

**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
April 5, 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 8:06 a.m., on Thursday, April 5, 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 are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

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 Bernice Mathews
Senator William J. Raggio
Senator Dina Titus

STAFF MEMBERS PRESENT:

Steve Abba, Principal Deputy Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Rick Combs, Program Analyst
Anne Bowen, Committee Secretary
Patricia Adams, Committee Assistant

Chairwoman Leslie noted a quorum in both the Senate and Assembly for the Subcommittee. She further stated there were budget reductions forthcoming, but no plan had been received, and suggested the budgets be closed but allow staff to return with any significant budget reductions that required review.

**HEALTH AND HUMAN SERVICES ADMINISTRATION
ADMINISTRATION (101-3150)
DHHS DIRECTOR'S OFC – 1**

Rick Combs, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented an overview of Budget Account 3150. Mr. Combs



stated the first major closing issue was funding for the Nevada 211 System. The Executive Budget recommended General Fund appropriations totaling \$200,000 in each year of biennium to assist in support of the system. Mr. Combs said there had been some confusion during the budget hearing about whether the funding was for the increase of hours of service or to maintain the current hours of service, but that had been resolved. The current hours of operation were Monday through Friday from 8:00 a.m. to midnight and 8:00 a.m. to 4:00 p.m. on the weekends. Mr. Combs said the funding recommended in The Executive Budget would allow for the maintenance of those hours of operation.

Mr. Combs stated the second major closing issue was funding for the Methamphetamine Education and Prevention program. The Governor recommended \$1 million in each year of the biennium and that funding would be used in accordance with the findings and recommendations of the Methamphetamine Working Group. Mr. Combs said the preliminary report of the Methamphetamine Working Group was released on March 30, 2007, and the recommendation was to appropriate \$2 million to the Department of Health and Human Services for education and awareness programs and to distribute funds in a manner similar to the manner in which federal State Incentive Grant (SIG) funds have been distributed by the Substance Abuse Prevention and Treatment Agency (SAPTA). The Director of the Department of Health and Human Services had indicated the SIG funds had been allocated to 13 coalitions across the state to develop evidence-based prevention programs. Mr. Combs said the Director had also indicated that the \$2 million in funding for the methamphetamine education program was included in the Director's Office account in an effort to avoid increasing the maintenance of effort (MOE) requirement in the SAPTA budget. According to Mr. Combs, the Director believed the federal government would likely count the funding toward the MOE regardless, and as a result, he indicated it would be appropriate to transfer the funding to the SAPTA budget.

Mr. Combs said there were three issues the Subcommittee should consider regarding the \$1 million per year recommended by the Governor for methamphetamine education and awareness programs:

- Whether to approve the funding recommended by the Governor and supported by the Governor's Working Group on Methamphetamine use;
- If the Subcommittee approved the funding, whether to leave the funding in Budget Account 3150 as recommended by the Governor or transfer the funding to the SAPTA account. If the money was appropriated to SAPTA, it was certain to become part of the MOE in the future;
- Whether the Subcommittee wished to issue a letter of intent that indicated the funding should be used only for education and awareness programs targeted at methamphetamine use.

Mr. Combs stated the next major issue was a new personnel officer position requested by the Department. The personnel function in the Director's Office was currently staffed by the deputy director of administrative services and an administrative assistant position. The deputy director for administrative services, an unclassified position, was changed from a classified personnel officer 3 position in the last legislative session. Mr. Combs said the Director's Office indicated that, in addition to human resource issues, the deputy director also supervised the legislative liaison activities of the Office and the public information functions. In addition to the deputy director for

administration services, the Department also had personnel officer positions and support positions in each of the large divisions within the Department. Mr. Combs said based upon the current personnel staffing for the Department, Fiscal Analysis Division staff believed a personnel officer position to perform typical personnel and human resource functions with the Department was not warranted. The Director had indicated at numerous hearings during the Session that the position would not serve as a typical personnel and human resources position, but rather would be responsible for developing and assisting in the implementation of a strategy to attract and retain employees for the difficult to recruit positions within the Department. Mr. Combs explained if the Subcommittee wished to approve the new personnel officer position, the Fiscal Analysis staff would recommend the issuance of a letter of intent indicating that the position should be devoted entirely to that function, with special focus on recruitment and retention of difficult to recruit positions in the rural areas. Mr. Combs said the Subcommittee might also wish to direct the Department to provide semiannual reports on the activities of the position, as well as the progress being made in filling those difficult to recruit positions.

Mr. Combs said the final major issue was a request for additional travel and training funds. The Department requested \$51,492 in additional funds in the first year of the biennium and \$48,114 in the second year of the biennium. The Subcommittee noted that the recommended travel and training expenditures exceeded the expenditures approved in the 2005 Legislature and directed the agency to reevaluate its requirements for the 2007-09 biennium. Based upon the Subcommittee's direction the Office had reduced its request by \$17,524 in the first year of the biennium and \$8,140 in the second year of the biennium. Mr. Combs stated the Fiscal Analysis Division staff recommended further reduction of the increased Out-of-State Travel expenditures from \$3,409 to \$1,883 in FY 2009. It appeared that the \$3,409 amount was an error in The Executive Budget, and the additional \$1,883 would be a reasonable amount of increased travel for the agency, according to Mr. Combs.

