

ASSEMBLY BILL NO. 160—ASSEMBLYMEN SEGERBLOM; AIZLEY,  
BENITEZ-THOMPSON, FLORES, FRIERSON, HOGAN, NEAL  
AND PIERCE

FEBRUARY 16, 2011

JOINT SPONSORS: SENATORS KIHUEN AND LESLIE

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions governing the financial reports of  
certain medical facilities. (BDR 40-559)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to medical facilities; revising provisions governing the form and publication of financial reports of certain medical facilities; requiring hospitals to include certain information in the financial reports submitted by the hospitals; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law requires certain medical facilities to file financial information with the Department of Health and Human Services. (NRS 449.490) **Section 2** of this bill requires that financial statements filed by certain hospitals include additional financial information about the hospitals. **Section 2** further requires these reports and other related reports from medical institutions to be in a form which is readily understandable by members of the general public and included on an Internet website maintained by the Nevada Department of Health and Human Services. In addition, **section 1** of this bill specifies additional information that must be included on the Internet website. Under existing law, the Director of the Department is authorized to impose an administrative penalty of not more than \$500 per day for a violation of these reporting requirements. (NRS 449.530)

Existing law requires the Director of the Department to submit a report to the Legislative Committee on Health Care and the Interim Finance Committee of the Department's operations and activities for the preceding fiscal year. (NRS 449.520) **Section 3** of this bill requires that the report include an analysis of the methodologies used to determine the corporate home office allocation of hospitals in this State.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     **Section 1.** NRS 439A.270 is hereby amended to read as  
2 follows:

3     439A.270 1. The Department shall establish and maintain an  
4 Internet website that includes the information concerning the  
5 charges imposed and the quality of the services provided by the  
6 hospitals and surgical centers for ambulatory patients in this State as  
7 required by the programs established pursuant to NRS 439A.220  
8 and 439A.240. The information must:

9     (a) Include, for each hospital in this State, the total number of  
10 patients discharged, the average length of stay and the average billed  
11 charges, reported for the 50 most frequent diagnosis-related groups  
12 for inpatients and 50 medical treatments for outpatients that the  
13 Department determines are most useful for consumers;

14     (b) Include, for each surgical center for ambulatory patients in  
15 this State, the total number of patients discharged and the average  
16 billed charges, reported for 50 medical treatments for outpatients  
17 that the Department determines are most useful for consumers;

18     (c) Be presented in a manner that allows a person to view and  
19 compare the information for the hospitals by:

- 20         (1) Geographic location of each hospital;  
21         (2) Type of medical diagnosis; and  
22         (3) Type of medical treatment;

23     (d) Be presented in a manner that allows a person to view and  
24 compare the information for the surgical centers for ambulatory  
25 patients by:

- 26         (1) Geographic location of each surgical center for  
27 ambulatory patients;  
28         (2) Type of medical diagnosis; and  
29         (3) Type of medical treatment;

30     (e) Be presented in a manner that allows a person to view and  
31 compare the information separately for:

- 32         (1) The inpatients and outpatients of each hospital; and  
33         (2) The outpatients of each surgical center for ambulatory  
34 patients;

35     (f) Be readily accessible and understandable by a member of the  
36 general public;

37     (g) Include the annual summary of reports of sentinel events  
38 prepared pursuant to paragraph (d) of subsection 1 of NRS 439.840;

39 ~~{and}~~



(h) *Include a link to electronic copies of all reports, summaries, compilations and supplementary reports required by NRS 449.450 to 449.530, inclusive;*

(i) *Include, for each hospital with 100 or more beds, a summary of financial information which is readily understandable by a member of the general public and which includes, without limitation, a summary of:*

(1) *The expenses of the hospital which are attributable to providing community benefits and in-kind services as reported pursuant to NRS 449.490;*

(2) *The capital improvement report submitted to the Department pursuant to NRS 449.490;*

(3) *The net income of the hospital;*

(4) *The net income of the consolidated corporation, if the hospital is owned by such a corporation and if that information is publicly available;*

(5) *The operating margin of the hospital;*

(6) *The ratio of the cost of providing care to patients covered by Medicare to the charges for such care;*

(7) *The ratio of the total costs to charges of the hospital; and*

(8) *The average daily occupancy of the hospital; and*

(j) Provide any other information relating to the charges imposed and the quality of the services provided by the hospitals and surgical centers for ambulatory patients in this State which the Department determines is:

(1) Useful to consumers;

(2) Nationally recognized; and

(3) Reported in a standard and reliable manner.

