

**MINUTES OF THE MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES ON PUBLIC SAFETY, NATURAL RESOURCES, AND
TRANSPORTATION**

**Eighty-second Session
March 22, 2023**

The joint meeting of the Subcommittees on Public Safety, Natural Resources, and Transportation of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Dallas Harris at 8:04 a.m. on Wednesday, March 22, 2023, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4406 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.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Dallas Harris, Chair
Senator Rochelle T. Nguyen
Senator Pete Goicoechea

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblyman Howard Watts, Chair
Assemblywoman Natha C. Anderson, Vice Chair
Assemblywoman Tracy Brown-May
Assemblywoman Jill Dickman
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II

STAFF MEMBERS PRESENT:

Brody Leiser, Chief Principal Deputy Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
James Malone, Senior Program Analyst
Paul Breen, Committee Assistant

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 2

Helen Wood, Committee Secretary
Dee Chekowitz-Dykes, Committee Secretary

OTHERS PRESENT:

James Dzurenda, Director, Nevada Department of Corrections
Kristina Shea, Deputy Director, Support Services, Nevada Department of Corrections
Russ Alfano, Medical Administrator, Nevada Department of Corrections
Helen Park, Pharmacy Director, Nevada Department of Corrections
Adrienne Monroe, Chief of Inmate Services, Nevada Department of Corrections

CHAIR HARRIS:

We have four budgets for the Nevada Department of Corrections (NDOC).

JAMES DZURENDA (Director, Nevada Department of Corrections):

The mission of the Medical Division of the Nevada Department of Corrections is to provide quality, constitutionally mandated health care using an efficient system of managed care which is professional, humane and appropriate. Inmate health care is comprised of medical, dental and clinical mental health care.

To fulfill its mission, the Medical Division operates clinics at all NDOC institutions. The major medical facility for the Department is located at the Northern Nevada Correctional Center and is integrated into the operation and perimeter of the facility.

The regional medical facilities provide inpatient medical care for serious medical conditions, surgical after care and inpatient mental health care. In addition, there are structured living units for mental health patients after discharge from inpatient services and long-term care for fragile, aging and disabled inmates. Mental health extended care is provided at the High Desert State Prison.

The camps and transitional housing centers obtain medical services from institutions specifically assigned to support them. The Medical Division is not National Commission on Correctional Healthcare (NCCHC) accredited. However, the NCCHC standards are used as guidelines for the development of policies and procedures.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 3

The Department has a preferred provider organization, Hometown Health, in both the north and the south. Hometown Health provides the Department access to discounts with in-network providers and wraparound services. Hometown Health acts as a third-party administrator (TPA) for claims processing and outside claims review.

Nevada Department of Corrections has a utilization review committee consisting of institutional NDOC practitioners and the medical director. Cases are reviewed on a weekly basis, and treatment plans are based on a tiered triage system.

One of the primary drivers of the NDOC medical budget is the direct cost for medical care, including claims billing through our TPA, Hometown Health, and the Division's inmate driven costs. Page 3 of the NDOC Budget Overview ([Exhibit C](#)) shows NDOC's actual medical expenditures. Over the past five years, NDOC has experienced increased costs for offenders' direct medical care. Costs peaked in fiscal year (FY) 2019-2020 at \$23.3 million. There was a decline in expenses in FY 2020-2021 due to COVID-19. We did not have the ability to send offenders out for medical care during the pandemic. Costs rose in FYs 2021-2022 when it was safe to start treating offenders. Medical costs have continued to increase due to inflation and position vacancies. Nevada Department of Corrections has relied on contracted medical staff and outside medical services when the Division is unable to provide appropriate treatment in-house.

Page 4 of [Exhibit C](#) shows the medical costs per offender trend is similar to the direct medical costs over time. The offender population declined in FY 2019-2020, 2020-2021 and 2021-2022 primarily driven by changes made through A.B. No. 236 of the 80th Session. Costs per offender are increasing due to the same factors previously mentioned.

KRISTINA SHEA (Deputy Director, Support Services, Nevada Department of Corrections):

Page 5 of [Exhibit C](#) shows the authorized 290 full-time equivalent (FTE) positions for the Department and its full-time vacancies. Over the past four years, medical staff vacancies have increased steadily. In FY 2022-2023, there are 100 staff vacancies. The number of contracted staff NDOC can hire is

not keeping up with staff vacancies. This is attributed to the cost of hiring contracted staff compared to budgeted State positions.

Page 6 of [Exhibit C](#) shows our professional services or contract staff category within the medical budget over the past six years. In FY 2017-2018, we received authority through the Interim Finance Committee for nearly \$1 million for contract staff. Today, we have received approval for nearly \$4.4 million in contract staff authority to deliver medical services to offenders housed within the Nevada prison system. This is a good representation of the challenges NDOC is facing from a cost perspective in hiring contracted staff. One of our goals for the next biennium is to come up with new strategies to hire medical staff within our institutions.

