ADOPTED REGULATION OF THE

STATE BOARD OF HEALTH

LCB File No. R110-01

Effective November 21, 2001

EXPLANATION - Matter in *italics* is new; matter in brackets formitted material is material to be omitted.

AUTHORITY: §§1 and 2, NRS 439.150 and 449.037.

Section 1. NAC 449.016 is hereby amended to read as follows:

449.016 1. Except as otherwise provided in NAC 449.0168, an applicant for a license to operate any of the following facilities must pay to the health division [a nonrefundable fee of \$50 for each bed in the facility and] the following nonrefundable fees:

Fee	Fee per
per	bed in the
facility	facility
(a) A skilled nursing facility\$1,200	<i>\$75</i>
(b) A hospital, other than a rural hospital	77
(c) A rural hospital	45
(d) An intermediate care facility for the mentally	
retarded or persons with developmental disabilities	50
[(d)] (e) An intermediate care facility, other than an	
intermediate care facility for the mentally retarded or	
persons with developmental disabilities	75
[(e)] (f) A residential facility for groups	50

[(f)] (g) A facility for the treatment of abuse of alcohol							
or drugs	50						
[g] (h) A facility for hospice care	50						
[(h)] (i) A home for individual residential care	50						
[(i)] (j) A facility for modified medical detoxification	50						
2. An applicant for the renewal of such a license must pay to the health divisio	n [a						
nonrefundable fee of \$35 for each bed in the facility and] the following nonrefunda	ble fees:						
Fee	Fee per						
per	bed in the						
facility	facility						
(a) A skilled nursing facility	<i>\$75</i>						
(b) A hospital, other than a rural hospital	77						
(c) A rural hospital	45						
(d) An intermediate care facility for the mentally							
retarded or persons with developmental disabilities	35						
(e) An intermediate care facility, other than an							
intermediate care facility for the mentally retarded or							
persons with developmental disabilities	75						
(f) A residential facility for groups	35						
(g) A facility for the treatment of abuse of alcohol or							
drugs	35						
(h) A facility for hospice care	35						
(i) A home for individual residential care	35						

- *35*
- 3. An application for a license is valid for 1 year after the date on which the application is submitted. If an applicant does not meet the requirements for licensure imposed by chapter 449 of NRS or the regulations adopted pursuant thereto within 1 year after the date on which he submits his application, he must submit a new application and pay the required fee to be considered for licensure.
 - **Sec. 2.** NAC 449.0168 is hereby amended to read as follows:
- 449.0168 1. Except as otherwise provided in subsection 2, a holder of a license to operate a medical facility, facility for the dependent, program of hospice care or referral agency who wishes or is required pursuant to NAC 449.190, 449.307, 449.7473 or 449.758 to modify his license to reflect:
 - (a) A change in the name of the facility, program or agency;
 - (b) A change of the administrator of the facility, program or agency;
 - (c) A change in the number of beds in the facility;
- (d) A change in the type of facility licensed or the addition of another type of facility to be licensed; or
- (e) A change in the category of residents who may reside at the facility, must submit an application for a new license to the health division and pay to the health division a fee of \$160.
- 2. An applicant who applies for a license pursuant to paragraph (c) of subsection 1 because of an increase in the number of beds in the facility must pay to the health division:
 - (a) A fee of \$160; and

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(b) A fee [of \$50] for each additional bed in the facility [...] of:

(1) If the facility is an intermediate care facility for the mentally retarded or persons
with developmental disabilities, a residential facility for groups, a facility for the treatment of
abuse of alcohol or drugs, a facility for hospice care, a home for individual residential care or
a facility for modified medical detoxification\$5
(2) If the facility is a hospital7
(3) If the facility is a rural hospital4
(4) If the facility is a skilled nursing facility or an intermediate care facility, other than
an intermediate care facility for the mentally retarded or persons with developmental
disabilities

- 3. If the address of the home office of a home health agency has not changed, a holder of a license to operate a subunit agency or branch office of the home health agency who wishes or is required pursuant to NAC 449.758 to modify his license to reflect a change in the address of the subunit agency or branch office of the home health agency must:
 - (a) Submit an application for a new license to the health division; and
 - (b) Pay to the health division a fee of \$160.
 - 4. A fee paid pursuant to this section is nonrefundable.
- 5. As used in this section, "administrator" means the person who is responsible for the daily management of a medical facility, facility for the dependent or program of hospice care.