In addition to the reduction in Out-of-State Travel, Mr. Combs also recommended the elimination of \$10,000 in In-State Travel expenditures in each year of the biennium, for the Suicide Prevention Program to conduct a statewide prevention summit and two core competency training sessions. In the past similar activities had been funded, but usually for the cost of rental of meeting rooms and for incidental expenses incurred for the meeting. Mr. Combs said the request in Budget Account 3150 was to use \$10,000 to reimburse the participants attending the summit and the meetings for their travel costs. For the most part, the participants would not be state employees, according to Mr. Combs. Nevada Revised Statutes (NRS) 281.160 authorized the payment of travel expenditures for district judges, state officers, state employees, and members of advisory boards supported by public money. Mr. Combs stated there was no specific statutory authority to reimburse for the In-State Travel of nonstate employees who did not fall within one of the categories listed in the statute. Mr. Combs recommended that the Subcommittee not approve the \$10,000, and pointed out that if the Subcommittee wanted to approve funding in spite of the recommendation, Legislative Counsel had indicated it was advisable to include specific statutory authority in the suicide prevention program statutes to authorize the use of the funding in the manner requested.

Mr. Combs said in other closing items, Enhancement Unit 251 (E251) recommended \$2,500 in the first year of the biennium, and \$5,000 in the second year of the biennium, for the monthly rental costs of a State Motor Pool vehicle for the Director's Office. The Director's Office had requested the

vehicle because of the move to Technology Way, on the north side of Carson City. Mr. Combs said the Director's Office had indicated the request for the motor pool vehicle could be removed because other agencies had motor vehicles at that location that could be used by the Director's Office. Staff supported that statement from the Department and E251 had been revised to remove the cost of the leased vehicle from the State Motor Pool, but to include \$2,000 in the first year and \$2,250 in the second year of the biennium for the reimbursement of other agencies for the use of their vehicles. The adjustment recommended by the Director's Office would eliminate the need to purchase a new motor vehicle for the Office, which would reduce the one-shot funds required for the State Motor Pool.

Mr. Combs referred to E710, which recommended General Funds totaling \$14,600 in FY 2008 and \$8,956 in FY 2009 for the replacement of ten office chairs, four personal computers, a projection screen, and additional projector in FY 2008, and three personal computers, a laptop, and a workstation add-on in FY 2009. Mr. Combs said the cost for the ten office chairs had been reduced from \$500 to \$430 each to be consistent with the budget instructions. Additionally, the expenditures for the replacement of two computers in the first year of the biennium had been eliminated based upon the fact that the agency had the authority to purchase those computers in the current fiscal year.

Mr. Combs addressed unexpended MAXIMUS recovery revenue and said at the Subcommittee hearing held on February 8, 2007, an extended discussion was held about the fact that the Interim Finance Committee (IFC) had approved allocating MAXIMUS recovery revenue to a number of nonprofit organizations, and that money did not appear to have been spent. Based upon the Subcommittee's concerns regarding that matter, the Department had submitted letters to the various groups requesting plans for the expenditure of the funds. According to Mr. Combs, all agencies had responded that those funds would be expended prior to the end of FY 2007; however, there had been some reluctance on the part of the Douglas County Suicide Prevention Program. The Director's Office had given all of the agencies specific instructions that if the money was not spent by the end of FY 2007, it would revert to the General Fund. Mr. Combs recommended a letter of intent from the Subcommittee to direct the reversion of any unspent MAXIMUS funds at the end of FY 2007.

Mr. Combs said there were a few technical adjustments such as the Olmstead Community Based Care Grant funds that had been added to Budget Account 3150. General Funds had been added to the budget to replace eliminated federal funds. The Director's Office had indicated it would be receiving those federal funds, which would reduce General Fund appropriations in other accounts.

Mr. Combs said there had been adjustments made to the Youth Suicide Prevention Grant revenues and expenditures to reflect the Notice of Grant Award from the federal government of \$400,000 per year through the first quarter of State FY 2009. In addition, LCB staff had cost allocated a portion of the travel funds recommended in E252 and the replacement equipment recommended E710 to other Director's Office accounts. The costs were funded entirely with General Fund in The Executive Budget. Mr. Combs stated if the Subcommittee elected to accept staff recommendations in all other areas, there were four major closing issues: (1) whether to approve \$200,000 per year for the Nevada 211 system; (2) whether to approve \$1 million per year for methamphetamine education and prevention program and, if so, to which agency those funds should be appropriated; (3) whether to approve the new

personnel officer position being requested; and (4) whether to approve staff's reduction in the Out-of-State Travel in FY 2009 as well as the elimination of \$10,000 per year for the reimbursement of nonstate employee travel expenditures.

Chairwoman Leslie agreed that the four major closing issues needed to be discussed by the Subcommittee.

Assemblywoman Smith commented that there were two bills being considered in the Committee on Ways and Means that provided additional funding to expand the Nevada 211 system to 24 hours per day, 7 days per week, along with ensuring database updates were available. Mrs. Smith said that everything heard in budget hearings about the impact Nevada 211 had on the agencies, as well as connecting Nevada residents to services, indicated that it was necessary to provide the requested funding. She also noted that usage had more than doubled expectations since inception of the service.

Chairwoman Leslie said the Subcommittee could close with the funding allocated in The Executive Budget and should the Legislature decide to further expand or enhance funding, it could be accomplished through bills. Mrs. Smith agreed that was a viable option.

Senator Cegavske commented that there had been another group, Poison Control, which had wanted an 800 number and as a cost savings measure it had been suggested that Poison Control be included in the Nevada 211 system. Chairwoman Leslie stated that could be reviewed by the Subcommittee.

Chairwoman Leslie referred to the methamphetamine education and prevention issue and stated there was \$1 million in the budget, and the Governor had deferred the details of the plan to the Governor's Working Group on Methamphetamine Use. The Group's report had been released with the suggestion that the funding flow through the community coalitions the Department had organized. Chairwoman Leslie said the Subcommittee needed to decide whether to approve the funding and, if so, where to place the funding. She said her suggestion was to place the funding in the SAPTA budget as that was the most appropriate place.

Senator Cegavske said she agreed with Chairwoman Leslie and said the funding should be placed in the SAPTA budget with the realization that the funding would become part of the MOE in the future. Senator Cegavske also suggested the Subcommittee produce a letter of intent indicating the funds be used exclusively for methamphetamine education and awareness programs.