The decline in the number of internal clinic visits within all institutions and infirmaries is shown on page 7 of [Exhibit C](#). Due to medical staff shortages, we have relied on sending offenders to outside medical providers and services. The use of outside medical services is also due to the need to refer offenders to specialty physicians for treatment. State employees within the infirmaries are general practitioners.

The chart on page 8 of [Exhibit C](#), provided by our TPA, represents paid claims in FY 2021-2022 and projected claims for FY 2022-2023, by place or type of service. When comparing both years, there is an overall trend of decreasing expenditures. In the FY 2022-2023 projection, emergency room visits and ambulance expenditures, both ground and air, are expected to be higher. Overall, NDOC transportation does most of the offender medical transports. This report shows how unpredictable medical expenditures and treatments can be within our system.

For emergency transportation needs, ambulances have needed life support equipment and are staffed by emergency medical technicians, but our NDOC transportation vehicles are not. Air ambulances are used when advanced medical care services may not be available in rural locations. Both air and land ambulance expenditures are trending to remain constant in both fiscal years as shown on page 9 of [Exhibit C](#). Male and female offenders over 55 years old are driving the increase in ambulance expenditures from FY 2021-2022 to FY 2022-2023.

Emergency room expenditures for male and female offenders under 55 years old are trending less than the prior fiscal year. Emergency room expenditures for female offenders over 55 years old are anticipated to be more than FY 2021-2022. As the offender population ages, there is a greater chance of comorbidity. Routine illnesses can become serious medical conditions requiring specialized care beyond the scope of NDOC medical providers.

Several factors, such as reduced offender population or limited medical staff levels, may impact overall declining expenditure levels.

Executive Budget recommendations for NDOC's prison medical care budget are on page 10 of [Exhibit C](#). We have \$60.9 million in FY 2023-2024 and \$62.6 million in FY 2024-2025. Budget account (B/A) 101-3706 has 290.11 FTE positions for each year.

PUBLIC SAFETY

CORRECTIONS

NDOC - Prison Medical Care — Budget Page CORRECTIONS-15 (Volume III) Budget Account 101-3706

Decision unit E-225 funds a new pharmacy technician II position for the growing needs of the central pharmacy and the newly licensed NDOC pharmacies throughout the State. It will be funded with General Fund appropriations of \$47,043 in FY 2023-2024 and \$64,874 in FY 2024-2025.

E-225 Efficiency & Innovation — Page CORRECTIONS-18

The Nevada Department of Corrections is required by law to license its medical rooms as pharmacies with the Nevada State Board of Pharmacy per *Nevada Revised Statutes* (NRS) 639.012 and NRS 639.0123 and *Nevada Administrative Code* (NAC) 639. Before July 2022, NDOC had one licensed pharmacy and now has seven licensed pharmacies across the State. The additional pharmacy technician II position is needed to support filling of prescription orders and to support regulatory requirements associated with the additional licensed pharmacies.

There has been a shift in the scope of work for NDOC pharmacists. Pharmacy services now include collaborative practice services to assist in providing clinical services to the offenders. There will be a corresponding increase in the workload of pharmacy technicians who will be doing more administrative functions previously done by the pharmacist. In NAC 639.250, three pharmacy technicians are allowed to every one pharmacist. The Department's pharmacies are below the industry standards for pharmacy support with six pharmacy technicians to three pharmacists.

The Executive Budget includes decision unit E-226 in B/A 101-3706 for funding of \$150,000 each year for a new automated medical inventory management system called Pyxis MedBank System. This request is for ten users with a monthly license fee of \$1,250 per user. It is an automated medical inventory management system to help increase charge capture, lower inventory spending, and improve regulatory compliance. It increases medical safety while optimizing staff workflow. It will provide a wide variety of inventory and billing process reports. The system offers secure and automated pharmaceutical dispensing and usage in real time. The Pyxis System is the standard for automated medical inventory management at correctional hospitals and long-term care facilities Nationwide.

E-226 Efficiency & Innovation — Page CORRECTIONS-18

Decision unit M-101 in B/A 101-3706 funds General Fund appropriations of \$1.5 million in FY 2023-2024 and \$2.3 million in FY 2024-2025 as shown on page 11 of [Exhibit C](#). These inflationary adjustments are standard in the medical budget and will help to cover increased costs for prescription drugs, medical and dental supplies, and other medical costs. The inflationary rates are based on medical consumer price indexes and utilization of medical services.

M-101 Agency Specific Inflation — Page CORRECTIONS-17

Decision unit M-200 in B/A 101-3706 is funding for caseload adjustments with General Fund appropriations of \$884,810 in FY 2023-2024 and \$1.3 million in FY 2024-2025. Funding is based on the JFA Institute projections which indicate an increase in the number of offenders incarcerated over 2023-2025 biennium.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 7

M-200 Demographics/Caseload Changes — Page CORRECTIONS-17

In addition, NDOC's Medical Budget has a one-shot appropriation of \$193,165 for the replacement of various medical equipment as shown on page 11 of [Exhibit C](#).

