

**MINUTES OF THE
SENATE COMMITTEE ON FINANCE**

**Seventy-ninth Session
May 24, 2017**

The Senate Committee on Finance was called to order by Chair Joyce Woodhouse at 8:18 a.m. on Wednesday, May 24, 2017, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 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 Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Aaron D. Ford
Senator Ben Kieckhefer
Senator Pete Goicoechea
Senator Becky Harris

GUEST LEGISLATORS PRESENT:

Senator Yvanna D. Cancela, Senatorial District No. 10
Assemblyman Nelson Araujo, Assembly District No. 3

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Brenda Erdoes, Legislative Counsel
Jay Kriebel, Program Analyst
Mary Sullivan, Committee Secretary

OTHERS PRESENT:

Brent Husson, President, Nevada Succeeds
Dena Durish, Deputy Superintendent for Educator Effectiveness and Family Engagement, Nevada Department of Education

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Rusty McAllister, Nevada State AFL-CIO

Ron Dreher, Nevada Law Enforcement Association Coalition; Peace Officers
Research Association of Nevada

Mike Ramirez, Las Vegas Police Protective Association Metro, Inc.; Nevada Law
Enforcement Association Coalition

Les Lee Shell, Director of the Office of Risk Management, Department of
Finance, Clark County

Ana Andrews, Administrator, Risk Management Division, Department of
Administration

Jared Busker, Children's Advocacy Alliance

Jon Sasser, Legal Aid Center of Southern Nevada; Washoe Legal Services

Melissa Lewis, Chief, Fiscal Services, Division of Health Care Financing and
Policy, Department of Health and Human Services

Shannon Sprout, Deputy Administrator, Division of Health Care Financing and
Policy, Department of Health and Human Services

CHAIR WOODHOUSE:

I will open the work session on Senate Bill (S.B.) 235.

SENATE BILL 235 (1st Reprint): Provides for the regulation of ticket sales to an
athletic contest or live entertainment event in certain circumstances.
(BDR 52-672)

JAY KRIEBEL (Program Analyst):

Senate Bill 235 as amended revises existing law related to deceptive trade
practices to include a ticket reseller who sells 25 or more tickets for admission
to an athletic contest or live entertainment event. The bill specifies the terms of
a resale; provides refund information and the amount paid by a ticket purchaser;
the reseller shall only sell tickets from a registered place of business or a
Website; the reseller shall not sell tickets until tickets are made available to the
public; the reseller shall not sell tickets not in their possession; the reseller shall
not employ any person to wait in a line to purchase tickets nor offer more than
one copy of the same ticket for resale. A ticket reseller shall not use an Internet
robot to circumvent any portion of the ticket purchasing process or disguise the
identity of a ticket purchaser to obtain tickets exceeding the maximum
allowable amount of tickets. A person violating the provisions of this bill would
be guilty of a gross misdemeanor if the value of tickets sold is less than
\$1,000 or a category D felony if the value tickets sold is more than \$1,000.

The Office of the Attorney General was in opposition to section 18 of S.B. 235 which establishes a toll-free hot line and a Website for the filing of a complaint related to a suspected violation. Fiscal notes for the bill as introduced were submitted by the Office of the Attorney General, the Department of Business and Industry and the Nevada State Athletic Commission. Each submitted fiscal note indicated no fiscal impact.

Testimony in support of S.B. 235 included the Vegas Golden Knights, Smith Center for the Performing Arts and Live Nation Entertainment. Testimony in opposition included StubHub, the Event Ticket Marketing Association, Nevada Ticket Brokers Association, Vivid Seats and the Office of the Attorney General. Neutral testimony included Bravo Tickets, Alfredo Alonso representing the Vegas Golden Knights, William Horne representing StubHub and Samuel McMullen representing the Event Ticket Marketing Association. Each provided amendments to S.B. 235. The bill will be effective October 2017.

CHAIR WOODHOUSE:

Senate Bill 235 was controversial. The amended bill under consideration today is the result of negotiations over the past couple of months.

