

**MINUTES OF THE
SENATE COMMITTEE ON HUMAN RESOURCES AND EDUCATION**

**Seventy-fourth Session
April 30, 2007**

The Senate Committee on Human Resources and Education was called to order by Chair Maurice E. Washington at 1:37 p.m. on Monday, April 30, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Maurice E. Washington, Chair
Senator Barbara K. Cegavske, Vice Chair
Senator Dennis Nolan
Senator Joseph J. Heck
Senator Valerie Wiener
Senator Steven A. Horsford
Senator Joyce Woodhouse

GUEST LEGISLATORS PRESENT:

Assemblyman David Bobzien, Assembly District No. 24
Assemblywoman Barbara E. Buckley, Assembly District No. 8
Assemblyman Joe Hardy, Assembly District No. 20
Assemblywoman Bonnie Parnell, Assembly District No. 40

STAFF MEMBERS PRESENT:

Marsheilah D. Lyons, Committee Policy Analyst
Joe McCoy, Committee Policy Analyst
Sara Partida, Committee Counsel
Donald O. Williams, Research Director, Research Division, Legislative Counsel Bureau
Patricia Vardakis, Committee Secretary

OTHERS PRESENT:

Vinson W. Guthreau, Nevada Association of Counties
John Slaughter, Director of Management Services, Washoe County
Barry Gold, AARP Nevada
Lawrence P. Matheis, Nevada State Medical Association
Elizabeth MacMenamin, Retail Association of Nevada
Jeanette K. Belz Associated General Contractors, Nevada Chapter
Scott Watts, Nevada Alliance for Retired Americans
Jon L. Sasser, Washoe County Senior Law Project
Roger K. Maillard, State of Nevada Employees Association; American Federation
of State, County and Municipal Employees, Retiree Chapter 4041
Janet Cottrell, AARP Nevada
Julianna Ormsby, Nevada Women's Lobby
Martin Bibb, Retired Public Employees of Nevada
Gail Burks, Nevada Fair Housing Center
Matthew L. Sharp, Nevada Trial Lawyers Association
Kathleen Delaney, Senior Deputy Attorney General, Bureau of Consumer
Protection, Office of the Attorney General
Valerie Rosalin, R.N., Director, Office for Consumer Health Assistance, Office of
the Governor
James Wadhams, Nevada Hospital Association
Dan Musgrove, University Medical Center of Southern Nevada

CHAIR WASHINGTON:

We will open the hearing on Assembly Bill (A.B.) 575.

ASSEMBLY BILL 575: Repeals an obsolete statute relating to county
workhouses for indigent persons and homes for the aged. (BDR 38-1432)

DONALD O. WILLIAMS (Research Director, Research Division, Legislative Counsel
Bureau):

I will read my prepared written testimony ([Exhibit C](#)) which will provide the
Committee with background information on A.B. 575. The Committee has also
been provided with documents ([Exhibit D](#), original is on file in the Research
Library) providing the legislative history and historical background information
concerning the *Nevada Revised Statute* (NRS) 428.100.

Senate Committee on Human Resources and Education
April 30, 2007
Page 3

CHAIR WASHINGTON:

We will close the hearing on A.B. 575. The Chair will entertain a motion.

SENATOR WIENER MOVED TO DO PASS A.B. 575.

SENATOR WOODHOUSE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS CEGAVSKE AND NOLAN WERE ABSENT FOR THE VOTE.)

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CHAIR WASHINGTON:

We will open the hearing on A.B. 6.

ASSEMBLY BILL 6 (1st Reprint): Authorizes a board of county commissioners to enter into a contract or contracts to provide the residents of the county with discounts on prescription drugs. (BDR 20-530)

ASSEMBLYMAN JOE HARDY (Assembly District No. 20):

Assembly Bill 6 had its genesis at the Nevada Association of Counties (NACO) meeting in September 2005. There was a program with the National Association of Counties that provided for a drug discount card ([Exhibit E](#)), which was of no charge to the user, county or State nor was there a fiscal note. The card allows the user to receive a 20-percent discount on prescriptions. The card has saved Nevadans approximately \$330,000 on 24,000 prescriptions.