FY 2023 One-Shot: This request funds replacement medical equipment.
Department of Corrections-Prison Medicare Care (BUDGET OVERVIEW-33)

ASSEMBLYWOMAN GORELOW:

Are the inmates being treated by medical doctors, physician assistants or advanced practice registered nurses (APRN)? Are the pharmacies in the same location as the clinics?

MR. DZURENDA:

The pharmacies and the clinics are in the same locations. The clinics are not open 24 hours per day, 7 days a week. Staffing is different for each facility and changes. We can follow up with a breakdown for each facility.

ASSEMBLYWOMAN GORELOW:

Has anyone considered a physician assistant, APRN or nurse practitioner taking classes to get licensed to dispense medications to alleviate some of the burden on your pharmacy technicians and pharmacists?

MR. DZURENDA:

The requested pharmacy tech position came out of a licensure requirement by the State. Two years ago, we did not have pharmacist tech positions, and we dispensed medication at each location with physician assistants and nurses. The medication was filled at our central pharmacy in Las Vegas and sent to each facility. The change in the law requires us to have a pharmacy at each facility which is the reason we do not have pharmacists or pharmacy technicians at older locations.

SENATOR NGUYEN:

In A.B. No. 358 of the 81st Session, NDOC's Medical Division was directed to sign people up for Medicaid before their release from incarceration. Please

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 8

update us on implementation of that process and what relief from General Fund medical dollars your budget is experiencing.

MR. DZURENDA:

Medicaid applications are submitted within 90 days of an offender's discharge. If an offender is in an outside hospital, Medicaid is automatic after 72 hours. Medicaid will pick up hospital costs after either 48 or 72 hours. Care received in prison institutions is paid for from NDOC's budget.

SENATOR NGUYEN:

Do you know if everyone is being signed up for Medicaid 90 days prior to their release? It does alleviate some of NDOC's burden because they are able to collect on services for mental health or chronic illnesses.

MR. DZURENDA:

I cannot give you statistics off the top of my head, but Medicaid is offered, then the process is started. I guess the easiest way to see how many have been given Medicaid applications is to look at those from Nevada. There is data showing how many Nevada residents have submitted one. I do not have it with me.

SENATOR NGUYEN:

I like to follow up on bills that I move forward. Please provide this information to the Subcommittees.

ASSEMBLYWOMAN BROWN-MAY:

Are we investing in preventative care to keep our inmate population healthy?
Are we doing annual physicals?

MR. DZURENDA:

We provide preventative care measures such as mammograms and pelvic exams. We can provide a list of services and the frequency of each service.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 9

SENATOR GOICOECHEA:

What kind of transport vehicle do you use for rural prisons, especially the Lovelock Correctional Center and Ely State Prison? Are they fully equipped, or do you depend on local ambulance and emergency medical services?

MR. DZURENDA:

We do not have emergency transport vehicles. Our vehicles are regular offender transport vehicles with caging inside the vehicle. We rely 100 percent on outside services when we do emergency transports. For Ely, we rely on contract services for air flight out of Salt Lake City, Utah, which is extremely expensive.

SENATOR GOICOECHEA:

Ririe Hospital in Ely is a very small rural hospital. I assume you would need to use air transport to a major hospital and the same goes for Lovelock. I appreciate and understand the complexity and concern of how expensive it can be.

ASSEMBLYMAN WATTS:

Why is our program not accredited by the NCCHC, but we use their standards as guidelines?

MR. DZURENDA:

The NCCHC requires a certain amount of staffing per offender, which we do not have. Until all our vacancies are filled, we will not pass accreditation.

ASSEMBLYMAN WATTS:

For clarification, it is not necessarily the amount of staffing we have, but the fact we cannot fill the vacancies. If the vacancies are filled, then would we be able to attain accreditation?

MR. DZURENDA:

Yes. The NCCHC changes its standards periodically. If we fill the vacancies, it is possible we would be accredited.

ASSEMBLYMAN WATTS:

Please provide some follow-up information. I would like to know if we can reach accreditation if those positions are filled.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 10

Costs have increased dramatically for contract care. For many years now, we had rising vacancy levels within NDOC. The proposed pay increases for State employees address the effects of inflation. I am concerned we are spending money on expensive contract services when we could increase State employees' pay and fill those vacancies leading to accreditation. Has any analysis been done to compare increasing pay for our State medical care employees to avoid having to contract those services?