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 235.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR WOODHOUSE:

I will open the hearing on S.B. 343.

SENATE BILL 343 (1st Reprint): Requires the Secretary of State to collect and report information related to gender equality in the workplace.
(BDR 18-990)

ALEX HAARTZ (Principal Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

The Committee heard S.B. 343 on May 12. The bill as amended requires the Secretary of State to design and conduct an annual survey of businesses which are applying for or renewing a State business license. The survey would be conducted for the purposes of collecting data and information related to issues of gender equality in the workplace.

There was testimony offered in support by the Nevada Commission for Women and Caesar's Entertainment Corporation. There was no testimony in opposition. Neutral testimony was provided by the Office of the Secretary of State.

The sponsors' proposed amendment would direct the Office of the Secretary of State to work in consultation with the Nevada Commission for Women on the content of the survey, and to design and conduct a survey of businesses in Nevada for the purpose of collecting data and information related to gender equality in the workplace. The survey shall be offered to businesses with operations and employees in Nevada through the Secretary of State's business portal. The survey is voluntary and would be completed with new and renewing businesses licenses. If completed, businesses must attest to the truthfulness of their responses under penalty of perjury. The Secretary of State shall design and begin conducting initial surveys before January 1, 2018. This Act becomes effective July 1, 2017 and expires by limitation on December 31, 2022.

SENATOR HARRIS:

The amendment represents discussions relating to an appropriate administrator of the surveys. Every business in the State is in contact with the Secretary of State, which provides an opportunity to complete the surveys in a fair and cost-effective manner.

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED
S.B. 343.

SENATOR DENIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR WOODHOUSE:
I will open the hearing on S.B. 414.

SENATE BILL 414 (2nd Reprint): Revises provisions governing the taxation of certain property owned by nonresidents. (BDR 32-935)

MARK KRMPOTIC (Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

Senate Bill 414 was heard by the Committee on May 4 and was presented by Senator Scott Hammond. The bill would provide an exemption from personal property tax for an exhibit used at a convention or trade show located in the State. Exemptions would also apply to display exhibitions in carnivals, circuses or other exhibits of a transient nature located in the State for not more than 30 days.

A fiscal note was submitted by the Department of Taxation and estimated a potential loss of sales tax to the State. This is the \$0.17 State portion of taxes that goes towards paying the State's general obligation debt. There may also be impact to the \$0.75 rate used to fund K-12 education.

Supporting testimony was provided by representatives of the international market centers and individuals. There was no opposing or neutral testimony

SENATOR FORD MOVED TO DO PASS AS AMENDED S.B. 414.

SENATOR HARRIS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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CHAIR WOODHOUSE:
I will open the hearing on Assembly Bill (A.B.) 495.

ASSEMBLY BILL 495: Makes a supplemental appropriation to the Division of Emergency Management of the Department of Public Safety for a projected shortfall for activities related to reimbursements for the 2017 floods. (BDR S-1171)

MR. KRMPOTIC:

Assembly Bill 495 appropriates funds from the General Fund to the Division of Emergency Management, a sum of \$70,387 for a projected shortfall in setting up a joint field office with the Federal Emergency Management Agency on flood reimbursements related to the 2017 floods. It is a supplemental appropriation and is effective upon passage and approval. Staff has no suggested adjustments to the bill.

SENATOR KIECKHEFER MOVED TO DO PASS A.B. 495.

SENATOR PARK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY

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CHAIR WOODHOUSE:

I will open the hearing on A.B. 496.

ASSEMBLY BILL 496: Makes a supplemental appropriation to the Office of the Secretary of State for a projected shortfall related to credit card processing fees. (BDR S-1168)

MR. KRMPOTIC:

Assembly Bill 496 is a supplemental appropriation in the amount \$598,200 from the General Fund to address a projected shortfall in the Office of the Secretary of State related to credit card processing fees. Staff has no suggested adjustments to the bill. It is effective upon passage and approval.