The majority of Nevadans have not had this option. There was a question as to whether the county had enough "home rule" to be able to make this available. There was a friendly amendment from Washoe County stating, "A county may deal with anybody."

VINSON W. GUTHREAU (Nevada Association of Counties):

Assembly Bill 6 would reaffirm the legal ability of county governments to offer prescription drug discount cards to the citizens of that county. I have provided the Committee with an overview of the program ([Exhibit F](#)).

The NACO Prescription Drug Discount Card Program helps consumers save money on their prescription medications any time their prescriptions are not

covered by insurance or the individual does not have insurance. The free cards are distributed in the sponsoring NACO member county and may be used at any one of the 57,000 nationwide participating retailers. The program is intended for, and available to, all county residents. There is no enrollment fee, membership fee or restriction of use. The benefits will start immediately. The program is administered by Caremark. The discount card can be used for any prescriptions, even those for pet medications. There is a savings of 20 percent of retail prices. The lowest price is guaranteed to the customer. The largest users are the 60- to 75-year-old age block and this card can be used for some of the Medicare part D coverage. There are only eight counties in Nevada that are currently participating. The passage of this legislation will result in additional savings.

JOHN SLAUGHTER (Director of Management Services, Washoe County):
Washoe County supports A.B. 6. We have been involved with the program since March 2006. We place the cards at all public counters throughout the county. There are posters placed throughout all the facilities. Marketing on the program has been light, but we have had good participation. When A.B. 6 is approved, the program will be marketed to a greater extent.

SENATOR HECK:

Is this taking place in eight counties within the State?

ASSEMBLYMAN HARDY:

Yes.

SENATOR HECK:

Is the law to encourage the other nine counties to participate? Would there be any legal problems with them participating?

ASSEMBLYMAN HARDY:

No.

BARRY GOLD (AARP Nevada):

The AARP Nevada Prescription for Nevada campaign focuses on the affordability of prescription drugs. There were 72 percent who responded and said that affording their prescriptions was of a concern. Anything we can do across the State to lower the price of prescription drugs must be given an

option and must be encouraged. This bill will do that for the counties that are not participating and AARP Nevada supports A.B. 6.

LAWRENCE P. MATHEIS (Nevada State Medical Association):
We support A.B. 6 for the previous reasons given.

ELIZABETH MACMENAMIN (Retail Association of Nevada):
The Retail Association of Nevada supports A.B. 6.

SENATOR HECK:

We will close the hearing on A.B. 6 and open the hearing on Assembly Concurrent Resolution (A.C.R.) 6.

ASSEMBLY CONCURRENT RESOLUTION 6: Urges the boards of trustees of school districts and the Nevada System of Higher Education to expand certain programs of career and technical education. (BDR R-442)

ASSEMBLYWOMAN BONNIE PARNELL (Assembly District No. 40):

This resolution urges the trustees of the school districts and the Nevada System of Higher Education to expand the availability and scope of programs of a career and technical education (CTE) offered in our high schools and for which students receive college credit. The benefits of this program multiply. Students are learning a skill for the future. When these students realize they are earning college credits, this makes them aware that they could go to college. Many students have completed a semester of college work and this translates into the amount of money that would be paid for a semester of college. Students benefit from this program because they learn a skill to be workforce-ready and they can look beyond what they thought was their capabilities.

Career and technical education programs result in a lower dropout rate. The average dropout rate in Nevada is approximately 6 percent. For students who are enrolled in just one CTE program, the dropout rate is 1.7 percent. For those students who are in our career and technical high schools, the dropout rate is below 1 percent. The southern Nevada high school not only has the CTE classes but has added an advanced placement program for students. The program lowers the dropout rate, increases the graduation rate, increases school attendance and has a tendency to increase the student's scores on the High School Proficiency Examinations.

Senate Committee on Human Resources and Education
April 30, 2007
Page 6

JEANETTE K. BELZ (Associated General Contractors, Nevada Chapter):

We are involved in the ACE Charter High School which is one of the successful CTE programs. The dropout rate is reduced, students want to attend school and students have said they would not be in school if it were not for the program. We support A.C.R. 6.