Senator Mathews commented that she was somewhat concerned with issuing a letter of intent stating the funding be used only for methamphetamine programs, because people often used a combination of drugs, and sometimes it was impossible to identify one from another.

Assemblywoman Buckley stated she was aware of one bill in the Assembly and possibly in the Senate as well that addressed the distribution of funding which prioritized methamphetamine, but did not eliminate aiding someone because of a cocaine and methamphetamine problem. She agreed with Senator Mathews and recommended that the budget be closed with \$1 million for each year of the biennium and wait for the bills to pass on the mechanisms. If for some reason the bills did not pass, the Subcommittee could issue a letter of intent later in the session.

Chairwoman Leslie stated she agreed with Mrs. Buckley's suggestion.

Senator Cegavske said because the funding was going through the budget she felt a letter of intent should be written, and the Subcommittee could decide not to send it.

Mrs. Buckley asked what the recommendation had been from the Attorney General's Office and the Governor's Working Group on Methamphetamine Use.

Senator Cegavske said she was uncertain what the recommendation had been. Chairwoman Leslie stated she was the Assembly representative on the Governor's Working Group on Methamphetamine Use and said the report had been released, and the Subcommittee members should have received a copy. The report made some specific recommendations regarding the distribution of the funds, which was also consistent with the language in Assembly Bill 149. Chairwoman Leslie maintained a letter of intent would be fine, but believed a bill would be better because it carried the force of law.

Gary Ghiggeri, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), stated if the Subcommittee wanted, staff could initiate a list of letters of intent depending upon what occurred and revisit the subject at a later time.

Senator Cegavske asked that the separate expenditure accounting be included in the proposed letter of intent.

Chairwoman Leslie asked for discussion regarding the new personnel officer position. Senator Cegavske recommended the Subcommittee not support the new position.

Chairwoman Leslie addressed the request for travel and training funds and noted Mr. Combs had outlined LCB staff recommendations. Senator Cegavske suggested adopting adjustments as recommended by LCB staff, and Chairwoman Leslie concurred.

Chairwoman Leslie indicated she would accept a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 3150 AS FOLLOWS: APPROVE FUNDING FOR THE NEVADA 211 SYSTEM, APPROVE FUNDING IN THE AMOUNT OF \$1 MILLION IN EACH FISCAL YEAR OF THE BIENNIUM FOR METHAMPHETAMINE EDUCATION AND PREVENTION, WITH FUNDING DISTRIBUTED BY THE SUBSTANCE ABUSE PREVENTION AND TREATMENT AGENCY (SAPTA) AS A SEPARATE EXPENDITURE; DELAY THE ISSUANCE OF A LETTER OF INTENT PENDING PASSAGE OF BILLS THAT INCLUDED OTHER DRUGS; NOT APPROVE THE PERSONNEL OFFICER POSITION; APPROVE TRAVEL AND TRAINING FUNDS REDUCTIONS AND ADJUSTMENTS AS RECOMMENDED BY STAFF; ISSUE LETTER OF INTENT DIRECTING REVERSION OF ANY UNEXPENDED MAXIMUS RECOVERY REVENUE; AND APPROVE TECHNICAL ADJUSTMENTS AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN BUCKLEY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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HEALTH AND HUMAN SERVICES ADMINISTRATION
DEVELOPMENTAL DISABILITIES (101-3154)
DHHS DIRECTOR'S OFC—9

Rick Combs, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), presented an overview of Budget Account 3154. Mr. Combs stated there were no major closing issues in the budget.

Other closing items addressed the activities of the Interagency Advisory Board on Transition Services. Mr. Combs said, in the past, the only General Fund money in Budget Account 3154 was the match for the federal grant. The General Fund cost to staff the advisory board for the 2007-09 biennium was \$17,781 in FY 2008 and \$19,103 in FY 2009, and Mr. Combs said those funds were in addition to the General Fund match.

A replacement computer was requested for FY 2009 in Enhancement Unit 710 (E710), according to Mr. Combs.

Mr. Combs said federal grant funds reflected in The Executive Budget were more than the latest grant award notice had indicated. Those amounts had been reduced from approximately \$479,000 for each year of the biennium to \$461,811 for each year of the biennium. Using the total federal grant funding, the General Fund match requirement would be \$153,937. Mr. Combs said to meet the General Fund match, General Fund had to be increased by \$1,835 in the first year of the biennium and \$1,650 in the second year of the biennium; however, the cost of living adjustments for state employees in the account were funded entirely with General Fund salary adjustment funds. The only portion of the positions funded by General Fund was the portion that supported the Interagency Advisory Board on Transition Services. The actual state match for the account was going to result in a reduction in General Funds. Mr. Combs said the transfer of funds from BA 3154 to fund the Director's Office cost allocation for fiscal and audit positions in the Administration Account was also increased in each year of the biennium.

Chairwoman Leslie indicated she would accept a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT
3154 WITH STAFF RECOMMENDATIONS AND AUTHORIZE STAFF
TO MAKE NECESSARY TECHNICAL ADJUSTMENTS FOR FINAL
INTERNAL COST ALLOCATIONS AND STATEWIDE
ASSESSMENTS.

THE MOTION WAS SECONDED BY ASSEMBLYMAN DENIS.

THE MOTION PASSED UNANIMOUSLY.

