MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE
JOINT SUBCOMMITTEE ON K-12/HUMAN SERVICES

Seventy-Fourth Session
May 8, 2007

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on K-12/Human Services was called to order by Chair Sheila Leslie at 8:12 a.m., on Tuesday, May 8, 2007, in Room 3137 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 were 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).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Sheila Leslie, Chair
Assemblywoman Barbara E. Buckley
Assemblyman Mo Denis
Assemblywoman Heidi S. Gansert
Assemblywoman Debbie Smith
Assemblywoman Valerie E. Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator Barbara K. Cegavske, Chair
Senator William J. Raggio
Senator Dina Titus
Senator Bernice Mathews

STAFF MEMBERS PRESENT:

Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Rick Combs, Program Analyst
Laura Freed, Program Analyst
Barron Brooks, Committee Secretary
Patricia Adams, Committee Assistant

Chairwoman Leslie stated the Subcommittee would begin by hearing budget closings from the Department of Administration.

INDIGENT SUPPLEMENTAL (BA 3244)
ADMIN-25, Volume I
INDIGENT ACCIDENT (BA 3245)
ADMIN-27, Volume I

Rick Combs, Program Analyst, stated that the Supplemental Account for Medical Assistance to Indigent Persons had provided reimbursement to Nevada counties for unpaid hospital charges for medical treatment of indigent persons, excluding injuries sustained in motor vehicle accidents. Beginning in Fiscal Year (FY) 2006, a portion of the money from the account was also transferred to the Division of Health Care Financing and Policy (DHCF&P) to provide matching funds for the state's Health Insurance Flexibility and Accountability (HIFA) Medicaid waiver. The account was funded through property tax revenues equivalent to one cent per $100 of assessed valuation.

In regard to the Indigent Accident Account, Mr. Combs explained that the Fund for Hospital Care to Indigent Persons reimbursed hospitals for care provided to indigent persons who had been injured in motor vehicle accidents in Nevada. The account was funded through a tax rate of 1.5 cents on each $100 of the assessed valuation of the county for the next fiscal year.

Mr. Combs stated the 2005 Legislature approved the Governor's recommendation to use a portion of the property tax proceeds received in the Indigent Supplemental Account to fund a portion of the cost of expanding health care coverage for low-income Nevadans through the HIFA waiver.

Mr. Combs explained although funds were not transferred from the Indigent Accident Account to the HIFA Holding Account to fund the HIFA waiver program, the account was also affected by the approval of the waiver by the Center for Medicare and Medicaid Services (CMS). Prior to the enactment of Assembly Bill (A.B.) No. 493 of the 73rd Legislative Session, the Indigent Accident account funded only claims from hospitals for care provided to persons who had been injured in motor vehicle accidents. The provisions of that bill authorized the use of property tax revenues from this account to fund payments to the counties for unpaid charges for hospital care in excess of $25,000 to any one indigent person even when the hospital charges were not the result of the person being injured in a motor vehicle accident.

Mr. Combs stated that the first major closing issue was whether to combine the Indigent Supplemental and Indigent Accident Accounts into one account. The provisions of A.B. No. 493 of the 73rd Legislative Session appeared to reflect the intent that the Indigent Supplemental Account and the Indigent Accident Account would be combined once the HIFA waiver was approved. When the agency request was submitted to the Budget Division, the waiver had not been approved, so the Department of Administration indicated that the two accounts were not combined at that time. The Department of Administration had since indicated that, based on the approval of the HIFA waiver by CMS, the two accounts should now be combined. Based on the provisions of A.B. No. 493 of the 73rd Legislative Session and the approval of the HIFA waiver by CMS, Fiscal Analysis Division staff recommended combining the two accounts.

Mr. Combs stated that the second major closing issue had to do with transferring the responsibility for accounting services. Based on the transfer of property tax revenues from the Indigent Supplemental Account to fund the HIFA waiver, it appeared reasonable to transfer the accounting oversight for both the Indigent Supplemental Account and the Indigent Accident Account to the Department of Health and Human Services (DHHS) Director's Office. At the Subcommittee hearing conducted on March 22, 2007, the Administrator of the Administrative Services Division indicated that transferring the accounting responsibilities from her office to the Department of Health and Human Services was acceptable to the Department of Administration. Based on the use of the new combined account to fund the provision of hospital services to persons who were indigent and to provide funding for the HIFA waiver approved by CMS, the Fiscal Analysis Division recommended transferring the responsibility for providing accounting services to the DHHS Director's Office. Although transferring the accounting responsibilities to DHCF&P would also be reasonable, staff believed that the Director's Office was ideally suited to provide oversight of the funding used to support claims for providing hospital services to indigent persons and to ensure that HIFA waiver funds were accounted for appropriately.

Assemblywoman Buckley suggested keeping the accounts separate, so the counties would understand which bills came from each account. Once the programs were more established, the accounts could be combined.

In response to Assemblywoman Buckley's suggestion, Mr. Combs stated that he did not see any problem tracking payments with the accounts combined. The accident claims would be paid first and whatever money was leftover from the accident portion could then be used to fund nonaccident claims.

> ASSEMBLYWOMAN BUCKLEY MOVED TO APPROVE STAFF RECOMMENDATION TO COMBINE BA 3244 AND BA 3245 AND TO TRANSFER THE RESPONSIBILITY FOR ACCOUNTING SERVICES TO THE DHHS DIRECTOR'S OFFICE.
>
> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
>
> THE MOTION CARRIED.

* * * * *

Mr. Combs explained the technical adjustments to the accounts as follows:

- All of the revenues and expenditures were now in BA 3244. As recommended by the Governor, this account included reserve funding in the amount of $3,583 in FY 2008 and $7,773 in FY 2009. Because the account did not require a reserve based on the Board of Trustee's authority to use all available funding to pay claims, the reserve had been eliminated, and the supplemental claims expenditures had been increased.
- The expenditures for reimbursing the Administrative Services Division for accounting services had been reduced from $5,099 in each fiscal year of the 2007-09 biennium to $4,789 in each fiscal year based on the division's updated internal cost allocation. Because of the recommendation to transfer the accounting function to the Department of Health and Human Services (DHHS), Director's Office, the closing

document reflects the transfer of the accounting services expenditures to the Director's Office instead of the Administrative Services Division. In future biennia, the DHHS Director's Office would determine the appropriate manner to allocate its costs in administering this account.

- This account received property tax revenues totaling approximately $7.3 million in FY 2006, while the Indigent Accident Account received property tax revenues totaling approximately $11.7 million in FY 2006. The Executive Budget projects that the revenues from property taxes for both accounts would increase by approximately 15 percent from FY 2006 to FY 2007 and by approximately 11.8 percent and 11.5 percent in each year of the 2007-09 biennium, respectively. Fiscal Analysis Division staff had increased projected property tax revenues for this account by $713,572 in FY 2008 and $984,811 in FY 2009 based on updated projections for property tax revenue growth totaling 17 percent in FY 2007, 13.12 percent in FY 2008, and 12.24 percent in FY 2009. Interest revenue had been increased by $23,358 in each fiscal year based on the interest receipts for the first three months of FY 2007.

Mr. Combs noted that The Executive Budget for the 2007-09 biennium included a transfer of funds from this account to the HIFA Holding Account totaling $3,156,132 in FY 2008 and $3,938.373 in FY 2009. The Fiscal Analysis Division requested authority to adjust the expenditures for transfers to the HIFA Holding Account based on the actions of the Subcommittee with respect to the revenues required to fund that account.

SENATOR CEGAVSKE MOVED TO GRANT STAFF AUTHORITY TO MAKE THE TECHNICAL ADJUSTMENTS.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Mr. Combs stated it was not necessary to make an additional motion for the Indigent Accident Account. The expenditures and revenues were zeroed out.

COMMUNITY BASED SERVICES (BA 3266)
DHHS DIRECTORS OFC-13, Volume II

Mr. Combs stated that the first main closing issue was caseload increases for Personal Assistance Services (PAS) and Traumatic Brain Injury (TBI) Programs. The Governor recommended General Funds totaling $1,229,759 in FY 2008 and $1,741,543 in FY 2009 to provide Personal Assistance Services and Traumatic Brain Injury services for additional clients over the 2007-09 biennium. For PAS, the Governor recommended General Funds totaling $263,499 in FY 2008 and $775,283 in FY 2009 to provide daily in-home care services for 63 additional people over the 2007-09 biennium. Based on a recommendation from the Legislative Committee on Persons with Disabilities and the Governor, the 2005 Legislature approved General Funds totaling $1.1 million in FY 2006 and $1.5 million in FY 2007 to serve 44 eligible new PAS clients at the beginning of FY 2006 and 59 new eligible clients at the beginning of FY 2007, with an additional 15 clients becoming eligible during each of the two fiscal years. The additional funding for the PAS program was approved by the 2005 Legislature to reduce wait times to less than 90 days in keeping with the recommendation

of the Legislative Committee on Persons with Disabilities. As of March 31, 2005, the Office of Disability Services reported that the wait list for the PAS program included 38 people. The Office now projected that the wait list for services for the program would include 84 people at the end of the current biennium. The Office projects that the average wait times for the program (from application to the receipt of services) would total a little over 13 months at the beginning of the 2007-09 biennium.

