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

Eighty-First Session
April 26, 2021

The Committee on Health and Human Services was called to order by Vice Chair Sarah Peters at 1:34 p.m. on Monday, April 26, 2021, Online and 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/App/NELIS/REL/81st2021.

COMMITTEE MEMBERS PRESENT:

Assemblywoman Rochelle T. Nguyen, Chair
Assemblywoman Sarah Peters, Vice Chair
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Annie Black
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Lisa Krasner
Assemblyman Andy Matthews
Assemblyman David Orentlicher
Assemblywoman Shondra Summers-Armstrong
Assemblywoman Clara Thomas
Assemblywoman Robin L. Titus

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Pat Spearman, Senate District No. 1
Senator Dina Neal, Senate District No. 4
Senator Fabian Donate, Senate District No. 10

STAFF MEMBERS PRESENT:

Patrick Ashton, Committee Policy Analyst
Karly O'Krent, Committee Counsel
Nick Christie, Committee Manager
Terry Horgan, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Erik Jimenez, Senior Deputy Treasurer, Office of the State Treasurer
Cody Phinney, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services
Robert Thompson, Deputy Administrator, Program and Field Operations, Division of Welfare and Supportive Services, Department of Health and Human Services
Connor Cain, representing Nevada Bankers Association
Kendra G. Bertschy, Deputy Public Defender, Washoe County Public Defender's Office; also representing Clark County Public Defender's Office
DaShun Jackson, Director of Children's Safety and Welfare Policy, Children's Advocacy Alliance
Tiffany Tyler-Garner, Ph.D., Executive Director, Children's Advocacy Alliance
Gillian Block, representing Nevada Coalition of Legal Service Providers
Alyssa Cortes, Program Associate, Silver State Equality
Joanna Jacob, Government Affairs Manager, Clark County
Kelly Crompton, Government Affairs Manager, City of Las Vegas
Beth Slamowitz, PharmD, Senior Policy Advisor on Pharmacy, Department of Health and Human Services
Mary Liveratti, representing AARP Nevada
Stacie Sasso, Executive Director, Health Services Coalition
Maya Holmes, Healthcare Research Manager, Culinary Health Fund

Vice Chair Peters:
[Roll was called. The Vice Chair reminded Committee members, witnesses, and members of the audience of Committee rules and protocol.] We have three bill hearings this afternoon and have allocated equal time for testimony in support, opposition, and neutral after each bill introduction. Each person providing testimony is allowed to speak for a maximum of two minutes. We will limit the overall length of each testimony period to 20 minutes and begin with the hearing on Senate Bill 188 (1st Reprint).

Senate Bill 188 (1st Reprint): Establishes programs for certain persons of low-income and persons in foster care. (BDR 38-711)

Senator Pat Spearman, Senate District No. 1:
According to Prosperity Now, nearly 13 percent of households in Nevada have income below the federal poverty level, which is $12,880 for an individual and $26,500 for a family of four in 2021. In addition, credit and debt are significant problems. Nearly one in three consumers with credit and credit card debt borrows more than 75 percent of his or her total credit limit. One in four Nevadans has an account in collections. Fewer than one in two consumers, 47 percent in the state, has prime credit, so credit and debt issues can lead to harmful financial decisions such as relying too heavily on alternative, often predatory, financial products. Approximately one in four Nevada households is considered to be "underbanked." That means that, despite having a checking or savings account, they rely on nonbank alternative financial services like check cashers, payday lenders, or pawn shops to make ends meet.

Senate Bill 188 (1st Reprint) aims to help low-income Nevadans accumulate assets, become more financially literate, and achieve specific financial goals. The legislation seeks to bring hope and opportunity to low-income Nevadans by creating the Individual Development Account (IDA) Program. Qualifying residents will be able to save and grow their money through matching funds to enhance their financial security. The IDA Program will provide those who need help the most an opportunity to save money to go toward postsecondary education, starting a new business, buying a home, or investing in various other categories. Enhanced financial capability will enable IDA participants to improve their overall financial well-being and build a foundation for continued economic success and realize a new level of security to fall back on in difficult times.

Here is a summary of the bill. At a high level, the bill provides for the establishment of the IDA Program in Nevada. The Program is based on a similar initiative in Oregon. Sections 15 through 25 require the Office of the State Treasurer to solicit gifts, grants, and donations to carry out the Program and establish the Program if sufficient money is obtained. Section 20 authorizes the Office of the State Treasurer to select one or more fiduciary organizations to administer the money in the Program and to distribute a portion of the money to the Department of Health and Human Services foster care licensing agencies and housing authorities to provide instruction in financial literacy to account holders. If the Program is established, section 21 provides qualifying criteria to be an account holder. Specifically, a person must be a resident of Nevada; 12 years of age or older; a tenant of a housing project in the state, a Medicaid recipient, or a foster care provider who creates an account for a child in his or her care.

The bill helps the account holder's balance grow because for every dollar deposited by the account holder, the fiduciary organization deposits up to $5 in matching funds and up to $3,000 in any 12-month period. Sections 2, 36, and 38 prohibit Medicaid, each local housing authority, and the Nevada Rural Housing Authority, respectively, from considering money deposited into an IDA to be income when determining a person's eligibility for the respective programs. Sections 5 through 14 of the bill create the Nevada Statewide Council on Financial Independence. The Council is responsible for developing statewide priorities and strategies to help people who receive public assistance or social services to increase their financial independence, coordinating with certain state agencies, and overseeing the IDA Program if it is established.

Finally, section 33 requires the State Treasurer to ensure that instruction and training in business opportunities and any benefits available to certain business enterprises are provided to tenants or local housing authorities, the Nevada Rural Housing Authority, and certain nonprofit organizations. To help the State Treasurer accomplish these goals, S.B. 188 (R1) in section 32 authorizes the Office of the State Treasurer to appoint and employ a deputy of financial literacy and security.

This is a bill designed to help people who are currently receiving social services to lift themselves up out of poverty. Currently, for people who are receiving SNAP [Supplemental Nutrition Assistance Program] and other benefits, there is a threshold. Many cannot have a bank account. Their car has to be under a certain age. The bill also addresses the financial insecurity of those who are coming out of the foster care system. Right now, when someone ages out at age 18, one minute after midnight, that person is no longer in the system. What this bill is designed to do is provide an IDA for them as well. It will help them, or someone who wants to help them, deposit money into this account so when they age out of the system, they have some money. They can get an apartment, they can go to community college, they can go to a four-year college, or to a trade school or technical training—all those things. The people this bill is designed to help are people who want to do better in their lives and for their families, but the system is not designed for them to get out. It is designed to keep them in and perpetuate poverty.

People a lot of times say things about people who are on welfare, low-wealth individuals who are in need of some type of social service. Many times you will hear people like us begrudge them and say things like, Oh, they do not want to do this or they do not want to do that; and they should do this, they should do that. Well, this bill is designed to help them do exactly what people say they should do. If you want to buy a house, that is difficult when you cannot have a savings account. This bill will allow them to do that. If you want to start a small business but you cannot have a savings account, it is difficult to do, but this bill will help you do that. This bill is designed to fill the gaps for people who are in low-wealth communities who find themselves in a situation where they need help.

Mr. Erik Jimenez from the Office of the State Treasurer is here to help copresent. Your positive consideration for this bill means that those Nevadans who want to lift themselves up—and many times you hear "lift themselves up by the bootstraps," but the people they are talking about do not even have boots—this bill is designed to help them do that. It is a fiscally responsible and fiscally sound way to help our brothers and sisters who need the help. I am a Christian, so I read the Bible as part of my daily meditation. The Person I follow, the Carpenter, said these words: "What you have done to the least of these, you have done it unto Me."

