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

Seventy-Sixth Session
February 9, 2011

The Committee on Health and Human Services was called to order by Chair April Mastroluca at 1:34 p.m. on Wednesday, February 9, 2011, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/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; 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 J. Brooks
Assemblyman Richard Carrillo
Assemblywoman Lucy Flores
Assemblyman Jason M. 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

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STAFF MEMBERS PRESENT:

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

OTHERS PRESENT:

Michael J. Willden, Director, Department of Health and Human Services
Jeff Fontaine, Executive Director, Nevada Association of Counties

Chair Mastroluca:
[Roll was called.] I would like to welcome everyone to the first meeting of the Assembly Committee on Health and Human Services. I would also like to welcome our audience members and anyone who might be listening on the Internet. I am Assemblywoman Mastroluca and I am honored to serve as the Chair of this Committee. I will now ask that each Committee member introduce themselves and tell us what district they represent and goals they might have during this session in Health and Human Services.

Assemblywoman Benitez-Thompson:
I am Teresa Benitez-Thompson representing Assembly District 27, which is entirely contained within the city of Reno. It is a pleasure to serve on this Committee.

Assemblyman Frierson:
Good afternoon, my name is Jason Frierson representing Assembly District 8. I am thrilled to be here to assist our Committee in this area and in particular how it affects our children. I am really happy to be here.

Assemblywoman Pierce:
I am Assemblywoman Peggy Pierce, from District 3 in Las Vegas. I have been on the Health and Human Services Committee for five Assembly sessions and I am happy to be here.

Chair Mastroluca:
Ms. Pierce is also our Vice Chair.

Assemblywoman Smith:
I am Assemblywoman Debbie Smith from District 30. This is my third session on the Health and Human Services Committee. I am happy to be here with a new Chair.

Assemblyman Goicoechea:
I am Assemblyman Pete Goicoechea. I represent Assembly District 35, which is all or part of eight counties across central Nevada. I am a freshman Assemblyman on this Committee and it is my pleasure to be here. Certainly we have some issues to deal with in Health and Human Services and I am very happy to be on the Committee.

Chair Mastroluca:
I am honored to have a senior freshman on the Committee.

Assemblyman Hambrick:
I am John Hambrick and I have the privilege of representing Assembly District 2. This is my second session on the Committee and, as many of you may know, I have some particular interests such as juvenile justice and other health issues. I am looking forward to this session. We have a lot of challenges to face and I think as a Committee we will do good work.

Assemblyman Carrillo:
My name is Assemblyman Richard Carrillo from District 18 in Las Vegas. I personally have more of a broad band of health concerns, from seniors all the way to small children. As a new grandfather, I can appreciate how important it is to take care of our younger ones.

Assemblyman Hammond:
I am Assemblyman Scott Hammond. I represent District 13 in Las Vegas. This is my freshman term and I am glad to be here. I am hoping it will be a great learning experience.

Assemblyman Anderson:
My name is Elliot Anderson. I represent District 15 in Las Vegas, which is basically the unincorporated area of Clark County. I am really looking forward to mastering this important subject. So many of our constituents, young or old, depend on these services. We owe it to everyone to understand the subject as best we can.

Assemblyman Brooks:
My name is Steven Brooks. I represent Assembly District 19 in Las Vegas. I have a passion for seniors and children and it is with great pleasure that I serve on this Committee.

Assemblyman Livermore:
My name is Pete Livermore and I represent Assembly District 40, which is Carson City and a small area of Washoe Valley. I am a freshman Assemblyman; this is my first term in the Legislature. However, I come from a background of local government. I was elected to the Board of Trustees of the Carson-Tahoe Hospital (now Carson Tahoe Regional Healthcare) in 1995 and have also served for 12 years on the Carson City Board of Supervisors. During that time, I was involved with the Board of Supervisor's creation of the Carson City Mental Health Coalition, an organization which looked at existing services versus community needs in the area of mental health. I hope I can share some of my experience in this area with the Committee.

Assemblywoman Flores:
Good afternoon, my name is Lucy Flores. I represent the northeast part of Las Vegas in District 28. Like my colleagues, I am very happy to be here and I am looking forward to learning as much as I possibly can. I would also like to ensure that the health and safety of our communities is first and foremost.

Assemblyman Sherwood:
I represent District 21 in Henderson, Nevada. My name is Mark Sherwood and my concern is access to quality care, specifically to provide the framework to create the incentives for doctors to practice at a high level in our state. Demography drives everything and so many of our doctors are retiring. Who is going to replace them? Who will be the pediatricians for the next generation? Those can be frightening thoughts. The doctors are not currently out there. We have our work cut out for us and I am looking forward to rolling up my sleeves and getting the job done.

Chair Mastroluca:
My name is April Mastroluca. This is my second term in the Assembly and I represent District 29 in Henderson. My goal for this Committee is to make sure that, at the end of the day, we put out good policy and make a positive difference for the people of Nevada.

I would also like to introduce our Committee staff. Our policy analyst is Allison Combs, who has been here since 1994. I love that I have people with experience on the Committee. Our other policy analyst is Kirsten Coulombe and this is her first session. Our legal counsel is Risa Lang, who has been here

since 1992. Our Committee manager is Harle Glover, who has been here for 18 sessions. She retired from the Legislative Counsel Bureau (LCB) in 2005. We also have two Committee secretaries, Linda Whimple and Mitzi Nelson, and this is the first session for both of them. We also have a Committee assistant, Olivia Lloyd, who has worked for the Committee in prior sessions. It is nice to have a familiar, friendly face.

