhardt, Vice Chair
Assemblyman Lynn D. Stewart

STAFF MEMBERS PRESENT:

Sarah J. Lutter, Committee Policy Analyst
Katrina Zach, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Bill Welch, President and CEO, Nevada Hospital Association, Reno
Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services
Bobbette Bond, Legislative Liaison, Health Services Coalition, Las Vegas
Alex Haartz, Administrator, Health Division, Department of Health and Human Services
Robin Keith, President, Nevada Rural Hospital Partners, Reno
Jim Wadhams, Government Relations, Nevada Hospital Association, Reno

Chair Leslie:
The meeting is called to order. I would like the record to reflect that all members of the Subcommittee are present. We are here to continue our review of Assembly Bill 146. There is an outline (Exhibit C) of my proposed changes to the bill. We will discuss the changes and then we will take testimony.

The intent of the bill was not clear to some people. The intent is that the bill pertains to all hospitals. We discussed what we meant by the term "charges" in the bill, and we mean bill charges. There is a chart (Exhibit D) that compares cost and quality transparency websites by state. Some websites do average charges and insurance charges.

Assemblywoman Gerhardt:
Is it full fee for service?

Chair Leslie:
Yes, that is my understanding. The uniform billing form 04, (UB04), is a new required reporting form, which is independent of this bill. Starting July 2007, hospitals will have to report data. I propose the use of the monthly reporting form. We need to get more testimony on this issue. It is my understanding the hospital must do the inpatient procedures by July 1, 2007. One could also include outpatient procedures in the UB04 form, but there are differences of opinion and perhaps someone could clarify that for us. The UB04 form will standardize how the data is collected. It seems logical.

The other proposals on the outline are self-explanatory. I propose that we include the four national groups that the other websites use, and that we allow the Department of Health and Human Services to choose which quality measures should be used. I do not want to bog down the legislation with discussion on which quality measures should be used. The director should discuss this issue with the industry. The National Quality Forum (NQF) Patient Safe Practices were recommended to me and they seem useful.

The charge master caused controversy the last time we reviewed this bill. We want to reach middle ground on this issue. We will make the charge master available for the public, and allow the State to be able to request to electronically analyze the data, but we will not make the charge master data available to other parties through the State.

Regarding penalties of the bill, I suggest a new section that allows the Department of Health and Human Services to send a notice to a hospital that does not comply with the provisions of the bill. We will not establish penalties right now because we need to work out the details of the bill. The intent of the

penalties section is not to collect penalties, but to let people know that the Committee wants the hospitals to comply with this legislation.

There was angst about the outpatient data. A few people believe that the hospitals and ambulatory centers should be on the same time line in terms of reporting outpatient data. We will need to discuss that some more. The Committee wants this legislation to go forward. Nothing happened with the legislation on emergency rooms and I do not want that to happen again. The intent of the time line to place parameters and time frames around the legislation so there will be progress two years from now.

Bill Welch, President and CEO, Nevada Hospital Association, Reno:
The handout (Exhibit E) summarizes the testimony of the original hearing on A.B. 146. On page 3, we included a provision that defines surgery. There were questions about that issue. We discovered that there are many urgent care centers and ambulatory surgery centers. The Bureau of Licensure and Certification lists all the urgent care centers in Nevada on their website.

We did research on Florida's transparency website. It took government officials several years to build the website and they hired a consultant at a cost of $452,000. It costs Florida $250,000 a year to maintain the website. The Ohio website is in the early stages and officials are still working on getting the system set up.

The PowerPoint presentation we were going to present today demonstrates that the Nevada Hospital Association is moving forward and has made the commitment to making pricing information available to the public. The presentation provides actual data that will be on the Price Point website. We will take the data to the Nevada Hospital Association Board of Directors next week for their final approval. If it is approved, the Price Point information will be on the Nevada Hospital Association website.

The development of quality measurement transparency is in its early stages. Officials from Florida will let us use their software and it will take some modification to fit Nevada's needs. We took their website and plugged in Nevada's information. This gives the Committee an idea of what we are working on.

With respect to the suggested language, we continue to support the amended version we submitted at the original hearing. Some of the proposed amendments are acceptable. As Chair Leslie pointed out, we are concerned about outpatients. It is premature to release outpatient data as the data collection process has no consistency. We should focus on the delivery of

inpatient transparency of pricing and quality. We would be happy to participate in a process that brings all the stakeholders together to figure out what data to collect and how it should be collected. The oversight committee should recommend what will be included in the outpatient data collection process.