SENATOR FORD MOVED TO DO PASS A.B. 496.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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VICE CHAIR PARKS:

I will open the hearing on S.B. 497.

SENATE BILL 497 (1st Reprint): Creates the Advisory Task Force on School Leader Management. (BDR S-332)

SENATOR WOODHOUSE:

Senate Bill 497 creates an Interim Advisory Task Force on School Leader Management. During this Interim, I served as a member of the Legislative Committee on Education (LCE). Several recommendations were presented by Nevada Succeeds' working group known as What's Next Nevada?. The group is made up of Legislators and nearly all of the State's education stakeholders. One of the group's recommendations calls for a task force to study and make recommendations for a system on school leader management.

The LCE affirmed this concept by unanimously supporting S.B. 497 for your consideration. The proposed task force would include four Legislators and would be similar to a task force which met during the past Interim to study educator professional development. The bill requires the task force to study issues relating to the Nevada Educator Performance Framework for School Administrators as a foundation to link and align systems of school leader recruitment, preparation, certification, compensation, evaluation and professional development. The task force must prepare a report detailing its activities and recommendations by May 31, 2018. The report will be submitted to the Governor, the State Board of Education and the Legislature.

This measure has a fiscal note from the Department of Education (DOE) in the amount of \$5,472 to cover meeting and travel expenses. I suggest the DOE absorb the costs of meeting expenses by providing videoconferencing.

With greater responsibilities placed at the school level and consequently greater demands assumed by school principals, more needs to be done to prepare, equip, develop and retain those principals. Senate Bill 497 creates a task force dedicated to studying and recommending best practices for the development of a school leadership system in Nevada.

BRENT HUSSON (President, Nevada Succeeds):

The What's Next Nevada? project was made up of approximately 60 members from across the State who represented all aspects of the education community;

teachers, administrators, support staff and business and community organizations. We met five times over the course of five months for full days to discuss issues related to improving education in Nevada. There are three recommendations relating to S.B. 497. The first is teacher pathways which is being addressed by Clark and Washoe Counties. The second is creating climate and cultures supporting great teaching and is being addressed in the reorganization of the Clark County School District. The third is principal talent alignment.

Senate Bill 497 is designed to address principal talent alignment. Leadership is a critical component to success in our schools. In the current public education system, there is little alignment between and among administrator recruitment, administrator preparation, licensure process, professional development or compensation models. Therefore, policy making becomes more of a guessing game with anecdotal evidence than a system of promoting what actually works and makes schools successful for students. This bill would give Legislators a tool to more fully understand areas of misalignment; to receive recommendations for rectification; to study the impact misalignment has on student achievement and to highlight areas for the State to increase professionalism in a way that translates to student achievement.

It is our hope that in the Eightieth Session of the Legislature, S.B. 497 will provide the information needed to act effectively and responsibly in aligning these types of systems. This bill also provides a process that engages the professionals it impacts to help insure against negative unintended consequences. It also speaks to what I hope will become the norm in educational policy development discussions, which is to bring educational professionals to the conversations about their profession. It is important to engage educators in policy discussions about the trajectory of their profession.

The overall goal of What's Next Nevada? was to effect systemic changes allowing policy makers to be more effective when the gap between policy and implementation is exposed. Senate Bill 497 will have an impact on the professionalization of the principal and administrator roles in Nevada.

DENA DURISH (Deputy Superintendent for Educator Effectiveness and Family Engagement, Nevada Department of Education):
We support S.B. 497 and will remove the fiscal note as requested by Senator Woodhouse.

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VICE CHAIR PARKS:

I will close the hearing on S.B. 497.

CHAIR WOODHOUSE:

I will open the hearing on A.B. 267.

