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SENATE BILL NO. 21—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE CONTROLLER)

PREFILED DECEMBER 20, 2012

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Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing state financial administration. (BDR 31-379)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
Effect on the State: Yes.

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

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AN ACT relating to state financial administration; making various changes to provisions governing debt collection by the State Controller; providing a uniform rate of interest on certain debt assigned to the State Controller for collection; revising provisions governing refunds of overpayments on debt owed to the State; prohibiting the issuance or renewal of a professional or occupational license to a person who owes a debt to the State; revising provisions governing costs and fees relating to the collection of a debt owed to the State; revising provisions governing money deposited in the Debt Recovery Account in the State General Fund; requiring the State Controller to establish a fee that must be paid by certain payees who refuse to accept an electronic payment of an account payable; setting forth administrative fines that may be imposed under certain circumstances by the Board of the Public Employees' Benefits Program against certain contractors under its program of group health insurance and by the Administrator of the Division of Health Care Financing and Policy of the Department of Health and Human Services against certain contractors under the State Plan for Medicaid; and providing other matters properly relating thereto.



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**Legislative Counsel's Digest:**

Existing law sets forth provisions governing the collection of debts owed to a state agency. (Chapter 353C of NRS) **Section 2** of this bill provides a uniform rate of interest that is applicable to each debt which is assigned by a state agency to the State Controller for collection and which is subject to the payment of interest pursuant to a specific statute or regulation. **Section 3** of this bill provides that the State Controller is not required to refund overpayments on debt owed to the State that are less than \$5 unless the refund is timely requested in writing. **Section 4** of this bill, subject to certain exceptions, prohibits a licensing agency from issuing or renewing any license, certification, registration, permit or other authorization that grants a person the authority to engage in a profession or occupation in this State if the person's name appears on a list of persons who owe a debt to a state agency which is established and maintained by the State Controller. **Section 5** of this bill revises the costs and fees that certain debtors must pay for the collection of a debt owed to the State. **Section 6** of this bill provides that if the State Controller sells a debt after the statutory period for the collection of the debt has expired, the money received must be deposited in the Debt Recovery Account in the State General Fund. **Sections 7 and 8** of this bill establish a process by which an agency may submit a written request to the Interim Finance Committee to contest the determination of the State Controller to deposit certain money collected by the State Controller in the Debt Recovery Account. **Section 9** of this bill requires the State Controller to establish by regulation a fee that must be paid to the State Controller by certain payees that refuse to accept electronic payment of an account payable.

Existing law provides for the establishment of the Public Employees' Benefits Program and for group health insurance to be offered under the Program. (NRS 287.043) **Section 10** of this bill requires a licensed administrator that contracts with the Board of the Program to process or pay claims of vendors or providers relating to such group health insurance to ensure that each such vendor or provider is properly licensed or otherwise legally authorized to do business, and authorizes the Board to impose administrative fines for violations.

Existing law requires the Director of the Department of Health and Human Services to adopt a State Plan for Medicaid and requires the Administrator of the Division of Health Care Financing and Policy of the Department to administer the State Plan for Medicaid subject to administrative supervision by the Director. (NRS 422.271, 422.301) Existing federal law governing Medicaid defines a fiscal agent as a "contractor that processes or pays vendor claims on behalf of the Medicaid agency." (42 C.F.R. § 455.101) **Section 12** of this bill requires a fiscal agent that contracts with the Division to process or pay claims of vendors or providers under the State Plan for Medicaid to ensure that each such vendor or provider is properly licensed or otherwise legally authorized to do business, and authorizes the Division to impose administrative fines for violations.