ADOPTED REGULATION OF THE BUREAU OF LICENSURE AND CERTIFICATION OF THE HEALTH DIVISION OF THE DEPARTMENT OF HUMAN RESOURCES

LCB File No. R110-01

Fees for Hospitals, Skilled Nursing Facilities, and Intermediate Care Facilities

Information Statement per NRS 233B.066

1. DESCRIPTION OF HOW PUBLIC COMMENT WAS SOLICITED, SUMMARY OF PUBLIC RESPONSE, AND AN EXPLANATION OF HOW OTHER INTERESTED PERSONS MAY OBTAIN A COPY OF THE SUMMARY.

A Small Business Impact Questionnaire was mailed to Hospitals, Skilled Nursing Facilities, and Intermediate Care Facilities on August 1, 2001. Attached is a copy of the small business impact summary.

Notice of public workshops held on August 23, 2001, in Las Vegas and August 24, 2001, in Carson City was published in the Las Vegas Review Journal and Reno Gazette Journal on or before August 8, 2001. Notices of public workshops, and proposed regulations were mailed to all county libraries in Nevada, Hospitals, Skilled Nursing Facilities, Intermediate Care Facilities, and, interested parties on August 6, 2001. The Small Business Impact summary was available at both workshops.

Notice of public hearing regarding the Board's intent to adopt amendments was published in the Las Vegas Review Journal, Reno Gazette Journal on or before September 10, 2001. Notices of public hearing, proposed regulations and the small business impact summary was mailed to all county libraries in Nevada, Hospitals, Skilled Nursing Facilities, Intermediate Care Facilities, and interested parties on September 6, 2001.

On September 19, 2001, the Bureau of Licensure and Certification received the Legislative Counsel Bureau version of the Fee regulations (LCB File No. R110-01). This version along with an explanation letter was mailed to all county libraries in Nevada, Hospitals, Skilled Nursing Facilities, Intermediate Care Facilities, and interested parties on September 20, 2001.

Considerable negative public comment was received in response to the Division's original proposal to increase the identified fees by approximately \$1.3 million dollars per year. As originally considered the Health Division proposed to increase these fees by \$1.3 million annually and prepared the Small Business Impact Statement and public workshops based upon this amount. As a result of the public comment received and a subsequent review of the Bureau of Licensure and Certification's mandated workload, the proposed fee increase was reduced by approximately \$765,000 to \$535,156 annually.

The Health Division and the Department of Human Resources subsequently met with representative of both the Nevada Hospital Association and the Nevada Health Care Association to reduce the dollar amount of the needed fee increases. The table below provides a breakdown of the required fee increase under NAC 449.016 to achieve the \$535,156 increase before the Board.

FACILITY TYPE	Current Initial	Proposed Initial	Current Annual	Proposed Annual
	Fee/Per Bed Fee	Fee/Per Bed Fee	Renewal Fee/Per	Renewal Fee/ Per
	Charged for State	to be Charged	Bed Fee Charged	Bed Fee to be
	Licensure	for State	for State	Charged for State
		Licensure	Licensure	Licensure
Hospital	\$1,200 / \$50	\$5,000 / \$77	\$1,100 / \$35	\$5,000 / \$77
Rural Hospital	\$1,200 / \$50	\$ 750 / \$45	\$ 600 / \$35	\$ 750 / \$45
Facility for Skilled Nursing	\$1,200 / \$50	\$1,200 / \$75	\$1,100 / \$35	\$1,100 / \$75
Facility for Intermediate Care (Non-MR/DD)	\$1,200 / \$50	\$1,200 / \$75	\$ 600 / \$35	\$ 600 / \$75

In addition, copies of the proposed regulations were available during normal office hours at:

Bureau of Licensure and Certification - Carson City

Bureau of Licensure and Certification - Las Vegas

Bureau of Licensure and Certification - Reno

Nevada State Library

Emergency Medical Services - Elko

Emergency Medical Services - Tonopah

2. THE NUMBER OF PERSONS WHO:

(A) ATTENDED THE HEARING;

Approximately 17 people attended the October 10, 2001, Board of Health hearing.