Mr. Combs explained that although The Executive Budget included funding for 63 additional clients over the 2007-09 biennium to eliminate the waiting list for the PAS program, the Office indicated that the increasing wait list would now require the Office to serve 77 additional cases to reduce the wait list for the program to approximately one month. If the Office's projections for the number of hours of services per client per week (19) were accurate, the funding recommended over the 2007-09 biennium for 63 additional clients would reduce the waiting list for the program by approximately 75 percent to 21 people and would reduce the wait time to slightly over 100 days. Mr. Combs stated that he had provided options for the Subcommittee's consideration to reduce the waiting lists as required by the Olmstead decision. The Governor's recommendation of an additional 63 clients served, with a projected 75 percent reduction in people on the wait list for an average time of 100 days, would not result in any savings for the State in the General Fund. Adding 58 individuals would result in a savings of $70,042 over the biennium, and adding 51 individuals would result in a savings of $204,074.

Senator Cegavske recommended approving the Governor's recommendation of an additional 63 clients resulting in a 75 percent reduction in people on the wait list.

Assemblywoman Buckley stated that there was growing momentum to eliminate the Taskforce for a Healthy Nevada. There was a portion of the taskforce's funding that went toward disability services. Four to six years ago the Disability Council issued recommendations for funding to go toward independent living and positive behavioral support. Ms. Buckley wondered whether there was any opportunity to fully fund these high priority services.

Michael Willden, Director, Department of Health and Human Services, replied that the allocation for the "disabilities piece" went toward positive behavioral supports, independent living, and respite care, but he did not believe there was any excess money to be moved over to PAS.

Assemblywoman Buckley stated it was important to reexamine funding needs between programs to maximize "bang for the buck." Reducing the PAS waiting list should be a high priority.

Mr. Willden replied that the Department could reexamine programs. He added that the Independent Living program would probably be the focus of the reexamination.

Chairwoman Leslie stated she agreed with Governor's recommendation.

> SENATOR CEGAVSKE MOVED TO APPROVE THE GOVERNOR'S RECOMMENDATION OF 63 NEW CLIENTS.
>
> ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION PASSED.

* * * * *

In regard to Traumatic Brain Injury (TBI), Mr. Combs stated the Governor recommended General Funds totaling $966,260 in each year of the 2007-09 biennium to provide TBI services for 100 clients over the 2007-09 biennium. When combined with funding in the base budget, the Governor recommended funding for TBI services totaling almost $1.5 million per year, which was an increase of 171.2 percent over the funding approved for TBI services by the 2005 Legislature for each year of the 2005-07 biennium.

Mr. Combs stated that based on a recommendation from the Legislative Committee on Persons with Disabilities and the Governor, the 2005 Legislature approved General Funds totaling $277,844 in each fiscal year of the 2005-07 biennium to ensure sufficient funds were available to provide services for 67 people over the biennium. The funding approved by the 2005 Legislature used a projected cost of $16,264 per client based on the average cost for providing services for clients for the two years prior to April 1, 2005. One-half of the funds were approved for each year of the biennium (approximately $545,000 per year). Although funding for 67 clients at a cost of $16,264 per client was funded by the 2005 Legislature, the Department projected that significant increases in the cost of services for TBI clients would result in the ability to serve only 36 clients during the current biennium (16 in FY 2006 and 20 in FY 2007). The reduced number of clients served during the 2005-07 biennium results in a projected waiting list for the program totaling 33 people and an average wait time of approximately 285 days.

Mr. Combs explained that for the 2007-09 biennium, The Executive Budget included funding for 100 clients at a cost of approximately $29,659 per client, which was, at the time The Executive Budget was submitted, based on the actual costs experienced by the program during the 2005-07 biennium. Recent projections provided by the Office of Disability Services indicated that the average cost per client can be reduced from $29,659 to $25,578 for the 2007-09 biennium based on a 24-month average of the costs for TBI cases. The funding recommended by the Governor would serve 120 TBI clients over the 2007-09 biennium at the new average cost of $25,578 per client. The Office indicated that the growing wait list for the program resulted in the need to serve an additional two clients during the biennium to eliminate the wait list completely. Mr. Combs stated that 102 clients projected for the 2007-09 biennium was over 52 percent higher than the 67 clients for which the agency requested funding for the 2007-09 biennium. Having 92 clients would get the wait list to the 90-day Olmstead requirement.

Mr. Combs noted that the third option to serve 84 clients over the 2007-09 biennium was included in the Governor's original budget reductions that were provided by the Budget Division. After the Budget Division identified other expenditure reductions in the DHHS budget, the reduction to serve 84 clients was removed. Because reducing the number of TBI clients to 84 over the 2007-09 biennium was included in the original budget reductions submitted by the Budget Division and because providing service to 84 clients would represent an increase of over 133 percent over the number of clients projected to be served in the 2005-07 biennium, a decision to provide TBI services to 84 people over the 2007-09 biennium appeared reasonable. At most, Fiscal Analysis Division staff recommended providing funds to serve 92 clients over the 2007-09 biennium because, based on the Office's projections, providing

services for that number of clients would reduce the wait times for the program to 90 days or less in keeping with the Olmstead goal established in the Strategic Plan for Services for People with Disabilities.

Chairwoman Leslie stated that the 92 clients served would result in General Fund savings of $612,704.

SENATOR CEGAVSKE MOVED TO APPROVE THE STAFF RECOMMENDATION TO SERVE 92 CLIENTS.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Mr. Combs stated that for decision unit M541, The Governor recommended General Funds totaling $191,981 in each year of the 2007-09 biennium that would flow through the Office of Disability Services to the Positive Behavior Support-Nevada program (PBS-NV). The PBS-NV program was operated as a partnership between DHHS and University of Nevada, Reno's (UNR) Center for Excellence in Developmental Disabilities and served as a training and technical assistance resource for educators, service providers, and families to provide individualized and adaptable supports for persons with challenging behavior. The Office indicated that the recommended funding would assist the program in meeting its objectives under Nevada's Olmstead Plan, which called for the broad use of positive behavior support to divert persons with problem behaviors from expensive institutional placements.

Mr. Combs stated the Office indicated that the Strategic Plan Accountability Committee (SPAC) directed PBS-NV to develop a budget that would support the organization's ability to operate on a statewide basis. The PBS-NV program was currently funded through a grant from the Fund for a Healthy Nevada totaling $314,140 in FY 2007 and $270,197 in FY 2008. The SPAC asked the Office of Disability Services to budget for the difference between the total budget and the funding expected from the Fund for Healthy Nevada. The agency originally requested funding for the program totaling $225,860 in each year of the biennium, which was the difference between the budget submitted by PBS-NV totaling $540,000 and the $314,140 awarded by the Task Force for the Fund for a Healthy Nevada in FY 2007. It appeared that the General Fund appropriation was reduced in the Governor's recommended budget by exactly 15 percent. The original list of budget reductions submitted by the Budget Division indicated that funding for PBS-NV could be reduced by an additional $91,981 in each fiscal year to an annual appropriation of $100,000 per year. The reduction was not included in the final list of reductions submitted by the Governor.

Mr. Combs explained that it appeared the request for funding from the General Fund was the result of the organization failing to receive the funding it requested from the Fund for Healthy Nevada. The Subcommittee should note that additional funds were projected to be available for disability health grants during the Fund for a Healthy Nevada's 2007-09 grant cycle because tobacco companies would begin making strategic contribution payments in April 2008.

Mr. Combs explained that if the Subcommittee decided to approve General Funds for PBS-NV, it appeared that, based on the 15 percent reduction made by

the Governor and the additional reduction that was included in the Governor's original budget reductions, the funding recommended for the organization was not a defined amount that cannot be adjusted by the Subcommittee. It appeared that the Subcommittee may choose to approve funding for the program at a reduced level determined by the Subcommittee without jeopardizing the current operations of PBS-NV.

Chairwoman Leslie asked whether PBS-NV had ever been funded by the General Fund.

Todd Butterworth, Social Services Chief 3, Office of Disability Services, replied that the program had not been funded by the General Fund.

Chairwoman Leslie questioned why there should be any funding and what the program would provide if it were funded.

Mr. Butterworth stated that the issue was getting the program adequately expanded into southern Nevada. There were current operations, but not to the level that was needed for the large population center.

Chairwoman Leslie questioned whether there was a budget that went along with expansion into southern Nevada.

Mr. Butterworth replied that the current allocation received from the Fund for a Healthy Nevada allowed the program to operate at its current capacity providing strong services in northern and rural Nevada and weaker services in the south. Mr. Butterworth explained that SPAC had asked PBS-NV to put together a budget to adequately provide services on a statewide basis, and the original request of $225,000 would be adequate.

Chairwoman Leslie questioned how the program would be affected if it was funded at a level of $100,000 per year.

Mr. Butterworth responded that "they were going to make it happen one way or another."

Chairwoman Leslie questioned whether the program could function under an even lower funding level.

Mr. Butterworth explained that funding of $191,000 over the biennium was "pretty tight."

Senator Cegavske asked how the program would specifically operate in the south and whether the General Funds would go exclusively to southern Nevada.

Mr. Butterworth explained that the money was not going to be "separated out," but the purpose of the General Funds was to fund operations in the south.

Senator Cegavske asked why the program was started in northern Nevada.

Mr. Butterworth responded that the program's director was from the Sierra Regional Center, and there was a partnership with the University of Nevada, Reno.

Chairwoman Leslie requested better tracking and monitoring of the program.