ASSEMBLY BILL 267 (2nd Reprint): Revises provisions governing industrial insurance. (BDR 53-650)

ASSEMBLYMAN NELSON ARAUJO (Assembly District No. 3):

Assembly Bill 267 provides that if an employer, insurer or third-party administrator denies a claim for compensation for occupational diseases suffered by firefighters, arson investigators or police officers and the claimant ultimately prevails, the party denying the claim would be required to pay a daily benefit penalty and medical costs incurred by the claimants. The bill would limit the dissemination and usage of physical examinations preformed on firefighters, arson investigators and police officers suffering from cancer, lung and heart disease. The bill also exempts these individuals from the requirement that an occupational injury and/or disease must incapacitate an employee for at least five cumulative days within a 20-day period from earning full wages.

A fiscal note has been added to A.B. 267 by the Department of Administration, but I am working to make an adjustment. A conceptual amendment has been offered to address the fiscal note ([Exhibit C](#)). Section 4, subsection 10 would be amended to provide that if an employer, insurer or third-party administrator denies a claim that was filed pursuant to this section and the claimant ultimately prevails, the Administrator "may" rather than "shall" order the payment of a benefit penalty up to \$200 a day. Section 4, subsection 10.5 of A.B. 267 also would be amended. The section states, the Administrator shall review any claim filed under the provisions of *Nevada Revised Statutes* (NRS) 617.455 that has been in the appeals process for longer than six months to determine the circumstances for delays in processing the claim. The Department of Administration will discuss further considerations addressed in their fiscal note.

RUSTY MCALLISTER (Nevada State AFL-CIO):

Assembly Bill 267 addresses issues we have been working on for many years. There are only two sections in NRS that have conclusively presumed benefits for diseases of the heart and lungs as suffered by firefighters, arson investigators and police officers. Though statute outlines conclusively presumed

benefits, we continue to face denials of claims. The processes can extend for long periods of time.

A retired police officer from Churchill County has testified in earlier hearings. He was diagnosed with heart disease before he retired. His claim was denied while he was employed. He had to retire because of his medical condition, and he has been working for acceptance of his claim for three years. During this time, he has had to pay for all of his medical expenses out of pocket. His doctors do not expect him to live much longer.

Assembly Bill 267 would impose a penalty on those insurers and third-party administrators who frivolously deny these claims. The conceptual amendment would give the Administrator of the Department of the Division of Industrial Relations (DIR) of the Department of Business and Industry the ability to impose a penalty up to \$200 per day in the event of either a willful or a frivolous denial. If a delay is the fault of a claimant or his or her attorney, the Administrator can deny the benefit penalty. This is an attempt to make the process fair to all parties. We also ask that for any claim filed under provisions of heart or lung disease, the Administrator review appealed cases pending in excess of six months. The Administrator will review for the proper administration of the claim and the circumstances surrounding the delay.

Another issue addressed in A.B. 267 is the proper dissemination of employees' health records. Section 3 outlines employees' rights and the appropriate distribution of results of their physical examinations.

Section 2, subsection 1 addresses the required number of days to establish eligibility for compensation. Firefighters, arson investigators and police officers work varying shifts. For example, a firefighter who works 24-hour shifts and is diagnosed with a heart condition will need medication for the rest of his life, and yet, if he returns to work without taking five 24-hour shifts off, his claim for disability will be denied. Because he works 24-hour shifts, he will have to take 20 full days off work to qualify. This section applies only to provisions of a cancer, heart or lung claim.

SENATOR KIECKHEFER:

Can you further explain the 20-day period requirement? Clark County has submitted a fiscal note which addresses denials for claims. Are these denials based on the required incapacity of employees for at least 5 cumulative days

within a 20-day period? Is this the basis for the Department of Administration's fiscal note?

MR. McALLISTER:

No. The Department's fiscal note applies to the provisions of the \$200 per day benefit penalty. The estimated cost of \$200,000 per year represents 1,200 days of denied claims which seems excessive. Another \$160,000 is estimated by the Department for up-front medical costs.

Clark County denies claims if an employee does not miss work for five days. They reason that an employee is not disabled if the employee does not have to take time off the job. In our opinion, this would apply under the provisions of an injury but not under the provisions of an occupational disease. For example, an employee can be treated for heart disease or skin cancer and return to work.