CHAIR WASHINGTON:

We will close the hearing on A.C.R. 6 and open the hearing A.B. 235.

ASSEMBLY BILL 235 (1st Reprint): Revises provisions relating to prescription drugs. (BDR 54-980)

ASSEMBLYMAN DAVID BOBZIEN (Assembly District No. 24):

Assembly Bill 235 would provide for a plain English label to be placed on prescription drugs at the request of a patient. There is confusion surrounding prescription drugs and having a label stating what condition the prescription is treating would be beneficial to the individual. This bill would allow a patient to request from their doctor that such a label be placed on the prescription container.

SENATOR HECK:

Is there anything that prevents this from happening at present? What was the reason for the legislation?

ASSEMBLYMAN BOBZIEN:

Assembly Bill 235 would clarify this practice.

MR. GOLD:

I will read my written testimony ([Exhibit G](#)) in support of A.B. 235. This bill will allow the patient to request that their prescription's label designate the condition for which the medication is being prescribed.

CHAIR WASHINGTON:

Is this request made by the patient to the practitioner?

ASSEMBLYMAN BOBZIEN:

Yes.

CHAIR WASHINGTON:

Was this bill amended in the Assembly to reflect this procedure?

ASSEMBLYMAN BOBZIEN:

There have been extensive discussions with the Nevada State Medical Association and the Retail Association of Nevada to work through some issues. It was decided the patient must make the request.

SENATOR WIENER:

Assemblyman Bobzien, will you be working with AARP to provide information to their members to inform them of this opportunity? Does a person inform the pharmacist that it is their right to know why they are taking this medication? How will this be accomplished by mail?

MR. GOLD:

The request needs to be made to the physician. Some medications are prescribed for multiple purposes which the pharmacist is not in a position to guess or to put that information on the label. The AARP Nevada will be working with our members across the State and our volunteer network to inform people that this can be of assistance to them. The information will be in our member bulletin and member update.

MR. MATHEIS:

The Nevada State Medical Association supports A.B. 235. This bill will help senior and chronic patients who have a number of doctors and different prescriptions to eliminate confusion. Currently, many doctors do this practice, but this bill would encourage the practice to be more widespread.

The reason for the voluntary request made by the patient was to protect those patients who would be uncomfortable to have their condition listed on the prescription label.

SCOTT WATTS (Nevada Alliance for Retired Americans):

On behalf of the Nevada Alliance for Retired Americans, I speak in favor of A.B. 235. I urge the Committee to support this bill.

JON L. SASSER (Washoe County Senior Law Project):

This program would benefit a number of seniors, especially those who need guardians and there is confusion concerning their prescription drugs. This bill will help with that problem.

MS. MACMENAMIN:

We worked with Assemblyman Bobzien on this bill. We feel this legislation as written will benefit many people. If it is on the prescription, the pharmacy will list the condition as a courtesy.

ROGER K. MAILLARD (State of Nevada Employees Association; American Federation of State, County and Municipal Employees, Retiree Chapter 4041):

On behalf of the Retiree Chapter 4041, we support A.B. 235.

JANET COTTRELL (AARP Nevada):

I will be reading from my written testimony ([Exhibit H](#)) explaining my experiences helping Medicare beneficiaries and how A.B. 235 would benefit people who have difficulty associating a medical condition with their medications.

JULIANNA ORMSBY (Nevada Women's Lobby):

We urge your support of A.B. 235.

MARTIN BIBB (Retired Public Employees of Nevada):

The Retired Public Employees of Nevada support A.B. 235.

CHAIR WASHINGTON:

We will open the hearing on A.B. 247.

ASSEMBLY BILL 247 (1st Reprint): Makes various changes concerning billing for, collecting and bringing actions and enforcing judgments for delinquent payments for hospital care rendered at a hospital. (BDR 40-819)

ASSEMBLYWOMAN BARBARA E. BUCKLEY (Assembly District No. 8):

I will give a PowerPoint presentation ([Exhibit I](#), original is on file in the Research Library) titled *Managing Hospital Debt* which will give the Committee

background information on the consequences of hospital debt and how A.B. 247 will help with this problem.