MR. DZURENDA:

I believe if we significantly increase the salaries for those medical care professionals, we will see a decrease in vacancy rates. There is an initiative the City of Las Vegas used with a contractor to provide for its staffing needs. The City is hiring professionals from the Philippines. This contractor finds professionally licensed nurses, doctors, psychiatrists and psychologists from different countries who are interested in coming to the State of Nevada to work. We are looking into this as a solution to fill most of our vacancies because we do not have an increase for medical care salaries.

ASSEMBLYMAN WATTS:

You mentioned the impact of A.B. No. 236 of the 80th Session on costs per offender. Why do lower-level offenders tend to have reduced healthcare needs? Why is that a factor in per inmate medical expenditures?

MR. DZURENDA:

We have fewer low-level offenders in the institution because the parole rates went up. Older, longer-term offenders are also getting out faster, which lowers the rate in our institutions.

ASSEMBLYMAN WATTS:

Please explain why the Department licensed six additional pharmacies across its institutions.

MR. DZURENDA:

The licensure requirements came with the change in NRS. It required all institutions with 1,000 or more offenders to have an on-site pharmacy. We previously had one central pharmacy in Las Vegas that filled medications for all State prisons.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 11

CHAIR HARRIS:

The cost per offender for medical services increased approximately 22 percent in FY 2021-2022 over FY 2020-2021. What factors can be attributed to the increase, and does the NDOC expect costs to continue to increase over the 2023-2025 biennium?

Ms. SHEA:

During COVID-19, the system was locked down. We were not able to send any offenders out for medical care. Costs spike in 2022 because we were catching up on office visits and surgeries. We expect to continue to see increasing inflationary costs. If we are unable to hire staff within the institution, we will continue to rely on contracted outside medical services which will be expensive over time. We will need the staff and doctors internally to control costs long-term.

CHAIR HARRIS:

What is the cost to an offender if they have a medical emergency?

Ms. SHEA:

That will depend on the situation. Generally, there is an \$8 co-pay. I can follow-up with more detailed information based on the different criteria for different situations.

CHAIR HARRIS:

What is the range of different charges? If \$8 is the lowest, what is the highest an offender might be charged if they have a medical emergency?

RUSS ALFANO (Medical Administrator, Nevada Department of Corrections):

There are a lot of variables. There is no cap, and there is no minimum other than zero. The actual cost can be whatever the cost of the emergency was. *Nevada Revised Statutes* 209.246 details criteria for reasonable deductions from offenders' accounts. I can follow-up with several scenarios and associated costs.

CHAIR HARRIS:

Please provide follow-up. When an offender is indigent, that is considered, but how can any offender leave with medical debt?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 12

MR. ALFANO:

We do not have access to data that tells us whether an inmate is indigent or not. Within the Medical Division, if the inmate goes to the hospital with a qualifying event, he does not see a bill. There is no charge. Indigent inmates are supported by the Inmate Welfare Account, B/A 240-3763, and the Medical Division is made whole for those charges. Whether or not the charges follow them after release is determined by a separate division. The Medical Division does not go after them once they leave.

NDOC - Inmate Welfare Account — Budget Page CORRECTIONS-118
(Volume III)
Budget Account 240-3763

CHAIR HARRIS:

What is the process for getting fees covered by the Inmate Welfare Account if you are indigent?

MR. ALFANO:

I will give you an example with a simple co-pay. An offender is assessed an \$8 co-pay for a doctor visit. The Medical Division would inform the Inmate Banking System that processes the request for payment and returns \$8 to the Medical Division. The fees are taken from the inmate's account, or if the inmate has nothing in his account or is indigent, the Inmate Welfare Account pays the \$8 co-pay. The Medical Division does not make that determination.

CHAIR HARRIS:

I heard you say if an inmate has a heart attack, there is no charge. Is that correct?

MR. ALFANO:

If the inmate went to the hospital and amassed \$250,000 of medical bills, NDOC would pay the bill.

CHAIR HARRIS:

Is there a man-down fee if you have a heart attack?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 13

MR. ALFANO:

If one is called, no. The only man-down fee assessed is a frivolous man-down fee, which is a mechanism an offender uses to bypass the appointment system to request medical services.

ASSEMBLYWOMAN ANDERSON:

Will approving the additional pharmacy technician position keep NDOC in compliance with the regulatory requirements of operating the licensed pharmacies?

HELEN PARK (Pharmacy Director, Nevada Department of Corrections):

The request for a pharmacy technician position will allow us to work more effectively and bring us closer to the appropriate level of support. Our pharmacists will be able to focus more on higher level pharmacist responsibilities, and our technicians will complete the daily administrative work. We are in compliance in terms of our pharmacist to technician ratio, although NDOC's staffing levels have been lower than community standards in the past.

ASSEMBLYWOMAN ANDERSON:

Does that mean we are in compliance or just closer to where we need to be?

MS. PARK:

We are in compliance. The State requires one pharmacist to three technicians. That is where our staffing levels are. We have the opportunity to add more technicians.