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HEALTH AND HUMAN SERVICES ADMINISTRATION
HEALTHY NEVADA FUND (262-3261)
DHHS DIRECTOR'S OFC-21

Rick Combs, Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, presented an overview of Budget Account 3261. Mr. Combs stated that in September and November 2005, the Interim Finance Committee (IFC) approved the Department's plan to use the Senior Rx and Disability Rx programs to "wrap around" Medicare Part D coverage beginning January 1, 2006. Since Medicare Part D became effective the program expenditures for each program had been much less than before the implementation of Medicare Part D. Mr. Combs said through approximately nine months of the current fiscal year expenditures had totaled \$1.3 million for the Senior Rx program, only a fraction of the \$9.7 million approved by the 2005 Legislature. The Disability Rx program was not implemented until January 1, 2006, but the budgeted expenditures for that program were \$465,000 and up to the present in FY 2007 those expenditures totaled approximately \$139,000.

Mr. Combs said at the February 8, 2007, hearing the Director had indicated, in response to questions from the Subcommittee, that because of Medicare Part D and its impact on the two programs, the Department would revise the expenditures for the upcoming biennium. The Department submitted a revised projection of costs. Mr. Combs said revised projections had been provided to the Subcommittee at the March 27, 2007, work session. At that time, it was anticipated that the costs would decrease from \$7.5 million to \$2.3 million in the first year of the biennium and from \$8.5 million to \$2.5 million in the second year of the biennium. Mr. Combs said it appeared that the coverage gap costs were inadvertently understated in the revised projection, and the Department had provided an updated projection that accurately reflected the potential costs of covering participants in the coverage gap. The revised projections estimated the total cost for Senior Rx to be \$3.5 million in the first year and \$4.0 million in the second year of the biennium. Disability Rx revised projections estimated costs in the first year of \$296,625 and approximately \$333,000 in the second year of the biennium.

Mr. Combs said the growth rates recommended in The Executive Budget for both inflationary increases in the costs of prescription drugs and the growth recommended for increased enrollment in the program had not changed. Costs were decreasing because FY 2007 per member, per month costs, as well as the number of people enrolled in the program, had decreased from projections in the agency's budget. Mr. Combs noted that the first nine months of expenditures for FY 2007 in both programs appeared to be somewhat high, but in calendar year 2006, 82 percent of Disability Rx and Senior Rx members who applied for enrollment in the programs indicated the reason for applying was to have coverage protection during the coverage gap. Because the programs had only one full year of experience, Mr. Combs did not believe it was unreasonable to use the \$3.5 million and \$4.5 figures in each year of the upcoming biennium, with the caveat that the figures could be somewhat overstated. Any funds not expended for the two programs would revert to the Fund for a Healthy Nevada and could only be used for the two programs in the future.

Mr. Combs explained that because the Senior Rx program expenditures were less than the projected Tobacco Settlement Revenues devoted to the program, the result was a reduction in the General Fund appropriation in FY 2009.

Mr. Combs said the second major issue in BA 3261 was prescription copayments for Medicare and full Medicaid beneficiaries. Those beneficiaries were often termed "Dual Eligibles" and were the poorest population served through the Medicaid program. Mr. Combs said at the Subcommittee hearing on February 8, 2007, it had been indicated there was \$221,198 included in General Funds in the base budget in each year of the next biennium for copayments for Dual Eligibles. That was the actual amount expended in FY 2006, and Mr. Combs noted that was only six months of expenditures because the program did not begin until January 1, 2006. Although it appeared that funding was insufficient to cover the total cost for the copays for the Dual Eligibles, the Department, as well as Medicaid, had indicated the Nevada Medicaid account could absorb the shortfall in revenue transferred from this account to cover the cost of copays for the Dual Eligible group. During the IFC hearings to consider making copays for Senior Rx and Disability Rx participants, the Committee voted not to authorize the use of Tobacco Settlement Funds, and authorized instead the use of General Fund in the budget. Mr. Combs said because of the reductions in the Senior Rx and Disability Rx expenditures, there were sufficient Tobacco Settlement Funds remaining in BA 3261 that could be used to fill the gap between what the General Fund would not cover for copays.

Mr. Combs said staff would not recommend adding General Funds. The two remaining options were (1) allowing the Nevada Medicaid account to absorb approximately one-half of the costs of copays for Dual Eligibles, or (2) authorize the transfer of Tobacco Settlement Funds in an amount not to exceed \$325,000 in each year of the 2007-09 biennium.

Mr. Combs referred to Enhancement Unit 253 (E253) which was a request for a new accounting assistant position. The position was requested to coordinate the monthly premium benefit payments with the Medicare Part D prescription drug plans and Medicare advantage plans. The request was the main wraparound component of the Department's plan to handle Medicare Part D in that the State, through those programs, would fund the cost of the monthly premium payments. The Department had indicated that process had consumed a significant amount of the manager's time during the current biennium which had resulted in delays in making premium payments. Mr. Combs said the Department had intended to contract with a third-party administrator to coordinate the benefit, but that solution was not cost effective.

Mr. Combs said the Subcommittee should note the Governor's recommendation was to fund the position with General Funds. The recommendation was based upon the determination that there was insufficient authority under the administrative cap on expenditures for the program to allow the use of Tobacco Funds to cover the position. Mr. Combs said if General Fund was used, three of the five positions in BA 3261 would be funded with General Fund instead of Tobacco Funds, even though the only program money remaining in the account was the \$221,000 being transferred to Medicaid to cover Dual Eligibles. Mr. Combs stated for that reason staff would not recommend funding the position with General Funds, although the request appeared to be otherwise reasonable.

Although there was not enough money under the administrative cap to fund the position at the present time, Mr. Combs stated A.B. 599 sought to raise the administrative cap for the other Fund for a Healthy Nevada programs. In the 2005 Session the administrative cap for the Senior Rx and Disability Rx programs was raised from 3 percent to 5 percent, but that increase applied only to the amounts allocated for those two programs. The remaining programs

remained at the 3 percent administrative cap. Assembly Bill 599 would raise those administrative caps left at 3 percent up to 5 percent. Mr. Combs said the way the bill was originally drafted it appeared that it would require an analysis for each of those programs to determine whether those programs were exceeding the individual program's 5 percent cap amount. If the Subcommittee wanted to consider funding the position with Tobacco Funds, Mr. Combs recommended an amendment to A.B. 599 or some other legislation to allow the 5 percent cap to be applied to all Department programs.