We have been working on the Price Point website since October 2006 and we are on the verge of making it public. A meaningful, consumer-friendly program may not be up and running by October 2007. I encourage the Committee to give us more time, but I understand we need to move as quickly as possible. We want to make sure we create a meaningful program, not a program that is hurriedly put together.

Chair Leslie:
Thank you. I appreciate the Nevada Hospital Association's cooperation on this bill. What forms did the average charge data come from? Did you survey a couple of hospitals?

Bill Welch:
That data is from the UB04 forms. Joseph Greenway, the Director of the Center for Health Information Analysis, collects the data from all the UB04 forms.

Chair Leslie:
This is representative of the data that the hospitals already report. It is good news.

Bill Welch:
This is the same data that is used by the Nevada Healthy Choices. We will be getting the data from the same location.

Chair Leslie:
This is a good format and it is much more user-friendly than the book. Is there quality data that can be extracted from the form?

Bill Welch:
I am not the expert on that. I can refer the question to someone else.

Chair Leslie:
Is there anyone that can answer questions regarding the UB04 forms? [There was no response.]

Bill Welch:
With respect to the UB04 form, I know there are average lengths of stay and other types of information that you could pull from the form. I do not believe you can pull quality measurement data from the forms. I will be happy to research that and get back to you.

Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services:
The UB04 form is a claim form. It primarily holds information for payment of the claim. It also has information on diagnoses and procedure codes. Whether or not you can extract quality data from the claim depends on what quality data one is requesting. I apologize, but I cannot answer in detail unless we specifically know what quality measure we want to access. I assume there is some way one could pull certain quality indicators related to diagnoses or procedures from the claim, but it depends on the type of quality measure.

Chair Leslie:
Does the form include ways to report outpatient data?

Charles Duarte:
Starting May 23, 2007, the UB04 form will be mandated for usage. It is a requirement of the National Provider Identifier (NPI) Project, which is the last great step of the Health Insurance Portability and Accountability Act (HIPAA). The form is also used for submitting claims for outpatient surgeries. The professional fees, which are billed by a physician or another licensed health care provider, are not presented. It includes outpatient claims information on diagnoses, procedures, and so on.

Chair Leslie:
Are the hospitals required to do the inpatient data by May 23, 2007, but not required to do outpatient data?

Charles Duarte:
The National Provider Identifier Project changes the whole health care system. It mandates the use of national provider identification and new claims. I believe the UB04 forms have been released for use. Submitting the UB04 forms will be a requirement for all health care services.

Chair Leslie:
Is it outpatient and inpatient?

Charles Duarte:
I believe it is outpatient surgery.

Chair Leslie:
We will take more testimony on that. So that data will be available?

Charles Duarte:
Yes.

Chair Leslie:
Ambulatory surgery centers are not required to file the forms?

Charles Duarte:
I believe they use the UB04 form for outpatient surgeries.

Chair Leslie:
It is interesting because that is news to me.

Charles Duarte:
The type of information they include on the form may differ from certain outpatient hospital procedures. I apologize, but I am not an expert on what data is incorporated. There may be some differences. Joseph Greenway expressed concerns about this.

Chair Leslie:
We want to give him time to sort that out. According to Mr. Welch's testimony, the only real sticking point is what to do about the outpatient data.

Charles Duarte:
I agree with Mr. Welch that putting out a quality product requires time for discussion. When I spoke with Joseph Greenway, it was his primary concern. Getting all participating entities together to report the same information will take some time. I agree that the time frames are a bit aggressive. Mr. Greenway believes inpatient reporting will take six months and outpatient reporting will take one year. Outpatient reporting during the interim is feasible.

Chair Leslie:
I am thinking the outpatient reporting could be ready by October 2008.

Charles Duarte:
That may be feasible. It gives us a year. If we do not do the outpatient reporting parallel to the inpatient reporting, then we start with outpatient reporting in January 2008, and that will allow us to have the data available by January 2009.

Chair Leslie:
What do think about Mr. Duarte's suggestion? We are looking at January 2009.

Bill Welch:
I believe Mr. Duarte is talking about having the hospital information available by January 2009. I do not know if that includes the ambulatory surgery centers. Perhaps he could clarify. We are concerned because outpatient reporting should be done with inpatient reporting.

Charles Duarte:
I was speaking specifically about inpatient data, emergency department data, and outpatient hospital data. This does not necessarily include the ambulatory surgery center data. I did not talk with Joseph Greenway about that specific time line.

Chair Leslie:
To be fair, we should report inpatient and outpatient data together. Perhaps you could discuss that with Mr. Greenway. You could also explore if the ambulatory surgery centers are already filing the information.

Charles Duarte:
To my knowledge, the Center for Health Information Analysis may be receiving some information from these providers, but I do not believe they are receiving information en masse. I will have to confirm that with Mr. Greenway.

Bobbette Bond, Legislative Liaison, Health Services Coalition, Las Vegas:
I talked with our researchers and consultants. All hospital-related things are reported on the Health Insurance Claim (HCFA 1500) form and hospital services are reported on the UB04 form. In many states, the UB04 form is the only form that is used. Inpatient services, outpatient surgery, observation, and emergency room data are collected through the UB04 form. There should be a process to figure if the ambulatory surgery center information, which uses the HCFA 1500 form, matches the rest of the outpatient data. Any information on the UB04 form should be up and running because that data is available.

The UB04 form also collects information on estimated payments of services, which will help consumers understand what they will pay. We should start collecting data so we can see what is happening instead of discussing what the form may or may not have. The website is a work in progress. I understand it took Florida a long time to get started, but the work Florida did set precedence for other states. The UB04 form is available now; it was not available three years ago. The quality indicator groups made great strides in coming together and figuring out consensus-based quality measures. It is a great head start, but it will take a long time to build the website. The point of this bill is to get started on this project.

Chair Leslie:
Are you saying we should require the UB04 form to be reported in its entirety? I have a problem with the ambulatory surgery centers. We still have to figure out how to get that information so it is comparable.

Bobbette Bond:
That is my understanding. It is a HCFA 1500; it is a different form. I have heard that from every hospital that reported the information. It requires work to get those two forms lined up.

Chair Leslie:
We have to allow time for that. Are you suggesting that we require the hospitals to report inpatient and outpatient data through the UB04 form? Should we put the outpatient data up even though we need more time to get the information from the ambulatory surgery centers?

Bobbette Bond:
If we were doing this project, we would start collecting the inpatient and outpatient data. We would give the State one year to analyze and organize the data, and then we would start discussing ambulatory surgery centers because none of that data is reported to the State yet. Data from the ambulatory surgery centers is a whole new ball of wax.

Chair Leslie:
You are saying to post the outpatient data before we get the ambulatory surgery center data.

Bobbette Bond:
I do not know why you would not; it is more information for the consumers. I understand the hospitals have concerns from a competitive point of view, but the purpose of the bill is give consumers information.

Chair Leslie:
I understand. I just want to make sure where you stand.

Charles Duarte:
Hospitals will be utilizing the UB04 form for collecting claims data of outpatient surgery and other procedures. The fact that the hospitals can send us a flat file of claims information does not necessarily mean it could be posted in a meaningful manner. Our consultants told us that is a sizable task. It is fine if the Health Services Coalition would like to take on that task, but we have limited resources and we are trying to keep the fiscal note as affordable as possible. I appreciate the strong interest, but we need time and resources to do it properly. I would hate to create the expectation that the data would be available much sooner than the time frame I suggested.

Alex Haartz, Administrator, Health Division, Department of Health and Human Services:
I would like to clarify Mr. Welch's testimony. The statute requires licensure of ambulatory surgery centers and independent centers for emergency medical care. An urgent care center is an unlicensed environment. It is like a physician's office, where outpatient surgery may take place.

Chair Leslie:
We are not talking about urgent care centers, only about ambulatory surgery centers?

Alex Haartz:
The only licensed outpatient environment that we regulate is ambulatory surgery centers. This includes procedures that are done in hospitals, ambulatory surgery centers, or independent centers for emergency medical care.

Chair Leslie:
It does not include urgent cares?

Alex Haartz:
It does not include urgent cares that are not licensed.

Chair Leslie:
In this bill, we are only talking about the hospitals and the ambulatory surgery centers.

Alex Haartz:
Yes.