ASSEMBLYWOMAN ANDERSON:

When a prisoner needs medical attention offsite, how many guards go with them? Are the guards' time for the transport charged to the prisoner as part of the medical fee, or is it paid for through regular payroll systems?

MR. DZURENDA:

On average, two correction officers transport the offender. If there is higher security required, another guard is added in a chase vehicle to follow the transportation or ambulance. Guards are paid under regular personnel services, and not part of the medical billing process.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 14

ASSEMBLYWOMAN ANDERSON:

Are the mental healthcare services available at High Desert State Prison provided by State employees or contracted out?

MR. ALFANO:

We have on-site State psychiatrists at High Desert State Prison who are occasionally supplemented by outside contractors.

ASSEMBLYWOMAN ANDERSON:

Is High Desert State Prison the only prison with onsite State psychiatrists?

MR. ALFANO:

We have State psychiatrists at the seven institutions.

ASSEMBLYWOMAN GORELOW:

Is the Medical Division providing access to prostate exams for our male offender population? How many pregnant women are incarcerated? Do they give birth onsite or offsite, and are they shackled during labor?

MR. DZURENDA:

Prostate exams are on the list of annual and regular exams provided.

Last year, NDOC had 12 pregnant women. They are not restrained or shackled unless there is an order based on safety or security. A psychiatrist can also order bed restraints at an outside facility. Inmates give birth at an outside hospital. They are not restrained during labor. The inmate must release the baby to family or whomever will take custody within 72 hours.

ASSEMBLYWOMAN GORELOW:

I am hearing stories of women in labor being shackled. That is against the law and unacceptable. I would like assurances that is not happening when a woman is in labor.

SENATOR NGUYEN:

I have seen information requests about the man-down fee. Please describe it so we have it on record.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 15

MR. ALFANO:

When a man-down alarm is called, all medical personnel stop what they are doing and go to aid the offender. It can be triggered by a custody officer or an offender patient. If it is found to be frivolous, such as the inmate does not want to wait his turn to be seen by medical staff, the offender is charged a \$25 fee if a nurse attends or \$50 fee when a doctor attends.

SENATOR NGUYEN:

How do you determine if a nurse or a doctor should respond to the man-down call?

MR. ALFANO:

It is whoever is closest or sometimes it is both.

SENATOR NGUYEN:

Are they charged for both of those responders?

MR. ALFANO:

No, it would be a charge for the doctor.

SENATOR NGUYEN:

If an inmate was injured by another inmate in custody, is the victim charged for the man-down call?

MR. ALFANO:

No, they are not. The Department uses a mechanism outlined in A.B. No. 389 of the 68th Session, which is in NRS 209.246, subsection 1, paragraph (b). After an investigation, the victim's medical costs would be assessed to the perpetrator.

SENATOR NGUYEN:

Who makes the determination if it is a frivolous call?

MR. ALFANO:

The attending medical staff on site.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 16

SENATOR NGUYEN:

If an inmate thinks he is having a heart attack and a man-down is called, but it turns out to be a panic attack, are the inmates having the medical issue determining whether it is a frivolous call?

MR. ALFANO:

If it is a perceived or genuine medical emergency, it is not assessed a man-down fee.

SENATOR NGUYEN:

It sounds like these frivolous calls are necessitating fees being imposed on people for requesting emergency medical attention. Do you keep track of the number of calls later determined to be frivolous?

MR. ALFANO:

They are infrequent. The percentage of man-down calls that are legitimate is high, and those are not assessed a man-down fee.

CHAIR HARRIS:

I think you can tell we have all been hearing something slightly different than what you are telling us. I would implore you to review how the man-down fees are, in fact, being assessed because that may be the intention, but I do not think that is happening in practice. There may be some work that needs to be done to align the policy with the practice.

We will now move to the NDOC Correctional Programs budget.

MS. SHEA:

The Nevada Department of Corrections, Programs Division incorporates nationally recognized risk needs assessments during the intake and classification process to provide evidence-based educational programming, substance abuse treatment, reentry, and traditional and transitional services. In addition, the Division provides religious services, vocational training, counselors and therapy for inpatient and outpatient mental health issues, educational liaison services with local school districts, and special needs programming for youth and aging populations. The Programs Division has also formed partnerships with local community colleges to offer postsecondary education opportunities.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 17

The Programs Division professional staff includes mental health counselors, psychologists, social workers, substance abuse counselors, caseworkers, program officers, chaplains and support staff. In addition to the services provided by our staff, we have programming appropriate for offender participation growth through 12-step and other programs.

The Division offender programs are funded in part by grants obtained by NDOC or by partnerships with community organizations who obtain the grants and bring services to Nevada offenders. These programs will assist in preparation for successful reentry into our community. The Executive Budget includes program funding as shown on page 15 of Exhibit C of \$10.7 million for FY 2023-2024 and \$11.1 million for FY 2024-2025. The Correctional Programs B/A 101-3711 includes 116 FTE each year of the biennium.