Mr. Butterworth replied that he would make sure that would happen.

Assemblywoman Buckley stated that there had been PBS-NV efforts made in the south out of different offices. She hoped that there could be coordination between service providers.

Senator Titus commented that work had been done with the Strategic Committee.

Mr. Butterworth stated that the PBS-NV program was working with the school districts, universities, and individual families to serve people. The PBS-NV program was mandated in four places in the *Nevada Revised Statutes* and was acting as the "technical assistance body" to all of the different groups, who in statute were required to provide positive behavioral support services.

Chairwoman Leslie stated that work needed to be done during the interim.

Senator Cegavske asked for assurance that the funding would not go toward duplicating existing efforts in southern Nevada.

Mr. Butterworth assured Senator Cegavske the funding would be properly used.

> SENATOR CEGAVSKE MOVED TO PROVIDE FUNDING AT $100,000 PER YEAR WITH THE REQUIREMENT THAT PROGRESS REPORTS BE GIVEN TO THE SUBCOMMITTEE ON THE PROGRESS OF THE PROGRAM.
>
> ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.
>
> THE MOTION CARRIED.

*****

In regard to caseload increases for the Independent Living program, Mr. Combs stated that the Governor recommended additional General Funds totaling $834,371 in FY 2008 and $881,928 in FY 2009 to provide Independent Living services to 403 people over the 2007-09 biennium (202 in FY 2008 and 201 in FY 2009).

Speaking to the additional funding approved by the 2005 Legislature, Mr. Combs stated that based on a recommendation from the Legislative Committee on Persons with Disabilities and the Governor, the 2005 Legislature approved General Funds totaling $242,422 in each year of the 2005-07 biennium to reduce the waiting list for services to not more than 90 days. Notwithstanding the additional funding approved by the 2005 Legislature for the program, the wait list had increased from 80 people on March 31, 2005, to 247 people on February 28, 2007, in part due to increased costs for providing services.

Mr. Combs explained that during the 2005 Legislative Session, the Office indicated that the average cost for an Independent Living program case for the two-year period prior to April 1, 2005, was $4,244. The Office now indicated that the average cost for cases for the most recent 24-month period had been $6,042. The Director's Office indicated at the hearing conducted on February 8, 2007, that the increase in services costs was primarily attributable to increases in construction costs. The Independent Living program provided

services such as vehicle and home modifications to enable persons with disabilities to remain in their homes and communities and avoid institutional placements. The Governor's recommended budget was based on a cost per client of $5,730; however, it appeared that technical errors in the Office's calculations and the addition of $104,000 in private funding available for the program would result in the ability to reduce the total cost for the decision unit by $6,366 over the 2007-09 biennium even after increasing the costs per client to $6,042.

Mr. Combs said it appeared that applications for the program increased significantly between May 2005 and February 2006. Although the applications had slowed since, the increase in the waiting list for the program had only reduced slightly. The Office projected that it would serve 315 clients during the 2005-07 biennium, so the recommendation to provide services for 403 persons in the 2007-09 biennium would result in 88 additional clients in the 2007-09 biennium. The Office projected that serving 403 clients during the 2007-09 biennium would enable it to reduce the wait list for the program from 243 people at the end of the current biennium to 42 people by the end of the 2007-09 biennium and to reduce the wait times for the program from approximately 500 days at the end of the current biennium to approximately 76 days by the end of the 2007-09 biennium.

Mr. Combs explained that although the Nevada Strategic Plan for Services for People with Disabilities included the goal of reducing wait times for services to 90 days or less, it was important to note that the Office measured the wait time for this program from the time of application to the completion of services for the client. Typically wait times were measured from the time an applicant was approved for services to the time the person began receiving services. Because the program provided services such as vehicle and home modifications to enable persons with disabilities to remain in their homes and communities and avoid institutional placements and the services do not provide a benefit to the client until they were completed, the Office believed that the wait time should be measured until the services were completed. Although this appeared reasonable from a programmatic standpoint, it did not appear appropriate to budget for a projected wait time that may have had more to do with how long it took a contractor to complete a project than it did with any action taken by the Office or the funding available to serve clients. Because the projected wait times for the program may include time that was not within the control of the Office regardless of the funding received for the program, Fiscal Analysis Division staff has provided three options for funding services for fewer additional clients in the 2007-09 biennium than recommended in The Executive Budget.

Mr. Combs explained that 403 clients served would move the projected average wait time to 76 days. Staff had prepared other potential client numbers that could raise the average wait time to up to 173 days.

Chairwoman Leslie stated that the 90-day Olmstead requirement was different, because the State was waiting on the contractor to finish.

Mr. Combs stated that there was time built into the requirement to allow for the work to be completed.

Chairwoman Leslie stated that because of the additional time allowed, the Subcommittee had more options for choosing a projected wait time.

Senator Cegavske suggested serving 374 clients.

Chairwoman Leslie stated that 374 clients would bring the average wait time to 139 days and save $323,775 in general funds.

SENATOR CEGAVSKE MOVED TO APPROVE FUNDING FOR 374 INDEPENDENT LIVING CLIENTS DURING THE 2007-09 BIENNIUM.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Mr. Combs discussed the new state position and funding for contract positions. The funding requested in decision unit M542 included General Funds totaling $57,003 in FY 2008 and $70,201 in FY 2009 for a new social services program specialist position to support the increased caseloads recommended for the Independent Living program. It appeared that the request for the new social services program specialist position resulted not just from the caseload increase recommended in decision unit M542 but from the increase in the number of people served in the Independent Living program over the past five years. The number of cases had increased from 55 in FY 2003 to a projected total of 315 in FY 2007. The statewide program was currently managed solely by a social services manager 1 position in this account who determined eligibility and provided quality assurance. Mr. Combs stated that based on the significant increase in the caseload for the program since FY 2003 and the fact that one position was currently handling the statewide management of the program, the request for the new social services program specialist position appeared reasonable.

Mr. Combs said currently two contract positions were hired by grantees who received funds from this account to manage the day-to-day provision of services for the program. Decision unit M542 included General Funds totaling $103,081 in FY 2008 and $137,440 in FY 2009 to support the costs of 1.6 FTE contract positions to provide additional assistance with the day-to-day provision of services. As the number of slots went down, so did the number of FTE. The savings of $323,775 from the 374 slots included the reduction in the amount of contract support needed.

Chairwoman Leslie stated the Subcommittee needed to make a decision on the new position recommended by staff.

Senator Cegavske questioned how easily the position could be filled and how many vacancies currently existed.

Mr. Butterworth replied that there were not any current vacancies. He was sure the position could be filled on-time, because there were available qualified applicants for the position. The position was not a licensed position, so it was more easily filled.

SENATOR CEGAVSKE MOTIONED TO APPROVE THE NEW SOCIAL SERVICES PROGRAM SPECIALIST POSITION.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Mr. Combs discussed other closing items. Decision unit E325 recommended telephone surcharge revenues totaling $43,588 in FY 2008 and $20,319 in FY 2009 to create an online registry of interpreters for the deaf and providers of real-time captioning services. This funding was recommended by the Legislative Committee on Persons with Disabilities during the 2005-06 Interim. The Committee also recommended Senate Bill (S.B.) 473 to require the Office to establish by regulation the qualifications of interpreters for the deaf and providers of real-time captioning services and to authorize the Office to collect an annual fee from interpreters and providers who were included on the online registry. Mr. Combs said that based on the information provided by the Office, the recommendation appeared reasonable.

Mr. Combs stated decision unit E326 requested General Funds totaling $11,367 in each year of the 2007-09 biennium to allow the Strategic Plan Advisory Committee to continue its work in implementing and monitoring the department's Strategic Plan for People with Disabilities and the state's Olmstead plan for people with disabilities. The Office used a portion of federal Olmstead grant funds transferred from the DHHS Director's Office during the current biennium to fund the costs for the committee. Because the DHHS Director's Office had now indicated that the federal funds would be available to support the costs of the program in 2007-09 biennium, the General Fund appropriation for the decision unit had been replaced with federal funds transferred from the Director's Office.

Mr. Combs explained decision unit E710 which recommended funding from various funding sources totaling $4,800 in FY 2009 for the replacement of a personal computer and a laptop. The recommendation appeared reasonable.

Mr. Combs discussed the technical adjustments. He said telephone surcharge revenues in the base budget had been increased based on the most recent projections of those revenues provided by the Public Utilities Commission.

Mr. Combs stated the costs for a personal computer and associated software and for a secretarial unit had been eliminated from decision unit M542. The items were recommended for contract positions funded through grants from this account. The equipment would be purchased by the grantees using the grant funds provided by the Office. Sufficient funding had been included in the grants expenditure line item in M542 for the equipment required for the contract positions.

SENATOR CEGAVSKE MOTIONED TO APPROVE STAFF RECOMMENDATIONS FOR DECISION UNITS E325, E326, AND E710 AND TO ALLOW STAFF TO MAKE THE DISCUSSED TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

HIFA Medical (BA 3247)
HCF & P-42, Volume II

Steve Abba, Principal Deputy Fiscal Analyst, referred to the overview of Assembly Bill No. 493 of the 73rd Legislative Session provided to the Subcommittee and the events that occurred during the interim that affected the impact of the implementation of the HIFA Waiver, primarily the involvement of the Centers for Medicare and Medicaid (CMS) in approving certain portions of the waiver.