Mr. Combs said the last major issue in BA 3261 was the addition of benefits for Senior Rx members. At the February 8, 2007, Subcommittee hearing, it had been stated that Senior Rx and Disability Rx expenditures were expected to be lower than originally anticipated. Mr. Combs explained the reduced costs should allow the Department to investigate adding vision and dental benefits to the program. Nevada Revised Statutes (NRS) 439.630 authorized the Department to provide such benefits, but only to the extent that funds were available to do so. The Department had indicated that it was preparing a request for proposal (RFP) for the dental benefit and estimated \$1,000 per member would be necessary to provide a meaningful benefit. Mr. Combs said it was not clear how many members would take advantage of the dental benefit. Because of the uncertainty of the costs of either the vision or dental benefit program, Mr. Combs said staff would recommend a letter of intent to require the Department to present any plans for expansion of the Senior Rx and Disability Rx programs to include vision and dental to the IFC for approval before implementation.

In other closing items, there was approximately \$5,000 in the first year and \$3,000 in the second year of the biennium requested to purchase address verification software to assist the program in determining eligibility of applicants for the Senior Rx and Disability Rx programs.

Mr. Combs referred to E325 which recommended funding for additional Out-of-State Travel and In-State Travel expenditures. Staff indicated that recommendation appeared to be reasonable.

Decision unit E710 recommended \$3,800 in the first year and \$1,800 in the second year of the biennium for the replacement of a personal computer in each year of the biennium, and the replacement of four office chairs in FY 2008. Mr. Combs said LCB staff recommended reducing the number of chairs replaced to two at a cost of \$430 each, because two new positions had been approved in the last two biennia, and each time a chair was included as part of funding for those positions. Additionally, Mr. Combs recommended funding the computer in the first year of the biennium with Tobacco Funds, and funding the computer in the second year of the biennium with General Funds.

Mr. Combs referred to technical adjustments and said the base budget included approximately \$25,000 in personnel costs that were above and beyond the expenditures necessary to fund the legislatively approved positions. Those expenditures had been deleted in the base budget.

The Tobacco Settlement revenues had been increased and the General Fund and General Fund salary adjustment revenues had been decreased in decision units M300 and M304 as a result of allocating a portion of the cost for fringe benefits and cost-of-living adjustment to the Tobacco Settlement Funds.

The transfer from BA 3261 to the Administration Account had been increased based upon the recommended adjustments in BA 3261.

Mr. Combs said the Fiscal Division staff requested authority to make necessary technical adjustments after closing in BA 3261 for the internal cost allocations and statewide assessments.

Mr. Combs requested authority for the Fiscal Division staff to adjust the transfer from BA 3261 to BA 3195, the Grants Management Unit account, based on expenditures that were approved by the Subcommittee for BA 3261. The closing for BA 3195 would likely occur after the State received its FY 2007 tobacco settlement allotment for expenditure in FY 2008.

Chairwoman Leslie reviewed the closing issues as follows:

1. Impact of Medicare Part D on expenditures for Senior Rx and Disability Rx Programs.
2. Prescription copayments for Medicare and full Medicaid Beneficiaries.
3. Request for new accounting assistant position.
4. Addition of benefits for Senior Rx members.

Chairwoman Leslie further addressed the impact of Medicare Part D on expenditures for Senior Rx and Disability Rx programs. Chairwoman Leslie noted the reduction of General Fund by \$1.1 million by following staff recommendations.

Senator Cegavske agreed with staff recommendations.

Senator Titus remarked there had recently been a bill in the Senate, which she had voted against, to set aside a percentage of Tobacco Funds in several different budget accounts for what sounded like administrative costs. She said now there was a suggestion to take a higher percentage from the tobacco program to use for administration, and she wondered how those two items were different.

Mr. Combs responded that the Task Force for the Fund for a Healthy Nevada requested a bill that had been introduced to allow the expenditure of some of the administration money on evaluation services. Typically, that money had been used to hire a contractor to evaluate how the grantees were performing under the grants. Mr. Combs asked whether that was the bill Senator Titus had referred to.

Senator Titus said perhaps that was the bill, but as she recalled, it was explained that the bill would increase the amount of money that went to administration, it would not take it out of money already allocated for administration.

Mr. Combs said he probably misspoke, and clarified that the bill would not call the appropriation an administrative expense, but a program expense. He said the bill would take money that could have been used for direct services and used it instead to evaluate whether the money was being spent wisely and provided a benefit to clients. Senator Titus asked whether increasing the administrative cap from 3 percent to 5 percent was in addition to the change in the bill. Mr. Combs replied that was correct. Senator Titus said she had some concerns with that plan because the "bureaucratic creep" of dollars being spent

on administration would decrease the revenue that could be used directly for programs.

Chairwoman Leslie asked whether Senator Titus' concern was with the suggestion to seek legislation to increase the administrative cap as a means to fund the accounting assistant position with Tobacco Settlement Funds, because what was being discussed would not reduce services to people, but was being funded by Medicare Part D. Mr. Combs agreed and said Senator Titus' concerns would be more related to the request for a new accounting assistant position.

Chairwoman Leslie stated the request for a new accounting assistant position could be discussed and said she believed the bill Senator Titus had referred to had passed in the Senate and was pending in the Assembly. She requested that someone from the Budget Division address the subject. Chairwoman Leslie further stated there was a bill in pending in the Committee on Ways and Means that Mr. Combs had referred to dealing with the administrative cap issue.