NDOC - Correctional Programs – Budget Page CORRECTIONS-21 (Volume III)
Budget Account 101-3711

ASSEMBLYMAN WATTS:

From your perspective, having served as Director previously, where are we with the programs now compared to four years ago? Has progress been made, or do programs need to be rebuilt after the pandemic?

MR. DZURENDA:

The Programs Division and Reentry Division have been reduced. Position vacancies are causing a reevaluation of the priority of existing programs. The prior administration had different priorities than I do. The reentry program is a priority to me, and I am changing the Division's long-term focus to having those programs run by the community, using volunteers and ex-offenders without any cost to the State.

We are increasing our grants for programs by teaming up with local organizations. It is the only thing I can do because we do not have the budget or the staff.

ASSEMBLYMAN WATTS:

I appreciate your candor and commitment to maximizing the resources we have. It is in everyone's best interest to help people get on their feet once they have

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 18

left a correctional facility. We must invest in the staffing support required to maximize reentry and other programs.

ASSEMBLYWOMAN BROWN-MAY:

How much time is being invested in the diagnostic assessments of new offenders, specifically people with intellectual and developmental disabilities who may not have been diagnosed prior to entering the prison population? What does that assessment look like? The Correctional Programs Division B/A 101-3711 is approximately \$11 million and does not compare to the significant resources spent in a community program for a person with an intellectual or developmental disability. How many people with developmental disabilities in the prison population are not receiving the right level of service? How are we investing in this population?

MR. DZURENDA:

There are different assessments for those under 18 years of age and for those over 18 years of age. School districts in Nevada monitor and assess the under 18-year-old population, and they are provided special services as required. Past 18 years old, we use the Nevada Risk Assessment System (NRAS) as our educational assessment to determine what grade level the offender has achieved.

The Nevada Risk Assessment System is an evidence-based assessment and was developed from the Ohio Risk Assessment System. Every offender is given the assessment as part of intake. Answers are entered into NRAS, which puts them into risk categories and identifies their educational, mental health, custody and programming needs. Those identified as having developmental needs receive treatment plans created by the medical mental health staff.

ASSEMBLYWOMAN BROWN-MAY:

I think many times we are unfortunately prosecuting people with developmental disabilities who have not been diagnosed prior to the offense. I will follow up with you offline. I think there are ways we can work together to address some of those issues.

CHAIR HARRIS:

We will move to the Offenders' Store Fund and the Inmate Welfare Account.

Ms. SHEA:

The Offenders' Store Fund, B/A 240-3708 on page 12 of [Exhibit C](#), is a special revenue fund authorized by NRS 209.221. The revenue received in this account includes sales from commissary, hobby craft activities, contracted commissary negotiations for package programs, vending machines in visitation rooms and telephone services. The account is maintained by the Office of the State Treasurer and receives quarterly interest.

NDOC - Offenders' Store Fund — Budget Page CORRECTIONS-114 (Volume III)
Budget Account 240-3708

The Offenders' Store Fund is an enterprise fund that pays for its own operations. There are 69 full-time commissary staff. Its operations include offender banking, IT, commissary operations, permitting for food service, and staff training and travel. Revenue is generated from commissary sales, surcharges from specific electronic devices sold and commissions from all vending machines. Expenses include commissary space rent to the correctional facility, the cost of permits and equipment replacement. The Offenders' Store Fund also funds most operational costs of the Inmate Welfare Account.

The Executive Budget recommends funding of \$30.5 million in FY 2023-2024 and \$27.3 million in FY 2024-2025. Decision unit M-200 of B/A 240-3708 is a caseload adjustment based on inmate population which decreases store revenues by \$46,189 in FY 2023-2024 and increases revenues in FY 2024-2025 to \$379,623.

M-200 Demographics/Caseload Changes — Page CORRECTIONS-115

The Offenders' Store Fund operates with a reserve in order to continue future operations. Page 13 of [Exhibit C](#) shows the historic cash balance of the account since 2012. In FY 2018-2019, NDOC negotiated a new telephone system contract which paid a flat commission amount at the beginning of each year of the contract. The Agency received a significant spike in telephone commission revenue since it received the first annual commission on the new contract and monthly commissions from its previous vendor. As a result, there is more beginning cash in the account in FY 2020-2021 than normal. The cash balance started declining due to the change in vendors. The monthly phone commissions

from the previous vendor will phase out. In the Thirty-third Special Session in 2021, \$8 million was transferred from the Offenders' Store Fund reserve to help the State with its General Fund shortfall.

The Offenders' Store Fund has expenditures nearly \$4 million a year over revenues. The question of solvency of this enterprise fund will likely arise during the next biennium with solutions brought forward for the 2025 Legislative Session.

