

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

**Seventy-Sixth Session  
March 7, 2011**

The Committee on Health and Human Services was called to order by Chair April Mastroluca at 1:32 p.m. on Monday, March 7, 2011, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), 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/76th2011/committees/](http://www.leg.state.nv.us/76th2011/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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman April Mastroluca, Chair  
Assemblywoman Peggy Pierce, Vice Chair  
Assemblyman Elliot T. Anderson  
Assemblywoman Teresa Benitez-Thompson  
Assemblyman Steven Brooks  
Assemblyman Richard Carrillo  
Assemblywoman Lucy Flores  
Assemblyman Jason Frierson  
Assemblyman Pete Goicoechea  
Assemblyman John Hambrick  
Assemblyman Scott Hammond  
Assemblyman Pete Livermore  
Assemblyman Mark Sherwood  
Assemblywoman Debbie Smith

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Allison Combs, Committee Policy Analyst  
Kirsten Coulombe, Committee Policy Analyst  
Risa Lang, Committee Counsel  
Mitzi Nelson, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Sabra Smith-Newby, Director, Department of Administrative Services,  
Clark County  
Marsha Turner, Ph.D., Vice Chancellor of Operations and Chief Operating  
Officer for University of Nevada Health Sciences System, Nevada  
System of Higher Education  
Janine Hansen, State President, Nevada Eagle Forum  
Lynn Chapman, State Vice President, Nevada Families Association  
John Wagner, State Chairman, Independent American Party  
Lawrence Sands, D.O., M.P.H., Chief Health Officer, Southern Nevada  
Health District  
Robin Keith, Vice President, Government Relations, Nevada Rural Hospital  
Partners  
Herb K. Schultz, Regional Director, Region IX, Immediate Office of the  
Secretary, U.S. Department of Health and Human Services

**Chair Mastroluca:**

[Roll was called.] We will be hearing a presentation today from the  
U.S. Department of Health and Human Services. However, in the interest of  
time, we will move forward with the hearing on Assembly Bill 54.

**Assembly Bill 54:** Authorizes the establishment of a medical district in certain  
counties. (BDR 40-345)

**Sabra Smith-Newby, Director, Department of Administrative Services,  
Clark County:**

The Clark County Board of Commissioners sponsored Assembly Bill 54 to  
support University Medical Center of Southern Nevada (UMC). As many of you  
know, UMC is facing a number of challenges at this time. We are hoping that  
A.B. 54 will provide another tool in the toolbox with which to address those  
challenges. We intend to accomplish two goals with this bill. The first goal is  
to access the funding support needed by UMC. This support is already available  
under *Nevada Revised Statutes* (NRS) Chapter 450, entitled "County Hospitals  
and Hospital Districts."

The second goal is to establish the required statute to enable the formation of a medical district. That terminology takes a little bit of explanation. You may have heard news reports regarding partnerships that UMC and the Board of Clark County Commissioners are pursuing with the University of Nevada School of Medicine and other entities in order to evolve into an academic health center. The current law governing hospital districts does not necessarily define the idea of a medical district or what may be conceived of through these partnerships. We wish to access the benefits that forming a hospital district would provide, while expanding the ability for the County Commissioners to enter into partnerships with the School of Medicine, the Southern Nevada District Board of Health or other entities that may be identified through this new process.

I understand that this explanation may sound, what I call, "squishy." That is because our meetings to formulate a plan, which might include the formation of a medical district, are occurring concurrently with this legislative session. We have made presentations to the County Commissioners, and a hospital advisory board has been set up for UMC, which will meet on March 16. While a decision has not yet been made on what this "animal"—I call it "hospital plus"—will be, we know that we are moving toward some sort of new or slightly different partnership configuration.

Some will say, "Why not just make up your mind and then come back to us at that point?" My answer would be, "Time is of the essence." We know that UMC is in fiscal dire straits. We have a report from an independent consultant which estimates, that unless drastic measures are taken within the next three years, UMC is facing possible closure. That is a serious concern. We are asking the Legislature to give us the ability to move forward and make decisions throughout the remainder of this session and possibly into the interim. We need to have these tools as we go forward.

There are some issues and language that needs to be changed in the bill. We have spoken with various parties who have an interest in or concerns with the bill. For instance, Nevada Rural Hospital Partners (NRHP) has some concerns with section 1 of the bill. This section would give NRHP the opportunity to access a medical district. However, they do not necessarily want that ability. According to my understanding, they would prefer that any reference to rural hospitals be eliminated from the bill. We would be fine with striking section 1 in its entirety.

Second, I know concerns have been expressed by Boulder City Hospital. They have tried to access a hospital district in the past and have so far been unsuccessful with that endeavor. They would like to be able to do that going forward. There are concerns that, if there is a medical district established in

Clark County, voters may not want to establish an additional hospital district for Boulder City. We would be willing to include language in the bill that would essentially carve out a hospital district there, subsequent to a medical district.

I also understand that there are some concerns regarding section 2, subsection 4, paragraph (c) which begins, "Cooperating with the district board of health created pursuant to NRS 439.362 to perform public health functions . . . ." I think the language currently used in the bill makes the items listed in this section mandatory. We would like the language to be changed to reflect that these functions are permissible but not required. We are interested in partnerships with the School of Medicine and with the Southern Nevada District Board of Health. I do not know that anyone wishes to mandate that those functions happen. The wording probably needs to be more organic. These are the issues of which we are presently aware. Additional issues may be raised as the process continues. I would be happy to answer any questions to the best of my ability.

**Chair Mastroluca:**

I have a couple of questions and I believe the Committee may have a few questions as well. In section 2, subsection 2, paragraph (c), subparagraph (1) there is language regarding election and appointment of the board of trustees of the medical district. Can you explain why some members would be appointed, rather than elected? Would this provision allow for nonelected officials to become governing members of the medical district?

**Sabra Smith-Newby:**

I believe the language in that section is structured to be in keeping with NRS Chapter 450. Section 2, subsection 1 requires that a hospital district be created first and then be changed into a medical district, if the county commissioners so choose. I am not sure the Clark County Commissioners have stated a preference between elected and appointed members. The section was written to mirror language already in place regarding hospital districts. There is currently an appointed hospital advisory board, which is relatively new within the past six months. It is advisory, but this board does have fiscal authority to approve contracts up to \$5 million. They are not elected, they are appointed so that people placed on the board can have specific knowledge in medicine, the provision of medicine, and other community interests.

**Chair Mastroluca:**

In the past 48 hours, many of us have heard concerns regarding how appointees would be held responsible. There are a lot of financial expectations included in this bill. The board of trustees of the medical district would be able

to deal with obligation bonds and other vehicles that would affect the finances of the hospital and of the medical district. If the governing board consists of appointed members, where does the responsibility for their decisions lie?

**Sabra Smith-Newby:**

I understand exactly where you are coming from and the concern about fiduciary power of an appointee. As it stands now, the Clark County Board of Commissioners has the ultimate authority over contracts and may be able to pull back any contracts that the advisory board currently has negotiated. The language in section 2 is set up just like the language in NRS Chapter 450, which currently allows the board of trustees of the medical district to contract and bond, among other responsibilities. From your comment, I understand that the preference would be for an elected board?

**Chair Mastroluca:**

I think that would be the preference. Section 2, subsection 3, paragraph (b) grants the board of trustees the ability to levy taxes. There is a lot of fiduciary responsibility with this governing board that goes beyond the county commissioners being able to jump in and change things after the fact.

**Assemblyman Goicoechea:**

As I look at it, I do not think there is anything in this bill that technically takes the board of county commissioners completely out of the decision-making process. Ultimately, any contract that is approved by the board of trustees of the medical district must be ratified by the county commissioners. While it is not very clear to me, and perhaps I should defer to counsel, the board of county commissioners is ex officio to the board of trustees of the medical district. Technically, whether they are elected, appointed, or otherwise, the buck ultimately stops with the board of county commissioners. I assume they could write into their ordinance how the members would be placed, whether appointed or elected. The bottom line is the medical district will be under the jurisdiction of the board of county commissioners. I do not think there is any way you can get away from that fact.

**Assemblyman Brooks:**

I want to see if I can help you out, because I am a believer in the concept of the medical district. I know there have been other cities that have been tremendously successful with this concept. It would be helpful if you could explain to the Committee exactly what is meant by "levying a tax," "accepting donations," and the definition of a medical district in reality. The fact is, a medical district is a group of different hospitals and physicians who come together to support a particular tax, in order to better the district. If you could explain these concepts in greater detail, perhaps some of the misconceptions

would be dispelled. In many of the emails I received, my constituents believe that we are granting a nonelected board the authority to levy taxes on individuals. They do not realize that the taxes are only levied in the districts. Maybe you can provide further clarification to this Committee, so that we may have a better understanding.

**Sabra Smith-Newby:**

First of all, it is important to note that the portion of this bill that deals with taxation is already in state statute. Chapter 450 of the NRS establishes the ability to form a hospital district. Clark County and UMC are interested in the concept of establishing a medical district to create a solution to the financial challenges currently being faced by UMC, but no decision has been made to necessarily go forward.

As you know, UMC is the largest Medicaid provider in Nevada and provides the most indigent medical care. It easily provides the largest amount of uncompensated care in the state. People who are in need of care are seen regardless of their ability to pay; that is our mission. Taking into consideration the current payer mix and the decline in Medicaid reimbursement, Clark County has been providing a subsidy above and beyond total payments from federal, state, private insurers, and self-pay patients. This subsidy has been steadily growing over the years.

This year, the subsidy is expected to be approximately \$75 million. In addition, there is a need for an additional investment of \$20 million to bring UMC current with information technology systems solutions needed to comply with federal regulations. In these economic times, the county simply cannot continue to provide that level of subsidy; it is too much of a burden on Clark County. The report from FTI Consulting estimates that the subsidy would grow to greater than \$100 million by fiscal year 2014. Again, that amount is unsustainable at this point.

We are considering developing UMC into a medical district through a partnership with the University of Nevada School of Medicine to establish an academic medical center. The goal would be to establish a center of excellence with facilities to perform research, train medical residents, and focus attention on medical education. Chapter 450 of NRS does not necessarily conceive of that partnership. Assembly Bill 54 would expand the definition to establish a new, expanded partnership with the University of Nevada School of Medicine.

**Assemblyman Brooks:**

You only answered part of my question. We need to know who the tax will be levied upon.

**Sabra Smith-Newby:**

By statute, I believe the Clark County Board of Commissioners can set the boundaries of the district. It could be as large as the entire county or as small as some area within the county. Keep in mind the hospital district law also allows for partnerships across county boundaries. We know that UMC serves many people in other counties; however, I do not think there are any plans to establish out-of-county partnerships at this time. Ultimately, the county commissioners will set the boundaries of the medical district.

**Assemblyman Anderson:**

Would you be amenable to making the governing board of the medical district an all-elected body? I believe many people will have an issue with placing appointees on the board of trustees of the medical district. Would that be workable?

**Sabra Smith-Newby:**

I cannot speak for the Clark County Board of Commissioners, but I can report the request to them. Their primary priority is to see that the bill goes through the legislative process. If the Legislature wants the board to consist only of elected officials, I would advise the County Commissioners to strongly consider that request. I do provide legislative updates to them at every meeting.

**Assemblyman Livermore:**

This issue provoked the greatest number of emails that I received over the weekend. There is a lot of opposition to this issue. Can you petition in or out of the medical district? Are there options for the public to take if they do not wish to be part of the medical district? Would they have to appear before the board of county commissioners and protest?

**Sabra Smith-Newby:**

I believe NRS Chapter 450 currently requires the board of county commissioners to publish a notice and conduct public hearings regarding the formation of the hospital district. Section 580 of Chapter 450 of NRS, entitled "Objections to formation of district; hearing," speaks specifically about the written objections process. Assembly Bill 54 is based on that chapter of NRS. Section 590 of Chapter 450 of NRS currently allows the public to petition into the district, but I do not believe law currently allows a person to petition out of the district.

**Assemblyman Livermore:**

One of the common threads I noticed throughout all the emails I received was that this bill allowed for taxation without representation.

**Assemblywoman Pierce:**

This is the worst economy in 70 years. Is there any evidence that UMC is any worse off than a similarly-sized county hospital located elsewhere? Do we know that we are not simply facing the same situation of dire straits currently experienced by every other county hospital in the United States?

**Sabra Smith-Newby:**

There are very few true public hospitals left in the United States. That is telling for UMC and its position. In terms of the economic downturn, we have compared our hospital to other public hospitals and 501(c)(3), not-for-profit hospitals, or hospital-district hospitals. I do not know if these statistics are current; I will look that up. I will try to express, as artfully as possible, that other hospitals may not be located in an economy that has declined to the extent ours has. Their structure is also very different from ours. I would be willing to bet that their Medicaid payments, eligibility for Medicaid, and the types of services that are paid for are much more robust than ours. I do not know that any comparison to other institutions would be an "apples-to-apples" comparison. We will try and track down some recent comparisons for you, if any exist.

**Assemblywoman Pierce:**

I will say it more bluntly. We are living with the effects of Nevada's decision, over the past thirty years, that low taxes and small government are the only important issues to Nevadans. Here we are. My understanding of the bill is that the medical district takes over the authority of the hospital district so that the hospital district disappears. Is that correct?

**Sabra Smith-Newby:**

I believe that is the intent. The hospital district essentially morphs into the medical district. Section 2, subsection 6 also allows for the medical district to be dissolved, if the partnership does not work or if the need no longer exists. If the medical district is dissolved, you would be left with the hospital district. The hospital and its functions would still exist, but the medical education portion would not necessarily remain functional.

**Assemblywoman Pierce:**

I am still confused about the relationship between a medical district and the health district.



**Assemblywoman Benitez-Thompson:**

Section 2, subsection 4, paragraphs (a) and (b), lines 14 through 19 speak about specific services provided by the hospital, such as trauma and services for chronic and preventative care for indigent patients who cannot pay for their care. Has there been any fiscal analysis to show that expanding into a medical district will help UMC to become financially solvent? They will still be taking in many patients that have no means to pay for the care they receive.

**Sabra Smith-Newby:**

I do not know that there has been a fiscal analysis made in terms of the partnership with the School of Medicine. I will look back and see. There appears to have been some analysis done, which a representative from the School of Medicine may discuss going forward. At this point, we are at the very beginning of discussions regarding the conceptual partnership. I do not mean to say that no partnership exists between the School of Medicine and UMC. Medical residents attend a UMC program that has been in place for years. However, the relationship going forward would be more robust.

**Assemblyman Sherwood:**

I would concur with my colleague from Assembly District 27 that the scope discussed in section 2 would need to be understood in order to control costs. This would be essential going forward. My concern is with the stress other hospital facilities in Clark County would feel if UMC were no longer in business. There would still be a need for medical care, which would presumably be picked up by St. Rose Dominican Hospital, Valley Hospital Medical Center, and others. Have you spoken with other hospitals in Clark County? Are they on board with the creation of a medical district? Would they work with you to help subsidize the medical district? Keeping UMC operational would seem to be in their best interest.

**Sabra Smith-Newby:**

To be honest, you are correct, in the sense that UMC does take a very large proportion of patients who do not have the means to pay. We call them "self-pay," others refer to these patients as "charity pay" or "the uninsured." Obviously, there is demand for these services. No one wants to see the worst-case scenario, where UMC is no longer in business. Yet these people would still need medical care, and would at some point become emergency room patients. Emergent-care patients are required to be seen and cared for. These patients would end up in other hospitals throughout the county.

Have we approached the other hospitals? No. I do not think we have conceived of approaching other hospitals for fiscal support of UMC.

**Assemblyman Hambrick:**

I have similar concerns as the last two speakers, but I am not going to speak about patients without the means to pay for medical care. I am going to go in a more pragmatic direction. In the past several years, UMC has been embarrassed by internal fraud. There was major fraud involving some of the leadership positions within UMC. During that investigation, a secondary fraud was discovered. I would like to see some documentation showing that the Clark County Commissioners have insisted that UMC gets its own fiscal house in order, so that things like this do not happen again. This bill potentially deals with a great sum of money and there are too many rat holes in which things can get lost. We do not want to fund any more rat holes. As my colleague said, this is the worst economy we have experienced for many years. We want to make sure that, if we do spend a dime, we get at least five cents back in care. It would be nice if we could get eight or nine cents back. If we only get two or three cents back, that would be a crying shame.

**Sabra Smith-Newby:**

I appreciate your question. Clark County, UMC, and the County Commissioners certainly have no tolerance for any employee who, regardless of their title or position, perpetrates unethical or illegal actions. The county has been supportive of the prosecution of these individuals. It is absolutely important to continue that stance, going forward.

**Assemblyman Hambrick:**

I appreciate your statement. I would like to see more information about what actions UMC has taken to bring their fiscal house in order. Are there peer reviews, Inspector General reviews, on-site inspections, or unannounced inspections to make sure that this will not recur?

**Sabra Smith-Newby:**

You will recall that through the entire fraud ordeal, there was not adequate reporting on fiscal matters. That has changed. The first change was bringing George Stevens, the Chief Financial Officer (CFO) of Clark County, on board as CFO of UMC. He brings both organizations together under one oversight. He has been dogged in the pursuit of improvement in the fiscal and operational stability of UMC. There has been some improvement, but with the current economic climate, there has been some slippage as well. In addition, he presents fiscal reports to the Clark County Commissioners on a quarterly basis in a public forum. This was not done prior to his taking on the role of CFO. Mr. Stevens provides much more oversight and skill than the CEO to which you refer. Anyone who has ever tried to get funding approval from Mr. Stevens would know that it is a difficult process. He is a budget hawk when it comes to UMC.

**Chair Mastroluca:**

Section 5, subsection 4 reads that once a medical district has been established its board of trustees may, "employ such other persons as necessary to administer and maintain" the system. Has a budget been formulated to analyze the size and cost of staffing necessary to administer the medical district?

**Sabra Smith-Newby:**

I do not believe so. Again, this bill is a tool that we would like to see put into place. It is not necessarily something that has been fully analyzed. We would have to put that information together before forming the medical district. To my knowledge, there has been no analysis on what sort of additional staff, if any, would be necessary for the establishment of a medical district.

**Chair Mastroluca:**

Section 12 allows contracts with public agencies or hospitals, using language reflective of NRS Chapter 450. Because section 2, subsection 4 of the bill references duties that are the responsibility of the health district, my concern is how these duties would be separated out if the medical district decided to privatize the hospital. Would you need to separate out the duties that are being performed by the health district?

**Sabra Smith-Newby:**

The current language of section 2, subsection 4, "requires" the listed duties. It is our intention to change the language to make these duties permissive: to allow that collaboration to occur, but not to necessarily require it to occur. I suppose it would depend upon how the collaboration is structured. Currently, the Southern Nevada District Board of Health is a separate legal entity. Future collaboration would have to be on an interlocal contract basis, approved by both entities. Anything that might change the status or employment at the hospital which would also affect the Board of Health would likewise be reflected in some sort of an amendment to an interlocal agreement that would need to be approved by both entities.

**Chair Mastroluca:**

Section 2, subsection 4, paragraph (c), subparagraph (2) deals with administration and maintenance of vital statistics. In my opinion, making the language permissive in this section causes more concern. I think the responsibility for vital statistics needs to be owned either by the Board of Health or by the medical district. Vital statistics and the responsibility for them cannot go back and forth. It is very important to enable people to have reliable, consistent access to vital records. This information needs to be in the same place every time a person needs to go look for it.

**Sabra Smith-Newby:**  
Agreed.

**Chair Mastroluca:**

We have one more question and then we need to move on, because we have quite a few people that need to speak and we have a presentation to follow this hearing.

**Assemblyman Brooks:**

I appreciate that the formation of a medical district is going to help offset the expenses at UMC, because it will also be able to care for the indigent population. Would you be willing to add language that would stipulate that the district would be confined to levying taxes only on the professionals within the district? Most districts would probably do that.

**Sabra Smith-Newby:**

Again, I cannot speak for the Clark County Board of Commissioners, but I can relay that question to them. For clarification, can you explain what you mean by "assess the tax to professionals?"

**Assemblyman Brooks:**

Normally, a district is confined to those professionals that are within those boundaries. If you have several different types of medical professionals or medical facilities with the district, the tax would only be levied on those individuals in order to improve the district.

**Sabra Smith-Newby:**

I will certainly relay that question, thank you.

**Chair Mastroluca:**

Are there any other questions? [There was no response.] Is there anyone who would like to speak in favor of A.B. 54?

**Marsha Turner, Ph.D., Vice Chancellor of Operations and Chief Operating Officer  
for University of Nevada Health Sciences System, Nevada System of  
Higher Education**

We would like to voice our support for A.B. 54. It really does "add another tool in the toolbox." Clark County, UMC, the School of Medicine, and the health science programs from the Nevada System of Higher Education (NSHE) have all done a lot of work over the past fifteen months to turn UMC into a more robust teaching hospital. UMC already is a teaching hospital with residency programs and nursing rotations. There have been great partnerships formed between our agencies for a number of years. However, we see that now is the time for

reform and retooling. We want to look at things in new ways and get creative about how to stretch the dollars we have, before we ask for new dollars. We have collectively hired an outside consultant to look at UMC's operations and the internal business functions of the hospital. This is one of the most recent analyses of the hospital's fiscal operations. It is my understanding that this report has already been presented to the Clark County Commissioners and they have given the green light to begin the report's recommended internal fixes. These are actions that can be taken with the existing tools in the toolbox.

Additional recommendations from this robust study are for NSHE, UMC, and the School of Medicine to enhance their academic mission while maintaining the service mission of the hospital. The mission is to provide access to high quality care and robust educational opportunities for the next generation of health care professionals who will be taking care of us. This is a great opportunity for all forces to join together to attempt to improve the operations of the hospital, as well as educational opportunities for the School of Medicine, nursing programs, and other programs. From our standpoint, the timing of the study overlapping with the legislative session is important. More importantly, since the Legislature only meets on a biennial basis—while we do not know if we will need this additional tool—it would be nice to have it in the toolbox in the event that we may be able to strengthen our partnerships and provide new services by its use.

**Chair Mastroluca:**

Are there any questions? [There was no response.] Will those who signed in to speak against A.B. 54 please come forward.

**Janine Hansen, State President, Nevada Eagle Forum:**

This may be a very fine bill, but I have a few concerns. Section 14, subsection 6, paragraph (d), adds "medical district" to the definition of "local government," which is defined as "any political subdivision of the State." Does this make the medical district an independent part of local government like the board of county commissioners, the school district, or others mentioned in that section? It would concern me if the medical district is to be made into an independent political subdivision. We heard earlier that the board of trustees would remain under the authority of the board of county commissioners.

We are also concerned with section 2, subsection 2, paragraph (c), subparagraph (1), which deals with the issue of appointment versus election of the board of trustees of the medical district. We do not know how those appointed would be held accountable, especially in light of section 2, subsection 3, paragraph (b), which gives that board the authority to levy taxes, borrow money, and incur indebtedness. If a board of appointees is going to be

an independent part of local government, how will they be accountable to the people?

The Committee has raised many excellent questions today, and we appreciate that. While this might be a very good plan to help solve the difficulties in Clark County, that is not my concern. My concern is accountability to the taxpayer and what it would mean to make the medical district an independent part of local government. Would the medical district be independent of the county commission? How is it accountable to the taxpayer?

**Lynn Chapman, State Vice President, Nevada Families Association:**

There were many good questions from the Committee that answered some of my concerns. During the discussion on A.B. 54, I heard the word "partnership" spoken many, many times. I would like to remind you that the most important partnership in this entire scenario is the partnership between the elected legislator and the taxpayer. It is important to remember this partnership with the taxpayer, because currently there are many families who are hurting financially. While it is true that there are a lot of people without the ability to pay for their medical care, there are many taxpayers who are barely able to scrape enough money together to pay for their medical bills as well. I would ask that you would please keep that in mind.

**John Wagner, State Chairman, Independent American Party:**

I would like to speak on behalf of the many members of our organization that reside in Las Vegas. No one answered the question, "Where will the money come from?" Of course, it will come from the taxpayers, but in what form? Will it be sales tax or property tax? Will the tax be levied only upon doctors or lawyers? No one ever said how the tax will be levied and where it will come from. As far as I am concerned, at this time in our economic crisis, it is not a good idea. What kind of accountability will those levying the taxes have? Will they even have to worry about accountability? If they are appointed by an elected official, they can vote for a tax and never have to worry about being held accountable. They can just resign. How much of the money raised will go toward administrative costs? These costs will filter down.

**Chair Mastroluca:**

Are there any questions? [There was no response.] Is there anyone in Las Vegas who would like to speak for or against A.B. 54? Is there anyone neutral on this bill in Las Vegas or Carson City?

**Lawrence Sands, D.O., M.P.H., Chief Health Officer, Southern Nevada Health District:**

I would like to speak regarding A.B. 54. The Southern Nevada Health District is always supportive of UMC's efforts to improve and strengthen their organization. They play a very important role in southern Nevada. I would also like to thank Ms. Smith-Newby for her comments to clarify that the language included in the bill was not meant to impact or infringe upon the authority of the Southern Nevada Health District or Board of Health. Certainly, partnerships are important as part of public health. We are always open to developing partnerships, which would include UMC, when they are appropriate. Finally, I want to speak to the Chair's concerns regarding vital records. We agree with those concerns. The vital records program has been long established within the Southern Nevada Health District. We do not believe there is any legislative remedy needed related to these programs.

**Chair Mastroluca:**

Are there any questions? [There was no response.]

**Robin Keith, Vice President, Government Relations, Nevada Rural Hospital Partners:**

I will be very brief. I signed in as neutral. We do have some concerns because NRHP has a rural hospital located in Clark County. We have been working with representatives of UMC and Clark County, and we believe our concerns will be addressed through the amendments to this bill.

**Chair Mastroluca:**

Are there any questions? [There was no response.] Is there anyone else who would like to speak for, against, or neutral on A.B. 54 in Las Vegas or Carson City? [There was no response.] I will close the hearing on A.B. 54.

I will now ask Herb Schultz, the Regional Director of the U.S. Department of Health and Human Services (HHS) to give his presentation on the implementation of the Patient Protection and Affordable Care Act (PPACA).

**Herb K. Schultz, Regional Director, Region IX, Immediate Office of the Secretary, U.S. Department of Health and Human Services:**

It is a real honor to be here today. I am here to give you an update on the implementation of the PPACA. I was appointed to this position by President Obama last April to serve as the key representative in this region on behalf of Secretary Kathleen Sebelius of the U.S. Department of Health and Human Services. My job is to represent the Secretary in working with federal, state, local, tribal, and territorial officials, as well as key nongovernmental, external officials on everything from outreach and education to making policy, grant and

funding opportunities, and other functions. I am a one-stop shop and troubleshooter for anyone—government official or private citizen—who needs a problem addressed by the federal government. I recognize that the Nevada Legislature has a short session which meets every other year. I was asked to provide you with a couple of key health care reform implementation issues today. When I finish my presentation, I will leave you with my cell phone number and email address.

The Obama administration's approach, and that of the Secretary, has enabled the regional directors' offices to move out into the field and work, for the first time, with both governmental and nongovernmental officials. I need to thank and congratulate not only the state and local officials, but also the federal officials and thousands of Nevadans with whom we have met in small- and large-group settings. These meetings included senior citizens, agents, consumers, brokers, unions, small and large businesses, and health plan administrators so that HHS might gain assistance in successfully implementing the PPACA. One of the biggest issues the Legislature is grappling with this session is the establishment of a state health care exchange. I am not referring to the electronic health information exchange, but to the marketplace exchange where individuals and small businesses will be able to get health care coverage as of January 1, 2014. We are rapidly working on the exchange issues. Nevada has already received a \$1 million planning grant for the exchange and Secretary Sebelius must certify a state-level exchange by January 1, 2013. We like the fact that states are moving toward establishing their exchanges.

In addition to the planning grant Nevada has already received, HHS recently announced the availability of exchange establishment grants which would allow Nevada to receive multi-year funding to assist in the operation of its own exchange. Applications for this new grant are due by June 2012. If a state passes a piece of legislation that includes the basic framework to authorize its state exchange, that would qualify a state to receive an exchange establishment grant.

I would like to address an issue on the private market side, which is the availability of a small business tax credit on premiums. This is a significant program within the PPACA directed towards small businesses that employ less than 25 people and pay moderate wages. These businesses would be credited 25 to 35 cents on premiums from the first through fifth year of the PPACA. This applies both to not-for-profit and for-profit small businesses.

The PPACA also includes the Early Retiree Reinsurance Program. Without getting very technical, let me just say that I know you, as legislators, and others have dealt with the issue of retiree health benefits. Many people have been



faced with either losing these benefits or having them significantly scaled back. This program is designed to help employers and former employees get financial relief. Thirty thousand small businesses in Nevada could qualify for these tax credits.

Regarding consumer protection, there is a new program called the Pre-Existing Condition Insurance Program (PCIP). This program is already up and operational. Nevada chose not to operate this program at the state level, so it is currently being operated from Washington, D.C. on behalf of the people of Nevada. This program provides up to \$61 million for adults and children who have been uninsured for at least six months and who have been turned down for insurance due to preexisting conditions. I am a person living with the diagnosis of human immunodeficiency virus (HIV). If I did not have job-based coverage, I would likely be among the tens of thousands, in fact hundreds of thousands, of people across this country who have been denied health insurance because of a preexisting condition. I underscored a recent policy guidance letter in order to insure that more children will be able to take advantage of this program.

We all want to be able to protect our senior citizens. I think most people have heard about the donut hole. What is it? Last year prescription drug expenses greater than \$2800, but below \$5600, for senior or disabled citizens were 100 percent payable by that individual. Once prescription expenses reach \$5600, Medicare picks up the reimbursement again. This donut hole will be eliminated over the 10-year implementation of the PPACA. Last year, we provided a \$250 rebate to almost 14,000 Nevadans who hit that donut hole. As of January 1 of this year, senior and disabled individuals will receive a 50 percent discount on most name-brand drugs once their expenses reach the donut hole level.

Almost 9,500 Nevadans are between the ages of 18 and 26. Many of our families have young adults coming out of high school, college, or trade school, and other young adults are becoming emancipated from the foster care system. There have been issues regarding whether or not these individuals can get insurance coverage. Now young adults between 18 and 26, who are not offered job-based coverage, will be able to receive health care coverage.

One other significant reform that I would like to speak about in terms of consumer protection deals with prevention and workforce. I know that there is a significant discussion going on in this Legislature regarding workforce issues. We are moving towards January 1, 2014, when every legal citizen and documented individual is required to have coverage. What does that mean for our workforce? The Public Health and Prevention Fund in the PPACA will

provide dollars in Nevada, and all over the country, for physicians, nurses, nurse practitioners, physician assistants, nurse-managed clinics, school-based health and health centers, among others. We have finally put in place a delivery system that is moving toward prevention. Individuals will have no copayment, deductible, or coinsurance for key preventive health measures such as colonoscopy, mammography, pap smears, childhood immunizations, and colorectal screening. The goal of this program is to break down all of the barriers that prevent affordable screenings.

There are many other provisions I could review within the PPACA in terms of Medicare and Medicaid, including how we will take care of our most vulnerable people such as senior citizens and lower-income individuals. It is important to note that providers who participate in Medicare will receive significant bonuses. These bonuses are already in place, with additional bonuses available for providers who operate in areas that are experiencing shortages of health professionals. There are also increases in Medicaid reimbursements that will come with the expansion of the Medicaid program in 2014.

In summary, Nevada has taken advantage of the exchange planning grant. The government has provided money for Nevada to strengthen its rate review system to ensure that, while the industry needs to thrive, consumers, and small businesses are also protected against unreasonable premium hikes. The state has also received a grant for what we call the Consumer Assistance Program.

In closing, I have been travelling through the state for the past ten months and I give everyone with whom I meet my cell phone number and email for one very specific reason: HHS wants the regional director's office to be a one-stop shop to provide help to federal, state, local, tribal, and territorial officials, so they may better perform their jobs. We want to help consumers, labor, small businesses, big businesses, health plans, doctors, hospitals, nurses, actuaries, brokers, and universities to implement this important and historic law.

We know there are many questions and issues. You have my commitment as Director of Region IX—which is the largest region including California, Arizona, Nevada, and Hawaii, the territories of Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, and the island nations of the Federated States of Micronesia, the Republic of Palau, and the Republic of the Marshall Islands—to assist you in any way possible. You can see the diversity and complexity represented within this region. I would like to thank you very much for the opportunity to present this brief overview of the PPACA. My intention was to come before you to state that there is a place in HHS to which you can turn, 24 hours a day, 7 days a week. You may say, “We have an issue here” or “We would like to meet with a group of stakeholders to see

how the feds are doing that." Many of your constituents may also be coming forward to tell you that they want to be part of this process.

I spent several hours this weekend at the 3rd Annual HIV Wellness Conference in Las Vegas. I met with the entire HIV community in Clark County. I am going back on Thursday to meet with the Tribal Nations for our annual meeting and consultation. My office and I would be happy to provide any technical assistance we can, on behalf of Secretary Sebelius or President Obama. We keep very significant lists to keep people up to date, not only on health care reform, but on all the issues within HHS, which is a large swath. My email is <Herb.Schultz@hhs.gov> and my cell phone number is 415-265-7049. I would like to thank the Office of the Governor, Mike Willden, Chuck Duarte, and their team, and the Commissioner of Insurance who have all been very welcoming, as has this Legislature. I would be happy to answer any questions.

**Chair Mastroluca:**

Are there any questions? [There was no response.] We appreciate the information you have shared with us today. We often receive questions from our constituents regarding health care reform.

We will now take public comment. If there is anyone present from Carson City or Las Vegas for public comment, please come forward to the table. Seeing none, this meeting is adjourned [at 2:54 p.m.].

RESPECTFULLY SUBMITTED:

---

Mitzi Nelson  
Committee Secretary

APPROVED BY:

---

Assemblywoman April Mastroluca, Chair

DATE: \_\_\_\_\_

**EXHIBITS**

Committee Name: Committee on Health and Human Services

Date: March 7, 2011

Time of Meeting: 1:32 p.m.

Bill	Exhibit	Witness / Agency	Description
A			Agenda
B			Attendance Roster