We recommended that our members who have a diagnosis take time off of work in order to qualify for benefits.

SENATOR KIECKHEFER:

The claims for the disability are continuous in terms of coverage for treatment. Is that correct?

MR. McALLISTER:

Yes.

SENATOR KIECKHEFER:

How many cases are you aware of that have not been resolved after six months?

MR. McALLISTER:

I do not have an exact number. One officer who has been diagnosed with atrial fibrillation has more than \$110,000 in medical bills. The insurance company will not pay because it is a workers compensation issue. His claim was denied by workers compensation and is in the review process. He cannot retire until the issue is resolved, or he will be responsible for all his medical costs.

SENATOR KIECKHEFER:

Where is the claim adjudicated? Where is the delay? We should fix the process.

MR. McALLISTER:

The insurer has 30 days to accept or deny a claim. A hearings officer with the DIR rules on the denial and either party can appeal the decision. From there, the case can go to a district court. An appeal to the court may be remanded to the hearings officer. The process allows many opportunities for an insurer to delay a final decision. Employees are caught in the middle.

SENATOR KIECKHEFER:

The worker files a claim. The insurer, not the employer, denies the claim.

MR. McALLISTER:

Many employers such as local governments are self-insurance and are the party denying claims.

SENATOR KIECKHEFER:

After a claim is denied, the delay is in the process and not necessarily because of the employer. Who will the benefit penalty apply to if the claim is ultimately allowed?

MR. McALLISTER:

Nevada Revised Statutes outlines the requirements. Assembly Bill 267 addresses only those conditions in statute. Claims continue to be denied in violation of statute. In the case of the Churchill County police officer, the County has all of his medical records, and they know he will die in the next three to six months.

SENATOR HARRIS:

With regard to section 5, subsection 15, the benefit penalty would be charged to the insurer. In some cases, if a local government is self-insured the local government would be charged. Who are the third-party administrators?

MR. McALLISTER:

Some entities employ third-party administrators to manage claims.

SENATOR HARRIS:

If the employee cannot collect from his or her employer, the third-party administrator would be liable. Is that correct?

MR. MCALLISTER:

For example, if a self-insured local government employs a third-party administrator who is responsible for denying a valid claim the third-party administrator would be liable.

SENATOR HARRIS:

Ultimately, the court will make the decision. Assembly Bill 267 allows for pursuing three entities depending on the administration of the insurance.

MR. MCALLISTER:

The Administrator of the Division of Industrial Relations would make the determination.

SENATOR HARRIS:

What is the average timeframe to adjudicate a claim?

MR. MCALLISTER:

Some types of claims take more time. Recently, claims relating to atrial fibrillation have been denied by certain insurers.

SENATOR HARRIS:

Returning to section 5, subsection 15, if a hearing is requested, payment is required of all medical costs associated with the occupational disease which are incurred from the date the hearing is requested until the date on which the claim is adjudicated. If an employer, insured or the third-party administrator is entitled to collect, they are entitled to recover the amount of money that was paid. Is that money going directly to the firefighter or police officer? Will it be held in escrow pending resolution of the claim?

MR. MCALLISTER:

The benefit penalty applies to the cost of medical care. After an initial denial and filing of an appeal, from that point forward the insurer is responsible for covering medical costs. If the insurer ultimately prevails they would be reimbursed for their expenditure.

SENATOR HARRIS:

Who would reimburse the insurer?

MR. MCALLISTER:

A health insurance program could bill the workers compensation insurer.

SENATOR HARRIS:

I am concerned about an injured employee who has been incurring medical costs over a period of time. Under this bill, insurers are required to pay these costs. If, ultimately, the claim is denied the employee will be responsible for reimbursing the insurer. I would like some clarity about the process. Who is ultimately responsible for medical bills if the employer and insurance company prevail?