Erik Jimenez, Senior Deputy Treasurer, Office of the State Treasurer:
Individual Development Accounts are matched savings accounts that allow residents with lower incomes to save for a defined goal without losing access to essential programs like Medicaid and housing services. Throughout the country, IDAs have helped to increase the financial literacy and management skills for people in disadvantaged communities while also helping them build pathways out of poverty. We know, and the 42 states that have programs like this around the country know, that participants are 35 percent more likely to own a home, twice as likely to attend an institution of higher learning whether that is a two-year, a four-year, or a trade school, and 84 percent more likely to start their own business.

In the State Treasurer's Office, we currently manage the Nevada ABLE [Achieving a Better Life Experience Act] Savings Program, which allows people who are differently abled to save money without losing access to much-needed benefit programs. This program, the ABLE Program, is literally life-changing for people when we set up accounts for them. When people know they can save for a defined goal and not lose access to their benefits, the possibilities are endless for them. Senate Bill 188 (1st Reprint) would further the impactful work our office is engaged in every day by helping marginalized communities gain access to the financial vehicles they need to advance their economic mobility.

In his State of the State address, Governor Steve Sisolak emphasized the importance that increasing Nevada's share of federal grant funding will play in our economic recovery. By directing our office to work collaboratively with other agencies, including the Department of Health and Human Services (DHHS), we can identify sources of grant funding that are going to be necessary to ensure that these low-income residents have the tools they need to be a part of that recovery. In addition to bringing more federal dollars back home to Nevada, we can also work to stand up a vital savings option for tenants of low-income housing, Medicaid recipients, and foster youth across the state.

Individual Development Accounts have proven to be valuable tools for people who are looking to buy a home, pursue higher education, or even start their own business. Similarly, by ensuring these individuals do not lose access to these benefit programs, we can provide pathways out of poverty while still maintaining that vital social safety net. I want to thank my friend from Senate District 1 for her tireless efforts along with the Legal Aid Center of Southern Nevada and the Nevada Bankers Association for working on this bill with us. It has been about two years in the making, but we are really excited.

Vice Chair Peters:
Are there any questions from the Committee?

Assemblywoman Black:
I think this is an interesting program, and I like the concept. If you want to help people lift themselves out of poverty, you want to start as soon as possible, so why restrict this only to postsecondary and not K-12?

Senator Spearman:
It is not restricted to postsecondary. We are talking about foster care children; the children in K-12, their education is taken care of. Once they age out of the foster care system, that is when they need help.

Assemblywoman Black:
I feel these disadvantaged children would be served greatly by being able to go through a private K-12. Do you not see any positive benefit to that?

Senator Spearman:
If you are in a foster care home, your needs are taken care of. If you are in the system, your educational needs are taken care of. In this bill, when we say two-year, four-year, or trade or technical school, we are identifying a problem that exists for those who have spent either their whole life, or the majority of their lifetime, in the foster care system. Once they age out, they have nothing. We are not ignoring K-12; their needs are taken care of. Those who are age 18 and above, they are the ones who need the help and that is why this bill addresses two-year, four-year, trade, or technical schools.

Assemblywoman Black:
If you maybe struggled in K-12, and I know a lot of school districts are struggling and the children coming out of them are struggling, it is going to be hard to get them into a trade school or a college. To me it seems as though you would want to give them a jump start earlier on than in college.

Senator Spearman:
Some of my colleagues are meeting right now on the second floor to try to address those needs. Again, when people age out of the system, they need financial security. That is why we have specifically said two-year, four-year, trade, or technical. This does not ignore K-12, but that is a group whose needs are currently being taken care of by public education. The ones we are concerned with right now, once they are 18, their needs are not taken care of. This bill is designed to help them have financial stability so if they want to go to college or trade or technical school, they can do this. I am not sure why you are asking about K-12 when their needs are taken care of and we are talking about foster care children who age out of the system, so maybe I do not understand your question.

Assemblywoman Black:
I am asking because our kids are some of the lowest-ranked in the nation.

Vice Chair Peters:
I am going to interrupt there because I think we are talking about two different issues, the one that is being dealt with by a couple of other bills and the one we have presented today. All of us are here to ensure that our students are getting the best education they can, wherever they end up, but that is a different issue than what we are talking about today. I will move on to another Committee member's question.

Assemblywoman Summers-Armstrong:
Mr. Jimenez, it is good to hear that we have support from the Office of the Governor on something like this. What is the difference between what this bill will do and what the ABLE Program does?

Erik Jimenez:
This bill would create a similar type of structure to that currently available for people with disabilities—having the ability to save without losing access to benefits. This would provide a similar program for Medicaid recipients, tenants of low-income housing, and foster youth. The goals are similar. Where this would differ is this would require a match, so if funding were made available for this program through outside sources, every dollar that a Medicaid recipient, a tenant of low-income housing, or a foster youth saved would be increased, so their savings would go further.

Assemblywoman Summers-Armstrong:
With the ABLE Program, you already have a group of nonprofits and other organizations that help with that program. Are you looking to have those same folks help with this program or are you looking to broaden that and have other organizations, if there are any, help you manage it? One thing I found interesting when I read the bill is the financial literacy portion. When Senator Spearman speaks about people not having banking services, we know how detrimental that can be in poor and underserved communities. I find that extremely helpful. One thing many of us forget is that these things are taught. You do not learn these things in the air. Personal financial literacy is not something we just pick up on the sidewalk. We have to be taught. That is so critical. Do you have any organizations identified already? What is the structure of that education and what would it look like?

Erik Jimenez:
To answer the first part of your question, this is a different program and it is going to require an all-hands-on-deck approach. That is why the section establishing the Nevada Statewide Council on Financial Independence is so important. There are sections of the bill that reference a fiduciary organization. That would be a nonprofit that would be selected, so that would differ from the types of organizations we deal with in the ABLE Program.

To your second question, financial literacy is going to be a key component in making sure these folks have access to all the tools they need to save. That is why in section 21, subsection 2 of the bill, someone who is 12 years of age or older can qualify for this. Not only are you saving, but you have access to the financial literacy services that exist to make sure you are maximizing your ability to do so. I do not think the curriculum for that has been determined. A lot of that will rest with the Council on Financial Independence, but any suggestions you have on what that may need to look like, we are happy to make that happen.

Assemblyman Matthews:
Thank you for the presentation. I was going to ask about section 25, subsection 1 where it spells out the responsibilities of the fiduciary organization, including providing that instruction in financial literacy. What do you imagine the scope of that instruction would be?

Also, how will we ensure that the fiduciary organizations are qualified to provide that type of instruction? Could you flesh that out a little more?

Erik Jimenez:
The types of financial literacy may differ based on the population being served. When we started to craft this bill, we thought it was very important to make sure it was as broad as possible to ensure that if we had buckets of funding that came in, we could help serve defined groups. Right now, there is federal funding for IDA Programs for Medicaid recipients who are also refugees. There are buckets of funding available for tenants of low-income housing and for foster youth. I think the financial literacy curriculum is going to depend on what type of population is being served and that may be a different fiduciary organization for each of those populations. We do not know, but I do think it is important. We worked with Senator Kieckhefer in the last committee on health and human services to flesh out the roles and responsibilities of that. We are primarily concerned with making sure that there are enough assets in the accounts, in the trust essentially, to make sure you could cover the matching funds. Also, part of that would be a thorough vetting by the Treasurer's Office and then bringing it to the Council on Financial Independence on what that financial literacy curriculum looks like.

Senator Spearman:
That is not going to be codified in the statute. What we want to do is have the Council look at what the population needs. One population may need more information about housing; someone trying to start a small business may need more information about that. We are providing the template and everything inside is fluid.

Assemblywoman Benitez-Thompson:
I think I heard you mention that there are special programs for refugees. It sounds as though you can do savings and then that income is not reflected as income they have to report for the loss of benefits from Medicaid. What portion of income are we going to disregard or not count in terms of eligibility for Medicaid?

Erik Jimenez:
I think we need to get someone from DHHS to verify this, but the assets in the account, including the match, would not go against someone's Medicaid eligibility. There are some federal statutes governing IDAs, and this bill is modeled after that. We are not trying to go above and beyond what is allowable currently under federal law.