Our first order of business is the adoption of the Committee's policies. Allison Combs will review those for us now.

Allison Combs, Committee Policy Analyst:
There are two documents related to the adoption of the Committee Policies that I would like to review. The first discusses the Assembly Standing Rules. As you are aware, Assembly Resolution 1 was adopted on Monday, which included the majority of the Committee rules. This handout is a brief list of rules extracted from A.R. 1 that I would like to highlight now. [Read from Exhibit C.]

The second document I am going to review is the "Assembly Committee of Health and Human Services 2011 Committee Policies" (Exhibit D). The Committee could take action on this document today, if it so desires. The first item reiterates Assembly Rule No. 54, with regard to exhibits for hearings. As is the authority of the Chair under this rule, there is a change to an earlier submission time to accommodate the meeting time of this Committee. From this point on, exhibits need to be submitted by 3:30 p.m. the day prior to the meeting. [Continued to read from prepared text.]

Chair Mastroluca:
Are there any questions about the policies? If not, I will entertain a motion to adopt the policies.

> ASSEMBLYMAN GOICOECHEA MOVED TO ADOPT THE ASSEMBLY COMMITTEE ON HEALTH AND HUMAN SERVICES 2011 COMMITTEE POLICIES.
>
> ASSEMBLYMAN ANDERSON SECONDED THE MOTION.
>
> THE MOTION WAS ADOPTED UNANIMOUSLY.

Chair Mastroluca:
Next our policy analysts, Allison Combs and Kirsten Coulombe, will present the Committee Policy Brief (Exhibit E).

Allison Combs:
As most of you know, the Legislative Counsel Bureau Research Division is made up of nonpartisan staff and we are more than happy to assist the Committee; however, we do not advocate for or against any issue or legislation. My associate, Kirsten Coulombe, is also here with me today. We will review the Committee Brief.

The Committee Brief provides a historical overview of the Committee and some issues that may come before the Committee this session. The first and second pages introduce the Committee staff and outline the number of bills (84) that were referred to the Committee last session. It also reviews a list of topics that the Committee heard in past sessions.

I would like to go through a few topics covered on pages 2 through 6 that were discussed during the interim and which may be referred to the Committee this session. Obviously, the primary issue is federal health care reform legislation, The Patient Protection and Affordable Care Act (PPACA), with which I know you are all familiar. There will be some decisions presented to the Legislature this session, establishing the framework for health care exchanges. There are a number of resources listed for your reference. The Department of Health and Human Services (DHHS) has a wealth of information regarding this issue on their website. The federal government, the Henry J. Kaiser Family Foundation, the National Conference of State Legislatures, and the Council of State Governments all have websites that are great portals to gain more information on this topic and to help answer questions. Our staff is available to help as well.

Some of the issues that were reported on by the Legislative Committee on Health Care (LCHC) which met during the 2009-2010 Interim, are also available online and in hard copy. If you would like copies of any of these reports, we would be happy to provide those for you. One of the issues that came up during the interim was systems for the payment of medical services, which reviewed a fair and equitable system for payment of certain medical services. That issue is outlined in the handout and has been requested as Bill Draft Request (BDR) 40-192.

The issue of medical assistants (MAs) is discussed on page 4, regarding the supervision, qualification, identification, and scope of services for MAs in Nevada. A BDR on that issue may also come before the Committee.

The ongoing issue of fitness and wellness was also studied during the interim. Assembly Bill No. 191 of the 75th Session extended the date for the LCHC to study to this issue. Its findings are included in the report.

Another issue that has been before the Legislature in many sessions is health care quality and transparency to improve patient safety. This may be an issue that comes before the Committee again. More information on this topic is available at the top of page 6. Also included are a number of other state and federal issues that may be reviewed this session.

The LCB Research Division is happy to provide any assistance that you may need on any of these issues. The Assembly session deadlines are reviewed again on page 7; obviously there are several deadlines coming this month such as the deadline to submit bill draft requests for legislators and Committees. April 15 is the deadline for getting bills out of the Committee.

Finally, each interim committee provides a report on its interim work, which is available online. The interim committees included the Legislative Committee on Health Care, the Legislative Committee on Child Welfare and Juvenile Justice, and the Legislative Committee on Senior Citizens, Veterans and Adults with Special Needs. The Legislative Commission's Committee to Study Group Homes and the Nevada Vision Stakeholder Group, listed on page 9, are also two committees that handle many health care issues. In addition, the Legislative Auditor conducted a number of audits during the interim, some of which may be of interest. All of the audits, as well as highlights from those audits are online. Two of the audits mentioned on page 9 include the "Review of Governmental and Private Facilities for Children" (Legislative Audit 10-15) and the "Department of Health and Human Services, Health Division-Inspection Programs" (Legislative Audit 10-05).

Numerous reports from state and other agencies that are required to be delivered to the Legislature are listed on page 10. If they are of any interest to you, please let us know and we will get a copy for you. They are available through our Research Library.

Finally, at the back of the Committee Policy Brief is a list of key contacts. We try to provide the most up-to-date information, but sometimes shifts do occur before and during session. The key contacts list can be a good resource to remove from the Brief and keep available for your office.

The next document, which I believe is also available on the Nevada Electronic Legislative Information System (NELIS), is a list of commonly used acronyms for health care (Exhibit F). This list will be extremely helpful to all of us when the Committee begins to hear bills, as acronyms are frequently used during presentations and testimony.

It is an honor to be staffing the Committee and we are both looking forward to it. In addition to staffing the Committee, we work in the Research Division and are happy to help with any research request you might have.