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

**Section 1.** Chapter 353C of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

**Sec. 2.** *If an agency assigns a debt to the State Controller for collection pursuant to NRS 353C.195 and the debt is subject to the payment of interest pursuant to a specific statute or regulation, interest must accrue on the debt at the rate most recently*



1 *established pursuant to NRS 99.040 beginning on the date of the*  
2 *assignment of the debt to the State Controller, notwithstanding*  
3 *any other rate of interest set forth in the specific statute or*  
4 *regulation.*

5 **Sec. 3.** *The State Controller is not required to draw a*  
6 *warrant to refund an overpayment of a debt which is paid to the*  
7 *State Controller if the amount of the overpayment is less than \$5,*  
8 *unless the debtor, not later than 1 year after the date of the*  
9 *overpayment, submits a written request to the State Controller for*  
10 *payment of the refund.*

11 **Sec. 4. 1.** *The State Controller shall:*

12 *(a) Establish and maintain a list of persons who owe a debt to*  
13 *an agency; and*

14 *(b) Make the list available to each licensing agency.*

15 **2.** *A licensing agency:*

16 *(a) Shall not issue a license to or renew the license of any*  
17 *person unless:*

18 *(1) The licensing agency has confirmed that the name of*  
19 *the person or any other name by which the person has been*  
20 *known does not appear on the list established by the State*  
21 *Controller pursuant to subsection 1;*

22 *(2) If the name of the person or any other name by which*  
23 *the person has been known appears on the list established by the*  
24 *State Controller pursuant to subsection 1, the licensing agency has*  
25 *received satisfactory evidence that the person seeking the issuance*  
26 *or renewal of the license is not the person whose name appears on*  
27 *the list; or*

28 *(3) The licensing agency has received satisfactory evidence*  
29 *that the debt has been satisfied.*

30 *(b) May not be held liable in any civil or criminal action for:*

31 *(1) Refusing to issue or renew a license because the name*  
32 *of the person or any other name by which the person has been*  
33 *known appears on the list established by the State Controller*  
34 *pursuant to subsection 1 and the licensing agency has not received*  
35 *satisfactory evidence that:*

36 *(I) The person seeking the issuance or renewal of the*  
37 *license is not the person whose name appears on the list; or*

38 *(II) The debt has been satisfied; or*

39 *(2) Any other action taken by the licensing agency in good*  
40 *faith to comply with the provisions of this section.*

41 **3.** *The State Controller shall adopt such regulations as the*  
42 *State Controller determines necessary or advisable to carry out the*  
43 *provisions of this section.*

44 **4.** *As used in this section:*



1       (a) *“License” means any license, certification, registration,*  
2 *permit or other authorization that grants a person the authority to*  
3 *engage in a profession or occupation in this State.*

4       (b) *“Licensing agency” means any agency that issues or*  
5 *renews a license.*

6       **Sec. 5.** NRS 353C.135 is hereby amended to read as follows:

7       353C.135   1. Except as otherwise provided in subsection 2 or  
8 by a specific statute, a person who owes a debt of more than \$300  
9 pursuant to this chapter shall, in addition to the debt, pay:

10       (a) ~~¶The~~ *If the State Controller has entered into a contract*  
11 *pursuant to NRS 353C.200 with a private debt collector or any*  
12 *other person for the assignment of the collection of the debt, the*  
13 *amount of the costs and fees ~~actually incurred to collect the debt;~~*  
14 *~~and~~ established in the contract; or*

15       (b) *If the State Controller has not assigned the collection of*  
16 *the debt pursuant to NRS 353C.200:*

17       (1) A fee payable to the State Controller in the amount of 2  
18 percent of the amount of the debt assigned to the State Controller for  
19 collection pursuant to NRS 353C.195 ~~¶~~; and

20       (2) *An amount payable to the State Controller for costs and*  
21 *fees which is equal to a percentage of the amount of the debt*  
22 *recovered. The State Controller shall calculate the appropriate*  
23 *percentage pursuant to this subparagraph that is applicable to the*  
24 *debt by reducing by 5 percentage points the lowest such*  
25 *percentage established in any contract entered into by the State*  
26 *Controller pursuant to NRS 353C.200 that was effective at the*  
27 *time the debt was incurred.*

28       2. The total amount of costs and fees required pursuant to  
29 subsection 1 must not exceed 35 percent of the amount of the debt  
30 or \$50,000, whichever is less. Any prejudgment or postjudgment  
31 interest on the debt authorized by law must not be included in the  
32 calculation of the costs and fees actually incurred to collect the debt.