Chair Leslie:
We will not be getting data from urgent cares that are not licensed as ambulatory surgery centers.

Alex Haartz:
That is correct. It also includes physician offices.

Chair Leslie:
We cannot get everybody.

Alex Haartz:
I understand. I just wanted to clarify that. Also, I would like to remind the Committee that the Health Division and the Department of Health and Human Services requested new staff. During the budget hearings, the staff hiring was moved back. Looking at the time frames, we do not have the authority to hire new staff who would be working on the website. We want more time to get the website set up.

Chair Leslie:
What is your suggestion on the time frame?

Alex Haartz:
The inpatient data will be displayed on the website by October 1, 2007. Depending on what gets approved in the budget, I think October 2007 might be too soon.

Chair Leslie:
Mr. Duarte said six months, so that would be January 2008.

Alex Haartz:
Again, it depends on how comprehensive and functional the website will be. We will go back and take another look at this issue.

Chair Leslie:
That is helpful. We have not closed that budget.

Alex Haartz:
Correct.

Chair Leslie:
If you could go back and look at that, it would be good to know. We are trying to use the existing budget as much as possible. We want the fiscal note low so we can get this going.

Robin Keith, President, Nevada Rural Hospital Partners, Reno:
We have been working with the Nevada Hospital Association and we support Mr. Welch's testimony. I know this applies to all hospitals and we are fine with that. We have some concerns about our ability to do some of things that are on the National Quality Form list. We would appreciate a statement of intent from the Committee. The statement would show that some indicators on the list are not applicable to rural hospitals.

Chair Leslie:
You have our commitment on that. It seems we still need to work on the time frame. Perhaps we could make it less aggressive, but I do not want to wait another two years. We need to decide what to do with the outpatient data. Ms. Bond is right when she said this bill is for the consumer. I believe the Nevada Hospital Association is concerned about the capital costs. If we posted some data right now, why would we not want to make that data available even though the consumers would not be able to compare it with the ambulatory surgery center data?

Bill Welch:
As I said in previous hearings, it is a competitive issue for us. We believe it gives the ambulatory surgery centers a competitive advantage. You are correct; the consumers would have the information, but they could not compare the data to the ambulatory surgery centers. Also, they will not have the information to explain the difference in pricing. On the other hand, the ambulatory surgery centers would have access to all the hospitals' information. They could adjust their pricing to be lower than the hospitals.

Chair Leslie:
You are afraid the hospitals charge a procedure at $5,000, but the ambulatory surgery centers will price the same procedure at $4,000.

Bill Welch:
That is correct. That may be a silly argument, but it is a concern to us when you consider the number of uninsured patients that go to the hospitals.

Chair Leslie:
That is the main reason why you do not want the State to post one set of information without the other set of data.

Bill Welch:
If this bill goes forward, all information must be posted simultaneously.

Assemblyman Hardy:
Would there still be a problem if the ambulatory surgery center's data is released? Traditionally, ambulatory surgery centers charge less because they do not have the same problems that hospitals have. We will encounter the same conflict where the ambulatory surgery center is cheaper than the hospital.

Bill Welch:
I agree with your point. Regardless of what happens, the hospitals will be at a disadvantage. The ambulatory surgery centers do not have the risks that hospitals have. If a patient's condition worsens in an ambulatory surgery center, the patient is transferred to a hospital. The hospital acts as a backup. The transfer is not included in the ambulatory surgery center's charges, but the hospital has to carry those charges. There has to be some clarifiers that will explain this.

Chair Leslie:
We can do that. About Dr. Hardy's point, perhaps there is a trade-off between cheap prices and high quality. Some people choose cheap prices while others choose high quality. It goes both ways.

Assemblyman Hardy:
As a doctor, if one of my patients went to a cheaper place for surgery, but ends up with an outcome I do not like, it raises concerns. It comes down to the quality of care issue.

Assemblywoman Gerhardt:
We did not talk about how insurance plays a part in this issue. A lot of patients do not have a choice because the insurance company dictates where the patient will go. Mr. Welch presents a good argument for the patient who pays full fee for service. How many patients pay full fee for service?

Bill Welch:
About 33 to 35 percent of Nevada's population is insured. About 65 to 67 percent of the population is covered by Medicaid or Medicare, or they are uninsured. The point is that I do not know what kind of consumer

information they will be looking for because their health plan will be directing them.