Mr. Abba stated the major closing issue for the account was the caseload reductions. The Division of Health Care Financing and Policy (DHCF&P) began accepting applications for coverage under the HIFA waiver in December 2006. Since then enrollment for both extended coverage for pregnant women and Employee Subsidies Insurance (ESI) had significantly lagged in comparison to the projections used to construct the budget recommended by the Governor. According to the Division, for the enrollment period ending March 2007, 46 pregnant women had been extended HIFA medical coverage and 5 participants had been determined eligible for ESI coverage. In comparison, the projections used to construct the HIFA Medical budget as recommended by the Governor estimated 832 pregnant women and 350 ESI participants would have been enrolled in the HIFA Medical program as of March 2007.

Mr. Abba stated that in light of lagging enrollments, the Governor, as part of the budget reduction plan, proposed to reduce projected enrollment in the HIFA Medical program which generated a General Fund savings of approximately $644,000 over the 2007-09 biennium. Staff had reviewed the proposed reductions and recommended an additional General Fund reduction of approximately $171,000 for a total of $815,000 over the 2007-09 biennium based on recent information on actual enrollment not taken into consideration with the Governor's budget reduction plan. Staff also recommended increasing the per member per month (PMPM) cost for pregnant women to include the dental coverage component for this eligible group that was mistakenly not included as part of the PMPM cost in the Governor's budget. Pregnant women covered under HIFA received the same benefits as pregnant women covered under Medicaid, which included emergency dental benefits. The pregnant women and ESI caseloads recommended by staff for the 2007-09 biennium continued to use the assumptions for enrollment growth developed by the consultant originally retained by the Division to help implement the HIFA Medical program and extended the phase-in period based on actual enrollment experienced to date. Mr. Abba said that although the assumptions used by the consultant had overestimated enrollment growth compared to actual enrollment for pregnant women and ESI caseload, staff felt a more liberal approach to projecting enrollment was justified because of the planned efforts to promote the HIFA Medical program which may spur interest and enrollment as potential participants become familiar with the program.

Mr. Abba stated staff recommended funding to provide coverage for pregnant women on a phase-in basis up to a 2,048 recipients per month and cap at that level toward the last quarter of FY 2007-08 and for FY 2008-09. He noted the Governor's budget and the HIFA waiver approved by CMS also capped enrollment for pregnant women at 2,048 recipients per month. Staff recommended funding to phase-in ESI enrollment up to 4,025 participants per month by the end of FY 2008-09. The HIFA waiver approved by CMS projected ESI coverage would be capped at 5,500 participants per month based on

available funding therefore the capped level would not be reached during the 2007-09 biennium. Any savings associated with enrollment in either caseload categories not reaching projections could be applied to cover the cost for enrollment in the event one caseload exceeds projections and/or reached its cap.

Chairwoman Leslie asked for the final staff recommended total.

Mr. Abba replied that staff recommended approving the Governor's recommendation. Based on updating the enrollment projections, an additional $171,000 could be reduced, for a total of $815,000 over the upcoming biennium.

Chairwoman Leslie asserted that it was important to give the program time to work. The delays had been due to the federal lag in approving the waiver.

Assemblywoman Buckley explained that she thought it made sense to "ramp up" the program. In regard to pregnant women, the estimates had been based on real people and would only continue to grow with the increase in the state's population. The outreach effort was important to make the public more aware of the services available. Ms. Buckley expressed her concern in regard to sustaining the program.

In response to a question from Chairwoman Leslie, Charles Duarte, Administrator, Department of Health and Human Services (DHHS), DHCF&P, stated that the outreach efforts were more needed with the employer subsidized insurance component of the program. Getting information out to employers and organizations that worked with small businesses was a priority. The hospitals were well aware of the additional coverage available for pregnant women up to 185 percent of poverty. Mr. Duarte stated he was not sure why the increase in the number of pregnant women covered was not occurring sooner. A number of women had previously qualified for HIFA and then moved into the Children Health Assurance Program (CHAP). The Department would talk with the Hospital Association to make sure that staff was aware of the program.

Chairwoman Leslie asked whether there was a problem with the application process being too cumbersome.

Mr. Duarte responded that he did not think there was a problem with the application process. The application process for the coverage group was the same as CHAP.

Assemblywoman Buckley asked whether an outreach plan existed.

Mr. Duarte replied that funding did not exist for an outreach plan. The Department welcomed working with Covering Kids and Families (CKF) to obtain input from the community and business community.

Assemblywoman Buckley suggested an outreach position. Without getting the word out, the program was defeating itself. Ms. Buckley suggested emailing obstetricians in the State.

Senator Cegavske described conversations she had with doctors concerned with the number of women coming to emergency rooms to deliver babies. Many women apparently did not seek prenatal care, because they were not even

caring for themselves. The doctors were not sure how to get women to utilize the program.

Assemblywoman Buckley stated that the program was intended to be for working people without health insurance, not the indigent. She could not imagine anything worse than working while pregnant, wanting prenatal care, and not being able to receive it. If the State did not get the word out, the dismal rate of uninsured would not improve.

Chairwoman Leslie questioned if an outreach position were funded with the savings, whether it would be placed with the coalition or the Division.

Jon Sasser, Washoe Legal Services, recommended that the position be contracted out of the Division to a number of groups working within the local communities. Senate Bill 311 provided for an electronic application process that could help with the enrollment problem.

In response to Chairwoman Leslie, Mr. Duarte recommended providing funding to a coalition such as CKF. The Division had been in discussion with CKF regarding HIFA, ESI, and pregnant women. The coalition was motivated to do more outreach in both of the areas. Mr. Duarte recommended having General Funds provided to the Division so that they could be matched and then given to CKF, an established coalition in the community.

Chairwoman Leslie questioned the cost of expanding the outreach efforts.

Mr. Sasser referenced A.B. 611 which would provide $100,000 per year to the coalition for its present mission. He was not sure how much it would take to expand the mission. Staff would have to create a budget.

Chairwoman Leslie stated that outreach funding would have to be place in a separate account.

In response to a question from Senator Mathews, Mr. Duarte stated that the program was well established through the CHAP program, but no broad-based advertising had been done. He cited the successfulness of past initiatives including Baby Your Baby. Funding would be needed to recreate that success.

Senator Mathews warned against having obstetricians provide outreach, because many individuals would never see an obstetrician to begin with. Ms. Mathews asked what could be done with church outreach and family resource centers.

Mr. Duarte stated that CKF had well established community support, and its mission was broader than just children. While it had historically focused on children, CKF had broadened its mission to talk more about other types of programs.

Mr. Sasser stated that CKF had engaged the faith-based community, attended health fairs, and been involved with schools.

Senator Mathews wondered whether funds could be allocated for advertisements.

Mr. Duarte commented that the success of Baby Your Baby was because of sustainability. One-shot advertising would not work.

Senator Mathews explained that a number of different outreach avenues should be taken.

ASSEMBLYWOMAN BUCKLEY MOVED TO APPROVE THE STAFF RECOMMENDED ADDITIONAL GENERAL FUND REDUCTION OF APPROXIMATELY $171,000 FOR A TOTAL OF $815,000 OVER THE BIENNIUM.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Nevada Check-Up Program (BA 3178)
HCF & P-31, Volume II

Mr. Abba stated that there were four major closing issues for the account. The Executive Budget recommended six new positions in E403, the reclassification of three existing positions in E805, and the transfer-in of three existing positions from the Welfare Division in E905 to provide the Division of Health Care Financing and Policy (DHCF&P) resources to assume the eligibility and policy responsibilities for the Employer Sponsored Insurance (ESI) subsidy program. When the HIFA waiver was approved by the 2005 Legislature, the intent was for the Welfare Division to perform the eligibility determinations for the pregnant women portion of the initiative and the Division was to retain a contract vendor to perform the eligibility work related to the ESI subsidy program. According to the Division, contract bids were solicited and received; however, the bids exceeded the administrative overhead cap of ten percent that was federally allowed for Title XXI funded programs. Mr. Abba stated that in light of this, the Division determined it was more cost-effective to perform the ESI eligibility functions internally with Division resources and proposed the funding recommended in The Executive Budget which he would describe.

Mr. Abba stated that decision unit E403 provided $486,499 over the 2007-09 biennium for the following six new positions: one management analyst 3 to be responsible for the day-to-day operations of the HIFA waiver and the required federal reporting and monitoring; three administrative assistants to provide clerical and customer service support for the additional caseload and client contacts anticipated as the HIFA waiver becomes fully operational; and two family service specialists to provide eligibility determinations and case management for the projected caseload.

Mr. Abba stated that since the HIFA waiver was a research and demonstration waiver, the Centers for Medicare and Medicaid (CMS) required a far more comprehensive reporting component for the Division to adhere to. Research and demonstration waivers required the responsible agency to develop an underlying hypothesis to include what would be accomplished as a result of implementing the waiver. The responsible agency was then required to establish measurement and monitoring methodologies, reporting mechanisms, and statistical analyses designed to capture and report information that could be used to develop conclusions if the underlying hypothesis as approved by CMS was being achieved. This information was gathered over the term of the waiver, and the progress and evolving conclusions were reported to CMS. The management analyst 3 position would be responsible for these tasks in addition

to the day-to-day operations of the HIFA waiver. Mr. Abba concluded that because of the critical nature and complexity of these functions, staff recommends approving the management analyst 3 position.