Assemblywoman Benitez-Thompson:
So, on the assets portion, it would not be on all assets, but specific to if they had this particular type of savings account, but not other kinds of savings accounts. It would have to specifically be this IDA savings account. That is the piece that federally, Medicaid does not have to count when looking at eligibility or ongoing eligibility.

Senator Spearman:
For illustration, someone is in public housing and the ceiling for their income is $500. This bill does not even consider that. It is separate and apart. If they have $5,000 in their account, it cannot be counted against eligibility. The account is for them to be able to save, to pull themselves up and out. In the housing organizations they are a part of or Medicaid, they do not even consider that. This does not even exist as far as eligibility is concerned.

We wanted to do it that way because if we do not, there is a disincentive to save because many of the social services you need, just like those who are differently abled, if you make two cents above that and you lose that service, you have no safety net.

Assemblywoman Benitez-Thompson:
It is called an absolute poverty line.

Whenever we talk about Medicaid or those programs, there is so much that the state can do and so much that the federals allow us to do, so I am trying to see what the federal path we have to walk might be. They just have to specifically have the IDA and then the IDA can be funded at any amount. There is no cap on it that would trigger a piece where it becomes a countable asset. It can be any amount, it sounds like.

Vice Chair Peters:
I believe we have Cody Phinney with Nevada Medicaid on Zoom. She may be able to answer this question.

Cody Phinney, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services:
Medicaid eligibility is managed by the Division of Welfare and Supportive Services within the DHHS. They have a whole branch who are experts on this. It is my understanding that this bill was created to work within those federal regulations in existence. I would be happy to contact our partners that handle eligibility, if that would be helpful to you.

Assemblywoman Benitez-Thompson:
If someone from the Division of Welfare and Supportive Services becomes available, I can wait to ask them. I had some questions such as whether we need to ask it on the application. They might have to indicate that they have an account, but would they need to disclose an amount, or would it just be double-checked on the back end with the State Treasurer's Office? As a licensed social worker who has sat with people getting through that 16- to 20-page Medicaid application, knowing all the things they are asked about, and which income can be counted or not counted, it is a tricky equation, and I have questions about how that might look on the front end. I have other questions about the board that I could ask the bill's sponsor for legislative intent.

On the board, there will be 11 members and I see that the Attorney General will be on the board. How do you see the attendance by the Attorney General or his or her designee playing out in this conversation?

Senator Spearman:
Each person who is identified as recommended to be on the board is for a specific reason. The Attorney General comes in because of some of the legalities that will take place.

Assemblywoman Benitez-Thompson:
The other board members seem obvious. You have GOED [Governor's Office of Economic Development] on there, I imagine, for industry and workforce perspective. The Department of Education is on there as a board member. When you get to the five additional appointees that the State Treasurer gets to appoint, the first three listed—nonprofit housing or rural housing with a reference to *Nevada Revised Statutes* Chapter 315—the goal is someone from the low-income or public housing program. That is what you are getting at. You do not necessarily have a preference for one of those three as long as it is one of those three.

Senator Spearman:
That is correct. As we thought about this, it was a matter of who needed to be in the universe to make sure not only that the program is successful, but we want the participants to be successful as well.

Assemblywoman Benitez-Thompson:
My last question is for the Treasurer's Office. Talking about these savings funds we create and set up, there is always a conversation about when it becomes solvent. Also, since these are individual accounts, at what point can an individual make withdrawals from the account? Typically, these dollars are leveraged for investments, so I do not have an idea how fluid these will be or what the time frame will be for them to access the account? In addition, when the accounts are accessed, what would the allowable usages be? Typically, when we see ABLE accounts or prepaid or 529s, those types of savings accounts come along with very specific usages for withdrawals. Could you give us an idea of what those look like, on the record?

Erik Jimenez:
It is important to note how these accounts differ a little bit from ABLE accounts. When someone goes to a fiduciary organization and says that they want to set up an individual development account, when they set one up, it is for a defined goal. The tenant of low-income housing, Medicaid recipient, or foster youth would have to say, I am saving for a car, or I want to buy a house, or I want to start a small business. That is where the fiduciary comes into play in also offering financial literacy services, so the account is not designed to exist in perpetuity. Obviously, anything that is saved by a person with an account while still eligible for these benefits, the funds are able to be used. The goal here is to have them save for a defined goal and then have a pathway out, so it differs per account, and the board can flesh out a lot of these details.

In terms of the float and the assets on it, I do not know how much we expect at first for assets to come in. It is not our position here to be using this as a tool to try to gain a lot of investment returns. The real key is making sure people have the tools necessary to save, so from a cash flow perspective, we would want them to save, find defined goals, and have money in/money out very quickly.

Assemblywoman Benitez-Thompson:
A house is a bigger, long-term commitment, so that would be the education with this person: If we start down this path, you cannot turn around and pull out the savings in a month or in two months; you keep marching down this path until that goal is realized. If that goal is not realized, would there be a date in which the person could pull out their investments, or their savings?

Erik Jimenez:
That is the intent—for them to be flexible. There is another section in the bill which designates the eligible uses. You know how ABLE accounts have very specific uses they can be used for; there is a list of things these accounts can be used for here. Housing costs includes rental costs. Maybe someone is trying to move into a bigger apartment and needs savings for that. It could be transportation—a car. It could be a piece of technology that will enable you to work from home, or higher education costs. Let us say that some unforeseen circumstance happened—how can the fiduciary organization and the nonprofit work with that account holder to make sure that person could find a use for those dollars?

Assemblywoman Benitez-Thompson:
I think that is section 22, the one I am looking at, so really, it would be up to that individual and their fiduciary manager to define more specifically what it means under each one of these in terms of allowable uses. For short-term uses like rent, people could pull out money quickly, correct? Someone has saved up for a year, COVID-19 hits, and now I need help supplementing my rent, but let us say they defined it as saving for a house. Would there be an ability for them to pivot with those savings and say, Could I change my plan from saving for a house to rental assistance? Would the account be flexible and let them do that or would they be like 529 accounts that are for one purpose only and you cannot pivot to different types of uses? I am trying to gauge that out on the record.

Erik Jimenez:
I am glad we are clarifying this for the record because it is helpful. The intent here is to be flexible because unforeseen circumstances happen. The intent of this is not to operate like a tax-advantaged 529 account. There are reasons that type of account is inflexible because it is in the tax code. For this, if it is a reasonable expense and that account holder is working with their provider and is doing the financial literacy, they should be able to use that for a different goal. Maybe their goal has changed. Maybe when they got into it and started saving, they thought they needed one thing but in reality they needed a new car to get a new job. I think it is important to meet them where they are. This is important because we are setting up the structure to allow that to happen.

Senator Spearman:
This whole idea was incepted because once upon a time, our family needed this kind of help. You are stuck. You cannot save; you have to have a [unintelligible]; she cannot have

a newer car. Those sorts of things are part of the system that keeps people down. The other thing we know about the system is that it keeps people in poverty in ways that they cannot get out of. We do know that usually happens to members of BIPOC [Black, indigenous, and people of color] communities, so establishing something like this helps to lift them up to the place where some of their peers are and maybe exceed. We did not put a lot of restrictions on it because it is really designed as, "What do you need?" Vice President Harris said on one occasion that most families, if they have a $400 emergency that month, then they would see a significant drop in terms of their financial stability. So you will see here throughout, some of the things they can use. We are trying to provide some type of financial stability for people who really want to do that, but right now are operating in a system that is restrictive.

Assemblywoman Thomas:
Thank you for bringing this bill forward. I think it is a good bill; I like it. I want to know the foundation. Earlier, I heard about the inception of the program, and I want to know if you had a pilot program two years ago or was it a structural program in how it is going to work. I want to know if there were focus groups or anything like that. How did you arrive at these options, particularly the age of 12? How did you come up with that?