2. The Department shall:

(a) Publicize the availability of the Internet website;

(b) Update the information contained on the Internet website at least quarterly;

(c) Ensure that the information contained on the Internet website is accurate and reliable;

(d) Ensure that the information contained on the Internet website is aggregated so as not to reveal the identity of a specific inpatient or outpatient of a hospital;

(e) Post a disclaimer on the Internet website indicating that the information contained on the website is provided to assist with the comparison of hospitals and is not a guarantee by the Department or its employees as to the charges imposed by the hospitals in this State or the quality of the services provided by the hospitals in this State, including, without limitation, an explanation that the actual amount



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1 charged to a person by a particular hospital may not be the same  
2 charge as posted on the website for that hospital;

3 (f) Provide on the Internet website established pursuant to this  
4 section a link to the Internet website of the Centers for Medicare and  
5 Medicaid Services of the United States Department of Health and  
6 Human Services; and

7 (g) Upon request, make the information that is contained on the  
8 Internet website available in printed form.

9 3. As used in this section, "diagnosis-related group" means  
10 groupings of medical diagnostic categories used as a basis for  
11 hospital payment schedules by Medicare and other third-party health  
12 care plans.

13 **Sec. 2.** NRS 449.490 is hereby amended to read as follows:

14 449.490 1. Every institution which is subject to the  
15 provisions of NRS 449.450 to 449.530, inclusive, shall file with the  
16 Department the following financial statements or reports in a form  
17 and at intervals specified by the Director but at least annually:

18 (a) A balance sheet detailing the assets, liabilities and net worth  
19 of the institution for its fiscal year; and

20 (b) A statement of income and expenses for the fiscal year.

21 2. Each hospital with 100 or more beds shall file with the  
22 Department, in a form and at intervals specified by the Director but  
23 at least annually, a capital improvement report which includes,  
24 without limitation, any major service line that the hospital has added  
25 or is in the process of adding since the previous report was filed, any  
26 major expansion of the existing facilities of the hospital that has  
27 been completed or is in the process of being completed since the  
28 previous report was filed, and any major piece of equipment that  
29 the hospital has acquired or is in the process of acquiring since the  
30 previous report was filed.

31 3. In addition to the information required to be filed pursuant to  
32 subsections 1 and 2, each hospital with 100 or more beds shall file  
33 with the Department, in a form and at intervals specified by the  
34 Director but at least annually:

35 (a) ~~[(The corporate home office allocation methodology of the~~  
36 ~~hospital, if any.~~

37 ~~—(b)]~~ The expenses that the hospital has incurred for providing  
38 community benefits and the in-kind services that the hospital has  
39 provided to the community in which it is located. *These expenses*  
40 *must be reported as the total amount expended for community*  
41 *benefits and in-kind services and reported as a percentage of the*  
42 *total net revenues of the hospital.* For the purposes of this  
43 paragraph, "community benefits" includes, without limitation,  
44 goods, services and resources provided by a hospital to a community  
45 to address the specific needs and concerns of that community,



1 services provided by a hospital to the uninsured and underserved  
2 persons in that community, training programs for employees in a  
3 community and health care services provided in areas of a  
4 community that have a critical shortage of such services, for which  
5 the hospital does not receive full reimbursement.

6 ~~[(e)]~~ (b) A statement of its policies and procedures for  
7 providing discounted services to, or reducing charges for services  
8 provided to, persons without health insurance that are in addition to  
9 any reduction or discount required to be provided pursuant to  
10 NRS 439B.260.

11 ~~[(d)]~~ (c) *A list of the services which the hospital purchased*  
12 *from its corporate home office;*

13 (d) *A report of the cost to the hospital of providing services to*  
14 *patients covered by Medicare;*

15 (e) *Financial information from the consolidated corporation,*  
16 *if the hospital is owned by such a corporation and if that*  
17 *information is publicly available, including, without limitation, the*  
18 *annual report of the consolidated corporation;*

19 (f) A statement of its policies regarding patients' account  
20 receivables, including, without limitation, the manner in which a  
21 hospital collects or makes payment arrangements for patients'  
22 account receivables, the factors that initiate collections and the  
23 method by which unpaid account receivables are collected.