Mary Liveratti, Deputy Director, Department of Health and Human Services, explained there were approximately seven bills dealing with the task force. Senate Bill 64 contained a clarification that funds could be used for evaluation, data needs, and planning. Ms. Liveratti said S.B. 64 did exactly what Mr. Combs had explained and would not count against the administrative cap. The bill implemented a task force recommendation to hire an outside consultant.

Chairwoman Leslie requested an explanation of A.B. 599 from Ms. Liveratti. Ms. Liveratti stated she was not sure of the bill number, but there was a bill that would increase the administrative cap from 3 percent to 5 percent for both the Aging Services Division and the Grants Management Unit.

Chairwoman Leslie asked whether that would encompass all grants within the Healthy Nevada Fund. Ms. Liveratti replied that was the intent.

Assemblywoman Buckley noted there was also an administrative cap on the Treasurer's Office and that was one reason why this cap was lower, because the Legislature wanted to limit the amount spent on administration to maximize program resources. She asked what the administrative cap was for the Treasurer's Office.

Mr. Combs stated the administrative cap for the Treasurer's Office was 2 percent of all funds deposited to the Healthy Nevada Fund. Because the Treasurer's Office was performing a function of managing the funds, administrative costs were significantly below 2 percent. Mrs. Buckley said, if maximizing program dollars was the concern, lowering the administrative cap for the Treasurer to less than 2 percent might be an answer.

Mrs. Buckley suggested that perhaps it was time to reevaluate whether the task force was necessary. While the task force had performed well, according to Mrs. Buckley, the funding could be used for direct program needs.

Chairwoman Leslie commented that everyone shared the same goal of ensuring as much funding as possible went directly to clients of the programs.

Michael J. Willden, Director, Health and Human Services, said there were two pending bills, A.B. 182 and S.B. 164 that would eliminate the task force for the Fund for a Healthy Nevada and add additional members to the Department's

Grants Management Advisory Committee. The Committee currently had 11 members, but the bills would add 3 additional members with specific expertise to the Grants Management Unit. Mr. Willden said the Department was hopeful that either one or both of those bills would pass.

Chairwoman Leslie asked what effect eliminating the task force would have on the administrative cap. Mr. Willden said that would definitely allow the Department to have less administrative cost and stay below the 5 percent target.

Chairwoman Leslie commented that there would be opportunity to address the issue of the administrative cap and said the issue before the Subcommittee in number 3 was whether the Subcommittee should approve the new accounting assistant position and staff had recommended approval. However, should the position be approved with tobacco settlement funds, Chairwoman Leslie wanted it understood that other proposals were pending regarding the administrative cap.

Senator Cegavske stated she agreed with LCB staff to approve the new position without using General Funds and support an administrative cap of not more than 5 percent, agency-wide.

Chairwoman Leslie stated she agreed and believed everyone on the Subcommittee shared the same goal.

Chairwoman Leslie referred to issue 2, prescription copayments for Medicare and Medicaid beneficiaries and stated the choices were to not accept the recommendation to approve General Fund, allow the Nevada Medicaid account to absorb the cost, or authorize the transfer of Tobacco Settlement Funds, not to exceed \$325,000.

Senator Cegavske stated she supported the staff option to authorize the transfer of Tobacco Settlement Funds in an amount not to exceed \$325,000 in each fiscal year of the 2007-09 biennium for the payment of copays.

Assemblywoman Buckley said upon careful consideration she supported option 1 to allow the Nevada Medicaid account to absorb the costs of copays, because it appeared the administrative cap would be raised from 3 percent to 5 percent, and the administrative positions would be approved. She further stated that \$650,000 over the biennium seemed to be a large expenditure when there were grant recipients that might end up being cut from the program. Assemblywoman Buckley recommended approving the first option and revisiting the matter in the next Legislative Session.

Senator Raggio said that while he believed option 1 worthy of consideration, the practical situation was that there was sufficient Tobacco Settlement funding available, and there was going to be difficulty dealing with General Fund requirements. Senator Raggio said he would support option 2.

Chairwoman Leslie stated Assemblywoman Buckley was not suggesting using General Funds, but was suggesting option 1, allowing the Medicaid account to absorb the cost of the copays.

Assemblywoman Buckley said she was not suggesting using General Fund. Staff and the Department had indicated that Medicaid could absorb the copay cost without using the Tobacco Settlement Fund. Mrs. Buckley commented

that when the Tobacco Settlement Fund had been created it had been generally acknowledged that it was not to be used to "backfill" Medicaid or any existing programs.

Senator Cegavske pointed out that LCB staff had indicated any funds that were not used reverted back to the Healthy Nevada Fund.

Chairwoman Leslie referred to number 4, addition of benefits for Senior Rx members, and stated staff had suggested issuing a letter of intent requiring the Department to appear before the IFC prior to implementing any dental or vision benefits.

Chairwoman Leslie indicated she would accept a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 3261 WITH STAFF RECOMMENDATIONS TO INCLUDE: AUTHORIZE THE TRANSFER OF TOBACCO SETTLEMENT FUNDS FOR MEDICARE PART D EXPENDITURES FOR SENIOR RX AND DISABILITY RX PROGRAMS; AUTHORIZE THE TRANSFER OF TOBACCO SETTLEMENT FUNDS TO THE MEDICAID AMOUNT FOR COPAYS FOR DUAL ELIGIBLES IN AN AMOUNT NOT TO EXCEED \$325,000 IN EACH YEAR OF THE 2007-09 BIENNIUM; APPROVE REQUEST FOR NEW ACCOUNT ASSISTANT POSITION AND FUND WITH TOBACCO SETTLEMENT FUNDS, NOT GENERAL FUNDS; APPROVE ISSUANCE OF A LETTER OF INTENT TO SUBMIT PLAN BEFORE INTERIM FINANCE COMMITTEE PRIOR TO IMPLEMENTING DENTAL OR VISION BENEFITS FOR SENIOR RX MEMBERS; AUTHORIZE STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS FOR FINAL INTERNAL COST ALLOCATIONS AND STATEWIDE ASSESSMENTS; AUTHORIZE STAFF TO ADJUST THE TRANSFER FROM BUDGET ACCOUNT 3261 TO BUDGET ACCOUNT 3195 BASED UPON THE EXPENDITURES APPROVED BY SUBCOMMITTEE.