On page 11 of [Exhibit I](#), it explains that two years is a reasonable amount of time to file a collection lawsuit. The sooner debts are recognized and people have agreed to a reasonable payment plan, the better the chance the debt will be paid. The two-year statute of limitations would start after a payment is post-due and not from the date of service.

Assembly Bill 247 would require that the federal Fair Debt Collection Practices Act would apply to hospitals collecting their own debts. The bill would allow patients who dispute whether a debt is valid to get verification of the debt.

The last portion of the bill seeks to stop hospitals from assigning their right to a lien a patient's home on a patient to a third party. When hospitals were given the right to place a lien on a patient's home, it was with severe restrictions.

All the practices contained in the bill are consistent with the Statement of Principles and Guidelines for hospital billing issued by the American Hospital Association. They ensure fair billing and collection practices.

SENATOR HECK:

My concern is that patients wait 12 to 18 months before the determination is made for aid programs. That is a two-year window of no payment to the facility. How will this impact the hospitals?

ASSEMBLYWOMAN BUCKLEY:

Most people who are eligible for Medicaid or one of the other health programs do not have any money from which the hospitals can collect. The hospital is more likely to be paid if the patient meets those basic financial eligibility criteria for aid programs.

CHAIR WASHINGTON:

Assembly Bill 247 indicates that anything that is not paid by the insurance such as a deductible or co-payment can fall within that two-year window. Is this correct?

ASSEMBLYWOMAN BUCKLEY:

Yes. The hospital can seek to collect deductibles and co-payments immediately. For the amounts that are billed to the insurance companies, the time starts after they make a payment or issue a denial.

CHAIR WASHINGTON:

Have you considered extending the time line because of the amount of time it takes to obtain eligibility for public programs?

ASSEMBLYWOMAN BUCKLEY:

The two-year requirement does not start until the end of that period. In reality, it could be four years from the date of service. The problem is when hospitals wait for a long period of time before trying to collect a debt.

CHAIR WASHINGTON:

Is there a reason the hospitals are excluded from the federal Fair Debt Collection Practices Act?

ASSEMBLYWOMAN BUCKLEY:

The federal Fair Debt Collection Practices Act applies to debt collectors such as collection agencies and does not apply to the creditor. The bill would make the provisions of the Act applicable to the hospital.

CHAIR WASHINGTON:

Most hospitals contract out their collection processes to one of these agencies. Would they need to comply with the applicable principles of the Act?

ASSEMBLYWOMAN BUCKLEY:

Yes, because the collection agency is already covered by federal law.

CHAIR WASHINGTON:

What happens when the hospital does the collections?

ASSEMBLYWOMAN BUCKLEY:

They are not covered by federal law. The hospital community did not give any opposition to this provision because those practices are accepted as being reasonable.

CHAIR WASHINGTON:

In A.B. 247, the provisions that had opposition were the two-year window and the lien process.

ASSEMBLYWOMAN BUCKLEY:

Yes. Basically, it is a personal injury lawsuit or a liability lawsuit. The hospital should not be able to place a lien on someone's personal injury lawsuit if that person has insurance for which they have paid a premium. When the case is settled, the person's health insurance puts a lien against that settlement. There is a subrogation right and the hospital is paid.

SENATOR HECK:

Would you explain what is meant by the language on page 3, lines 21 through 25?

ASSEMBLYWOMAN BUCKLEY:

Assembly Bill 247 will change the add-on fees. This is the point of the bill. When a \$1,500 bill becomes \$2,500 or \$3,500 because of these add-on fees, many times the person cannot pay the bill. They probably could pay the original \$1,500 or pay through a payment plan. If they file for bankruptcy, the hospital would get nothing. This is a public policy consideration.

SENATOR HECK:

If the provider of health care needs to turn to a collection agency, there is some cost involved. Would there be a fair and reasonable amount that could be charged for that collection service?

ASSEMBLYWOMAN BUCKLEY:

If you look at the theory of interest and late charges in the law, it states a party is entitled to the loss of their money. If the party gets a fee and interest, they are duplicative. A hospital will sell the debt for pennies on the dollar and the collection fees are not returned to the hospital.