MR. MCALLISTER:

Provisions of NRS 616C.138 deal with the interaction between insurers and responsible parties.

SENATOR HARRIS:

As I read the statute, there is not a way for an insurance company to reimburse itself. I will do more research.

SENATOR GOICOECHEA:

My interpretation of reimbursement in section 5, subsection 15 of A.B. 267 applies to the \$200 benefit penalty. The subsection reads, "If the employer, insurer or third-party administrator, as applicable, ultimately prevails, the employer, insurer or third-part administrator, as applicable, is entitled to recover the amount paid pursuant to this subsection in accordance with the provisions of NRS 616C.138." They would be able to recover the \$200 benefit penalty.

MR. MCALLISTER:

The penalty is imposed by the Administrator of the DIR only in the event that the claimant prevails. If the insurer is administering the claim appropriately, there will be no benefit penalty. If the insurer prevails, there would be no benefit penalty.

The dispute about payment of medical bills will be between workers compensation insurers and health insurers. In any case, when a claimant prevails, one insurer or the other will be responsible for payment.

SENATOR GOICOECHEA:

I am reading the bill to allow for the imposition of a \$200 per day benefit penalty before the claim is finally adjudicated. Is that correct?

MR. MCALLISTER:

No. The intent is not to have the Administrator impose a benefit penalty prior to the final adjudication of the claim. Once the claim is adjudicated and if the claimant prevails, then a benefit penalty would be imposed. The claimant would not be responsible to repay any funds because they would not have received any funds. The insurer would be responsible for medical costs.

RON DREHER (Nevada Law Enforcement Coalition; Peace Officers Research Association of Nevada):

We support A.B. 267 as amended. The Churchill County police officer's case illustrates the need for this legislation. His condition is not covered by workers compensation, and he is paying his bills through his health insurance. His appeals have been repeatedly denied. If the officer's claim prevails, the benefit penalty will be paid to his insurer.

There is supposed to be a conclusive presumption, and it has not been in certain cases.

SENATOR HARRIS:

I am concerned about unintended consequences. The language of A.B. 267 may allow insurers to bill the insured for reimbursement.

MR. DREHER:

The language could be made more clear.

MIKE RAMIREZ (Las Vegas Police Protective Association Metro, Inc.; Nevada Law Enforcement Association Coalition):

We support A.B. 267.

LES LEE SHELL (Director of the Office of Risk Management, Department of Finance, Clark County):

We oppose A.B. 267. Our primary concern is the removal of the disability period. Our fiscal note is the result of a review of current claims, some of which were denied but would qualify for benefits under A.B. 267.

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DAGNY STAPLETON (Nevada Association of Counties):
We oppose A.B. 267. Our members have expressed concerns about the impact on all of Nevada's counties.

ANA ANDREWS (Administrator, Risk Management Division, Department of Administration):

The fiscal note submitted by our office is based on denied claims in calendar years 2014, 2015 and 2016. We found the number of days that would qualify for the benefit penalty and multiplied by \$200. The yearly average cost over the three targeted years is approximately \$245,000. Ours is an internal service fund budget. Our operational budget is funded by State agencies. The Budget Office sets the rates; in this case, it would be workers compensation. Those costs are passed on to State agencies. We reviewed medical bills received on the denied claims in the same three years and found a yearly average of approximately \$160,000.

The fiscal note was submitted because we may experience a budget shortfall and be required to go to the Interim Finance Committee for funds. Our office is working with the bill's sponsor to resolve the issue.

SENATOR KIECKHEFER:

As an internal service fund, do you apply your workers' compensation rate equally across all agencies? Are there enhancements for certain categories of employees such as fire and law enforcement, people who would benefit under A.B. 267.

Ms. ANDREWS:

We apply the same rate to all agencies. Cost allocations have been discussed because there are three departments using benefits the most.

CHAIR WOODHOUSE:

Would the conceptual amendment presented today have an impact on your fiscal note?

Ms. ANDREWS:

I have not had a chance to review the conceptual amendment. We will review it and contact Committee staff.