Mr. Abba stated that as noted in the HIFA Medical budget, enrollment for both extended coverage for pregnant women and ESI had lagged in comparison to the projections used to construct the budget recommended by the Governor. Therefore staff recommended revising the enrollment projections to more realistic levels. Based on the revised enrollment projections and using DHCF&P's caseload-to-worker ratios, staff recommended approving one family support services specialist, one administrative assistant 2 and one administrative assistant 1, and eliminating one family services specialist and one administrative assistant 1. Staff also recommended approving the management analyst 3 and the two administrative assistant positions effective July 2007 instead of October 2007. The early hire of the management analyst 3 would allow the division to begin setting up the reporting requirements and data tracking systems and organizing the HIFA subunit. The early hire of the two clerical support positions was reasonable because preliminary efforts to promote the ESI program had already begun and having customer service support to direct and assist applicants at the earliest stages of the program was important for the program's success.

Mr. Abba questioned whether Subcommittee wished to approve four of the six new positions recommended in decision unit E403 to administer the HIFA waiver program and to assume the eligibility and policy responsibilities for the ESI subsidy program as recommended by staff.

SENATOR CEGAVSKE MOVED TO APPROVE FOUR OF THE SIX NEW POSITIONS AS RECOMMENDED BY STAFF IN DECISION UNIT E403, WITH AN EFFECTIVE START DATE OF JULY 2007.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblywoman Buckley stated she hoped that the approved positions could work on outreach as enrollment increased.

THE MOTION CARRIED.

* * * * *

Mr. Abba added that staff requested the authority to make necessary adjustments for rent, training, and operational costs to support the new positions the Subcommittee may approve.

Without objection, Senator Cegavske included rent, training, and operational costs to support the new positions in her prior motion.

Mr. Abba stated that decision unit E805 would reclassify one management analyst 3, one social services program specialist and one family services specialist which would be assigned additional and more complex duties when the Division assumes responsibility for the ESI subsidy program. The overall administration of the HIFA waiver would be merged under the current administrative umbrella of the Check-Up program. In so doing, the three existing positions recommended for reclassification in the Check-Up program would assume additional responsibilities for program oversight and supervision.

Mr. Abba concluded based on the merging of these programs, staff felt the request to reclassify these three positions was reasonable.

Mr. Abba stated that decision unit E905 provided the transfer-in of three existing family support specialist positions from the Welfare Division. These three positions were approved by the 2005 Legislature to perform eligibility determinations for the pregnant women portion of the HIFA waiver. The Welfare Division would continue to perform the eligibility function for pregnant women with existing staff. These three positions once transferred to the division would be responsible for ESI eligibility determinations, follow-up with the employee to verify participation in payment of his share of coverage, and tracking of children born to mothers covered under the HIFA waiver. Mr. Abba stated staff recommended approving the transfer-in of three existing family services specialists from the Welfare Division.

SENATOR CEGAVSKE MOVED TO APPROVE STAFF RECOMMENDATION FOR DECISION UNITS E-805 AND E-905.

ASSEMBLYWOMAN WEBER SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Mr. Abba stated The Executive Budget recommended two new compliance investigator positions for the Check-Up budget, where there were not any current investigator positions. The Division advised the two new investigator positions would be used to investigate suspected cases of fraud and abuse with families enrolled in the Check-Up program. The Division indicated the Welfare Division had provided investigative support on a limited basis and most of the cases that were suspected of fraud were either substantiated and/or inconsistencies were discovered with information provided by families. The Welfare Division had agreed to continue providing investigative services on a limited basis but did not have the resources to provide these services long-term or at the frequency and level of review desired by the DHCF&P. The Division cited federal regulations that require states to establish procedures for investigating and resolving suspected and apparent instances of fraud and abuse and for completing full investigations if warranted. Mr. Abba said staff felt the Division had provided sufficient justification supporting the need for their own investigative presence for the Check-Up program versus relying upon the Welfare Division to provide limited support when requested; however, the Division could not provide definitive information on the prevalence of recipient fraud and abuse that may be occurring. Therefore, staff recommended approving one new compliance investigator position to initiate an investigations and recovery unit instead of the two positions recommended by the Governor. This would allow the Division during the interim to gauge the prevalence of recipient fraud and abuse and request during the next budget cycle additional resources if warranted. Staff also recommended providing funding for in-state travel to allow this position to travel as part of the investigative process. The travel funding recommended was based on comparisons with investigative staff in the Welfare Division. Additionally, staff requested authority to make necessary adjustments for rent, training, and operational costs to support the additional investigator positions.

SENATOR CEGAVSKE MOVED TO APPROVE STAFF RECOMMENDATION OF ONE NEW COMPLIANCE INVESTIGATOR

POSITION IN M507 AND ALLOW STAFF TO DETERMINE TRAVEL FUNDS FOR THE POSITION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Mr. Abba stated that the next major issue was the caseload increases that the Check-Up program was currently experiencing. As noted in previous hearings, caseload growth in the Check-Up program continued to increase. The Check-Up caseload for April was over 29,000. The Governor's recommended caseload for FY 2008 was 28,592, which was under the current caseload. The Division's revised caseload, which staff concurred with, projected caseload at 30,167 for FY 2008 and 31,081 for FY 2009. Staff had reviewed the revised caseload projections and agreed that the Division's latest estimates were reasonable based on the growth that was occurring in the Check-Up program over the last six months. The additional funding needed to cover the projected increases in Check-Up caseload was approximately $1.2 million in General Funds over the 2007-09 biennium. The Governor's budget reduction plan also included additional General Funds to cover the projected caseload in the Check-Up budget.

In response to Chairwoman Leslie, Mr. Abba stated that when the federal government approved the HIFA waiver, officials indicated that the primary purpose of Title XXI money was to cover children's healthcare issues. Their suggestion was to place capping restrictions on the HIFA program to allow the continuation of children's coverage in the Check-Up program when there was a funding shortage.

Chairwoman Leslie recommended that the Subcommittee add funds to the budget to get children enrolled.

ASSEMBLYWOMAN SMITH MOVED TO INCREASE GENERAL FUNDS IN THE AMOUNT OF APPROXIMATELY $1.2 MILLION OVER THE 2007-09 BIENNIUM TO COVER THE PROJECTED INCREASES IN CHECK-UP CASELOAD.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

Assemblywoman Buckley said she supported the motion but wondered whether the amount was sufficient to cover any outreach efforts.

Chairwoman Leslie asked Mr. Duarte to address Assemblywoman Buckley's question.

Mr. Duarte said that caseload was increasing because of an increase in the number of applications from the community, and any outreach efforts would further increase the number of applications received. In addition, referrals were coming from the NOMADS System. The average of 700 referrals per month was expected to decline because the backlog of referrals was declining. The Division's projections were based on a leveling of the current rate of increase in caseload. Mr. Duarte stated that outreach efforts could increase caseload but could not venture a guess as to what the increase might be.

In response to Chairwoman Leslie, Mr. Duarte replied that the Division was comfortable with the current caseload projections.

Assemblywoman Buckley stated that it seemed to her that the State had a dismal rate of uninsured for adults and children and outreach would help. Sufficient funds should be available for outreach and for covering the increased caseload that would result.

Mr. Abba stated that there was a reserve in the Intergovernmental Transfer (IGT) Budget that could be used as General Fund support. The budget had been used to cover unforeseen expenses in Medicaid and the Checkup Program in the past and was a potential source of funds to cover caseloads over the projected number.

In response to Assemblywoman Buckley, Mr. Abba explained that there was a projection of approximately $11.6 million in the IGT reserve. Staff recommended that the reserve be maintained. The coverage match for children in the Check-Up program was 35 percent State and 65 percent federal. The additional 1,575 clients for FY 2008 and 1,790 clients for FY 2009 were at a cost of approximately $1.2 million over the biennium.

In answer to Senator Cegavske, Mr. Duarte stated that the Division conducted administrative activities during 2005 to redetermine eligibility for a large number of recipients and went back to collect past due premium amounts. The Division determined there were people who were no longer eligible and discontinued a number of enrollees as a result of nonpayment of premiums. Those activities had a dampening effect on overall caseload growth in Nevada Check-Up. The Division was on a more regular routine of eligibility redetermination and premium collection. There were people who, upon redetermination, were no longer eligible because income circumstances had changed, not necessarily because of fraud.

THE MOTION CARRIED.

* * * * *

Mr. Abba stated that the next major issue was the rate increases in M101. The Executive Budget recommended approximately $9.1 million total, approximately $3.06 million in General Fund, over the 2007-09 biennium for mandatory rate and inflation increases. A majority of these costs, approximately $9 million, were attributable to rate increases for HMO providers participating in the Check-Up program. At the March 7, 2007, hearing, the Division reported the HMO inflation rates were overstated in the Governor's budget based on medical inflation trends. This, coupled with a miscalculation in applying the recommended inflation adjustments for pharmacy and transportation services, allowed for a reduction in decision unit M101 in the Check-Up and Medicaid budgets. For the Check-Up budget the savings were approximately $2.6 million in total funds and $1.16 million in General Funds over the 2007-09 biennium. Mr. Abba compared the mandatory inflation and rate increases recommended by the Governor to the revised increases submitted by the Division. The revised increases for HMOs and transportation services were based on an actuarial review of HMO and transportation services and inflation rates for pharmacy. Pharmacy rates were based on projections developed by Express Scripts, a national pharmacy benefits manager. Mr. Abba concluded that the revised mandatory rate and inflation increases appeared reasonable, and staff recommended approval.