Senator Spearman:
This is a bill I brought last session, but we could not get it out of the Senate. I do know that people in poverty cannot wait for a two-year study. I had the idea and talked to Erik Jimenez about it. He knew of some other states that had done this. Together, we looked at it and modeled this bill after those that were successful. With respect to a focus group, my focus group is low-wealth communities and watching what is going on. That has been amplified during COVID-19 because right now even those who were not low-wealth, a lot of them are struggling as well.

We based it upon what is working now and what I know people who are in these types of situations need. It has always been ridiculous to me that children who age out of foster care—it is bad English—"Ain't got nothing." That is ridiculous and it leaves them open—especially the girls, the women—it leaves them open and vulnerable to human trafficking. Why are we sitting back saying, Oh it is such a shame, such a shame. If all you want to do is talk about it and not be about it, then you should stop talking about it. This is really about—here is the problem, how do we solve it?

Erik Jimenez:
This type of program is modeled after that of 42 other states. The age requirement is based on a lot of those programs, particularly the Oregon program. We know this program works. We know the participants are far more likely to own a house, to get out of a rental situation, to start their own business. For our state, we know we have different challenges and different needs. Last session, we had looked at different financing mechanisms to try to do a more robust program. Until we can get the board operational and get this program up and running, the next two years will probably serve as that pilot program. Hopefully, we will be able to see what some of the gaps are and what types of communities need it most.

Senator Spearman:
One of the things that is not explicit but implicit for anyone who has been looking at the economic situation of many people in America, this is also an opportunity for members of BIPOC communities to establish a baseline for generational wealth, as opposed to generational poverty.

Vice Chair Peters:
Mr. Jimenez, you said earlier that there are already 42 states that have this kind of program, so the pilot programs have been running, just not at a cost to our state. With that, we have someone from DHHS on the line who may be able to answer Assemblywoman Benitez-Thompson's questions.

Robert Thompson, Deputy Administrator, Program and Field Operations, Division of Welfare and Supportive Services, Department of Health and Human Services:
I am available, but I was not prepared for this meeting.

Assemblywoman Benitez-Thompson:
Some of my questions were to flesh out for the record to make sure we had a good understanding of how the accounts would work with Medicaid. It sounds as though we do not want to foul up or create any concerns around federal rules for the assets contained in the IDA accounts. One of my questions was whether there was a ceiling or any federal rules around a ceiling for the amount of assets that could be put into the account that we need to be aware of.

Robert Thompson:
There are no asset tests for the modified adjusted gross income (MAGI) budgeting of Medicaid, so there is never a consideration of assets for MAGI budgeting. For Medicaid for aged, blind, and disabled, there are asset tests, but to my understanding these assets in the IDA accounts are exempt from being counted.

Assemblywoman Benitez-Thompson:
Thank you so much. So, if someone is doing the Medicaid application or we have professionals who are working with someone doing these applications, they would ask the person whether he or she had an IDA account. If the person replied, "yes," do they need to disclose that anywhere on the Medicaid application or would the application not even ask about it?

Robert Thompson:
The Medicaid application is going to ask them if they have any assets. Usually people are going to answer and tell us. Our staff would then not count those assets, or if they specified that it was an IDA account, we would just pass over it.

Assemblywoman Benitez-Thompson:
Then any dollars used from the IDA account—properly, for their intended use—in no way would ever come back to be considered to be Medicaid fraud. If dollars got used improperly, would there have to be a look-back about whether it should have been income?

Robert Thompson:
You are accurate. There would not be a negative impact to the Medicaid program by approving the IDA account program.

Vice Chair Peters:
Thank you so much, Mr. Thompson. With that, I do not see any other questions, so we will move on to support testimony. As a reminder, we are limiting testimony to 2 minutes and support testimony will be a total of 20 minutes.

Connor Cain, representing Nevada Bankers Association:
I am testifying in support of S.B. 188 (R1). I would like to recognize and thank Senator Spearman for bringing this very important piece of legislation. I would like to echo her remarks stressing the importance of helping low-income Nevadans and other vulnerable members of our community accumulate assets, become more financially literate, and achieve their financial goals.

As an aside, Senator Spearman mentioned how many Nevadans are underbanked, and that is really important. If you have just a few hundred dollars in your bank account, it can make all the difference in the world if something unexpected happens. If you get a flat tire on your way to work, you might not be able to get to work. That means you could lose your job and find yourself in a position where you cannot support your family. Beyond being ready for the unexpected, which is what this bill is about, we support efforts to establish this IDA Program for the reasons Senator Spearman and Mr. Jimenez focused on. We want Nevadans who are receiving public assistance to have the opportunity to achieve a higher level of education or purchase their first home. We believe this bill would help them to work toward that, and therefore, it is very important. Also, Assemblywoman Summers-Armstrong and Assemblyman Matthews, we appreciate the interest both of you have in financial literacy. We believe it is critical, and this bill outlines part of the process to make sure folks receive financial literacy instruction. We would be happy to be at the table and help develop curriculums or do anything else we can. Again, I appreciate the opportunity to testify in support of S.B. 188 (R1), and we would encourage all of your support.

Kendra G. Bertschy, Deputy Public Defender, Washoe Public Defender's Office; also representing Clark County Public Defender's Office:
I am testifying today for my office, the Washoe County Public Defender's Office, as well as for John Piro with the Clark County Public Defender's Office. We want to thank Senator Spearman for bringing forward this bill. We supported it last session as well and hope it will make it into law this session.

As many members of this Committee know, we unfortunately need to protect our most vulnerable citizens, especially those who were previously in foster care. There are a disproportional number of children who are in the foster care system who then enter into the juvenile justice system, as well as all those who do not have the means. We believe this will help prevent that foster-care-to-prison pipeline and provide those who need it the most—our most vulnerable citizens—with the financial means and an ability to, hopefully, not enter into the criminal justice system in their future. We really appreciate this bill.

Vice Chair Peters:
Please queue up the phone line for support testimony for S.B. 188 (R1).

DaShun Jackson, Director of Children's Safety and Welfare Policy, Children's Advocacy Alliance:
The Children's Advocacy Alliance would like to stand in support of S.B. 188 (R1) and also thank Senator Spearman. As a former foster youth who aged out of the system in Nevada, I believe this bill is essential to not only the growth and development of youth transitioning out of the system but sustainability. This bill will provide them with the opportunity to not only save but build for their future. As you have already heard, many foster youth as they transition out of the system do not necessarily have those supports that other folks who have not entered the system have. They lack financial stability. They often lack family stability, so this allows that cushion and also allows for those youth, like me, to have opportunities that other youth do not have. It also provides a safety net which does then prevent them from entering the correctional facility or the homeless population.

Tiffany Tyler-Garner, Ph.D., Executive Director, Children's Advocacy Alliance:
You have already heard from my colleague, DaShun Jackson, who spoke about the impact of this legislation on foster youth. I am calling to speak to some of the earlier questions that arose during the hearing. In particular, I want to note that there is a wide body of research regarding what are called "benefits cliffs." People face benefits cliffs when they receive public benefits from the government, earn some income, and then discover they make too much to receive the benefits but are not making enough to sustain themselves in their households. This approach will go a long way toward mitigating that, not only as we grapple with generational poverty where folks have found themselves caught in that perpetual cycle of dependence in some respects, but also situational poverty which is on the rise right now.

As we consider the power of this legislation, I hope we are looking at its impact for a number of Nevada households and asking that we not put folks in a situation where they are trying to save to get out of poverty—by either furthering their education or preparing for housing stability—by asking them to choose between saving to get out of it and whether they will have current coverage or current housing, because our policies are in conflict. From a broader perspective, I hope that what we are considering as we weigh this is, can we foster pathways for folks to really get out of poverty? We are not asking them to choose between financial literacy and its practices that we hope they will more broadly adopt because we say, "Why are you not saving," but when they do, we put them in a situation where they would lose health care coverage or lose housing because we have not thought through the conflicts in our policy across systems or across programs.