ASSEMBLYMAN ARAUJO:

I will continue to work with the sponsors of the fiscal note for resolution.

CHAIR WOODHOUSE:

I will close the hearing on A.B. 267 and open the hearing on S.B. 325.

SENATE BILL 325: Revises provisions governing medical assistance to certain children. (BDR 38-941)

SENATOR YVANNA D. CANCELA (Senatorial District No. 10):

Senate Bill 325 is an important bill for our most vulnerable Nevadans, children. The Children's Health Insurance Program Reauthorization Act (CHIPRA) included a new option for states to provide Medicaid and CHIP coverage to children who are lawfully residing in the United States, including those in the first five years of having certain legal status. To date, 31 states have opted to allow legally residing children to enroll in CHIP coverage without waiting five years. This bill would allow Nevada to take advantage of the program. Previously, federal law required a five-year waiting period before many legal residents were permitted to enroll in Medicaid and CHIP. Senate Bill 325 would give the Department of Health and Human Services the authority through the CHIP program and ensure access to basic health care. We have worked to reduce the fiscal note. I have submitted a conceptual amendment ([Exhibit D](#)).

JARED BUSKER (Children's Advocacy Alliance):

Nevada has made strides in providing medical insurance coverage. The uninsured rates for children have fallen from 14.9 percent in 2013 to 7.6 percent in 2015. This was the largest decrease of any state in the Nation. However, the rate remains higher than the national average of 5 percent.

To continue making gains, Nevada has the opportunity to draw federal funds to provide health coverage to lawfully residing immigrant children. In Nevada, only a specific group of qualified immigrant children are currently eligible for public health insurance programs, Medicaid and Nevada Check-up. They are required to wait five years for eligibility. The five year wait period is removed under CHIPRA. This means that legally residing immigrant children in Nevada would be able to receive coverage and enable them to access vital medical care as soon as they are enrolled.

According to estimates from the Georgetown Center for Children and Families, accepting the CHIPRA option could potentially help 7,000 uninsured children living in Nevada. We know that children who have access to health care are more likely to receive preventive care, miss fewer school days, perform better in class and are more likely to graduate. Senate Bill 325 will provide long-term benefits that cannot necessarily be quantified.

JON SASSER (Legal Aid Center of Southern Nevada; Washoe Legal Services):
In my experience at the Legislature, the important part of fiscal notes is not so much the numbers as it is the assumptions behind the numbers. The original fiscal note to S.B. 325 was \$38 million. This number represented state and federal spending. The number was based on several assumptions. One was that all 7,000 children would apply and be qualified on day one of the fiscal year and remain qualified for the entire fiscal year. The updated fiscal note recognizes this is not the way things work. There is usually a ramp-up period for new programs. The total in anticipated state and federal costs are \$26 million over the biennium. Another assumption is that a majority of the children would use the traditional Federal Medical Assistance Percentage (FMAP) which is approximately \$0.35 on the dollar of State General Fund and \$0.65 federal. However, CHIPRA encourages states to sign up eligible children and offers an enhanced federal match rate of 98.84 percent. Only one cent on the dollar will be paid by the State. The updated fiscal note recognizes this reality. State expenditures in the first year will be \$102,000 and will generate nearly \$9 million in benefits for children. State expenditures in the second year will be \$199,000 and will generate \$18 million in benefits.

Statute requires that anyone regardless of immigration statutes who presents at an emergency room is covered by Medicaid. The State estimates in the updated fiscal note that \$1.5 million is spent to cover emergency care for children who will be covered under S.B. 325. The \$1.5 million was removed before the final calculation at the 98.84 percent based on the assumption that these children will not be taken to the emergency room upon the effective date of this bill. Changes in behavior do not take place overnight. It would make sense to add the \$1.5 million back into expenditures and calculate at the 98.84 percent margin. This would result in enough savings to cover the fiscal note. The State would be paying for emergency services at \$0.01 on the dollar rather than \$0.35 on the dollar. It is possible to enact this legislation without a fiscal note.