CHAIR WASHINGTON:

Please clarify the language on page 3, lines 7 through 20 of A.B. 247.

ASSEMBLYWOMAN BUCKLEY:

The collection efforts can begin and interest can start 30 days from when the person is told the amount is due.

Senate Committee on Human Resources and Education
April 30, 2007
Page 12

CHAIR WASHINGTON:

Would the interest start 30 days after a person has defaulted on making their payments?

ASSEMBLYWOMAN BUCKLEY:

There are provisions covering those instances in a payment arrangement.

CHAIR WASHINGTON:

Am I correct that the interest cannot exceed the rate of the largest bank in Nevada plus 2 percent?

ASSEMBLYWOMAN BUCKLEY:

Yes. That is set by the commissioner, Division of Financial Institutions, Department of Business and Industry, which is used in many transactions and is known as Nevada's prime rate.

SENATOR HECK:

How is "insurer" defined on page 4, line 1 of the bill? Would that mean the hospital could bill the automobile insurance company or would all insurances and public assistance programs be billed first?

ASSEMBLYWOMAN BUCKLEY:

The hospital would bill health insurance first because the liability insurance takes a longer time to receive.

SENATOR HECK:

Is there anything that would prohibit the hospital from billing the automotive insurance?

ASSEMBLYWOMAN BUCKLEY:

Assembly Bill 247 states the party cannot put a lien against the settlement unless the insurance is billed at the same time.

GAIL BURKS (Nevada Fair Housing Center):

My testimony will focus on those individuals who wish to fight the medical debt issue. In Nevada, approximately 85.2 percent of the consumers seeking financial services in home ownership were impacted by medical debt. If left unchallenged, these medical debts create one of the most common reasons for "turndowns." This problem became so great that we worked with several local

prime lenders to create programs where up to \$1,000 in medical debt could be waived when a consumer was seeking to get a home loan.

We found that 73 percent of the consumers made these attempts on their own. These individuals had insurance and the bills should have been paid through their insurance, had the procedure been executed properly. There were 49 percent of consumers who had Medicaid and they had attempted to verify their debts. There were 11 percent of the consumer's health contracts where the hospital and the provider should not have billed the consumer for more than the negotiated rate.

In the field we refer to a debt that is old as a "zombie debt." Most of the consumers that have attempted to verify zombie debt could not get accurate information from collectors about the bill.

The third issue that concerns us is when consumers are forced to convert medical debt which is generally an unsecured debt into secured debt by obtaining home equity loans to avoid bankruptcy. Assembly Bill 247 will resolve these problems by putting a reasonable statute of limitations on the issue and addresses the issue of the interest rate and caps it at prime plus 2 percent. The bill also gives consumers assistance for disputing the debt which they cannot do on their own. We are in support of A.B. 247.

MATTHEW L. SHARP (Nevada Trial Lawyers Association):

On behalf of the Nevada Trial Lawyers Association, we support A.B. 247. I will explain section 8 of A.B. 247. This section addresses liens against personal injury claims that hospitals may have on patients. The intent of the law is in instances when the injured party is uninsured and there is an unpaid bill. This allows the hospital to have some protection to be paid for an uninsured patient. What has happened in the past is that some hospitals will forgo collecting from a health insurance policy and seek their full bill against a personal injury claim. This is not a fair procedure. The consumer who has purchased health insurance should get the benefit of that contract. The health insurer has the protection of lien rights.

SENATOR HORSFORD:

If a person who is uninsured gets billed at a higher rate than those who have insurance, what would be the amount of the lien?

MR. SHARP:

If a person utilizes a hospital that has an agreement with their health insurance for a reduced fee, the hospital would be required to bill the health insurance company first. If that payment is not approved, then the amount the person would owe through the personal injury lien would be the contracted amount.

SENATOR HORSFORD:

What would it be if a person was uninsured?

MR. SHARP:

Section 8 of A.B. 247 was proposed for uninsured persons where there is no ability to collect the debt. It will allow the hospital some protection because they can file a lien. Before the person would get paid from insurance, the hospital would be included in the check for the services that were provided. The amount would be somewhere between the discounted amount and the billed amount.