Page 14 of [Exhibit C](#) shows the cost markup of goods sold through the Offenders' Store Fund over time. The markup has hovered around 40 percent. Commissary operations are continually evaluated to ensure efficiencies within the correctional system. There have been questions from the Legislative body about this markup of goods. If NDOC were to reduce the amount of the markup to 20-25 percent, we would need to work with the Legislative Council Bureau's Fiscal Analysis Division to find additional funding sources to keep both accounts solvent. The Offenders' Store Fund makes transfers to the Inmate Welfare Account that funds inmate programs.

ASSEMBLYWOMAN ANDERSON:

How is money sent to an inmate from family members accounted for, and how much is credited to the inmate's account for their use?

ADRIENNE MONROE (Chief of Inmate Services, Nevada Department of Corrections):
It depends on the type of deductions an inmate has. We track wages from State agencies or private corporations, and money coming in from family separately. An inmate can have deductions for court-imposed fees or child support which are deducted from their account. There is a list of percentages for deductions.

ASSEMBLYWOMAN ANDERSON:

I have not heard that before. Would you provide the Subcommittees with the list? Family members need to know if they send \$100 for commissary items, it may not be credited 100 percent to the inmate's account. It would be nice to have clarification.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 21

CHAIR HARRIS:

Please submit that information in a flow chart to the Subcommittees. Maybe showing money deposited, then, in order of priority, the deductions and their percentages. We would like to see how much is trickling down to the inmate after any applicable deductions. We should see a range of what the inmate receives, from 100 percent down to whatever the maximum deduction can be.

MR. DZURENDA:

We will provide that.

SENATOR NGUYEN:

Your chart shows a markup at just below 35 percent. I am looking at the same budget, and the profit margin on goods sold is at 63.8 percent. How do you have a profit margin much higher if you are selling the goods at 35 percent markup?

MS. MONROE:

The cost of goods sold is listed as 64-66 percent. The profit margin is the revenue from the sales after deducting the cost of goods sold. The percent margin is the markup. I think the 66 percent you are referring to is the cost of goods sold, which we have in our budget account listed as inventory for resale.

ASSEMBLYMAN WATTS:

Several of us are interested in the connection between the Offenders' Store Fund and the Inmate Welfare Account. The markup on items in the Offenders' Store Fund along with interagency transfers of \$6 million each fiscal year is helping to finance the Inmate Welfare Account.

I would feel more comfortable if the Offenders' Store Fund was run more like an enterprise account. We could reduce the markup on store items to only generate \$4 million in the Offenders' Store Fund, with lower prices benefiting inmates.

The Inmate Welfare Account should be funded with General Fund appropriations because recreational resources, law library literacy programs, and other programs are the core of your Agency's mission.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 22

I am concerned we fund the Inmate Welfare Account programs by overcharging offenders for basic needs. It seems this is something many members on these Subcommittees have been getting at through the questions asked today. I know this is a significant budgetary shift, but from my perspective, it is how we can stabilize these accounts and reduce the amount offenders pay for basic need items.

MR. DZURENDA:

You are correct. What I have experienced with other State correctional budgets is that services do not come out of the Inmate Welfare Account like they do here.

We will determine the costs and the needs to make sure we can pay for what is covered now. Paying for 28 staff should come from General Fund money. I plan to suggest a shift in what services should be funded with General Fund money so we can reduce what we charge inmates.

ASSEMBLYWOMAN ANDERSON:

How much money in the Offenders' Store Fund comes from families sending money in versus prisoners' wages? What is the percentage?

MS. MONROE:

We do not know what an inmate spends money on. They have wages and contributions from family. We don't have a way to track what they purchase in the commissary.

ASSEMBLYWOMAN ANDERSON:

How much money in an inmate's account is coming from family donations versus working compensation?

MS. MONROE:

I have that information and can provide it to you later.

ASSEMBLYWOMAN ANDERSON:

Funding is going towards law libraries, literacy programs and other educational programs. With discussion of using an iPad for the law library, would you continue to invest in physical books or go to electronic forms?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 23

MR. DZURENDA:

If Assembly Bill (A.B.) 35 passes, it would eliminate physical books. You cannot eliminate law library staff who are needed to teach inmates to navigate the system and make copies as needed for court cases or their record.

ASSEMBLY BILL 35: Revises provisions governing the access of offenders to telecommunications devices. (BDR 16-261)

ASSEMBLYWOMAN ANDERSON:

Do you plan to use funds from the Inmate Welfare Account to pay for changes in A.B. 35?

MR. DZURENDA:

It is a yes and no. We just awarded the contract for inmate communications which covers wireless devices under a company called ViaPath. We are starting the contract process. I am considering using the increase in the phone revenue to fund the tablets.

If A.B. 35 is passed and we receive approval from the Federal Bureau of Prisons to use the wireless devices, we can begin in January 2024.