24 4. A complete current charge master must be available at each  
25 hospital during normal business hours for review by the Director,  
26 any payor that has a contract with the hospital to pay for services  
27 provided by the hospital, any payor that has received a bill from the  
28 hospital and any state agency that is authorized to review such  
29 information. The complete and current charge master must be made  
30 available to the Department, at the request of the Director, in an  
31 electronic format specified by the Department. The Department may  
32 use the electronic copy of the charge master to review and analyze  
33 the data contained in the charge master and, except as otherwise  
34 provided in NRS 439A.200 to 439A.290, inclusive, shall not release  
35 or publish the information contained in the charge master.

36 5. The Director shall require the certification of specified  
37 financial reports by an independent certified public accountant and  
38 may require attestations from responsible officers of the institution  
39 that the reports are, to the best of their knowledge and belief,  
40 accurate and complete to the extent that the certifications and  
41 attestations are not required by federal law.

42 6. The Director shall require ~~[(the)]~~ :

43 (a) *The* filing of all reports by specified dates, and may adopt  
44 regulations which assess penalties for failure to file as required ~~[(~~  
45 ~~but the Director shall not require the)] ; and~~



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(b) *The* submission of a final annual report ~~[sooner]~~ *not later* than 6 months after the close of the fiscal year,

→ and may grant extensions to institutions which can show that the required information is not available on the required reporting date.

7. All reports, except privileged medical information, filed under any provisions of NRS 449.450 to 449.530, inclusive ~~[,are]~~ :

(a) *Are* open to public inspection ~~[and must]~~ ;

(b) *Must be in a form which is readily understandable by a member of the general public;*

(c) *Must, as soon as practicable after those reports become available, be posted on the Internet website maintained pursuant to NRS 439A.270; and*

(d) *Must be* available for examination at the office of the Department during regular business hours.

**Sec. 3.** NRS 449.520 is hereby amended to read as follows:

449.520 1. On or before October 1 of each year, the Director shall prepare and transmit to the Governor, the Legislative Committee on Health Care and the Interim Finance Committee a report of the Department's operations and activities for the preceding fiscal year.

2. The report prepared pursuant to subsection 1 must include:

(a) Copies of all *reports*, summaries, compilations and supplementary reports required by NRS 449.450 to 449.530, inclusive, together with such facts, suggestions and policy recommendations as the Director deems necessary;

(b) A summary of the trends of the audits of hospitals in this State that the Department required or performed during the previous year;

(c) An analysis of the trends in the costs, expenses and profits of hospitals in this State;

(d) An analysis of the *methodologies used to determine the* corporate home office allocation ~~[methodologies]~~ of hospitals in this State;

(e) An examination and analysis of the manner in which hospitals are reporting the information that is required to be filed pursuant to NRS 449.490, including, without limitation, an examination and analysis of whether that information is being reported in a standard and consistent manner, which fairly reflect the operations of each hospital;

(f) A review and comparison of the policies and procedures used by hospitals in this State to provide discounted services to, and to reduce charges for services provided to, persons without health insurance;



1 (g) A review and comparison of the policies and procedures  
2 used by hospitals in this State to collect unpaid charges for services  
3 provided by the hospitals; and

4 (h) A summary of the status of the programs established  
5 pursuant to NRS 439A.220 and 439A.240 to increase public  
6 awareness of health care information concerning the hospitals and  
7 surgical centers for ambulatory patients in this State, including,  
8 without limitation, the information that was posted in the preceding  
9 fiscal year on the Internet website maintained for those programs  
10 pursuant to NRS 439A.270.

11 3. The Legislative Committee on Health Care shall develop a  
12 comprehensive plan concerning the provision of health care in this  
13 State which includes, without limitation:

14 (a) A review of the health care needs in this State as identified  
15 by state agencies, local governments, providers of health care and  
16 the general public; and

17 (b) A review of the capital improvement reports submitted by  
18 hospitals pursuant to subsection 2 of NRS 449.490.

19 **Sec. 4.** (Deleted by amendment.)