KATHLEEN DELANEY (Senior Deputy Attorney General, Bureau of Consumer Protection, Office of the Attorney General):

I am here to express support for A.B. 247. Half of all bankruptcies are caused in part by medical reasons, but a study done in 2005 found that 75 percent of the medical bankruptcy debtors actually had health insurance coverage at the onset of the illness. Some of the people were underinsured or subjected to the practices that have been described during previous testimony. Our office has received a number of complaints concerning these practices against people who had paid their co-payment and deductibles and provided the insurance information but the hospital had not billed the insurance properly or at all. Many years later, when it is impossible for people to verify that they met their obligation, the collection efforts ensued.

It is important for Nevada to get ahead of these problems and have these narrowly tailored steps to bring this issue under control. In the long run, the hospitals will receive more monies if they follow the model rather than the current practice of sitting idle and assigning the debt out to agencies that have aggressive collection practices and collect more than they should. In many cases the federal Fair Debt Collection Practices Act was being violated. We want it to be clear that this is applicable to creditors as well as the collection agencies they hire.

CHAIR WASHINGTON:

What types of federal violations have occurred?

MS. DELANEY:

The federal Fair Debt Collection Practices Act has provisions which prescribe certain activities on behalf of the collection agencies. If there has been a violation, it is left up to the debtor to bring an action to stop the abuse. There is no designated federal agency that has the resources or the staffing to enforce those types of violations. Most of the successful cases have been done under state law. What is important about the Act's provisions is it will be a deterrent. The law will make it clear that certain tactics which have been determined reasonable are to be put into practice and to stop abusive collection practices upon request and most importantly the collector must provide proof of the debt.

MR. SASSER:

The Nevada Senior Law Project supports A.B. 247. We have a number of clients who have medical debts and would be relieved by the limitation to the add-on charges to the bills and the zombie claims.

MR. GOLD:

A study conducted by Harvard researchers found that approximately half of all bankruptcies in the United States are caused in part by illness or medical debt. The median was about \$16,500. These were not people who shirked their responsibility. It was also found that seniors are about twice as likely as younger people to identify a medical problem as the reason for bankruptcy. Our organization stresses the need for something to be done to protect consumers who have accumulated large amounts of medical debt. Not to help them avoid obligations, but to ensure they are treated fairly when confronted with a mountain of bills. On behalf of AARP Nevada's thousands of members, I am here to support A.B. 247.

CHAIR WASHINGTON:

We are always concerned about the uncompensated debt. If the debt is not collected, will the insurance rates increase or the cost of service rise because of the uncompensated debt?

MR. SASSER:

The cost of uncompensated care and what it adds to everyone's health insurance premium is a great concern. There has been previous testimony

stating that by promptly processing these claims, the hospitals have a better chance of collecting the debt. It is our hope that A.B. 247 will improve this situation.

CHAIR WASHINGTON:

It is your hope that the measure will speed up the process so that the collection would be in a timely manner to relieve the uncompensated costs.

MR. SASSER:

Yes.

VALERIE ROSALIN R.N. (Director, Office for Consumer Health Assistance, Office of the Governor):

I will read my written testimony ([Exhibit J](#)) in support of A.B. 247 which will help Nevadans manage their hospital-related and medical debts.

CHAIR WASHINGTON:

Is your testimony to indicate to the Committee that the Governor is in support of A.B. 247?

Ms. ROSALIN:

I cannot speak for the Governor. I speak for the Office for Consumer Health Assistance.

JAMES WADHAMS (Nevada Hospital Association):

We support the concept of the bill. We had some concerns with section 8 of A.B. 247 and the lien on automobile insurance proceeds. There may be a significant cost shift resulting from that process.

One concern is that Medicare must be secondary to automobile insurance or any liability insurance that may pertain to the cost of the hospitalization resulting from an accident. This is a mechanical and legal question and needs to be evaluated by legal counsel.

Another concern was shortening the statute of limitations on this type of contractual debt might accelerate the pressure to collect which might have an unintended consequence forcing more people into medical bankruptcy. The purpose of the bill is to have hospitals secure payments plans as early as

possible. This would eliminate issues relating to liens and the statute of limitations if those plans can be put into place.