I would underscore and say "ditto" to what DaShun Jackson said and thank the sponsor, Senator Spearman, but ask that we consider that this is a larger issue that has had a number of articles published about it. There have been a number of other states that have adopted approaches to mitigate the impact of benefits cliffs, including what happens when you ask people to save or participate in training or get a job at a higher wage, and then they lose things like housing assistance or Medicaid assistance before they are at a place where they are fully independent enough to not rely on those resources. I hope we will put it in that larger context, and I thank you for any consideration you might give to this legislation. I want to note that this kind of practice will go a long way toward transitioning folks from safety nets because we are thinking through policy conflicts.

Gillian Block, representing Nevada Coalition of Legal Service Providers:
The Legal Aid Center of Southern Nevada and Washoe Legal Services represent 100 percent of children in the child welfare system. We support S.B. 188 (R1), and we would like to thank Senator Spearman and the Treasurer's Office for bringing it. We believe this is an important measure that will make a difference for our clients in foster care.

Alyssa Cortes, Program Associate, Silver State Equality:
I am the program associate for Silver State Equality, a statewide LGBTQ+ civil rights organization. We are in support of S.B. 188 (R1). The transition-age youth who age out of or exit foster care are at a high risk of experiencing homelessness. Additionally, LGBTQ+ youth are systemically more likely to have little resources and support to rely upon than their non-LGBTQ+ peers. Therefore, Silver State Equality is supportive of the creation of an individual development account for youth exiting foster care.

Vice Chair Peters:
With no further callers in support, we can move on to calls in opposition. [There were none.] Is there anyone in neutral? [There was no one.] With that, I will offer the presenters an opportunity to make closing statements.

Senator Spearman:
I just want to say thank you to the Committee.

Vice Chair Peters:
With that, I will close the hearing on S.B. 188 (R1) and open the hearing on Senate Bill 309 (1st Reprint).

Senate Bill 309 (1st Reprint): Establishes a reinvestment advisory committee in certain larger counties. (BDR 38-956)

Senator Dina Neal, Senate District No. 4:
I am here to introduce Senate Bill 309 (1st Reprint). Senate Bill 309 (1st Reprint) has a legacy from last session—Assembly Bill 73 of the 80th Session—a bill brought by the City of Las Vegas. They wanted to find funding for homelessness. It had a sewer fee. I changed their bill to make all the local governments work together to find a plan for homelessness. Senate Bill 309 (1st Reprint) is the result of those local governments getting together over the biennium to come up with a plan. This bill reflects what they decided to do, which was to establish a reinvestment advisory committee and get a seat at the table in regard to how the managed care organizations (MCOs) spend their money. Now Joanna Jacob from Clark County will break down the bill and explain why they chose this as an option.

Joanna Jacob, Government Affairs Manager, Clark County:
It is true that the bill from last session set up an interim working group that Clark County collaborated on. Clark County and our municipal partners—all the cities in southern Nevada as well as the nonprofit service providers who work in homelessness—have worked to come together as a region and talk about a plan for us to address homelessness. The reason you have S.B. 309 (R1) before you is that the A.B. 73 of the 80th Session report came out with recommendations in six different areas. Realistically, all the local governments as well as the state are fiscally challenged, but we came up with a variety of policy recommendations. Some can be addressed at the local level; one, though, we felt was appropriate for this bill—to try to find a way we can work together with the private sector and find ways to create and build on private partnerships with the public sector. I will note for the record that the A.B. 73 of the 80th Session report that the local governments did was adopted by each of our local governments. Our governing boards went to the Clark County Commission as well as to all our cities, so what you had in that report is actually consensus among the cities and the county on a pathway forward on how we can address this.

This bill alone is not going to address homelessness, and it is not the only thing we need to do. We know that, but for context, the Medicaid division is currently putting out a managed care request for proposal (RFP). In that RFP, there is a provision for "community reinvestment funds." This is a method of collaboration with managed care and their state partners that is in place in other states. For example, in Arizona, the state mandates that their managed care partners set aside a portion of their profits to put into community reinvestment. Community reinvestment funds can be used, and are used, for state priorities and also to address social determinants of health and things that will help the managed care companies and the state address things like housing, transportation, homelessness, and some things that are high-cost drivers in the health care system.

We have received some questions concerning why managed care would want to invest in homelessness and housing. I will give you an example. I mentioned Arizona. There, they partnered both with the state and a nonprofit to contribute some capital funding for a housing complex. The managed care company provided the funding to help the local government build the complex, then they can bring in case management and care management to the people housed in that facility. Twenty percent of the units in that complex are set aside specifically for homeless and high utilizers of the system. You will see these programs nationwide, but in Clark County we have a similar program. It was known as Hospital 2 Home, and I know you heard about this in the bill from Assemblywoman Thomas about how we plan for care post-discharge from the hospital. We partnered with one managed care company and since then it has been expanded to all three of our managed care partners—now known as the Healthy Living program. Under this, the county provides housing vouchers and the MCOs come in and contract with HELP of Southern Nevada, a local nonprofit provider, to provide case management. It is a way for us to help people get out of the hospital and to safely get housing needs addressed. Then they can better focus on their health outcomes. Today, about 139 individuals have been served in this program. This type of collaboration and partnership is what we had in mind when we asked Senator Neal to consider S.B. 309 (R1).

In section 3, the bill sets up the reinvestment advisory committee in Clark County. It has members from both the county and from the cities, from the Division of Welfare and Supportive Services within the Department of Health and Human Services, from the nonprofit sector—all the people who were involved in our A.B. 73 of the 80th Session report. In section 3, subsection 2, paragraph (c), we also included any other members "the Director deems necessary or appropriate to serve as nonvoting members." This was language suggested to us by the MCOs when the bill was heard in the Senate so they would have a forum to be able to collaborate with the committee—that they can be appointed as nonvoting members. It is very similar to something we have had in place since 2017 with the advisory committee on Medicaid innovation. This is how the Medicaid MCOs already partner with the state and have the seat at the table. Section 4 sets up the committee.

In my mind, section 5 is the most important section because this is what the committee is going to do. We are going to use the committee to get reports from the state and managed care vendors about the reinvestment of funds by the MCOs in the community. Then we have also written in two-way communication so the local governments and nonprofits will also inform the MCOs and the state about what we are doing. We hear a lot about silos in health care and about initiatives. This is something we want to break down. It is not managed care's responsibility, nor can they do it alone. As you know, the State cannot do this alone. The counties and local governments cannot do this alone, so together we wanted to provide a forum where we can talk about our goals and priorities to make our collective dollars go further. We also talk about innovative partnerships with the community development organizations and about how it could be supporting local governments. We are a key stakeholder. We are the regional service provider, and we find that we can partner but often we need a forum or more formal way to make sure we are all working together.

An important thing here is that we have written in a requirement for an annual report to the Legislature so you, as policy makers, will be informed of the activities of this committee, where the reinvestments funds are going, who is getting them, and what efforts are being made. The goal of the committee will be to address housing and homelessness but also social determinants of health. Housing is a social determinant of health as is transportation—all the things we found were drivers contributing to homelessness in southern Nevada.

The effective date of the bill is January 1, 2022. We collaborated with the state on this bill draft, and that date will align with when the new vendors should be in place. As soon as the new vendors are in place as well as that contract provision, then the committee will be appointed.

Vice Chair Peters:
Are there questions from Committee members?

Assemblywoman Benitez-Thompson:
I remember the conversation from last session. I know Clark County and the local governments were wonderful in their creativity, but ultimately, there was a feeling that we needed a better nexus between the funding source and the conversation. As I look at this bill, it only applies to counties with populations over 700,000, so it only applies to one county. Does it make sense to only have one county have this conversation? It is specific to the county, and that makes sense, but I am thinking of the reports the reinvestment advisory committee will submit going back and forth—that reciprocal exchange of conversation you were talking about—that there will be reports coming from the state and also reports going to the state to help inform policy. Does it make more sense to have more voices and more regions participating, not in your advisory committee, but soliciting input about how these MCO dollars are being used in other places?