In regard to rate Increases for E425, Mr. Abba stated The Executive Budget recommended approximately $139,000 total, approximately $46,800 in General Fund, for discretionary rate increases for physicians and other medical professionals providing services on a fee-for-service basis. The increase was based on updating the medical professional fee schedule to the Medicare 2007 schedule from the Medicare 2002 schedule and reimbursing all physicians and medical professionals at 100 percent of the Medicare rate. The same increase was recommended in the Medicaid budget. Mr. Abba stated staff recommended the Subcommittee not act on this decision unit at this time and address the physician rate increase issue when closing the Medicaid budget. Staff had been notified the budget reductions proposed by the Governor for Medicaid failed to offset a General Fund shortfall of approximately $9.6 million over the upcoming biennium for disproportionate share (DSH) payments. Although formal notification had not been received, staff understood the Division had proposed to offset this shortfall by delaying the recommended rate increase for physicians and other medical professionals until August 2008. The Governor's budget reduction plan recommended delaying the increase until March 2008. Staff planned to present several options on physician rate increases for the Subcommittee's consideration at the Medicaid budget closing to address the General Fund shortfall and the issue of reimbursing physicians and medical professionals at 100 percent of the Medicare rate.

SENATOR CEGAVSKE MOVED TO APPROVE STAFF RECOMMENDATION OF $9.1 MILLION FOR RATE INCREASES IN M101.

SENATOR MATHEWS SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Mr. Abba stated he would discuss other closing items. The Executive Budget recommended $20,054 in decision unit E-402 for each fiscal year of the 2007-09 biennium to conduct an annual member satisfaction survey to comply with CMS quality review requirements for the Check-Up program. Currently, the Division, through the contract managed care organizations, conducted a satisfaction survey as one entity for the Medicaid and Check-Up populations enrolled in managed care. The Division indicated per CMS quality review requirements, state children health insurance programs must conduct customer satisfaction surveys specifically targeted to children's health for all medical care delivery models which were not currently being performed with the Check-Up program. Mr. Abba concluded that in light of this CMS requirement, the recommendation to conduct annual member satisfaction surveys appeared reasonable.

Mr. Abba stated The Executive Budget recommended $17,816 in General Fund for each fiscal year of the 2007-09 biennium to augment the current external quality review (EOR) contract. The Division retained an external EOR organization to measure access, quality, and timeliness of care provided by managed care organizations in the Check-Up program. The augmentation would enable the Division to expand the EOR function to the fee-for-service population in the Check-Up program as well. The Division indicated the fee-for-service delivery model was potentially at greater risk for poor quality of care and fraud and abuse than care provided by managed care organizations. Mr. Abba

concluded that the request to augment the EOR function to the fee-for-service population appeared reasonable to staff.

Mr. Abba discussed proposed technical adjustments. As in previous biennia, federal Title XXI funds were recommended for transfer to the Health Division's Immunization budget to cover vaccine purchases for Check-Up eligible children. The General Funds in the Immunization budget were used as the state's match, which in combination with Title XXI funds had provided a cost-effective means to cover vaccine costs for this population. Technical adjustments were displayed in the closing document to correct the Title XXI transfers recommended in the Check-Up budget for the upcoming biennium. The transfers were overstated by approximately $5.4 million for each fiscal year of the 2007-09 biennium.

Mr. Abba stated staff requested authority to make necessary technical adjustments to the cost of equipment to reflect current pricing, revised cost allocations amounts, and changes in the FMAP rate for FY 2008-09.

Mr. Abba noted that at an earlier hearing, the Subcommittee requested the Division prepare an updated reconciliation that projects the availability of federal Title XXI funds for the next five years, which was the term for the HIFA waiver. The request was made to determine whether sufficient Title XXI funds would be available in the future to cover the projected expenditures for the HIFA waiver, the projected expenditures for the Check-Up program, and to fund a portion of the state's contribution for vaccine coverage in the Health Division's Immunization program. At the pre-session hearing, the Division indicated federal legislation approved in December 2006 redistributed $12.4 million of Nevada's 2005 federal allotment which reduced the projected buffer of excess Title XXI funds to approximately $15 million by the end of FY 2011. The new five-year projection took into consideration the slower than anticipated growth with enrollments in the HIFA program and the overstatement in the amount of Title XXI funds needed for Immunizations. Mr. Abba explained that by making these adjustments, the revised five-year projection indicated surplus Title XXI funds, in the amount of approximately $100 million, would be available at the end of FY 2011. This projection assumed that Nevada's current allotment of Title XXI funding remained constant and that states continue to have flexibility to spend allotments over a three-year period.

> SENATOR CEGAVSKE MOVED TO APPROVE STAFF RECOMMENDATIONS FOR E402 AND TO ALLOW THE STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS.
>
> ASSEMBLYWOMAN SMITH SECONDED THE MOTION.
>
> THE MOTION CARRIED. (Senator Raggio was not present for the vote.)

* * * * *

HIFA Holding Account (BA 3155)
HCF & P-45, Volume II

Mr. Abba stated the HIFA Holding Account was used to account for the General Fund appropriations and the transfer of tax proceeds from the Indigent Supplement Account that were used to fund the HIFA Medical budget and the expenditures incurred for administering the HIFA waiver in the Administration

and Check-Up budgets. The funding recommended in the HIFA Holding Account was transferred to the HIFA Medical, Administration, and Check-Up budgets and was matched with federal Title XXI funds. These three budgets would separately account for the medical, premium payments, and administrative expenditures incurred for the HIFA waiver.

Mr. Abba noted there were no major closing issues in the HIFA Holding Account; however, there were numerous closing issues in the HIFA Medical, Administration, and Check-Up budgets which could impact the amount of funding transferred from the HIFA Holding Account to those budgets. Staff requested the Subcommittee's approval to make all necessary technical adjustments to the HIFA Holding Account depending on the closing actions approved by the Subcommittee in the HIFA Medical, Administration and Check-Up budgets.

ASSEMBLYWOMAN GANSERT MOVED TO ALLOW STAFF TO MAKE ALL NECESSARY TECHNICAL ADJUSTMENTS TO THE HIFA HOLDING ACCOUNT.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Intergovernmental Transfer (IGT) Program (BA 3157)
HCF & P-49, Volume II

Mr. Abba stated there were no major closing issues in the budget account and recommended the account be closed as recommended by the Governor.

Mr. Abba said the Division had completed the reprojection, and based on expenditure trends in the Medicaid and Check-Up budgets, it appeared at this point in the fiscal year that an additional $11.6 million in unobligated IGT revenues would be available to carry forward into FY 2007-08. This projection assumed that expenditures in the Medicaid budget stayed constant; however, the Division had also identified several potential expenditures in the current fiscal year that may require the use of the additional IGT revenue that was projected to be available. The potential expenditure that was most significant was the possibility the State, through the Medicaid budget, may have to pay CMS $5.7 million if the Division was unable to recoup repayment from the Clark County School District for federal Title XIX funds claimed on behalf of the district that were subsequently disallowed following the audit by the Office of Inspector General. The Division anticipated that CMS would demand repayment of the $5.7 million in the near future, and at this time, the Clark County School District had not provided a timeline for repayment. Mr. Abba noted the Department of Health and Human Services had recently sent a demand letter to the Clark County School District. The demand letter gave the district until June 30, 2007 to repay the $5.7 million. If not repaid by that date, the Department was making arrangements to have school funding received through the State withheld in the amount of what was owed. Other potential expenditures that were less significant included county match stop-loss payments that were higher than budgeted, retroactive maternity payments, and retroactive HMO payments. The budget as recommended continued the disproportionate share program for the 2007-09 biennium as designed and approved by the 2003 Legislature.

In response to Senator Cegavske, Mr. Duarte stated that until the Division had resolved all past claims, the Division would not receive any additional federal funds for school-based administrative costs. In regard to the $5.7 million recoupment, the Division received the quarterly grant from the federal government and had already adjusted the last quarter's grant. It was only a matter of days before the grant had an impact on the budget by reducing the availability of federal funds. Mr. Duarte explained he had sent a letter to the CFO of the Clark County School District requesting that the district assure, in writing by May 18, payment within the current fiscal year.

Senator Cegavske questioned how compliant the school district had been.

Mr. Duarte responded that he had not heard anything verbally or in writing from the school district.

Senator Cegavske stated her concern and frustration with the school district.

Senator Cegavske suggested the Subcommittee send a letter to the school district.

In response to Senator Cegavske, Mr. Duarte stated that if the Division was reimbursed using service claims, not administrative costs, it would take approximately two years. There was no opportunity to recoup the $5.7 million in question using administrative cost claims, because the money was already spent.