The problems did not arise out of a hospital trying to collect a debt, but it was a public hospital that sold the debt to a second party that in turn sold it to a third party.

CHAIR WASHINGTON:

The statute of limitations is of concern to the hospitals.

MR. WADHAMS:

The statute of limitations starts from the default of the debt, whether the individual is on a payment plan or they are dodging the debt. Under current law there are six years to pursue that debt and this proposal would make that time limit two years. Assembly Bill 247 has a provision that the statute of limitations does not start until the insurance opportunities are expended or until the person stops paying on an agreed-upon payment plan. This would make the time undeterminable.

CHAIR WASHINGTON:

The other issue is to clarify whether Medicare is secondary to liability insurance.

MR. WADHAMS:

We do have a reference which states that Medicare is secondary to any liability insurance. The only issue under section 8 of A.B. 247 is if those proceeds are to be considered first. It appears that the language in section 8 states it must be considered second and Medicare states they are to be considered second. There is a conflict.

DAN MUSGROVE (University Medical Center of Southern Nevada):

The University Medical Center (UMC) was attempting to be creative in raising some funds for debt that had been written off. The UMC is struggling under significant financial issues. We did have a responsibility to make sure that the agency that was using the UMC name did so in an ethical manner. This obviously was not the case. While we had absolved ourselves of the debt, we did not absolve ourselves of being a good partner in the community.

CHAIR WASHINGTON:

The statute of limitations is of concern to the UMC and the interpretation of the legal position for Medicare needs to be resolved.

SENATOR HORSFORD:

Has the UMC stopped using the practice of selling old debts?

MR. MUSGROVE:

Yes. If this practice were to be instituted again, the UMC would have the responsibility to make certain the claims are active and we have done our due diligence of notifying people and trying to collect from their insurance in a timely manner.

SENATOR HORSFORD:

This would be an opportunity for the UMC to look into how other public hospitals collect debt. The population of the UMC services has more of a challenge in their ability to pay. This will be in the best interest of the hospital, the taxpayers and the person receiving the service. I urge the UMC to take this opportunity to compare it to other public hospitals.

MR. MUSGROVE:

You are correct. The bill allows that as long as the person is making an effort at payment, then the clock does not start. The hospital makes every effort to utilize all possible means of working with the individual. The reality is that circumstances do change in people's lives and later they may have a greater ability to pay their debts. The ultimate resolution may be to file a suit against the debtor.

SENATOR CEGAVSKE:

What was the total amount of debt the UMC sold? What is the current average debt owed? What are the other hospitals debts?

MR. MUSGROVE:

Our debt was approximately \$671 million and was sold for \$8.5 million. I do not know the UMC's current debt, but I will provide that information to the Committee.

SENATOR CEGAVSKE:

How does the hospital absorb that amount of money?

MR. MUSGROVE:

It cannot be absorbed. We go to the taxpayers.

SENATOR CEGAVSKE:

This must have contributed to some of the UMC's problems.

SENATOR HORSFORD:

How much of the \$671 million was related to indigent care?

MR. MUSGROVE:

Approximately 50 percent a year is for indigent care, 16 percent is commercial pay and 23 percent is Medicaid. The Clark County Social Services covers some and the rest would be no other pay source. Our billing was \$1.8 billion last year.

SENATOR HORSFORD:

If we focus on those who have an ability to pay and they are set up with a reasonable payment plan, then the UMC would be able to recoup more money. If there was a concerted effort to work with people, then the hospital would benefit as well as the individual.

MR. MUSGROVE:

If they are truly indigent, they qualify for those programs. We would receive payment from Clark County Social Services or through Medicaid. We are talking about those who fall outside these categories.

Senate Committee on Human Resources and Education
April 30, 2007
Page 20

CHAIR WASHINGTON:

We will close the hearing on A.B. 247.

There being no further issues before us today, I will adjourn the meeting of the Senate Committee on Human Resources and Education at 3:31 p.m.

RESPECTFULLY SUBMITTED:

Patricia Vardakis,
Committee Secretary

APPROVED BY:

Senator Maurice E. Washington, Chair

DATE: _____