Senator Neal:
We had this conversation in the Senate, and Senator Julia Ratti asked why this could not be done in Washoe County. Washoe County does not have an interest in moving down this pathway or participating. But what you are saying is adding their voice to the table. That is a separate conversation, and I do not think we asked them. What was asked was, This would work well in Washoe County, so why do you not consider this as well? We could probably ask that question in regard to whether they would at least want to be a participant. The bill allows that because there is catch-all language in section 3, subsection 2, paragraph (c), at line 24 where the bill reads "Other persons that the Director deems necessary or appropriate to serve as nonvoting members." So other persons not a part of the south could be on the board, could be appointed, without having to amend the bill because of that catch-all language.

Assemblywoman Benitez-Thompson:
I appreciate the willingness because one of the things is especially specific to this pot of dollars. Typically at the state level we do not see how they are being used, although perhaps at the Interim Finance Committee we will see a recommendation come through for a piece of the puzzle. We will be intrigued, but these are otherwise projects that do not necessarily fall on our map. We need to "make a penny sing"; we need a penny to be split eight different ways doing eight different things, so if there is an opportunity to better braid state resources and supports with the local dollars and the MCO reinvestment dollars, we could get some synergy for bigger projects. We do not see those right now, so I really like that piece of the bill and appreciate your willingness to say that more voices at the table will be beneficial.

Vice Chair Peters:
I also agree. With the transiency in our state, we know that some in our homeless population do not stay in parts of the state for even an entire year—they often move about the state.

Assemblywoman Titus:
I need more clarity on section 5, subsection 1, paragraph (a) where it talks about what the reinvestment advisory committee is going to do ". . . review reports from the Division and Medicaid managed care organizations concerning the reinvestment of funds by those Medicaid managed care organizations . . . ." Are they already mandated to reinvest a certain percent of their profit and if so, what percent?

Joanna Jacob:
I will defer that question to Ms. Cody Phinney.

Cody Phinney, Deputy Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services:
The mechanism that creates this is in our managed care RFP that is currently out for bid and will go into effect January 1, 2022. That would require the plans to reinvest 3 percent of their profits that are associated with this program.

Assemblywoman Titus:
This is basically a provider tax, in my view. In order to bid to become an MCO for a Medicaid population under this RFP, part of that understanding will be that 3 percent of your profits will have to go back to this program and this program alone. Is that correct?

Cody Phinney:
The contract is set up to require that 3 percent of the profits would have to go for community reinvestment. It is my understanding that those dollars would go directly from the managed care organization to the approved plan. In the RFP there are some examples given about the kind of priorities the state is looking for and that the state would be able to approve what the vendors are investing in.

Assemblywoman Titus:
It is assumed that these managed care organizations are for profit. The argument has been made that we allow them to be our Medicaid managers because even though they are making a profit, there is some value to them. In the long term, they save the state money, although there are arguments on both sides of that. However, based on the profits you have seen in the past from these MCOs, do you have any idea how much revenue this would generate?

Cody Phinney:
Had this been in place for this year—and it was not, but it could be very different in 2022 because we will have new contracts and our RFP is set up to allow some different design of the program and there could be more vendors—but based on the information we have today, had this program been in place for this year, we would have expected it to generate about $7 million in community investment.

Assemblywoman Titus:
Under these criteria, there would have been $7 million for Clark County, correct?

Cody Phinney:
I would defer to Joanna Jacob and Senator Neal. There is nothing in the contract that limits the investment to Clark County. The advisory committee is limited to Clark County.

Assemblywoman Titus:
Madam Vice Chair, I recognize this is not a money committee and that can be vetted out some other time, but it is part of the policy of this bill. When we put out these RFPs in the future to support this bill, we are going to require that they pay 3 percent of their profits back toward the investment in what this bill does. I wanted to make sure we understood that policy connected with the money, recognizing that there would potentially be a $7 million investment regarding that. If other MCOs sign up for this and profits are made—along the line of questioning by Assemblywoman Benitez-Thompson—who can benefit from this. I recognize, and our Committee members know, in the rural areas, we do not necessarily have MCOs. We have fee-for-service, so it is a different role model. I understand why it would be limited to certain areas because the MCOs are not everywhere, but I, too, would like some information if this goes forward. I have always had anxiety about these MCOs making a profit on our Nevada Medicaid system. I like the concept that they give back some of their profit and invest into our communities, but I would like to see the concept expanded throughout our state.

Assemblywoman Benitez-Thompson:
The policy to put out an RFP, the ending time of the last set of MCOs, and all of those, are votes that we have taken. We already approved the ability to go out and contract. Last session we did an RFI, request for information. As a Legislature, as a body, we took those votes and gave them the ability to go out. Now, in terms of how contracting goes, we are in the homestretch. Pretty soon there will be a blackout period, we will not be communicated with or lobbied for by any who are bidding because they have to stop doing that at some point. Then we will have contracts coming early in 2022. It is a long process, and I would hate to confuse this bill with those other wheels we have already put into motion. Unless we are going to do away with MCOs, it is where we are and where we have been for a couple of years. I want to make sure we are not confusing the record about the conversations we are having or the decision points that we have the autonomy, the ability, to make right now.

Vice Chair Peters:
Would anyone like to respond?

Joanna Jacob:
I would like to make a comment. I want to emphasize that the state is dictating certain priorities for community reinvestment—and I know this from conversations with Ms. Phinney. Those will be state priorities. The committee we are setting up here is advisory. Because I had the conversation with the managed care vendors, I feel very comfortable speaking to this. This is meant to help them find the vehicle to do the

community reinvestment and to align with the local governments so they are not looking for those opportunities. So we are working together on that. It does not mean that the MCOs have to forgo an opportunity that might come up outside of the committee. This is not the definitive plan. I will also note that the reason it is focused in southern Nevada is because one significant finding we had out of the A.B. 73 of the 80th Session report was the amount of behavioral health Medicaid expenditures in the state. Seventy-nine-point-nine percent of the behavioral health spending in Medicaid is in southern Nevada. That is $244 million out of the $306 million we spent as a state was spent in southern Nevada. That is why we have a lot of stakeholders. We have a lot of population we have to take care of. That is why you see a formal committee structure.

Assemblywoman Benitez-Thompson, I do not think this means Washoe County is not interested in working with managed care, but they may not need this formal structure we have put in place that was a priority for our community—the one we represent. It is about putting local government at the table to make sure that we are aligning when we do not have a direct contractual relationship, but we are also engaged as one of the largest service providers in the state.

Senator Neal:
There were a couple of things in Assemblywoman Titus's questions/comments. About that $7 million. When I listened to you, it sounded as though you wanted to know how long this would go—would that 3 percent be in perpetuity—and about that $7 million—would it be for the whole state or specifically going toward Clark County. Should $4 million go to Clark County under the readvisory goals or should $3 million go somewhere else where the MCOs are actually housed? The way I understood it was that Clark County was trying to get a seat at the table to drive the MCO investment toward the three key categories in the bill—homelessness, housing, and social determinants. But I do not think it is prescriptive to the $7 million, and that $7 million is hypothetical, based on if it had been enacted today. I think the RFP, or whatever is created by the Department of Health and Human Services, will then drive what those parameters are, how broad that is, and whether it includes homelessness, housing, social determinants, and behavioral health, and something else. I also think that the length of time of the RFP will determine how long that investment will work because the reporting piece in the bill which talks about the uses and activities that actually occurred under this envisioned advisory committee is very important to determining whether it was effective. That is the first key thing of anything we ever pass—did it work? And if it did work, should we continue this for the next RFP cycle? If it did not work, the Legislature—because it is statutory—will have the power to come back and say, well, you tried it; the theory did not work; now let us refine this and change these goals, because based on the report, it did not work.

The 3 percent, 2 percent, or whatever it ends up looking like for Clark County did not manifest the goal Clark County was seeking. I do think this is the first step in order to allow them to sit at the table. Typically, you do not get to tell an MCO what to do, right? Typically, the hands are tied in general, but now, they get a seat at the table to at least drive the purposes and say, "Hey, you ought to consider this, you ought to think about this," and then there is money to back it. I am all about effectiveness. If it does not work, I will be the first person at the table with the strip-out language to S.B. 309 (R1), saying, "Hey, it is 2023, and this did not work. You no longer have this ability."

