

SENATE BILL NO. 247—COMMITTEE ON
HEALTH AND HUMAN SERVICES

MARCH 11, 2015

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions governing new construction by or on behalf of health facilities. (BDR 40-981)

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.

AN ACT relating to public health; providing for the expenditure of certain application fees; prohibiting certain expenditures for new construction by or on behalf of a health facility in certain less populated areas without the approval of the Director of the Department of Health and Human Services; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Department of Health and Human Services to collect an application fee from persons who apply for approval of certain projects and services. (NRS 439A.081) **Section 1** of this bill provides for the deposit of those fees and requires those fees to be used to administer the state administrative program relating to health planning and development. **Section 1** also provides that the fees revert to the State General Fund if the money received from the fees collected is not spent 2 fiscal years after the fees were originally paid.

Existing law prohibits a person from spending more than \$2,000,000 or an amount specified by the Department for new construction by or on behalf of a health facility in a county whose population is less than 100,000 (currently all counties other than Clark and Washoe Counties) without the approval of the Director of the Department. This requirement does not apply to construction for purposes unrelated to the provision of health services, renovation and maintenance, a project approved by the Legislature or the construction of a hospital in certain large unincorporated towns that do not already have a hospital. (NRS 439A.100) A person who violates this prohibition is subject to a civil penalty and the rejection of an application for a license to operate a medical facility or the suspension or revocation of such a license. (NRS 439A.310, 449.080, 449.087, 449.089, 449.160) **Section 2** of this bill deletes the restriction concerning counties whose population is less than 100,000 and prohibits any such expenditure, without the approval of the



Director, for new construction by or on behalf of a health facility unless the construction will occur in an incorporated city or unincorporated town whose population is 60,000 or more (currently the Cities of Henderson, Las Vegas, North Las Vegas, Reno and Sparks) or meets one of the other currently listed exceptions. **Section 2** also deletes the exception from this requirement for the construction of a hospital in certain large unincorporated towns that do not have a hospital. Finally, **section 2** requires the Director to consider certain criteria when deciding whether to approve a project.

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

Section 1. NRS 439A.081 is hereby amended to read as follows:

439A.081 1. The Department is the agency of the State of Nevada for health planning and development, and shall carry out the state administrative program and perform the functions of health planning and development for the State in accordance with the following priorities:

(a) Providing for the effective use of methods for controlling increases in the cost of health care;

(b) Providing for the adequate supply and distribution of health resources;

(c) Providing for equal access to health care of good quality at a reasonable cost; and

(d) Providing education to the public regarding proper personal health care and methods for the effective use of available health services.

2. In order to carry out the provisions of this chapter, the Director may:

(a) Delegate the duties of the Director and the Department pursuant to this chapter to any of the divisions of the Department;

(b) Hire employees in the classified service;

(c) Adopt such regulations as are necessary; and

(d) Apply for, accept and disburse money granted by the Federal Government for the purposes of health planning and development.

3. The Department may, by regulation, fix fees to be collected from applicants seeking approval of proposed health facilities or services. The amounts of such fees must be based upon the Department's costs of examining and acting upon the applications.

4. *Any application fees collected pursuant to subsection 3 are not refundable and must be deposited in the State Treasury and accounted for separately in the State General Fund. Any interest and income earned on the money in the account, after deducting any applicable charges, must be credited to the account. Any money remaining in the account at the end of a fiscal year does*



not revert to the State General Fund and the balance in the account must be carried forward to the next fiscal year. Any money remaining in the account that is not committed for expenditure after 2 fiscal years following the date on which the money is paid as a fee reverts to the State General Fund. All claims against the account must be paid as other claims against the State are paid. The money in the account must be used to pay the costs of administering the state administrative program.

5. In developing and revising any state plan for health planning and development, the Department shall consider, among other things, the amount of money available from the Federal Government for health planning and development and the conditions attached to the acceptance of that money, and the limitations of legislative appropriations for health planning and development.

Sec. 2. NRS 439A.100 is hereby amended to read as follows:

439A.100 1. Except as otherwise provided in this section, ~~in a county whose population is less than 100,000,~~ no person may undertake any proposed expenditure for new construction by or on behalf of a health facility in excess of the greater of \$2,000,000 or such an amount as the Department may specify by regulation, which under generally accepted accounting principles consistently applied is a capital expenditure, without first applying for and obtaining the written approval of the Director. The Division of Public and Behavioral Health of the Department shall not issue a new license or alter an existing license for such a project unless the Director has issued such an approval.

2. The provisions of subsection 1 do not apply to:

(a) Any capital expenditure for:

- (1) The acquisition of land;
- (2) The construction of a facility for parking;
- (3) The maintenance of a health facility;
- (4) The renovation of a health facility to comply with standards for safety, licensure, certification or accreditation;
- (5) The installation of a system to conserve energy;
- (6) The installation of a system for data processing or communication; or

(7) Any other project which, in the opinion of the Director, does not relate directly to the provision of any health service;

(b) Any project for the development of a health facility that has received legislative approval and authorization; or

(c) ~~A project for the construction of a hospital in an unincorporated town if:~~

~~(1) The population of the unincorporated town is more than 24,000;~~

~~(2) No other hospital exists in the town;~~



~~_____ (3) No other hospital has been approved for construction or qualified for an exemption from approval for construction in the town pursuant to this section; and~~

~~_____ (4) The unincorporated town is at least a 45-minute drive from the nearest center for the treatment of trauma that is licensed by the Division of Public and Behavioral Health of the Department.]~~

Any proposed expenditure for new construction by or on behalf of a health facility that will occur in an incorporated city or unincorporated town whose population is 60,000 or more.

➤ Upon determining that a project satisfies the requirements for an exemption pursuant to this subsection, the Director shall issue a certificate which states that the project is exempt from the requirements of this section.

3. In reviewing an application for approval, the Director shall:

(a) Comparatively assess applications for similar projects affecting the same geographic area; and

(b) Base his or her decision on criteria established by the Director by regulation. The criteria must include:

(1) The need for and the appropriateness of the project in the area to be served;

(2) The financial feasibility of the project;

(3) The effect of the project on the cost of health care; and

(4) The extent to which the project is consistent with the purposes set forth in NRS 439A.020 and the priorities set forth in NRS 439A.081 ~~1.4~~, *including, without limitation:*

(I) The impact of the project on other health care facilities;

(II) The need for any equipment that the project proposes to add, the manner in which such equipment will improve the quality of health care and any protocols provided in the project for avoiding repetitive testing;

(III) The impact of the project on disparate health outcomes for different populations in the area that will be served by the project;

(IV) The manner in which the project will expand, promote or enhance the capacity to provide primary health care in the area that will be served by the project;

(V) Any plan by the applicant to collect and analyze data concerning the effect of the project on health care quality and patient outcomes in the area served by the project;

(VI) Any plan by the applicant for controlling the spread of infectious diseases; and

(VII) The manner in which the applicant will coordinate with and support existing health facilities and practitioners, including, without limitation, mental health facilities, programs



1 *for the treatment and prevention of substance abuse and nursing*
2 *pools, as defined in NRS 449.0153.*

3 4. The Department may by regulation require additional
4 approval for a proposed change to a project which has previously
5 been approved if the proposal would result in a change in the
6 location of the project or a substantial increase in the cost of the
7 project.

8 5. The decision of the Director is a final decision for the
9 purposes of judicial review.

10 6. As used in this section, “hospital” has the meaning ascribed
11 to it in NRS 449.012.

12 **Sec. 3.** This act becomes effective on July 1, 2015.