(B) TESTIFIED AT EACH HEARING; AND

No one testified at the hearing.

(C) SUBMITTED TO THE AGENCY WRITTEN STATEMENTS.

No written statements were provided at the hearing.

3. A DESCRIPTION OF HOW COMMENT WAS SOLICITED FROM AFFECTED BUSINESSES, A SUMMARY OF THEIR RESPONSE, AND AN EXPLANATION HOW OTHER INTERESTED PERSONS MAY OBTAIN A COPY OF THE SUMMARY

Comment was solicited from affected or potentially affected businesses by mailing appropriate facilities and all interested parties the proposed regulations, a small business impact questionnaire, a copy of the small business impact summary, and the notices for the workshops and Board of Health hearings. Copies the workshop minutes and Board of Health hearing minutes may be obtained by calling the Bureau of Licensure and Certification at (775) 687-4475.

4. IF THE REGULATION WAS ADOPTED WITHOUT CHANGING ANY PART OF THE PROPOSED REGULATION, A SUMMARY OF THE REASONS FOR ADOPTING THE REGULATION WITHOUT CHANGE.

None.

- 5. THE ESTIMATED ECONOMIC EFFECT OF THE REGULATION ON THE BUSINESS WHICH IT IS TO REGULATE AND ON THE PUBLIC. THESE MUST BE STATED SEPARATELY, AND IN EACH CASE MUST INCLUDE:
- (A) BOTH ADVERSE AND BENEFICIAL EFFECTS; AND
- (B) BOTH IMMEDIATE AND LONG TERM EFFECTS.

The adverse economic effect identified as resulting from the proposed regulation changes is that the annual cost to obtain/renew a license to operate a medical facility will increase as identified in the table shown above under question number one.

It is unknown to what extent the proposed increases in fees will actually result in an economic adverse effect because each of the facility types identified will be receiving increased reimbursement from the State Medicaid Agency for services to Medicaid eligible/covered patients. The facilities' ability to pay increased initial and annual renewal licensure fees was taken in to account by including in the Governor's budget an increase in Medicaid reimbursement for services provided by these facility types. The proposed fee will have a beneficial economic effect on the facilities in that collection of the fee will allow the State Agency the ability to continue to perform state licensure activities in a timely manner. As state licensure is a condition of federal participation (the ability to be reimbursed for servicing Medicare and Medicaid clients) payment of increased fees will ensure that facilities will be able to be reimbursed for serving Medicare and Medicaid clients in addition to being reimbursed for serving private pay patients and private insurance covered patients. Adverse and beneficial effects on the public, both immediate and long term: none identified. The proposed fee will have a beneficial economic effect on the public in that collection of the fee will allow the State Agency the ability to continue to perform state licensure activities in a timely manner and the quality of patient care being provided by facilities will continue to be monitored and complaints investigates. Additionally, with state licensure functions being performed, new facilities will be able to be licensed thereby increasing the public care options.

6. THE ESTIMATED COST TO THE AGENCY FOR ENFORCEMENT OF THE PROPOSED REGULATION.

There is no anticipated estimate cost to the agency for enforcement of the proposed regulation.

7. A DESCRIPTION OF ANY REGULATIONS OF OTHER STATE OR GOVERNMENT AGENCIES WHICH THE PROPOSED REGULATION OVERLAPS OR DUPLICATES AND A STATEMENT EXPLAINING WHY THE DUPLICATION OR OVERLAPPING IS NECESSARY. IF THE REGULATION OVERLAPS OR DUPLICATES A FEDERAL REGULATION, NAME THE REGULATING FEDERAL AGENCY.

There is no duplication or overlap of other state or local government agency's regulations. Additionally, there is no overlap or duplication of a federal agency's regulations.

8. IF THE REGULATION INCLUDES PROVISION WHICH ARE MORE STRINGENT THAN A FEDERAL REGULATION WHICH REGULATES THE SAME ACTIVITY, A SUMMARY OF SUCH PROVISION.

None.