Assemblywoman Summers-Armstrong:
Is this a new concept that MCOs are supposed to be or expected to be or voluntarily do reinvestment? If it is not new, do we have any ideas about what they have done before? Has there been tracking of what they have done before? Do we know what kinds of dollars they have been putting back into the community and how?

Senator Neal:
What I think is new is the public-private partnership and having a seat at the table. Has it happened in other places? Yes, but I will let Ms. Jacob discuss that.

Joanna Jacob:
I did mention the Arizona project in my testimony. To their credit, the MCOs do voluntarily invest in housing projects across the nation and they have partnered with Clark County. This was something Assistant County Manager Kevin Schiller worked on with the project we talked about in Clark County. To Senator Neal's point, this is about making sure that when we do invest—the local governments have our own initiatives and our nonprofit partners do as well—that we can work together. I will give you another example. These projects are throughout California where it usually takes the place of investing in housing, but then the counties partner as well to provide vouchers or any other thing that it comes with. Everyone can invest in those interventions. The reason why they invest in these things is because it drives better health outcomes. Once people's housing is in place, they can focus on their health and medication adherence and all those things managed care must track with their contracts with the state.

Cody Phinney:
I will add that what is new for our Division is the requirement for this participation. Our current plans have done some of this kind of investment in housing and other forms of social determinants in the current contract period. The only thing that is new from us is a requirement for that in the future.

Vice Chair Peters:
I do not see any further questions from the Committee, so we will go into support testimony.

Kelly Crompton, Government Affairs Manager, City of Las Vegas:
The City of Las Vegas is in support of S.B. 309 (R1) and the work that the A.B. 73 of the 80th Session committee did over the interim. I would like to thank Senator Neal for bringing this bill forward. This legislation is important to southern Nevada, to continue working collaboratively on addressing the needs of our communities, and we thank you for hearing the bill and asking your questions. My colleagues from the City of Henderson and the City of North Las Vegas were unable to call in today, but they have signed on in support, and I would like to put their support of this bill on the record.

Vice Chair Peters:
Is there anyone else who would like to testify in support? [There was no one.] Is there any opposition testimony on S.B. 309 (R1)? [There was none.] Is there any testimony in neutral on S.B. 309 (R1)? [There was none.] Would you like to make any closing remarks?

Senator Neal:
Thank you, Assembly Committee on Health and Human Services, for hearing this bill. We hope you will view this bill positively and give us a vote of support to move it out.

Vice Chair Peters:
With that, I will close the hearing on S.B. 309 (R1) and open the hearing on Senate Bill 396 (1st Reprint).

Senate Bill 396 (1st Reprint): Revises provisions relating to the purchasing of prescription drugs. (BDR 38-443)

Senator Fabian Donate, Senate District No. 10:
On behalf of the Committee to Conduct an Interim Study Concerning the Costs of Prescription Drugs, I am honored to be here with you today to present on the work that was completed by my predecessor, Senator Yvanna Cancela. Under the proposed legislation, Senate Bill 396 (1st Reprint) would authorize public agencies of the state to enter into agreements with certain entities in other jurisdictions for the collaborative purchasing of prescription drugs. If we combine our purchasing power collaboratively with other states or entities, the better off our state will be in reducing the high costs of prescription drugs.

Generally in the health care sector, the term "regional purchasing coalition" or RPC is utilized to describe a group of providers or entities leveraging their collective purchasing power to lower prices on necessary supplies. According to Definitive Healthcare, a health care company that offers software data solutions to health organizations, there are many benefits that could arise with the construction provided by a regional purchasing coalition. Beyond the purchase power that is facilitated by these organizations, participants of a purchasing coalition may benefit from data sharing and utilization, networking, best practice communication, and performance improvement through trend identification.

To address the increasing costs of prescription drugs we need open and transparent conversations about the workings of the entire pharmaceutical value chain. Greater focus on transparency will mean that all stakeholders will need to come together, seeking to find solutions to bring out-of-pocket costs down for patients who need it the most. To accomplish that goal, we need to access every tool we can get our hands on, whether it is enacted by policy or accomplished at the community level. What excites me most about this legislation is how it prioritizes access to care services which is always a conversation that is left behind when addressing the rising costs of health care throughout our nation. Access to care begins with acknowledging the systemic barriers that stand in our way for patients and their families and it means taking the right steps to fight for those who may not have the willpower to do so themselves.

If we allow certain entities the opportunity to enter into purchasing coalitions, we can ensure that Nevada can begin to influence and modulate supply chain costs and that itself can provide employers and consumers the right information needed to actually address the cost of a prescription drug. Multistate and interagency purchasing plans have a transformative impact to how Nevada conducts its decision making with regard to the pharmaceutical industry. In fact, now, more than ever, we recognize how valuable our collective power can be, especially when we consider the ramifications that have occurred without this collaboration.

If we choose to ignore the rising cost of prescription drugs, more and more families will be impacted by our inaction. Rationing of drugs due to the unaffordability of them is a policy failure. We can change this by supporting this legislation in S.B. 396 (R1). Now I will turn this over to Dr. Beth Slamowitz.

Beth Slamowitz, PharmD, Senior Policy Advisor on Pharmacy, Department of Health and Human Services:
With Senator Donate's overview of purchasing coalitions, I wanted to follow up with some information regarding current statute and expressed authority. Currently in statute, there is expressed authority for intrastate purchasing coalitions for prescription drugs that includes state and local governmental entities and nonprofit organizations located within *Nevada Revised Statutes* (NRS) 277.110. That statute broadly states that any public agency may exercise any power jointly with a public agency of any other state. Additionally, NRS 333.435 allows a using agency to join with governmental entities of other states to purchase prescription drugs.

Senate Bill 396 (1st Reprint), section 1 amends NRS 422.4025 and authorizes the Department of Health and Human Services (DHHS) to enter into agreements for the purchase of prescription drugs for Medicaid and the Children's Health Insurance Program (CHIP) with private entities within or outside the state.

Section 2 authorizes the Department to enter into a contract with one or more public or private entities from this state or other states for the collaborative purchasing of prescription drugs. Existing law imposes certain requirements concerning transparency, rebates, and auditing on contracts between the Department and pharmacy benefit managers (PBMs) or health maintenance organizations (HMOs). Subsection 2 of section 2, as well as language in section 3, exempts a contract entered into for the collaborative purchasing of prescription drugs between the Department and a PBM or HMO for those requirements. The exemption would not affect contracts unrelated to purchasing coalitions.

Sections 3.3 and 3.6 amend both NRS Chapter 277 and NRS Chapter 333 and propose legislation to additionally authorize public agencies in the state to enter into agreements for the purchase of prescription drugs, pharmaceutical services, or medical supplies and related services with private entities within or outside the state. In conclusion, current expressed authority exists for both public-to-public as well as private-to-private, whether intra- or interstate. Senate Bill 396 (1st Reprint) looks to expand that authority to both public-to-private in intra- and interstate purchasing coalitions.

Vice Chair Peters:
Are there any questions?

Assemblywoman Thomas:
During this pandemic, we were at a loss for pharmaceutical products. Why are we not collaborating with European governments for pharmaceutical products? Why are we relegating it just to the United States? Some of the products are at a lower cost in other countries, so why are we limiting ourselves?

Beth Slamowitz:
It is definitely something being considered not only at a state level but also at the national level. There have been lots of conversations in terms of importation from Canada. On a federal level, there were conversations and legislation brought forward through the Trump Administration to look at aligning pricing with European pricing. It is incredibly complex and there are laws in terms of importation that need to change and occur at the federal level before it would even trickle down to a state level. I know it is something that is a constant conversation—looking at ways to decrease the price of prescription drugs in this country.

Vice Chair Peters:
We had testimony last session that our policy analyst can speak to regarding this issue.