SENATOR NGUYEN:

I would like clarification on the Medicaid waiver because I know there is other potential legislation coming. I believe you said they can start the application up to six months out from the projected release date. But you also mentioned 90 days. When is the application started?

MR. DZURENDA:

Nevada Department of Health and Human Services will not accept Medicaid applications six months prior to release. We submit them for processing within 90 days.

SENATOR NGUYEN:

The California prison system has recently started applying for reimbursement to Medicaid for services 90 days prior to release. If granted the authority, would NDOC be able to start billing Medicaid instead of paying cash for these services?

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 24

MR. DZURENDA:

Yes, if it passed in the State of Nevada, we could do the same.

SENATOR NGUYEN:

I have reviewed the NRS chapter for the Offenders' Store Fund. It seems the funds go to repay or defray the costs of the offenders' store, the gymnasium, libraries and other purposes. Do they also go to correctional officers' salaries for visitation posts?

MR. DZURENDA:

That is correct.

SENATOR NGUYEN:

During the pandemic, all visitation services were closed, but the commissary was still collecting a profit. I think it was around 50 or 60 visitation positions that were supplemented or funded through the Offenders' Store Fund. Do you know what happened to the profits?

MS. SHEA:

The profits are put into our reserves and transferred forward to beginning cash the following year.

SENATOR NGUYEN:

When looking at the costs of products, the markup and the profit margin, I saw all product markups were similar. How do you determine how much to mark products up? Is there any consideration by your Agency to markup things like hygiene products less than candy or beverages?

MS. MONROE:

Products are separated by type. I have a list that shows the percentages by the classification of product I can send you.

SENATOR NGUYEN:

I have seen the commissary list and am concerned the prices charged to people under your care are high for hygiene products. I assume you are buying items in bulk and getting better prices than retail. I am concerned to see a consistent 66 percent markup on everything from tampons and toothpaste to

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 25

Snickers candy and strawberry lemonade. Arguably, you do not need some of those things, but we would want people to brush their teeth and have menstruation products. The determination of the markup should be different on products you need to be healthy which perhaps, could bring down some of our medical costs, as opposed to Colombian coffee.

MS. MONROE:

Inmates are provided hygiene products at no cost. If they want to purchase other types of hygiene products, they could purchase them at the commissary. Sometimes the product packaging can increase the cost. We require specialized packaging which is safe for the prison environment. For example, we had a vendor who provided a very popular hot sauce in a plastic bottle instead of a glass bottle which increased the cost.

SENATOR NGUYEN:

I am looking at data from our surrounding states or even around the Country. We tend to have a very high level of markup on products. Are we using different vendors than the other states?

MR. DZURENDA:

All vendors are part of a request for proposal process. The company we use is also used around the Country. The markups are NDOC's decision. We could always request different or less expensive items. We are looking at a way to do exactly what you said to reduce markups on hygiene products and increase markups on unnecessary items.

CHAIR HARRIS:

Where are you in implementing the Office of the Governor, Office of Finance 2022 audit recommendations to improve the operations of the Offenders' Store Fund?

MR. DZURENDA:

The current commissary company contract ends on June 30. All those audit recommendations will be addressed in the new request for proposal and a new contract.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 26

CHAIR HARRIS:

It is my understanding the audit recommends regulations be put into place. Can NDOC begin putting those regulations in place before the contract is up?

Ms. SHEA:

Yes. I have read the audit, and I agree with the findings. I am committed to making sure those regulations happen in a timely manner.

CHAIR HARRIS:

How do you define timely manner?

Ms. SHEA:

It would be in the next three months. I am committed to reviewing the Offenders' Store Fund and beginning to implement the processes recommended in the audit findings.

CHAIR HARRIS:

Please do not forget the regulations around the Prisoners' Personal Property Fund and around the reasonable medical co-pay. We know Nevada's co-pay is among the highest in the Country. I dislike being on top of all the wrong lists.

I think you understand that a majority of the members on these Subcommittees want to see these markups go down. I understand it is not as simple as just marking them down, and there needs to be a plan on where the money comes from. The rate of markups is not sustainable. I do not think these Subcommittees want to shift the burden onto offenders, especially for items like tampons and deodorant. We must do better. Please share your plan with these Subcommittees so we can be partners in its implementation.

Senate Committee on Finance
Assembly Committee on Ways and Means
Subcommittees on Public Safety, Natural Resources, and Transportation
March 22, 2023
Page 27

CHAIR HARRIS:

We will now hear public comment. Hearing none, we are adjourned at 9:35 a.m.

RESPECTFULLY SUBMITTED:

Dee Chekowitz-Dykes,
Committee Secretary

APPROVED BY:

Senator Dallas Harris, Chair

DATE: _____

Assemblyman Howard Watts, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	3	James Dzurenda, Nevada Department of Corrections	Nevada Department of Corrections Budget Presentation