Assemblywoman Gerhardt:
You made my point when you talked about people who are uninsured. How many people are paying full fee for service on an elective surgery? I do not think there are many.

Chair Leslie:
There are so many uninsured people that I do not know. I have friends that shop for health care because they do not have insurance.

Assemblywoman Gerhardt:
I agree that some uninsured patients shop for health care, but of those, who is going to emergency rooms? Who has the time to weigh the options?

Jim Wadhams, Government Relations, Nevada Hospital Association, Reno:
The last question is an important element to the issue of transparency. About 22 percent of Nevada's population is uninsured. It is comprised of people who shop for health care and people who cannot. The rest of the population is directed by a system of insurance, whether it is Medicaid, Medicare, a self-insurance program, a collective bargain program, or a commercial insurance program. The point Assemblywoman Gerhardt is making is that the insured will check their plan booklet to see what kind of health care is covered by the program. The insured do not search for the cheapest hospitals, but which hospital is covered by their insurance. Generally, the provider will provide a list of physicians they cover. I am not suggesting that information should not be more accessible to the public; but about a month ago, Senator Harry Reid said it is time to stop insurance companies from accessing pooled cost data. In a way, we are creating that exact system. It is not just about transparency for those few citizens who shop, but it creates a bulletin board for the major purchasers of insurance to compare prices. If the information will be public, it ought to be evenly exposed. The major purchasers are the ones that will use this website the most.

Assemblywoman Gerhardt:
If it means that prices will be more reasonable and competitive, I do not think that is a bad thing.

Jim Wadhams:
It is a technique that has been used for years. I raise this point because the United States Congress is starting to discuss eliminating that opportunity for insurers to get access to pooled cost data. This is a way for the State to bring

that data for purchasers to consider. Competition is about lowering prices and the Nevada Hospital Association supports that, but it masks the real issue that 60 percent of constituents search for physicians that are covered by their insurance plan. They do not search for the cheapest hospital.

Chair Leslie:
Choice is very important to our constituents because we hear about that all the time. I agree with you.

Bobbette Bond:
The way that Mr. Wadhams is framing this issue, it sounds like people only have one choice. I am not aware of many insurance plans that offer only one choice. Many plans offer multiple choices. There are plans with high deductibles so people under those plans could compare and shop. There are other plans where the patient has to pay a percentage of the bill charges or contracted rate. Even though one has insurance, it would be helpful if one could shop.

Chair Leslie:
That is a good point. Thank you.

Assemblyman Hardy:
Regarding comparison shopping, if one has an insurance policy that covers each hospital uniquely, is there a difference that one will pay? Or will insurance law dictate what the price will be?

Bobbette Bond:
If one goes to a hospital for an outpatient procedure, our contracts require that participants pay a percentage of the contracted rate we have with the hospital. It can change from hospital to hospital. Inpatient procedures, however, have a global rate.

Bill Welch:
Ms. Bond indicated that some patients pay a percentage of the contracted rate. If that is so, the billed amount will not be relative. It will be the contracted rate. There is a significant difference between bill charges and the contracted rate.

Bobbette Bond:
It depends. We do not have the same contract with every hospital. It varies.

Chair Leslie:
Is there any more testimony? [There was no response.] I suggest we accept the conceptual changes. We will need Committee discussion on the outpatient issue and the time frame issue. The issues go together. I would like State officials to look at the time line and get back to me with your suggestions. If the Nevada Hospital Association or anyone else would like to offer suggestions on the time line, that would be good. I appreciate everyone's hard work on this. This meeting is adjourned. [4:16 p.m.]

RESPECTFULLY SUBMITTED:

_____
Katrina Zach
Committee Secretary

APPROVED BY:

_____
Assemblywoman Sheila Leslie, Chair

DATE: _____

EXHIBITS

Committee Name: Committee on Health and Human Services

Date: April 3, 2007 **Time of Meeting: 3:13 p.m.**

Bill	Exhibit	Witness / Agency	
	A	**********	Agenda
	B	**********	Attendance Roster
AB 146	C	Assemblywoman Sheila Leslie	Chart of comparison costs.
AB 146	D	Assemblywoman Sheila Leslie	*Comparison of State Cost and Quality Transparency Websites*
AB 146	E	Bill Welch, Nevada Hospital Association	*Testimony*