A conceptual amendment offered by Senator Cancela considers the possibility that the U.S. Congress does not continue the 98.84 percent match. In that case, Nevada would not take advantage of the program. We would lose nothing if Congress does not continue the program. On the other hand, if Congress does continue the program, and we do not enact S.B. 325 we would lose a chance to cover 7,000 children whose only option is to go to the emergency room when they are sick.

SENATOR GOICOECHEA:

Can you explain the parameters on the term "lawfully residing?"

SENATOR CANCELA:

The term includes persons fleeing persecution, humanitarian immigrants, green card holders, refugees and asylum seekers, Cuban and Haitian entrants, people who are paroled in the U.S., people who have temporary protected status, people who have deferred and forced departure, people under deferred action and special immigrant juveniles who are usually survivors of violent situations.

MELISSA LEWIS (Chief, Fiscal Services, Division of Health Care Financing and Policy, Department of Health and Human Services):

Senate Bill 325 would expand eligibility for CHIP to provide medical coverage to children under the age of 19 who have been lawful residents of the State for less than 5 years. Providing potential for medical coverage to more children in low-income families. In review of the guidance from the Centers for Medicare and Medicaid Services on the enhanced federal match for these services the Division has revised its estimation of the fiscal impact of the bill. The total impact would be \$26.9 million over the biennium however, there would be no increased need for State General Fund. This is a result of the emergency medical expenditures offset that would have been paid at the historic FMAP rates. If the Affordable Care Act (ACA) is repealed, State General Fund would be required at 100 percent for this population.

SENATOR KIECKHEFER:

You have presented us with three options relating to the fiscal notes. Can you explain?

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SHANNON SPROUT (Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services):

The option presented today applies to the bill as written ([Exhibit E](#)). A second option applied only to individuals in Medicaid and not in CHIP. One option applied only to those who were pregnant.

SENATOR KIECKHEFER:

The enhanced rate applies to all categories, Medicaid, CHIP and TANF/CHAP. Is that correct?

Ms. SPROUT:

Yes.

SENATOR KIECKHEFER:

Is the enhanced rate included in the ACA, or is it another part of federal law?

Ms. LEWIS:

It is in the ACA and the CHIPRA.

SENATOR KIECKHEFER:

Is it included in the American Health Care Act of 2017?

Ms. LEWIS:

I do not know.

MR. KRMPOTIC:

Ms. Lewis stated that the revised fiscal impact is calculated to include coverage of children up to the age of 19. The bill includes coverage for children up to age 21. Would an amendment be required?

Ms. LEWIS:

The Centers for Medicare and Medicaid Services guidance allows for coverage to the age of 19.

SENATOR CANCELA:

I will adjust the conceptual amendment to allow for coverage up to age 19.

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CHAIR WOODHOUSE:

I will close the hearing on S.B. 325. I will open the work session on S.B. 235. Earlier today we voted on the original version of the bill. We have distributed the First Reprint of S.B. 235 for the Committee's consideration.

SENATOR FORD MOVED TO RESCIND THE PREVIOUS ACTION TO AMEND AND DO PASS S.B. 235.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

* * * * *

SENATOR FORD MOVED TO AMEND AND DO PASS AS AMENDED S.B. 235.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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MR. HORNE:

We appreciate the sponsor's willingness to work on S.B. 235 but have not had the opportunity to read the adopted amendment.

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CHAIR WOODHOUSE:

Seeing no further public comment, I will adjourn the hearing at 9:42 p.m.

RESPECTFULLY SUBMITTED:

Jan Brase,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	7		Attendance Roster
A.B. 267	C	2	Rusty McAllister / Nevada State AFL-CIO	Conceptual Amendment
S.B. 325	D	1	Senator Yvanna D. Cancela	Conceptual Amendment
S.B. 325	E	3	Shannon Sprout / Division of Health Care Financing and Policy	SB 325 Fiscal Note