Chair Mastroluca:
Next, we are going to hear a presentation from the Director of the DHHS, Mike Willden. Unfortunately, due to some technical problems, Mr. Willden's presentation is not available online today. We do have some hard copies for the Committee. If we have any extras, we will definitely hand them out to the public and we are also working to get the handout posted. If you are listening on the Internet or in the audience and you would like to look at the handout, it should be available online in the next day or so.

I also wanted to mention, for our freshmen Assemblymen, the reason we are doing these presentations. Each session, the Committee schedules presentations from different agencies and organizations or groups whose bills are typically referred to our Committee. These presentations will help us better understand the issues and the bills. I found them very helpful my freshman year and referred to them quite frequently.

As a reminder to those of you in the audience, if you would like to testify on a bill to this Committee or speak under the period for public comment, you must sign in on the list located in the back of the room. Before you testify, please provide your business card or another document containing your name and contact information to the Committee secretary so that we have it for the record. You may want to sign in even if you are not testifying, so that there is a record of who is interested in a particular bill and in case the Committee needs to contact you at a later date. If you are testifying and you do have handouts for the Committee, you should give 20 copies to the Committee secretary prior to your testimony. As many of you know, we are using NELIS, the web-based system. Again, we ask for your patience, but it will be a great system when it is completed and we all know how to use it effectively.

Finally, when testifying, please turn on your microphone when you are speaking and turn it off when you have finished. Be sure to state and, if necessary, spell your name for the record.

Michael J. Willden, Director, Department of Health and Human Services:
I have two documents to present today. The first is a departmental overview document and the second is a document regarding health care reform. I will start with the overview document (Exhibit G). If you ever need our help at the DHHS, we are available to provide facts, research, or any other help you might need.

I would like to refer you to a one-page organizational chart, on page 2 of the handout, which might be helpful to you. My phone number is listed under my name and you can call me at any time. My assistant can also provide my cell phone number.

The DHHS is a large department with about 5,300 employees that are organized into six different divisions. The first is the Aging and Disability Services Division which is headed up by Carol Sala; her phone number is also provided for you as a resource. The next is the Division of Child and Family Services, headed by Diane Comeaux. The Health Division is headed by Richard Whitley. The Division of Mental Health and Developmental Services is headed by Dr. Harold Cook. The Division of Welfare and Supportive Services is headed by Romaine Gilliland and the Division of Health Care Financing and Policy, which most people know as Medicaid or Nevada Check Up, is headed by Charles Duarte.

Most people do not realize that we also provide the administrative oversight for the Office of the State Public Defender, which is headed by Diane Crow. Determining which department will house the Public Defender is an issue every session. We have overseen the Public Defender for many sessions. We also provide administrative support to the Nevada Indian Commission.

It has also been proposed to move the Office for Consumer Health Assistance from the Office of the Governor into the DHHS. It will still be known as the Governor's Office for Consumer Health Assistance, but it will be administratively linked to DHHS for several reasons. The health care reform initiative and several of the programs we have within DHHS have redundant or duplicative processes. We would like to eliminate any duplication to improve efficiencies and merge some of the programs we have in the department with consumer health programs.

For instance, there is a proposal to transfer child care licensing from the Division of Child and Family Services to the Health Division. Primarily, that is because most of the work is regulatory, environmental health issues and more closely fits with the type of work that is done by the Bureau of Health Care Quality and Compliance within the Health Division.

Starting on page 4 is a narrative of the various programs administered by the DHHS. Some of the highlights managed by the Director's Office include the Grants Management Unit, the Family Resource Centers, Differential Response, Family to Family Connection, the Office of Suicide Prevention, and the Nevada 2-1-1 Partnership. Other programs listed are run by the various divisions, such as the Aging and Disability Services Division. Last session we

combined our Aging Services Division with our Office of Disability Services and created a new division. Those two units were integrated because 71 percent of people with disabilities are also elderly. This allowed us to increase efficiencies in this area. You can review the kinds of programs they administer, everything from elder protective services on the front end of the system to many programs that help seniors and the disabled to receive care from the community, rather than in institutions. There is a long list of programs that we provide.

On page 5 (Exhibit G) is a list of the various programs administered by the Division of Child and Family Services. Their activities break down into three functional areas. The first is Child Welfare Services, which includes child protective services, foster care, and adoptions, among others. We also oversee the Children's Mental Health Services in that Division as well as juvenile justice programs, which include both community programs and institutional care in our two correctional facilities.

A list of programs within the Health Division is included on page 6. Again this is our public health entity. There is a long list of programs that we oversee such as immunization, chronic disease, and HIV prevention. People sometimes ask us about the Medical Marijuana Program, which used to be housed in the State Department of Agriculture. It was also transferred last session into the Health Division and we now oversee that program. You will be hearing about this subject quite a bit this session because we have a proposal to transfer some money from that program to fund some drug and alcohol services for our Child Welfare System.

The Division of Health Care Financing and Policy administers two major programs, Medicaid and Nevada Check Up. Medicaid is the 600-pound gorilla in our departmental budget. I will talk a little more about that at the end of the presentation. We currently have about 280,000 Nevadans receiving their health care through the Medicaid program. About another 22,000 Nevadans receive their health care through Nevada Check Up. In total, 300,000 Nevadans receive their health care through the DHHS. We are one of the largest insurers in the state.

The Division of Mental Health and Developmental Services also breaks down into three functional areas. First are mental health services, which include community and residential or institutional programs, three psychiatric hospitals, and various outpatient programs. Next, we have our developmental services which used to be called mental retardation and related conditions. Finally, we also house the Substance Abuse Prevention and Treatment Agency (SAPTA), which supports drug and alcohol programs that were overseen by the Mental Health Division in the past.

The Division of Welfare and Supportive Services (DWSS) administers public assistance programs which include the Temporary Assistance for Needy Families (TANF), the old food-stamp program which is now called the Supplemental Nutrition Assistance Program (SNAP), and various other public assistance programs. The Division also conducts all eligibility determinations for the Medicaid program. If a person needs to be on Medicaid, they would first see the DWSS, which will determine eligibility.

As I mentioned earlier, we currently do public defense in Carson City, and Storey, Eureka, White Pine, and Lincoln Counties. The other counties have opted to run their own public defense systems. This is a dynamic that changes every two years and it will change again this cycle. The counties have until March 15 of legislative years to opt in or out of the state public defense system. We also administer the Nevada Indian Commission.

Pages 9 through 12 (Exhibit G) can also be found under "Quick Facts" or the "Nassir Notes" on our website. These items will allow you to drill down to each of the 100 or so various programs we administer. It contains an excellent one- to two-page explanation of the program. It explains the eligibility criteria, purpose, mission, caseload statistics, expenditure data, and outcome measurements, among other items. It is a very good tool to use for research or help. For instance, many of you are interested in the area that allows you to find out information about our national ranking, referred to as Nevada Data and Key Comparisons. Unfortunately, Nevada continues to be in the bottom 25 percent of most indicators, and in many cases, in the bottom 10th percentile of many of our health-related indicators. These indicators, tracked over time, can also be a helpful tool.

I have also provided some fiscal information. I understand this is a policy committee, but sometimes it is important to understand a little bit about the fiscal situation in order to determine the policy. I have been in the business long enough to know that the bills move back and forth between policy and fiscal committees many times. Page 14 reviews the proposed DHHS expenditures for fiscal years (FY) 2012 and 2013. This budget covers about $6.1 billion over the two-year period. The pie chart shown on page 14, includes the General Fund, federal dollars, and fee revenue; it is the entire revenue source for the DHHS. As I mentioned before, the single biggest program is Health Care Financing and Policy, which is basically the Medicaid program. You can see that this program takes up almost 64 percent of DHHS's resources. I believe it also uses about 17 percent of Nevada's entire General Fund resources. It is a very large program that continues to grow. Other proposed expenditures for each of the various six or seven divisions that we oversee are also represented on this chart.

The next pie chart, shown on page 15, shows the budget just using General Fund dollars. This is simply our request for appropriation from the General Fund. The percentages change slightly on this pie chart, but basically remain the same. Here again, Health Care Financing and Policy remains the biggest user of the General Fund, at about 56 percent of the entire DHHS budget and about 17 to 18 percent of the entire state budget.

Page 17 (Exhibit G) provides some information about the DHHS caseload; determining what areas are growing or not growing aids in making policy decisions to contract or expand the services that we provide. This is a quick chart that shows where most of our caseload growth is occurring. Current growth will require about $244 million of new General Fund money to support the caseload growth that we project from now through the end of the biennium. This matrix summarizes where those General Fund dollars will need to be allocated to support the budgeted caseload growth.

Following this summary chart, there are a series of charts that deal with some of the programs experiencing the most significant caseload growth, such as Medicaid, SNAP, TANF, and some of our early intervention services for children, such as adoption subsidies.

I would also like to have a brief discussion on the Federal Medical Assistance Percentages (FMAP). This will be a huge issue going forward this session. Prior to the American Recovery and Reinvestment Act (ARRA) Nevada participated in our Medicaid expenditures at roughly a 50 percent matching rate. For every dollar of health care costs in the Medicaid program, the federal government put in a buck and the state put in a buck. After the stimulus package, FMAP increased to 64 percent. For a two-year period beginning October 2008 until this past December 31, 2010, we received a higher federal percentage. They paid 64 percent; we paid 36 percent. This was a huge windfall to Nevada and to states in general. That act has expired or is in the process of expiring. We are in a period of winding down. Beginning in January of this year, FMAP decreased from roughly 64 percent to 61 percent, and beginning April 1, it will be decreased to about 59 percent. By FY 2012, the FMAP will fall to about 55 percent and is projected to go up to 57.5 percent in FY 2013.

This change will require a significant appropriation of General Fund dollars just to keep the program whole, as it is now. What used to be on the federal side of the ledger at a 64 percent federal match is now decreasing to 55 or 57.5 percent. This requires a substantial amount, or about $190 million, of new General Fund dollars over the next biennium. We are hopeful. . .

Chair Mastroluca:
We have a question. Mr. Anderson?

Assemblyman Anderson:
Is the caseload growth also figured into the FMAP shortfall, or are those two separate amounts impacting General Fund dollars?

Michael Willden:
You have to add the $244 million for caseload growth to the $190 million needed for FMAP. They are two separate numbers.

We will continue to monitor the FMAP situation for the next six weeks. Usually at the end of February or beginning of March, the federal government will come out with some new FMAP estimates for FY 2013. We are hopeful that the percentage will increase. It depends upon Nevada's per capita income. The FMAP percentage is calculated on a three-year rolling average. Once another year of per capita income is rolled into the formula, the FMAP will change. We hope we will get a better percentage than what we budgeted for, if so we will not have to appropriate as much money from the General Fund. However, if our per capita income has increased, then our FMAP could decrease and we would have to contribute even more money. To clarify, per capita income and FMAP work in opposite directions.

On page 36 there is a list of several rate reductions that are included in the Governor's 2011-2013 *Executive Budget*. Many of these will have bill draft requests associated with them so that they may be implemented.

There has already been a lot of discussion regarding the impact of the *Executive Budget* on the counties. We have prepared a two-page summary document that attempts to identify that impact. For instance, we have swept the Indigent Accident Fund (IAF) three years in a row now. Legislation is required each time that account is swept and it is proposed that the fund be swept again in 2012 and 2013.

Chair Mastroluca:
Can you explain for our new members what the IAF does and how it is used?

Michael Willden:
The IAF is funded through a combined 2.5 cent levy on the assessed value of property tax, which is collected through the county tax collection process and put into a supplemental fund. Before we began sweeping the IAF account, these dollars were overseen by a five-member board of county commissioners. The fund is used to provide assistance on a pro rata share, usually at a rate of

12 to 20 cents on the dollar, to hospitals and the health care community when automobile accidents and other catastrophic events occur throughout Nevada involving the uninsured. In the past, roughly $25 million per year would be collected and the board would meet and pay out catastrophic health care costs on behalf of the counties collection process. In the past three years, because of the downturn in the economy, approximately $20 million to $23 million per year has been swept from that fund into the General Fund. Any amounts collected over those that were being swept were used to pay bills, usually a few million dollars per year. Again, the fund is most often used for catastrophic highway accidents or other catastrophic events.

Chair Mastroluca:
Mr. Goicoechea has a question.

Assemblyman Goicoechea:
I know the Nevada Association of Counties (NACO) is still tracking how much is owed because of the inability of the IAF to pay. Do you have a ballpark figure of how much that is?

Michael Willden:
We have paid NACO between $60,000 and $100,000 per year to track all those costs. I do not have those figures with me today, but I can provide that information. We are tracking all the claims that come in so that we have them available if there is an economic recovery.

Assemblyman Goicoechea:
But it would be in excess of $100 million or more that we owe the hospitals?

Michael Willden:
Absolutely.

Page 39 includes a chart that outlines areas with upcoming legislation. The first group, titled "County Assessment for Services" lists a number of state services that the *Executive Budget* recommends be eliminated from the General Fund. The state would continue to provide the listed services, which include elder protective services, county match, and consumer health protection, among others, but the counties would be assessed for the costs of these services.

The second list, entitled "State Funding Eliminated," are services identified in the *Executive Budget* proposal that are currently state-funded services that would be eliminated at the state level—these services would neither be paid from the General Fund nor be assessed to the counties. It would be up to the counties to decide whether or not they continue to fund these services.

There will be a substantial number of bill draft requests coming over shortly to deal with the implementation of the *Executive Budget*, and while many of these may only go to a fiscal committee, they may also come to a policy committee or both. This chart is intended to provide awareness that these services are a significant part of the DHHS budget.

The Nevada Association of Counties requested that we estimate the impact, by county, of the cumulative effect of these reductions; this data is included in the charts on pages 40 and 41 (Exhibit G). We are continuing to work with the counties to fine-tune these numbers and will keep the Legislature informed during that process.

Finally, I have included a list of the bill draft requests that the Legislature can expect to see. I know in some cases, hearings have already started on these bills. There is a list of eight policy bills that the DHHS is proposing, which deal with health information technology, adoption assistance, nursing facility rates, and emergency medical services. Another BDR concerning vital statistics was heard yesterday in the Senate Health and Human Services Committee. There are also some proposed revisions for health facilities licensing. The Mental Health Division has a bill that moves client definition and eligibility from statute to regulation, which was also heard in the Senate yesterday. Another bill from the Mental Health Division deals with Lake's Crossing evaluations. As you can see on page 43, these BDRs already have bill numbers assigned to them and they are on their way.

There are 27 other BDRs that we have indentified that will need to be considered to implement various provisions in the *Executive Budget*. Sometimes these bills need to be reviewed by a policy committee for a decision before a fiscal decision is made.

I will end my presentation at this point. This has just been a general overview of the DHHS and what we have identified as the large, general issues this session. I will be glad to answer questions or I can move to my presentation on health care reform.

Chair Mastroluca:
Do any members have any questions on the overview?

Assemblyman Brooks:
I realize that you receive a certain amount of state funding. Does most of your funding come from the federal government?

Michael Willden:
Our department has $6.1 billion of total spending, with $1.9 billion coming from the General Fund. Therefore, about two-thirds of our funding comes from the federal government, fee funding, or from grants that we receive. Most of the remaining approximately $4.2 billion come from federal funding, either through their matching program or from federal block grants we receive.

Assemblyman Brooks:
Is there a lot of money that is going unaccounted for because we are not applying at the federal level or have we done a pretty good job of attracting those funds?

Michael Willden:
Applying for federal grants is always a challenge for our department. We do not have dedicated grant writers to complete the applications. Grant applications fall under the job description of "other duties as assigned." Usually the employee who works with a specific program has the responsibility to manage the program and to apply for the federal grants that perpetuate or expand that program. I think the DHHS does a good job and I can provide you a report detailing the types of grants we receive. We have been particularly aggressive about going after federal dollars to help us implement the federal health care reform provisions. The difficult part in applying for federal grants is that many times they require community partnerships. This can require a lot of background work and data gathering to get those grants completed. I will not say we struggle; we do a good job, but we do leave some grants on the table simply because we do not have the manpower or horsepower to complete them by the application deadlines required by the federal government.

Assemblyman Brooks:
If you had a wish list, would you wish to hire employees to write grants for your department?

Michael Willden:
If there were such a thing as a "wish list," then we absolutely would. Again that is something that has cycled on and off over the years. Our staff does a great job, and community partners often approach us to partner with them to write a grant. We have done this many, many times. There is additional money available. We go through the *Federal Register* every day and look for grant opportunities. Most of the time we can apply, but sometimes we just cannot put it together.

Assemblyman Brooks:
Do President Obama's remarks regarding federal funding of the Community Services Block Grant (CSBG) and the Community Development Block Grant (CDBG) programs affect the monies that are coming through to the state?

Michael Willden:
We have had a long history with the CDBG and other block grants. We receive Title 20 educational block grants. I have been in the DHHS for 35 years, 10 years as the Director. We frequently go through a cycle where someone proposes to write a grant out of the Presidential budget. Specifically with the CSBG, we get zeroed out and it does not pass. We have been zeroed out or 50 percent zeroed out for the past 10 years. We watch it closely, but frankly, I do not lose a lot of sleep over it.

Assemblyman Brooks:
You do not foresee that becoming a reality any time soon.

Michael Willden:
I do not, but maybe in these economic times things might change. Some of the block grants may go away.

Assemblyman Hammond:
I believe the Governor's "State of the State" speech mentioned establishing a grant coordinator. Do you foresee this as something that will help Nevada pick up more of those federal dollars? Are you ready to implement that, if it is passed in this body later on?

Michael Willden:
Yes, a grant coordinator would be helpful. But what is really necessary in order to receive grants is being aggressive and having "boots on the ground." Coordination helps identify and inform us about grant opportunities that are available. But it really comes down to having skilled staff that has the ability to apply for the grants and gather necessary data, as well as having the required partnerships in place. When grants come out, you do not have a year of planning time to get ready for them. When they are announced, you have 30 to 45 days to put your application together and submit it to the federal government. Federal grants are usually competitive; only eight or ten states or even five or six jurisdictions will receive the money. You must constantly be working on having your data available so that when the opportunity arises, you can put together the required information, collaborate with your community partners, and submit the grant quickly.

Assemblyman Hammond:
So you are saying a grant coordinator would be helpful, but you will still need divisional people to work with this position.

Michael Willden:
Absolutely, it will require many boots on the ground in the divisions to make the idea of a single, or even two or three coordinators, work effectively. That process must be permeated into the divisions. Again it is all about having data and partnerships in place when you apply for the grant.

Assemblywoman Pierce:
But even if we get these grants written, many require state matching money. Is that correct? Nevada has not, in the past, stepped up and matched. There is a lot of federal money in Washington and it has Nevada's name on it, but we have not traditionally gone out and gotten it.

Assemblywoman Smith:
Once you write the grant you must have the staff in place and the ability to implement the grant once you receive it, or "boots on the ground." This can be tough in the current environment. There is accountability required, such as reports documenting how the money is spent. My sense is that this is tough to manage in the current environment of state budget and staff reductions.

Michael Willden:
One of the most difficult and frustrating challenges faced by our staff is the Interim Finance Committee approval process. We can apply for grants and receive them, but when we get approval, we are sometimes six months into the first grant year before one dollar of the funds is available to be used by the Department. Many times, our first action with the federal government is to ask for an extension to the grant. That can be frustrating to our federal partners.

Assemblywoman Smith:
I am sponsoring a bill regarding this issue. We discussed it in a budget hearing when we talked about the Governor's proposed grant management unit. We will work together on that bill, because part of my issue is the idea that hiring employees to look for and help apply for grants is only one piece. We must make sure we can streamline the process and get the money out there faster.

Michael Willden:
I think you would get a standing ovation from most of our administrative service officers and grant managers if that process could be improved.

Assemblywoman Smith:
We are trying.

Assemblyman Sherwood:
I would like to support Assemblywoman Smith's comments.

Assemblywoman Pierce:
I would like to reiterate something that was said in the Assembly Government Affairs Committee this morning. Assemblywoman Smith spoke about recent state cuts. I would like to point out that Nevada historically had many more public employees per capita. For instance, if Nevada had the same amount of public employees per capita as it had in 1978, we would have to hire 44,000 government workers. Nevada has been cutting the number of state workers for a very long time; this process did not start only a couple of years ago.

Assemblyman Brooks:
Assemblywoman Smith stated that we do not have the staff to manage federal grants even if we were to receive them. Is it possible to budget for needed staff in the grant application?

Michael Willden:
Yes, we do. When you write a grant, you include staffing, equipment, and those types of things. But there is a time lag from when you win the grant, receive the grant award, conduct a public hearing, go through the Interim Finance Committee approval process, and then get things into the accounting system. This process can take months to complete. We have the ability to hire the staff, but during this process existing staff members have to carry the load of trying to implement the new grant plus work on some other grant or another function of their job. You never get all the horsepower working at the same time because of the delays in the process. The ideal situation would be to apply for the grant, receive the grant award, and then be able to have expense authority so that you can hire the appropriate staff or contractors quickly to get that grant going. Many times it takes four to six months for us to get the first dollar spent.

Chair Mastroluca:
I appreciate the interest in this topic. It shows me that you are all thinking outside the box to find ways to improve the way we do things. I do appreciate the questions, but Mr. Willden now only has 15 minutes to go through his entire federal health care reform presentation. I will stop this discussion now and we can continue it later or you are welcome to contact Mr. Willden off-line to

continue the discussion about grants. Now we will move on to discuss federal health care.

Michael Willden:
I will quickly move to the second handout and be as brief as possible (Exhibit H). I am positive this Committee will be spending a substantial amount of time with this issue. Page 2 of the document contains a chart that can be thought of as the starting point of health care reform in Nevada. This chart details Nevada's insured and uninsured population of about 2.6 or 2.7 million people. By using this data, you can see where Nevadans get their insurance. About 87,000 Nevadans purchase their health insurance from the individual market. Others receive insurance from the small group market—employers who employ 50 or fewer people—or the large group market, which is either fully insured or self-funded like Nevada's Public Employees' Benefits Program or the Culinary Health Fund in Las Vegas. This chart also shows the numbers of people using Medicaid, Nevada Check Up, Medicare, and other public programs, such as county programs. The chart also includes an estimate of uninsured individuals based on census data. There are approximately 19 percent, or 500,000 Nevadans who have no health care insurance.

The intent of the health care reform legislation is to give uninsured Nevadans and uninsured Americans the opportunity to be covered by health care insurance. Largely, the idea is to make the uninsured quadrant or percentage on the pie chart substantially smaller. This would be achieved by moving the uninsured either into the Medicaid program or to allow people, primarily in the individual and small group market, to get more affordable health care through a state health insurance exchange. That is generally what the entire health care reform legislation is about. That is the starting point. The theory is that the number of uninsured—represented by the yellow piece of the pie chart—will get substantially smaller, trending down to 3 to 5 percent. More people will be receiving their health care coverage through the individual and small group market.

Next, I would like to quickly give you some basic information regarding a number of briefing papers DHHS has written on health care reform subjects for policy issues. There are 29 of these papers listed on page 4 and also on our website. You can read them online or we can speak with you in more detail about any of these subjects. The single biggest subject you will need to deal with this session is the health insurance exchange legislation that will be required this year.

The handout also includes reprints from the Kaiser website listing the health care reform implementation timeline. You can find this information at <http://healthreform.kff.org/> and go through the timeline and see every deadline the states will have to meet. There are 92 different initiatives or issues with which we are going to have to wrestle. The list also includes the issues we dealt with in FY 2010. We have a work group that meets every other Thursday to process through all these issues, making decisions and implementing them. We do what we have to do.

We have applied for federal grants to help with this and we have received several health care reform grants. There is a list of issues we must deal with in FY 2011 included on page 8 (Exhibit H). The website expands the detail on this list with a paragraph or two for each item explaining the actions that must be taken. The list continues with action items for FY 2012 through FY 2014.

By January 1, 2014, each state needs to have an operational health insurance exchange format. Along with that, we will be implementing the expanded Medicaid coverage. Medicaid coverage will have to increase, from current guidelines of eligibility, to cover all people falling below 138 percent of the Federal Poverty Level (FPL). We also have to get the exchange running for individuals who are above the 138 percent of FPL. We can work through the federal subsidies and credits that are available under the health care exchange. This will become the place people in the individual and small group markets can shop for affordable health care.

The U.S. Department of Health and Human Services Secretary is required by law to assess each state by January 2013, one year prior to implementation. At that point, they will decide whether Nevada is making adequate progress. If Nevada is not making adequate progress towards implementation, assuming the law is not declared to be unconstitutional, then the federal government will take over the process in the Nevada. Governor Sandoval, and all of those advising him, has said that we do not want that situation to occur. We want Nevada to be in charge of our own exchange. The Governor supports that and we are planning towards that goal.

We are also continuing to work on the belief that parts of the health care reform legislation are unconstitutional. We are part of the *State of Florida v. United States Department of Health and Human Services* lawsuit, but we are working on two tracks: the unconstitutional track which will ultimately be decided by the Supreme Court of the United States, and the planning and implementation track on which we continue to move forward.

Pages 13 through 20 are a brief write-up on some of the issues in implementing the health care exchange. Pages 25 and 26 are extracts from our budget documents. There are several items in the budget dealing with implementing the health insurance exchange. The eligibility engine is a $24 million project that will create the software and linkages needed between the health insurance exchange and Medicaid to help us determine subsidy amounts. About $500,000 of that $24 million project will need to come from the General Fund. There are several initiatives in the Medicaid program that we will have to deal with. Establishing programs to deal with fraud, waste, and abuse will actually save about $8 million over the biennium. There are savings and there are costs, and we are planning and implementing. We are finding every federal grant that we can to help us in that process.

Finally, I included a list of frequently asked questions about health care reform. These are some of the questions the DHHS are frequently asked; you may be receiving the same questions from constituents. If so, the answers are listed on pages 28 through 30. If you find you are frequently asked questions that are not contained on this list, we would be happy to find the answers for you. We are actively engaged in trying to figure out how to implement the health care reform legislation.

Chair Mastroluca:
Are there any questions for Mr. Willden on federal health care reform or other topics?

Assemblyman Anderson:
Can you repeat how to access the research tool you mentioned in your discussion?

Michael Willden:
The Internet link for the Henry J. Kaiser Family Foundation website, which Ms. Combs also referenced, is <http://healthreform.kff.org/timeline>. The implementation timeline tool can be found on page 6 of my presentation on health care reform. The federal government also has a website and we have local websites; but if you are seeking impartial information regarding health care reform, take a look at the Kaiser website. It is a very good tool.

Assemblyman Anderson:
Could you also repeat the reference you mentioned in the previous presentation?

Michael Willden:
Was that our website? Our website is <www.dhhs.nv.gov>, you can find information regarding health care reform there. You can also find it on the

federal website, which is <www.healthcare.gov>. You can also email me and I will give you other websites, but the Kaiser, federal, and state websites are probably the most accurate.

Assemblywoman Pierce:
The questions I get most are about the "donut holes" or gaps in Medicare prescription drug coverage. Starting in 2011, Medicare recipients receive 50 percent of their actual cost of prescription drugs for each person?