Patrick Ashton, Committee Policy Analyst:
The interim Committee to Conduct an Interim Study Concerning the Costs of Prescription Drugs had various testimony in regard to that, and I can send Committee members the link and information about that testimony concerning what is currently allowed by state and federal governments.

Assemblywoman Benitez-Thompson:
The way I read this is, if we as a state entered into these contracts, these collaborative purchasing agreements, it looks to me that they are not going to be subject to NRS 422.4056 which is all the auditing provisions and posting of the audit. I heard you mention there would be transparency, but I did not know if there is another section being referenced that is different from the NRS 422.4056 audit section. As Chair of the Legislative Commission's Audit Subcommittee, I tend to be against anything that takes away the ability to audit.

Beth Slamowitz:
My understanding of the reasoning for removing that language is to allow Medicaid to enter into these contracts that go beyond the state—from one state to the next. Although it may present the language that says that it is exempt within those contracts, that does not stop that language from being in those contracts. From the Medicaid perspective, any contract they would enter into, especially with a PBM or HMO in terms of managing prescription drugs, that audit rights would definitely be tied into that contract. I think it just removes it from an

NRS requirement but certainly as a good contracting practice, it would be something any organization would want as a requirement.

Assemblywoman Benitez-Thompson:
We learned something when we started with the first set of managed care organizations we did. We have now done two, and with each round, we have gotten more savvy. But I have sat through lots of hearings where we asked, "Can we get data?" Well, no, we cannot, because the contract does not allow it. Well, "Can we get this?" and they say, "That is proprietary," so we cannot get that. As a state, we get better; we learn how to negotiate these contracts, but I would still say that we are, in a lot of ways, in a learning phase. One thing we were most surprised about in some of these conversations was that these health care systems show up with a roomful of lawyers who are negotiating these contracts. Here we are, the State of Nevada saying, "Hey, Ways and Means Committee, can you put one more person in the Department of Administration to help with these contracts, these RFPs?" We tend to be outgunned, quite frankly, and I like the security of having agencies default back to NRS and be able to say, "You know, it has to be in there. It is just boilerplate; we have to audit. We want the ability to track down these dollars." I believe it remains smart to keep the NRS as the backstop for requiring auditing where our state dollars are being used, regardless of how far or how collaboratively they are being used. Those are good things. I would hate to lose this; I think it would be important for NRS to serve as a backstop in this case.

Vice Chair Peters:
Would you like to respond?

Beth Slamowitz:
I definitely do not disagree. I would probably have to default back to Senator Donate to go back and look at the reasoning for putting that language in. I believe there was some sort of legality in it in terms of allowing Medicaid to enter into these coalitions. That is also why NRS 422.4025 was involved, so I would have to default back to that and perhaps bring some information back to the Assemblywoman in terms of the reasoning behind that.

Vice Chair Peters:
Would our legal counsel weigh in?

Karly O'Krent, Committee Counsel:
Sure, it is my understanding that if those transparency provisions were removed from the bill, Medicaid would not have the flexibility to join those purchasing agreements, since those things are required in NRS Chapter 422.

Assemblywoman Benitez-Thompson:
So, if we remove the provisions of NRS 422.4056, is it living somewhere else in NRS Chapter 422?

Karly O'Krent:
What I was intending to say was that the exemptions could be removed from this bill for those provisions if it was the preference of this Committee. But if they were removed, then Medicaid would not have the flexibility to join in on those agreements.

Vice Chair Peters:
Does that answer your question?

Assemblywoman Benitez-Thompson:
I am not a lawyer, which is why I always ask if there is another reference to a section. If we take out one reference, is there something else? It is probably how the chapters are working together. I can have the Legal Division walk me through this, because I do not see anything specifically. I would need to know what NRS 422.4056 is preventing and if there is a way to keep the audit provision in. They do not seem mutually exclusive to me is what I am saying, but now that I have this on the record, we can continue the conversation later.

Assemblywoman Summers-Armstrong:
I have to agree with what my colleague is saying. I am very concerned about that. We have had similar issues on other things that affect my community, and we were not able to ask for data. I would like you, once you figure this out or get more information, to share it. Because we will never know if we are actually saving any money if we cannot do an audit. We could be being overcharged if we cannot do an audit. If we cannot check, then it may not be worth it. I would really appreciate backup information.

Vice Chair Peters:
We will have some follow-up with the Committee before this bill may come up for work session. Are there any other questions from the Committee? Seeing none, is there any testimony in support of S.B. 396 (R1)?

Mary Liveratti, representing AARP Nevada:
AARP worked with the interim committee on drug costs, and we also support this bill. Americans should not have to pay the highest drug prices in the world. Lifesaving drugs do not work if you cannot afford them. In some cases, people may be forced to skip doses or cut pills in half due to the cost. We believe people should not have to choose between buying medicine or paying for food and housing.

Group purchasing has proven to work in other states and lowers costs. The more groups and people in the pools, the better it is to enable negotiating for lower costs. We enjoyed working with Senator Cancela, and we appreciate her efforts in lowering costs of prescription drugs for Nevada's families. AARP, on behalf of 345,000 members, strongly supports S.B. 396 (R1) and urges this Committee to pass it.

Stacie Sasso, Executive Director, Health Services Coalition:
We are in support of S.B. 396 (R1). Creating a purchasing coalition is another step forward in achieving affordable health care access. Now more than ever, the state needs to make changes that can positively impact the economy and the budget, and we look forward to S.B. 396 (R1) being a vessel for that.

Maya Holmes, Healthcare Research Manager, Culinary Health Fund:
We are a nonprofit labor management trust fund that provides health benefits for Culinary Union workers and their dependents. We are in support of S.B. 396 (R1). We think it is a sensible and needed path to leverage the state's purchasing power by partnering with other public and private entities in order to procure prescription drugs at a reasonable cost. This is a critical step forward in order for the state to get a handle on the constantly rising health care and prescription drug costs. A purchasing coalition is needed now, more than ever, as a result of COVID-19's financial impact on the state economy and our finances.

We want to thank Senator Ratti, Senator Donate, former Senator Cancela and the Committee to Conduct an Interim Study Concerning the Costs of Prescription Drugs for bringing this bill forward. Thank you so much for your consideration.

Vice Chair Peters:
Is there anyone else on the line for support? [There was no one.] Next we will hear testimony in opposition to S.B. 396 (R1). [There was none.] At this point, is there anyone who wishes to testify in neutral on S.B. 396 (R1)? [There was no one.]

Senator Donate, please go ahead with closing remarks.

Senator Donate:
Thank you so much, Vice Chair Peters, and to Committee members for your questions today and to the people who called in to testify on this bill. I will work with Dr. Slamowitz to address some of the concerns that came up today and see if we can find some solutions to those.

In closing, too many times have we heard the horror stories that have occurred from patients and families who have to ration their prescription drugs due to the rising costs associated with them. As the son of a diabetic patient, every time this happens, my heart yearns for a solution to address some of the barriers that stand in the way for patients who simply wish to get access to their necessary treatment. The conversation on drug affordability is long overdue, and I urge you to support S.B. 396 (R1) which can provide entities within our state the leverage needed to finally improve access to affordable and high-quality care. Thank you so much for your time today.

Vice Chair Peters:
Thank you so much, Senator. With that, I will close the hearing on S.B. 396 (R1). We have one more item on our agenda, so I will begin public comment. Seeing none in the room, I will ask if there is anyone on the line for public comment at this time. I know there can be

a bit of a delay on the public line, so I would like to give folks from 30 seconds to one minute to see if anyone has been able to call in. [There was no one.]

Committee members, are there any other comments before we adjourn? Seeing none, that concludes our meeting for today. This meeting is adjourned [at 3:41 p.m.].

RESPECTFULLY SUBMITTED:

Terry Horgan
Committee Secretary

APPROVED BY:

Assemblywoman Rochelle T. Nguyen, Chair

DATE:

EXHIBITS

Exhibit A is the Agenda.

Exhibit B is the Attendance Roster.