THE MOTION WAS SECONDED BY SENATOR RAGGIO.

Assemblywoman Buckley asked how much funding would be removed from the Fund for a Healthy Nevada when the administrative cap was increased.

Rick Combs, Program Analyst, Fiscal Analysis Division, LCB, stated he did not have those figures because that account was not being closed but it affected part of the administrative cap. The cost for the new accounting assistant position was \$41,000 in the first year of the biennium and \$51,158 in the second year of the biennium. Mr. Combs said that was the only amount that would affect the Fund for a Healthy Nevada, as far as removing funds. The reason for the request to increase the administrative cap was because the administrative expenses in BA 3195 were more than allowed by the cap. Mr. Combs said because BA 3195 was not closed, he was not certain how much over the cap the account would be.

THE MOTION PASSED IN THE SENATE WITH SENATOR TITUS VOTING NO.

THE MOTION FAILED IN THE ASSEMBLY WITH ASSEMBLYWOMAN BUCKLEY, ASSEMBLYMAN DENIS, AND ASSEMBLYWOMAN SMITH VOTING NO.

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Chairwoman Leslie called for an alternate motion from the Assembly.

ASSEMBLYWOMAN BUCKLEY MOVED TO CLOSE BUDGET ACCOUNT 3261 WITH STAFF RECOMMENDATIONS TO INCLUDE: AUTHORIZE THE TRANSFER OF TOBACCO SETTLEMENT FUNDS FOR MEDICARE PART D EXPENDITURES FOR SENIOR RX AND DISABILITY RX PROGRAMS; AUTHORIZE NEVADA MEDICAID TO ABSORB ONE-HALF OF THE COSTS OF PRESCRIPTION COPAYS FOR DUAL ELIGIBLES WITHIN ITS BUDGET WITHOUT ADDITIONAL RESOURCES FROM THE GENERAL FUND OR TOBACCO SETTLEMENT FUNDS; APPROVE REQUEST FOR NEW ACCOUNTING ASSISTANT POSITION AND FUND WITH TOBACCO SETTLEMENT FUNDS, NOT GENERAL FUNDS; APPROVE ISSUANCE OF A LETTER OF INTENT TO SUBMIT PLAN BEFORE INTERIM FINANCE COMMITTEE PRIOR TO IMPLEMENTING DENTAL OR VISION BENEFITS FOR SENIOR RX MEMBERS; AUTHORIZE STAFF TO MAKE NECESSARY TECHNICAL ADJUSTMENTS FOR FINAL INTERNAL COST ALLOCATIONS AND STATEWIDE ASSESSMENTS; AUTHORIZE STAFF TO ADJUST THE TRANSFER FROM BUDGET ACCOUNT 3261 TO BUDGET ACCOUNT 3195 BASED UPON THE EXPENDITURES APPROVED BY THE SUBCOMMITTEE.

THE MOTION WAS SECONDED BY ASSEMBLYWOMAN SMITH.

THE MOTION PASSED IN THE ASSEMBLY WITH ASSEMBLYWOMAN WEBER AND ASSEMBLYWOMAN GANSERT VOTING NO.

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HEALTH AND HUMAN SERVICES
BLUE CROSS BLUE SHIELD SETTLEMENT
BUDGET ACCOUNT 101-3241

Rick Combs, Program Analyst, Fiscal Analysis Division, LCB, stated Budget Account 3241 had been implemented to accept settlement funds, totaling \$150,000 per year, from the Rocky Mountain Hospital and Medical Services, Inc. (RMHMS). That money was used to assist in funding the Children's Health Insurance Program (CHIP), and the final payment would be made in FY 2007. Mr. Combs said there was no longer a need for the account, and staff recommended closing the budget as recommended by the Governor.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 3241 AS RECOMMENDED BY THE GOVERNOR.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN WEBER WAS NOT PRESENT FOR THE VOTE.)

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HEALTH AND HUMAN SERVICES
CHILDREN'S TRUST ACCOUNT
BUDGET ACCOUNT 101-3201

Rick Combs, Program Analyst, Fiscal Analysis Division, LCB, explained that the adjustments to BA 3201 were the result of action taken by the Interim Finance Committee (IFC) at the March 21, 2007, meeting. The \$250,000 adjustment was due to funds transferred during FY 2007 from BA 3201 to the Division of Child and Family Services (DCFS) Administration account to support the Director's Office plan for funding the mandatory training of front-line child welfare workers. Mr. Combs explained that IFC approved using \$250,000 from BA 3201 through a work program to assist in that effort, while The Executive Budget recommended the \$250,000 be transferred in the first year of the biennium. That recommended transfer in FY 2008 was no longer required because of the IFC action.

Mr. Combs said one other issue for the Subcommittee's consideration was the \$100,000 transfer included in the second year of the biennium for the same training initiative. That initiative had been fully funded through a budget amendment that was submitted early in the Legislative Session to use Temporary Assistance to Needy Families (TANF) funds to help reduce General Fund need in other accounts. Mr. Combs explained if the Subcommittee wished to close BA 3201 with the adjustments outlined, the General Fund need in the DCFS Administration account would be reduced by \$100,000 that would be transferred from BA 3201.

Chairwoman Leslie commented that the end result of the staff recommendation would be to save \$100,000 in General Fund.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET
ACCOUNT 3201 AS RECOMMENDED BY STAFF.