Chairwoman Leslie requested, on behalf of the Subcommittee and Speaker Buckley, that the Clark County School District pay the money owed.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 3157 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYWOMAN GANSERT SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Increased Quality of Nursing Care (BA 3160)
HCF & P-51, Volume II

Mr. Abba stated there were no major closing issues for this budget account. He noted that for the 2007-09 biennium, the amount of the provider tax was reduced from six percent to five and one-half percent beginning October 1, 2007, to comply with the Deficit Reduction Act (DRA) which placed restrictions on the use of provider taxes. The reduction in the provider tax rate would reduce the pool of revenue available to match federal Title XIX funds, which reduced the amount of funding used to increase reimbursement rates paid for long-term care facilities for the 2007-09 biennium compared to the 2005-07 biennium. The reduction was approximately $4.4 million over the biennium. The Division estimated the reduction in the provider tax assessment would decrease the average per-bed-day payment to long-term care facilities by $2.30 per bed day for FY 2008 and $3.40 for FY 2009 compared to the average per-bed-day payment received in FY 2006. Even with the estimated reduction to the amount of reimbursement, long-term care facilities would continue to

receive a reimbursement rate which was significantly higher compared to the rates received prior to the implementation of the provider tax program. The Division estimated long-term care facilities would receive an average per-bed-day reimbursement rate of $161.08 for FY 2008 and $159.96 for FY 2009, compared to the average per-bed-day rate of $121.66 received prior to the provider tax program. With the exception of reducing the provider tax in accordance with the DRA legislation, The Executive Budget did not recommend any other changes to the financing methodology for the long-term care provider tax program. Mr. Abba concluded that staff recommended closing the budget account as recommended by the Governor.

ASSEMBLYWOMAN GANSERT MOVED TO CLOSE BA 3160 AS RECOMMENDED BY THE GOVERNOR AND STAFF.

SENATOR CEGAVSKE SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Community Health Services (BA 3224)
HEALTH-57, Volume II

Laura Freed, Program Analyst, stated The Executive Budget recommended the addition of five new community health nurse 3 positions at a General Fund cost of $376,326 in FY 2008 and $411,065 in FY 2009. She noted these positions were existing community health nurse positions that the bureau had in the current biennium, but had kept mostly unfilled to realize vacancy savings to pay for program costs. One of the positions, PCN 110, was filled for a short time during FY 2006. The positions were supported by a combination of federal grants and fee revenue, including medical service charges to clients and family planning service charges to clients. Fee revenues had fallen short of the amounts needed to support the positions and meet program goals. In fact, the Health Division advised that it typically did not realize its budgeted revenue in medical service charges. Because of the extended vacancy of the positions resulting from limited fee revenue, the positions were eliminated from the base budget and the Division requested reinstatement of these positions with General Fund support only.

Ms. Freed stated that at the budget hearing, the Division testified that the positions would be located in Elko, Fallon, Yerington, Winnemucca, and Carson City. Subsequently, the Division indicated that instead of Winnemucca, one of the nurses would serve in the Pahrump clinic, where there was currently a waiting list for immunizations and family planning services.

Ms. Freed explained that if the Subcommittee wished to reduce this enhancement, staff suggested that the Subcommittee consider denying the Elko nursing position, the Carson City management/traveling nursing position, and the Yerington nursing position in that order, and approving the remaining positions for Fallon and Pahrump. Elko County did not contribute any county funds, and there were federally qualified health centers located in Elko and Carlin. The Carson City position provided mostly clinical and managerial oversight rather than daily client interaction, and the Yerington position would provide coverage that was already covered by an existing position.

Ms. Freed stated that if the Subcommittee approved any of the positions, staff recommended that the Subcommittee issue a letter of intent requiring the Health Division to report to the Interim Finance Committee on the Division's efforts to increase client charge and county participation revenue for the Community Health Nursing program.

SENATOR CEGAVSKE MOVED TO APPROVE THE POSITIONS FOR PAHRUMP AND FALLON AND TO REQUIRE THE LETTER OF INTENT FROM THE HEALTH DIVISION.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

Assemblywoman Buckley questioned how easily the positions could be filled.

Ms. Freed stated that the positions had been held vacant, because the program had difficulty realizing the client charges from the people who were seen by the program. She acknowledged that it might be difficult to recruit a community health nurse at a grade 39; however, decision unit E814 recommended a two grade pay increase for all community health nurses.

Chairwoman Leslie asked the Health Division to respond to the issue of filling the positions.

Alex Haartz, Health Division Administrator, DHHS, stated that because Pahrump and Fallon were significant population centers outside of the major population centers, and the positions would have a two grade increase, the positions should be able to be filled.

Assemblywoman Gansert questioned the reason for not granting Elko another position.

Ms. Freed explained that Elko County had diverted its funds to supporting the federally qualified health center that provided services. There was a contract nurse in Elko that provided limited hours of service. It was staff's view that because the county no longer contributed county participation funds, it should not receive another position.

THE MOTION CARRIED.

* * * * *

Ms. Freed stated she would address other closing items. Decision unit E710 recommended General Fund appropriations of $23,400 in each year of the biennium to replace 13 desktop computers plus associated software in each year. The Division's fund map indicated that the information services expenditure category was supported by General Fund, the federal Tuberculosis grant, the Immunization grant, and fee revenue. Staff had followed up with the Division to ascertain which positions would receive the new computers and whether they were General Fund supported positions or not. Health Division staff had advised that certain positions receiving new computers were not General Fund supported; therefore, this decision unit should be cost-allocated. After consultation with Health Division staff regarding the federal funding sources that could be used to pay some of this enhancement's cost, it appeared that only the federal Family Planning grant had available authority; therefore, the only portion of this decision unit that could be cost-allocated was the equipment designated for positions supported by the Family Planning grant. Staff

requested permission to allocate $1,875 of this decision unit's cost to the Family Planning grant in FY 2008 and $2,250 in FY 2009.

Ms. Freed noted as previously mentioned, decision unit E814 recommended a two-grade pay increase for all community health nurses in this budget at a total cost of $205,963 in FY 2008 and $218,548 in FY 2009.

Ms. Freed stated decision unit E900 recommended transferring one existing disease control specialist position from Communicable Disease Control to this budget. She concluded that the transfer appeared reasonable to staff.

Ms. Freed explained that decision unit E901 recommended transferring two existing Disease Control Specialist positions from Sexually Transmitted Disease Control. The transfer appeared reasonable to staff.

Ms. Freed said staff requested approval to make final technical adjustments to the Health Division's administrative cost allocation based on the closing of this budget and the 17 other Health Division budgets closed previously on April 17 and May 2, 2007.

> SENATOR CEGAVSKE MOVED TO APPROVE STAFF RECOMMENDATIONS AND TECHNICAL ADJUSTMENTS FOR DECISION UNITS E710, E814, E900, AND E901.
>
> ASSEMBLYMAN DENIS SECONDED THE MOTION.
>
> THE MOTION CARRIED.

* * * * *

<u>IMMUNIZATION PROGRAM (BA 3213)</u>
<u>HEALTH-79, Volume II</u>

Ms Freed stated the Governor recommended the addition of one health program specialist 1 and one administrative assistant 3 to staff the expansion of the Immunization Registry program. This decision unit would cost $476,704 in FY 2008 and $469,624 in FY 2009 and would be funded entirely by the General Fund.

Ms. Freed explained that the Health Division's goal for this undertaking was to raise the immunization rate among two-year-olds, because Nevada ranked 49th in the country in immunization of children age 0-2. Furthermore, the National Immunization Survey found that Medicaid and children in the Women, Infants, and Children program (WIC) had lower rates of immunization than non-WIC and non-Medicaid children in Nevada.

Ms. Freed stated that in addition to the personnel costs in this enhancement, the Division was recommended for contractual costs of $395,862 in FY 2008 and $353,631 in FY 2009 to provide subgrants to the Southern Nevada Health District and the Washoe County Health District to coordinate immunization registry expansion at the local level.

Ms. Freed explained that in reviewing materials provided by the Division, certain positions appeared duplicative. For example, the state health program specialist position was the lead on data quality, yet the county-level program officers were also doing data quality assurance. Also, the state position and the county

positions were both supposed to develop policies and procedures. Without proper staff coordination, this may lead to conflicting direction to providers about the use of the immunization registry, leading to provider dissatisfaction with the system. Moreover, the health program specialist was the public liaison for the project, yet the county-level program officers were supposed to conduct ongoing maintenance of relationships and partnerships. It was unclear to staff which position was the lead on provider contact and guidance, and the job duties listed in the division's materials were redundant. With respect to project support staff, there was an existing administrative assistant 3 position in the base budget whose duties include help desk assistance for the immunization registry.

Ms. Freed explained that if the Subcommittee wished to reduce this enhancement, staff suggested that the county-level program officers may be eliminated from this enhancement, the county-level health educators could be denied assuming the approval of Assembly Bill (A.B) 410, and the new administrative assistant 3 position could be eliminated because there was already an administrative assistant position that assisted the registry users. If the Subcommittee wished to partially fund this enhancement, staff offered the following options. With respect to the proposed two state positions, staff recommended that the Subcommittee approve only the new state health program specialist 1 but eliminate the proposed new administrative assistant 3 position, because there was already an administrative assistant 3 dedicated to assisting providers with the registry.

With respect to the funding of the enhancement, Ms. Freed said staff recommended that the Subcommittee fund the enhancement with a 5O/50 split between the General Fund and the Immunization grant.

> SENATOR CEGAVSKE MOVED TO APPROVE THE INDICATED STAFF RECOMMENDATIONS, APPROVING ONLY THE HEALTH EDUCATOR POSITIONS, THEREBY ELIMINATING THE COUNTY-LEVEL PROGRAM OFFICER POSITIONS FOR BOTH COUNTIES, AND FUND THE ENHANCEMENT WITH A 5O/50 SPLIT BETWEEN THE GENERAL FUND AND THE IMMUNIZATION GRANT.
>
> ASSEMBLYMAN DENIS SECONDED THE MOTION.