Michael Willden:
Correct, and Medicare closes the donut hole over time. By 2019 there is not supposed to be a donut hole.

Chair Mastroluca:
Are there any other questions?

Assemblyman Sherwood:
Does Nevada have the health care professionals needed to handle the jump in Medicaid coverage from approximately 200,000 to more than 600,000 people? There will be more strain and demand. Do we have more supply? If not, what are we doing to solve this problem?

Michael Willden:
That is a difficult question to answer. There are planning grants to deal with this issue. There are workforce grants to develop the workforce that will be needed over time. My simple answer is that Nevada's uninsured population, at present 19 percent, does not currently receive primary and preventative care. This population shows up at an emergency room and receives the most expensive care America or Nevada has to offer. In theory, there should be less emergency care required over time, because that segment of people will be able to receive primary and preventative care. The question remains, is there an adequate supply of primary and preventative care providers out there?

Assemblyman Sherwood:
From what I can see, Quick Care is going to become primary care. It is happening right now. Pediatricians who are retiring because they have reached retirement age are being replaced by CVS MinuteClinics and Walgreens Take Care Clinics who have physicians writing prescriptions and in effect, now become our pediatricians. Are we okay with recognizing that this is watered-down care, but at least it is something? Is that a premise that we are buying into or are we just hoping that this situation will take care of itself?

Michael Willden:
I do not know the answer to that question yet. These are worries that we are looking into. I do have great personal concern as to whether there is enough care available in the community to do everything that will need to be done. I believe the federal government did recognize the need for additional primary care physicians and have given booster payments to the primary care providers to incentivize them. Instead of paying roughly 85 percent of the Medicare rate, we are going to be paying 100 percent of that rate for primary care. So those physicians will have a higher reimbursement rate. That amount is 100 percent paid for with federal dollars during the first two years of health care reform. The question remains, what happens after the first two years? Will we have to contribute state General Fund dollars? I think the entire work force issue needs a lot more thought, research, and attention. Quite frankly, my work group has not yet had the opportunity to deal with this issue.

Chair Mastroluca:
Are there any other questions from the Committee?

Assemblywoman Flores:
I wanted to comment that I am always impressed with Mr. Willden's presentations. I think you are doing an impeccable job for the state. You are an amazing public servant and you have managed to keep DHHS together despite the conditions the state has been under. I was a lobbyist during the 2009 Session and was always amazed at your performance. I wanted to say this on the record, because I am very impressed with everything you have managed to do for us. Thank you.

Michael Willden:
I am probably one of the luckiest men in the world; I love my job.

Chair Mastroluca:
I would like to echo those comments. I will say that I have yet to come across anyone in DHHS that is not professional, polite, courteous, and helpful. That means a lot to this Committee. It amazes me every day that the people that work for you do so much with so little. Every time we come to you and say, "We are sorry, but we are going to have to cut your program again," your staff finds a way to get the work done. That means a lot, not only to us, but more importantly to the people of Nevada. You really are the backbone of this state. Thank you very much.

Michael Willden:
Thank you. I know our staff will appreciate your comments; they work very hard.

Chair Mastroluca:
Is there any public comment? We do not have anyone signed in.

Jeff Fontaine, Executive Director, Nevada Association of Counties:
I also would like to recognize Director Willden for his great work. He has been very helpful to the counties. We understand how difficult a job he has.

I would like to mention a few concerns regarding how the counties participate in health and human services in Nevada. Director Willden spoke about the IAF, the fact that it has been swept for the previous three years, and is proposed to be swept again for the upcoming biennium. It is important to recognize that the counties have the responsibility to care for indigents, to take care of their medical needs. It is not simply a matter of that money being swept, but also a matter of how those counties will be able to pay these bills, and how the hospitals are going to pay for treating the medically indigent. Clark County Commissioner Sisolak informed us this morning that University Medical Center in Las Vegas is in danger of closing due to a lack of funding, although it received about one-half of the money accrued in the IAF.

The counties also participate in the Medicaid match program and delivery of other health and human services here in the state. However, what I would really like to discuss are the proposals to shift much of the responsibility and cost of these services from the state to the counties. This is a fundamental shift—a paradigm shift—in how health and human services are going to be delivered in Nevada. We would respectfully request that, before these shifts take place, that there be thoughtful consideration given and discussion regarding the partnership. At the end of the day, we understand that this is going to potentially save the state money, but the counties cannot afford to take on these responsibilities either. We want to make sure the necessary services are delivered and we want to make sure that it is done at the right level of government.

Chair Mastroluca:
Are there any questions for Mr. Fontaine? Are there any comments from the members before we adjourn? [There was no response.] I would like to thank all of you for making my first meeting quite pleasant.

That concludes our meeting for today. Our next meeting will be Friday at 1:30 p.m. We do have a presentation from the Health Division and two bills to

consider. Please be sure to be here on time so that we may adjourn on time. Please also remember to take time to work with the NELIS system so that you become more comfortable with it.

This meeting is adjourned [at 2:59 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: February 9, 2011 Time of Meeting: 1:34 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Meeting Agenda
	B		Attendance Roster
	C	Allison Combs	Assembly Standing Rules Governing Standing Committees 2011 Nevada Legislature
	D	Allison Combs	Assembly Committee on Health and Human Services 2011 Committee Policies
	E	Allison Combs	Committee Policy Brief
	F	Allison Combs	Common Health Care Acronyms
	G	Michael Willden	NV Department of Health and Human Services Overview
	H	Michael Willden	Health Care Reform presentation