33       **Sec. 6.** NRS 353C.222 is hereby amended to read as follows:

34       353C.222   1. If the period of limitation for the collection of a  
35 debt set forth in NRS 353C.140 has expired, the State Controller  
36 may, in lieu of requesting the State Board of Examiners to designate  
37 the debt as a bad debt pursuant to NRS 353C.220, sell the debt to  
38 any person.

39       2. *All money received by the State Controller from the sale of*  
40 *a debt pursuant to subsection 1 must be deposited in the Debt*  
41 *Recovery Account created by NRS 353C.226.*

42       **Sec. 7.** NRS 353C.224 is hereby amended to read as follows:

43       353C.224   1. If the State Controller collects any money owed  
44 to an agency from a debtor or receives any money from a private  
45 debt collector or other person to whom the State Controller has



1 assigned the collection of a debt owed to an agency, the State  
2 Controller shall, unless prohibited by federal law, transfer the net  
3 amount of money owed to the agency:

4 (a) Except as otherwise provided in paragraph (c), to the Debt  
5 Recovery Account created by NRS 353C.226 if the debt is owed to  
6 an agency whose budget is supported exclusively or in part from the  
7 State General Fund.

8 (b) Except as otherwise provided in paragraph (c), to an account  
9 specified by the agency if the debt is owed to an agency whose  
10 budget is supported exclusively from sources other than the State  
11 General Fund.

12 (c) If a specific statute requires the money to be deposited in a  
13 specific account or used for a specific purpose, to the specific  
14 account required by statute or to the account from which money is  
15 expended for the purpose specified.

16 2. *If the State Controller is unable to determine where to*  
17 *transfer the net amount of money collected pursuant to subsection*  
18 *1, the money must be deposited in the Debt Recovery Account. If*  
19 *an agency disputes the decision to deposit the money in the Debt*  
20 *Recovery Account pursuant to this subsection, the agency may,*  
21 *not later than 60 days after the money is deposited in the Debt*  
22 *Recovery Account, submit a written request to the Interim Finance*  
23 *Committee seeking its determination of where the money collected*  
24 *pursuant to subsection 1 should be deposited. If an agency fails to*  
25 *submit such a written request timely, the money must remain in*  
26 *the Debt Recovery Account and be used in accordance with*  
27 *NRS 353C.226.*

28 3. As used in this section, "net amount of money owed to the  
29 agency" means the money owed to an agency by a debtor that is  
30 collected or received by the State Controller minus:

31 (a) Any fees owed pursuant to a specific statute to the State  
32 Controller for collection of the debt;

33 (b) Any costs incurred or fees paid by the State Controller to  
34 collect any debt assigned to the State Controller for collection by the  
35 agency; and

36 (c) Any interest on the debt collected by the State Controller  
37 under the terms of an agreement with the debtor, pursuant to NRS  
38 353C.130, for the payment of the debt on an installment basis.

39 **Sec. 8.** NRS 218E.405 is hereby amended to read as follows:

40 218E.405 1. Except as otherwise provided in subsection 2,  
41 the Interim Finance Committee may exercise the powers conferred  
42 upon it by law only when the Legislature is not in a regular or  
43 special session.

44 2. During a regular or special session, the Interim Finance  
45 Committee may also perform the duties imposed on it by subsection



1 5 of NRS 284.115, NRS 284.1729, 285.070, subsection 2 of  
2 NRS 321.335, NRS 322.007, subsection 2 of NRS 323.020, NRS  
3 323.050, subsection 1 of NRS 323.100, subsection 3 of  
4 NRS 341.126, NRS 341.142, paragraph (f) of subsection 1 of NRS  
5 341.145, NRS 353.220, 353.224, 353.2705 to 353.2771, inclusive,  
6 353.288, 353.335, **353C.224**, 353C.226, paragraph (b) of subsection  
7 4 of NRS 407.0762, NRS 428.375, 439.4905, 439.620, 439.630,  
8 445B.830 and 538.650. In performing those duties, the Senate  
9 Standing Committee on Finance and the Assembly Standing  
10 Committee on Ways and Means may meet separately and transmit  
11 the results of their respective votes to the Chair of the Interim  
12 Finance Committee to determine the action of the Interim Finance  
13 Committee as a whole.