Chairwoman Leslie stated that she was the sponsor of A.B. 410, and offered her support of the motion. She suggested putting the positions in as an enhancement, so the positions could be reviewed in 2009.

Assemblywoman Buckley questioned the possibility of Washoe and Clark Counties contributing the fifty percent that was not covered by the federal share.

Mr. Haartz replied that Washoe County had offered to cover operational costs such as rent, telephone, computers, and in-county travel, if the positions were approved.

Chairwoman Leslie stated that the arrangement appeared reasonable, and the positions could be reexamined in the 2009 session.

> THE MOTION CARRIED.

*****

Ms. Freed stated The Executive Budget recommended the addition of one public service intern 2, at a cost of $35,583 in FY 2008 and $51,084 in FY 2009, funded entirely by the federal Immunization grant. This position recommendation was part of a division-wide effort designed to expand the pool of candidates for professional positions within the Health Division, thereby aiding the Division with its succession planning. Significant numbers of experienced public health employees were projected to retire in the next decade. In addition, the Immunization program benefits by getting assistance with special projects in a cost-effective manner. Ms. Freed concluded the enhancement appeared reasonable to staff.

SENATOR CEGAVSKE MOVED TO APPROVE THE NEW PUBLIC SERVICE INTERN AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

* * * * *

Ms. Freed stated decision unit E710 recommended federal Immunization grant funding of $9,380 in FY 2008 and $25,659 in FY 2009 to replace seven desktop computers and five laptop computers and associated software, networking software upgrades plus maintenance contracts, and three ID badge printers. The Division had assumed a three-year replacement for computers in this decision unit; however, Technical Standard 7.03 (Desktop and Laptop Hardware Acquisitions) from the Department of Information Technology stated that standard technology users should replace desktops and laptops every four to five years. To comply with DoIT's replacement timeframe staff recommended moving five of the desktop computers from FY 2008 to FY 2009, when they would be eligible for replacement. Furthermore, staff recommended eliminating two of the replacement desktops and all five laptops from the FY 2009 equipment listing, as they were not eligible for replacement until FY 2010. Finally, after consultation with Health Division staff the ID badge printers were eliminated from this enhancement, as program staff indicated that there was no need for replacement. These adjustments represented a reduction to immunization grant expenditures of $9,380 in FY 2008 and $16,279 in FY 2009. Ms. Freed said staff was seeking approval of the recommended adjustments to the replacement equipment listing.

Ms. Freed stated decision unit E805 recommended reclassifying an administrative assistant 3 to a program officer 1, at a cost of $6,870 in FY 2008 and $7,566 in FY 2009. This decision unit was funded by the federal Immunization grant. The Division advised that the position reclassification was unnecessary, and so staff recommended elimination of this enhancement; however, the Subcommittee should note that the position would continue to perform work in support of the immunization registry, most notably help desk support.

Ms. Freed said The Executive Budget recommended reducing transfers of Title XXI funds from the Nevada Check-Up program from the base year amount of $2.83 million to $2.02 million for FY 2008 and $1.98 million for FY 2009. The transfers funded the purchase of vaccines provided to children who were enrolled in Nevada Check-Up. The proposed reductions represented decreases of 28 percent and 30 percent in fiscal years 2008 and 2009, respectively.

Furthermore, the transfer did not match the recommended transfers out of the Check-Up budget. Check-Up BA 3178 had budgeted $7.24 million for transfer to the Immunization budget in FY 2008 and $7.3 million in FY 2009.

Ms Freed stated several factors had changed since the Governor's recommended vaccination caseload forecast was submitted. First, the Federal Medical Assistance Percentage (FMAP) had increased slightly. The second change was in the Nevada Check-Up program enrollment. The Governor's recommended budget was built assuming an average monthly caseload of 28,230 children in FY 2008 and 28,925 children in FY 2009. The Division of Health Care Financing and Policy had revised the Check-Up caseload numbers to an average of 30,167 children per month in FY 2008 and an average of 31,081 children per month in FY 2009. If the Check-Up program expected increased caseload, more vaccine purchases would also be expected. Finally, Ms. Freed stated the Health Division had revised the cost of vaccines to be purchased. With the exception of the Human Papilloma Virus (HPV) vaccine, each of the federally recommended vaccines remained at the same price or experienced price increases. The price increases ranged from $0.15 per dose to $5.09 per dose. The price per dose of the HPV vaccine decreased by $3.25; however, as part of the original budget submittal, the Health Division inadvertently calculated the need for HPV vaccine for all Check-Up enrollees, rather than just females. As a result of correcting this to only account for the 49 percent of Check-Up enrollees that were female, the overall cost to vaccinate 7-18 year olds decreased by $535,112 per year from the previously provided projections.

Ms. Freed stated that using these updated factors, the Division recalculated the amount of funding needed as transfer revenue from the Check-Up budget and General Fund appropriations needed as matching funding. The Division had calculated that in FY 2008, it needed $97,640 less in General Fund appropriations and $198,898 less in Check-Up transfers. In FY 2009, the Division's calculations showed that the Immunization budget could return $100,040 to the General Fund and $109,783 to the Check-Up budget. Staff was seeking approval to reduce the General Fund appropriations by $97,640 in FY 2008 and $100,040 in FY 2009 and to reduce the transfers from the Check-Up budget account by $198,898 in FY 2008 and $109,783 in FY 2009, in accordance with the new calculations of vaccine need by the Health Division.

Ms. Freed stated that staff requested approval to make final technical adjustments to the Health Division's administrative cost allocation based on the closing of this budget and the 17 other Health Division budgets closed previously on April 17 and May 2, 2007.

SENATOR TITUS MOVED TO APPROVE STAFF RECOMMENDATIONS FOR E710 AND E805 AND TO ALLOW RECOMMENDED TECHNICAL ADJUSTMENTS.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION CARRIED.

*****

Early Intervention Services (BA 3208)
HEALTH-93, Volume II

Senator Raggio questioned what the private provider situation had been up to the present, what Senate Bill 377 proposed to do, and how the bill would affect BA 3208.

Mr. Willden stated that the bill would have the Department serve, through the private sector, up to twenty percent of the children per year.

Mr. Raggio questioned Easter Seals involvement.

Mr. Willden responded that the Department had a contract with Easter Seals which provided services for 60 children and was currently serving 45 children. REM in southern Nevada had a contract to provide services for 50 children and was currently serving 5 children. The Department did not have private providers in the northern part of the State. The challenge with the bill was the language pertaining to increasing the twenty percent. All new referrals in the second year of the biennium would go to the private providers. Mr. Willden warned that the private providers were not ready for the influx but could handle the current twenty percent.

Mr. Willden explained that the Department supported S.B. 377 for a number of reasons. The Department agreed that monitoring and compliance should be moved out of early intervention and put into the Office of Disability Services. The Department was supportive of the twenty percent private sector referrals.

Senator Raggio questioned if that was "up to twenty percent."

Mr. Willden responded that the Department was currently at seven percent if the budget was closed per the Governor's recommendation.

Mr. Willden stated the Department was supportive of an independent evaluation to look at the success of moving the services to the private contractors.

Mr. Willden explained that the bill established that "the Department needed to make a determination that services were available. Clearly in Clark County that could happen. It could not happen anytime soon in the north or rurals."

In response to Senator Raggio, Mr. Willden explained that if the budget was closed in its current state, "only the new dollars would be going to the private sector as the enhancement unit." It was the Department's recommendation to see additional funding go to the private sector beyond what was recommended.

Senator Raggio recommended closing the budget and allowing for up to twenty percent of services to be provided through the private providers.

Mr. Willden expressed his concern over layoffs in the transition from public to private. He believed that increasing the twenty percent would create layoffs.

Chairwoman Leslie questioned whether the budget could be closed prior to action being taken on the bill.

Mr. Willden replied that the budget could be closed before action was taken on the bill.

Senator Cegavske stated the recommendation was not opposed by any members of the Interim Subcommittee on Disabilities. When the Subcommittee found out about S.B. 377, the Subcommittee decided not to put in another bill; however, the Subcommittee became concerned when it was discovered that all referrals would be private in the second year of the biennium. The bill was not able to be amended because of outside pressure to which Senator Washington had asked for an investigation into. The amendment was to do exactly what the interim Subcommittee wanted: to bring referrals "up to twenty percent."

Assemblywoman Buckley stated that she had good experiences with state early intervention workers. She was concerned about privatization when the Subcommittee had no idea whether or not the alternative services were going to work. She was supportive of providing enhancement dollars for alternatives, but it made more sense to carefully analyze whether it really made sense to privatize the services.

Senator Raggio recommended holding the budget until S.B. 377 had been processed by the Assembly.

Chairwoman Leslie agreed with Senator Raggio's recommendation and adjourned the meeting at 10:29 a.m.

RESPECTFULLY SUBMITTED:

_____
Barron Brooks
Committee Secretary

APPROVED BY:

Sheila Leslie
_____
Assemblywoman Sheila Leslie, Chair

DATE: _____

_____
Senator Barbara K. Cegavske, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Services

Date: May 8, 2007 **Time of Meeting: 8:00 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster