

**MINUTES OF THE
SENATE COMMITTEE ON HEALTH AND HUMAN SERVICES**

**Seventy-sixth Session
May 19, 2011**

The Senate Committee on Health and Human Services was called to order by Chair Allison Copening at 3:47 p.m. on Thursday, May 19, 2011, in Room 2149 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 5100, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Allison Copening, Chair
Senator Valerie Wiener, Vice Chair
Senator Sheila Leslie
Senator Ruben J. Kihuen
Senator Joseph (Joe) P. Hardy
Senator Ben Kieckhefer
Senator Greg Brower

GUEST LEGISLATORS PRESENT:

Assemblyman Tick Segerblom, Assembly District No. 9

STAFF MEMBERS PRESENT:

Marsheilah Lyons, Policy Analyst
Risa Lang, Counsel
Stephanie Robbins, Committee Assistant
Annette Ramirez, Committee Secretary

OTHERS PRESENT:

Bobbette Bond, Health Services Coalition
Chris Bosse, Vice President, Government Relations, Renown Health

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CHAIR COPENING:

We have one measure to hear, Assembly Bill (A.B.) 160.

[ASSEMBLY BILL 160 \(1st Reprint\)](#): Revises provisions governing the financial reports of certain medical facilities. (BDR 40-559)

ASSEMBLYMAN TICK SEGERBLOM (Assembly District No. 9):

I have Bobbette Bond from the Health Services Coalition (HSC) with me. This bill, A.B. 160, adds information the hospitals have to provide to the State, and the State will put this information on their Website. You have a handout ([Exhibit C](#)) showing the information that will be on the Website. In the Assembly, we worked with hospitals to reach a consensus on this matter, and nobody has come forward to say they are against this. I have one technical change in section 1, subsection 1, paragraph (i), after " ... for each hospital," we need to add "with 100 beds or more." That was an agreement we made to exempt the rural hospitals. This is designed for the major hospitals in Las Vegas and Reno.

SENATOR WIENER:

What was changed from the original version of the bill?

BOBBETTE BOND (Health Services Coalition):

The first bill had four sections, and that has been reduced to three sections. The first bill was a really aggressive approach to try to have a lot of corporate reporting come to the State. It also had new requirements the hospitals thought they could not easily do, and they did see the point of them. There was a component that made them report their corporate profits in detail. We had several meetings with them and reduced the bill to these three sections. These sections comprise focusing on information that is already available in the State which is being funneled away in a report to which nobody has access.

There is an existing State transparency Website, and we are adding a link to this Website to the key information. The information on page 3, lines 8 through 13, is already reported by the hospitals to the State. On page 3, lines 14 through 16 requires new information. If there is publicly released profit information about the corporate parent in an annual report, or in a Federal Communications Commission (FCC) filing, they will submit that. The State will provide that as a link on the Website. The information on page 3, line 17, is already provided to

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the State. On page 3, lines 18 through 19, is the Medicare cost report, and line 20 shows a ratio that can be created by data provided to the State.

Two new pieces of information are being reported from the hospitals. One is if they have corporate profits, they will prepare an annual report or provide the FCC filing if it is publicly released.

SENATOR HARDY:
Can you slow down?

Ms. BOND:
I just will just start with what is in the bill, and then we can entertain questions.

SENATOR HARDY:
Could you go back to your explanation of the changes?

Ms. BOND:
In section 1, subsection 1, paragraph (i), there are eight items we are requesting. That is what I was trying to refer to. The information on page 3, lines 8 through 13, is already being reported by the hospitals to the State. Lines 14 through 16 requests new information. If the parent hospital has publicly released information about the profits of the corporation, that information will be linked through the Website. It will not be recreated or reinterpreted, and it will not be required if it is not publicly reported. Page 3, line 17, is information already reported to the State. Lines 18 and 19 request a ratio easily calculated using available data. Line 20 is for the ratio of total costs to charges of the hospital and is already being reported. Line 22 requires information about the average daily occupancy of the hospital and is already being reported. The way lines 18 and 19 are written is supposed to be the Medicare cost-to-charge ratio. It comes in every year from the Centers for Medicare and Medicaid Services, and they know what it is. It is not a new ratio that has to be calculated. That is the content of section 1 of A.B. 160.

CHAIR COPENING:
I have a question about page 3, lines 13 and 17. Are these private hospitals that have to report their net income?

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MS. BOND:
Yes.

CHAIR COPENING:
Was that from something passed in 2009?

MS. BOND:
No. These requirements are in your handout, page 2, [Exhibit C](#), "Net Revenue Income vs. HOA." This is one page of a report the hospitals have to provide every quarter to the State. It comes out of the cost-containment health-care legislation started in the 1980s that built chapter 439 of the *Nevada Revised Statutes*. They have been reporting it for a long time, but it is not in a useful way to determine the dollar amount. Our goal is to try to identify a top hit list of the things most useful without requiring a lot of new information from the hospitals.

SENATOR HARDY:
Can you elaborate on what a HOA is?

MS. BOND:
In the cost-containment report there is a title, "Home Office Allocation" (HOA), and that is the way they were built long ago. This is the amount of money the hospitals send out-of-state or in-state to their parent corporation. In 2007, there was a clarification as to what could go into the HOA, and it is things like their marketing expense, shared computer systems and all expenses they share as a corporate parent that are dollars leaving the State. It is important to see what is leaving the State, and there is a list of why they are leaving the State.

The next changes are on page 4, lines 39 through 42 of A.B. 160. Hospitals currently report the amount of community benefits they provide and their net revenue by hospital. The community benefits are not part of the net revenue report; they are separate reports. In many places, the net revenue and the community benefit are reported together. This ratio is available in public data and would give hospitals some comparison to each other of how much community benefit they are providing based on revenue they have in the State. The community-benefit report was created in 2005, and it is buried in the Division of Health Care Financing and Policy, Department of Health and Human Services, because they do not have the resources to use the data. This is an attempt to make the community-benefit report information more visible.

SENATOR KIECKHEFER:

Would not they back out all expenses before they get to net revenue?

MS. BOND:

That is a really good question. It is the question I started with. I do not think we can get there this Session to figure out what is an accounting report versus an actual financial report. They are different and come from two different streams; one is a balance sheet and one is real dollars. It is complicated to sit down and understand the best way to report.

SENATOR KIECKHEFER:

If they are compiled differently by facility, then for comparison purposes, it would not have any value.

MS. BOND:

It should have value because they are all supposed to be reporting net revenue the same way. They are all supposed to be reporting HOA. The content in HOA is different if they do not have marketing expenses.

SENATOR KIECKHEFER:

What is the value of knowing this information?

MS. BOND:

I can tell you why the HSC is supporting it. We are in favor of more financial transparency. We have found the HOA financial status difficult to understand. If there were more detail attached to it that was easy to access, it would be better. We get a lot of information from the Nevada Hospital Association (NHA) about the big picture of the State, but we do not get any hospital-to-hospital comparisons. We dig through the information ourselves when we get questions about Medicaid, just as a public disclosure, to get more information about how our hospitals are doing financially because they are heavily funded.

SENATOR KIECKHEFER:

So what gives the public such a great right to pry so deeply into their finances if they are private institutions?

MS. BOND:

They are publicly funded, and that is really the reason. The thing that is different with them from Target Corporation or Wal-Mart Stores, Inc. is that

they get a significant share of public funding. That is what created the hospital cost-containment reports in the first place.

SENATOR KIECKHEFER:

Our Medicaid costs are below cost for the most part. Hospitals provide a lot of uncompensated care, and they are forced to take anyone who walks into their emergency room regardless of whether they can pay. I do not understand it, maybe because I have not read the history on this back to the 1980s when this all started.

Ms. BOND:

I think the cost-containment legislation is on the books in almost every state. There is a lot less transparency here than in some states, and there is more here than in some states; we are kind of in the middle in terms of how much information about publicly funded hospitals is available. To your point about the fact they are a private corporation and they should not have to disclose anything, that is not the history of facilities that have received a lot of Medicare and Medicaid funding. While they are not making money now with Medicaid, over time they will. This is a tool to find out how they are doing, and it is a public information tool to see which hospitals are doing well and which ones are not.

SENATOR KIECKHEFER:

When I think of publicly funded hospitals, I think of the University Medical Center or something like that, not necessarily a privately owned hospital.

Ms. BOND:

Page 5 of A.B. 160, lines 11 and 12 address Senator Kieckhefer's and Senator Copeny's concerns about what is in the HOA. That list is definitely more detailed about the HOA. The hospitals are already providing that information, and it is not used. In this list you could see what is going out of state and why. The information on page 5, lines 13 and 14 is already being provided and lists how much money the hospital was paid by Medicare, Medicaid and private and self-funded programs. Page 5, lines 15 through 18 is financial information from the consolidated corporation, and this is new information that would be required if it is publicly available. Page 6, line 8, clarifies that we are trying to get a summary for each hospital of key public data in a form that is readily understandable by a member of the general public.

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Page 6, line 10, states that this information needs to be posted as soon as possible. That is the bill.

SENATOR HARDY:

I do not think you are finished. You still have page 6, line 31 to review.

MS. BOND:

The analysis on page 6, line 31, is already being done and is their existing HOA report. This attachment lists all of the things that go into their HOA. Some hospitals allocate 6 percent, and some hospitals do it based on actual costs; they all do it differently and report how they do it.

SENATOR HARDY:

The hospitals are reporting everything right now except the net income of the consolidated corporation, and they need to make it understandable by a random member of the general public. We are going to put another burden on the hospitals that are already trying to make ends meet by asking them to generate a new report so the HSC can understand it and can compare one hospital to another hospital for ... "question mark."

MS. BOND:

I need to clarify one thing. The Medicare cost-to-charge ratio is the other piece of new information requested. It is reported to every hospital, every year, but it is not reported to the State right now. The whole purpose for us wanting to collaborate with the hospitals is that we are not asking the hospitals to do this work. This is work they are already doing, and we are having it compiled by the State once a year in a one-page spreadsheet. It is not the hospitals' responsibility to go through their own reports; it will happen when the reports come in.

SENATOR HARDY:

What you are describing is that you will be going through reports to analyze this information. This means the hospitals would have to put their existing reports into a different format so somebody else would be able to understand them. Instead of you hiring somebody to understand it, the hospitals would have to hire somebody to make them understandable.

MS. BOND:

We do a lot with this data, and this is an attempt to get something that is publicly more useful than of the reports they are already supplying. The State will provide this key data, and we worked with the hospitals to find out what this data would be. We took out a lot of data they did not think was available, accessible or easy, and we are down to the information that is available, accessible and easy for them. The thing the hospitals like about this is their community benefit and their contributions to the community information will be more visible. That is the information for which they do not get enough attention—the work they do in the community that never gets seen. Having this information as a snapshot of each hospital is good for everybody.

CHRIS BOSSE (Vice President, Government Relations, Renown Health):

Today I am speaking on behalf of the NHA. I want to make sure that we did speak up. We worked together on this bill. The information requested in this first reprint is generally available with a couple of exceptions Ms. Bond mentioned. The information is available and we provide it to the State, and we are generally in support of the revised version of A.B. 160.

SENATOR HARDY:

Will the hospital need to do more work to put this information in the format we are putting into statute?

MS. BOSSE:

It will be another step. Right now, we submit the reports. It will be an additional step to call out specific pieces we have included in the bill.

SENATOR HARDY:

Is that a baby step or is that a step? Is that something where somebody has to work for one-half hour or for two days?

MS. BOSSE:

It is somewhere between the two. Some pieces we are talking about extracting will take a little more labor than others, especially for some of the larger chains that might have corporate information to post. I would argue there might be some investigation and formatting to be done. My sense is there will be some work up front, and then it will be less work in the future.

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SENATOR HARDY:

When we put this information into a way that a random member of the public can understand, somebody will need to convert the lines to make sure it is at fifth- or sixth-grade level reading format.

Ms. BOSSE:

I would argue there are elements we are talking about abstracting that somebody with a fifth- or-sixth grade education will probably not understand no matter how we articulate it. Most likely, those individuals will not be the ones using or caring about the information.

SENATOR KIECKHEFER:

The UMC is included, right?

Ms. BOSSE:

Yes.

CHAIR COPENING:

Let me recap the one change that we have. We are adding additional words on page 3, line 4, of "with 100 beds or more." It will say "Include, for each hospital in this State with 100 beds or more," I will close the hearing for A.B. 160. What is the pleasure of the Committee?

SENATOR WIENER MOVED TO AMEND AND DO PASS AS AMENDED
A.B. 160.

SENATOR LESLIE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATORS BROWER, HARDY AND
KIECKHEFER VOTED NO.)

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CHAIR COPENING:

With no further business to come before the Senate Committee on Health and Human Services, the meeting is adjourned at 4:16 p.m.

RESPECTFULLY SUBMITTED:

Annette Ramirez,
Committee Secretary

APPROVED BY:

Senator Allison Copenig, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 160	C	Assemblyman Tick Segerblom	Handout