14 3. The Chair of the Interim Finance Committee may appoint a  
15 subcommittee consisting of six members of the Committee to  
16 review and make recommendations to the Committee on matters of  
17 the State Public Works Division of the Department of  
18 Administration that require prior approval of the Interim Finance  
19 Committee pursuant to subsection 3 of NRS 341.090, NRS 341.142  
20 and paragraph (f) of subsection 1 of NRS 341.145. If the Chair  
21 appoints such a subcommittee:

22 (a) The Chair shall designate one of the members of the  
23 subcommittee to serve as the chair of the subcommittee;

24 (b) The subcommittee shall meet throughout the year at the  
25 times and places specified by the call of the chair of  
26 the subcommittee; and

27 (c) The Director or the Director's designee shall act as the  
28 nonvoting recording secretary of the subcommittee.

29 **Sec. 9.** NRS 227.185 is hereby amended to read as follows:

30 227.185 1. Except as otherwise provided in subsection 2, the  
31 State Controller shall pay an account payable electronically.

32 2. Upon application of a payee or the payee's representative,  
33 the State Controller may waive the requirements of subsection 1 if  
34 the State Controller determines that the electronic payment of an  
35 account payable would cause the payee to suffer undue hardship or  
36 extreme inconvenience.

37 3. *Except as otherwise provided in subsection 2, the State*  
38 *Controller shall adopt regulations establishing a fee that must be*  
39 *paid to the State Controller by a payee that refuses to accept*  
40 *electronic payment of an account payable. The fee must not*  
41 *exceed the actual cost to the State Controller to process the*  
42 *payment.*

43 4. The State Controller may adopt such *other* regulations as are  
44 necessary or advisable to carry out the provisions of this section.



1     **Sec. 10.** Chapter 287 of NRS is hereby amended by adding  
2 thereto a new section to read as follows:

3     *1. If the Board enters into a contract with a licensed*  
4 *administrator to process or pay claims of vendors or providers*  
5 *relating to group health care offered under the Program, the*  
6 *administrator shall ensure that each such vendor or provider is*  
7 *properly licensed or otherwise legally authorized to do business in*  
8 *this State or the jurisdiction in which the vendor or provider*  
9 *provides services under the Program.*

10    *2. If the licensed administrator authorizes payment to a*  
11 *vendor or provider that is not so licensed or authorized to do*  
12 *business, the Board may, after notice and a hearing, impose an*  
13 *administrative fine against the administrator. The fine must not be*  
14 *greater than \$375 for an initial violation, or more than \$3,000 for*  
15 *any second or subsequent violation.*

16    *3. The Board shall remit any money received by the Board*  
17 *pursuant to subsection 2 to the State Controller for credit to the*  
18 *State General Fund.*

19     **Sec. 11.** NRS 287.0402 is hereby amended to read as follows:  
20     287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*  
21 *section 10 of this act*, unless the context otherwise requires, the  
22 words and terms defined in NRS 287.0404 to 287.04064, inclusive,  
23 have the meanings ascribed to them in those sections.

24     **Sec. 12.** Chapter 422 of NRS is hereby amended by adding  
25 thereto a new section to read as follows:

26     *1. If the Division enters into a contract with a fiscal agent to*  
27 *process or pay claims of vendors or providers under the State Plan*  
28 *for Medicaid, the fiscal agent shall ensure that each such vendor*  
29 *or provider is properly licensed or otherwise legally authorized to*  
30 *do business in this State or the jurisdiction in which the vendor or*  
31 *provider provides services under the State Plan for Medicaid.*

32     *2. If the fiscal agent authorizes payment to a vendor or*  
33 *provider that is not so licensed or authorized to do business, the*  
34 *Division may, after notice and a hearing, impose an administrative*  
35 *fine against the fiscal agent. The fine must not be greater than*  
36 *\$375 for an initial violation, or more than \$3,000 for any second*  
37 *or subsequent violation.*

38     *3. The Division shall remit any money received by the*  
39 *Division pursuant to subsection 2 to the State Controller for credit*  
40 *to the State General Fund.*

41     *4. As used in this section, "fiscal agent" has the meaning*  
42 *ascribed to it in 42 C.F.R. § 455.101.*

43     **Sec. 13.** This act becomes effective on July 1, 2013.