SENATOR RAGGIO SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIRECTOR'S OFFICE—PROBLEM GAMBLING
BUDGET ACCOUNT 101-3200

Rick Combs, Program Analyst, Fiscal Analysis Division, LCB, stated BA 3200 was a new account created through the enactment of S.B. No. 357 of the 73rd Legislative Session. Mr. Combs said the bill provided funding for the Advisory Council on Problem Gambling through the use of \$1 of the quarterly slot license fee revenue from each slot machine in the first year of the current biennium and \$2 from each slot machine in the second year of the biennium. The bill included a sunset provision on the transfer of the slot tax revenue to BA 3200, according to Mr. Combs. Senate Bill 453 was requested by the Department to eliminate the sunset provision to allow the funding to continue to be deposited into the BA 3200. Mr. Combs advised the Subcommittee that S.B. 453 had recently been introduced and had not yet received a hearing. Staff recommended closing BA 3200 based on the assumption that the sunset provision in S.B. No. 357 of the

73rd Legislative Session would be removed as recommended by the Governor and as provided for in S.B. 453.

Mr. Combs said, in other closing items, S.B. 453 would also increase the amount of money that could be used for administrative costs in BA 3200 from 1 percent to 10 percent. The transfer from BA 3200 to the Grants Management Account had not been adjusted for administrative expenditures. Mr. Combs suggested delaying the transfer until the Grants Management Unit account was closed. There had been significant discussion regarding implementing a 5 percent administrative cap on the program as opposed to the 10 percent administrative cap proposed in the bill. Based upon the provisions of S.B. 453 that eliminated the sunset provision for the funding, the slot tax revenues had been adjusted in the second year of the biennium. The slot tax revenues had been funded at the same amount in each year of the biennium in the Governor's budget, and the Economic Forum's projection for the second year would allow for an increase to \$1,690,893.

Mr. Combs stated the only technical adjustment was that the statute provided for interest earnings in BA 3200, but there was no interest built-in in The Executive Budget. Fiscal staff added interest revenue totaling \$21,400 in each year of the biennium, which was consistent with the work program amount for FY 2007. Staff requested authority to make technical adjustments to BA 3200 based on the Economic Forum's May 1, 2007, forecast of the slot tax revenues, as well as make adjustments for interest revenues for the third quarter of FY 2007, if those revenues were significantly different than anticipated.

Chairwoman Leslie indicated she would accept a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET ACCOUNT 3200 AS RECOMMENDED BY STAFF AND GRANT STAFF AUTHORITY TO MAKE ADJUSTMENTS TO INTEREST REVENUE, IF THE INTEREST REVENUES FOR THE THIRD QUARTER OF FY 2007 ARE SIGNIFICANTLY DIFFERENT THAN ANTICIPATED.

ASSEMBLYMAN DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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INDIAN AFFAIRS COMMISSION
BUDGET ACCOUNT 101-2600

Rick Combs, Program Analyst, Fiscal Analysis Division, LCB, stated Budget Account 2600 had not been heard in Subcommittee, it was a staff closing. Enhancement Unit 325 (E325) recommended General Funds totaling \$1,805 in each fiscal year for the Executive Director to attend the annual Governor's Interstate Indian Council (GIIC) meeting. Mr. Combs said the Executive Director attended the meeting in FY 2007 at her own expense and believed it was an important organization for the Commission to be involved with, and she was also elected treasurer of the GIIC. Because the conference would be held in Lake Tahoe in FY 2008 the expenditures for airfare, totaling \$800, had been removed. Mr. Combs said staff recommended approval of E325 with that adjustment.

Mr. Combs said the Budget Division had submitted Amendment #15 to The Executive Budget which would provide \$5,235 in each year of the biennium to increase In-State Travel expenditures for the two positions funded in BA 2600, as well as for members of the Indian Affairs Commission who were authorized by statute to be compensated for travel when attending quarterly meetings. According to Mr. Combs, the Budget Division had indicated that the decision unit was inadvertently omitted from The Executive Budget. The base budget included only \$1,762 in each year of the biennium for In-State Travel. Mr. Combs said it appeared to staff that the Executive Director was taking a very proactive approach in attempting to travel and meet with various tribal leaders, and previously, that had not been occurring as it should have been. In addition, it did not appear the Indian Affairs Commission members had been compensated for travel expenses because, in the past, there had not been sufficient funding in the travel category. Mr. Combs said the only adjustment staff would recommend was the reduction of \$357 for a duplication of a trip to Las Vegas for the 2007-09 biennium.

Decision Unit E710 recommended the replacement of computer and printing equipment. Mr. Combs said the Commission had indicated that the equipment was all over five years old.

Decision Unit E805 recommended General Funds totaling \$6,007 in the first year of the biennium and \$6,556 in the second year of the biennium to allow the Commission to submit a request to the Department of Personnel to reclassify the administrative assistant 1 position to an administrative assistant 3 position. Mr. Combs said the Commission had provided sufficient support to indicate that the duties of the position warranted a reclassification.

Chairwoman Leslie commended Mr. Combs on a job well done and indicated she would accept a motion.

SENATOR CEGAVSKE MOVED TO CLOSE BUDGET
ACCOUNT 2600 AS RECOMMENDED BY STAFF.

ASSEMBLYWOMAN SMITH SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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Chairwoman Leslie adjourned the meeting at 9:25 a.m.

RESPECTFULLY SUBMITTED:

Anne Bowen
Committee Secretary

APPROVED BY:



Assemblywoman Sheila Leslie, Chair

DATE: _____

Senator Barbara Cegavske, Chair

DATE: _____

EXHIBITS			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on K-12/Human Services</u>			
Date: <u>April 5, 2007</u>		Time of Meeting: <u>8:00 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Sign-In Sheet