- 9. IF THE REGULATION PROVIDES A NEW FEE OR INCREASES AN EXISTING FEE, THE TOTAL ANNUAL AMOUNT THE AGENCY EXPECTS TO COLLECT AND THE MANNER IN WHICH THE MONEY WILL BE USED.
- \$1,457,862 for SFY 02, to support required state licensure activities.

ADOPTED REGULATION OF THE BUREAU OF LICENSURE AND CERTIFICATION OF THE HEALTH DIVISION OF THE DEPARTMENT OF HUMAN RESOURCES

SMALL BUSINESS IMPACT STATEMENT (Nevada Revised Statutes 233B.0608)

Pertaining to: Proposed Amendment of Nevada Administrative Code (NAC) 449.016 and NAC 449.0168 FEES (For State licensure of medical and other facilities.)

Background

The purpose of the proposed revised regulations for FEES, NAC 449.016 and NAC 449.0168 is to amend existing regulations governing the amount of initial and annual renewal fees charged to certain medical facilities licensed pursuant to Nevada Revised Statute (NRS) 449.0151. Specifically, the proposed regulations increase the initial and annual renewal licensure fees charged to medical faculties licensed under NRS 449.0151 as either a hospital, a rural hospital, a facility for skilled nursing or a facility for intermediate care.

The need for the proposed revision to NAC 449.016 and NAC 449.0168 is directly related to the legislatively budgeted cost of the State agency to perform current state licensure activities in State Fiscal Years 2002 (July 1, 2001-June 30, 2002) and 2003 (July 1, 2002 – June 30, 2003) pursuant to NRS Chapter 449. The proposed fee increase is calculated to generate revenue sufficient to cover existing personnel and operating costs, without adding additional staff or activities. Without the adoption of the proposed fee increases, the State agency will collect approximately \$1.3 million dollars less than the annual projected cost of conducting state licensure activities.

Since State Fiscal Year 1994 (July 1, 1993 – June 30, 1994) state licensure activities have been funded exclusively through licensure fees established in NAC 449.016 and NAC 449.0168. No State funds are appropriated by the Nevada Legislature to support these activities. State licensure fees charged to facilities licensed as medical facilities under NRS 449.0151 were last amended, by increasing them, in October of 1997. Changes that have impacted the cost of performing state licensure activities, since the adoption of those amendments, include increases in personnel and operating costs such as travel to facilities and office rental costs as well as increases in both the number of facilities requiring licensure and the number of complaints investigated under NRS 449.150(2).

Based upon State Fiscal Year 2000 staff time and effort data for state licensure activities, the Bureau of Licensure and Certification (BLC) would require twenty-two (22) full-time equivalent (FTE) health facilities surveyor staff to perform the estimated SFYs 02-03 annual workload. The proposed fee increases contained in the amendments to NAC 449.016 and 449.0168 will generate annual fee revenue sufficient to support only seventeen (17) FTEs, the existing number of FTE performing state licensure functions.

In the event that the proposed fee increases are not adopted, the BLC will need to eliminate approximately 9.55 health facility surveyor FTE and related support staff to stay within projected

fee revenue to be generated based upon the existing fee structure contained in NAC 449.016 and 449.0168. Elimination of facility surveyor staff will result in potentially lengthy delays in licensure of new medical facilities and delays in licensure for construction changes (i.e. bed increase surveys). Additionally, patients would be at greater risk for harm and poor outcome(s) and the quality of care reduced due to complaints not being investigated and resolved in a timely manner.

BLC has determined that promulgation of the proposed regulations for fees may impose a direct economic burden upon a small business or directly restrict the formation, operation or expansion of a small business in Nevada. However, BLC has also determined that failure to adopt the proposed regulations for fees may also create a direct economic burden upon certain small businesses or directly restrict the formation, operation or expansion of a small business in Nevada as facilities may not be able to achieve state licensure in a timely manner and therefore unable to begin operating.

A small business is defined in Nevada Revised Statutes (NRS) 233B as a "business conducted for profit which employs fewer than 150 full-time or part-time employees." This small business impact statement complies with the requirements of NRS 233B.0609.

1. A description of the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.

Pursuant to NRS 233B.0608 (2)(a), BLC has requested input from operators of medical facilities that are licensed pursuant to NAC 449.0151 as either a hospital, a rural hospital, a facility for skilled nursing or a facility for intermediate care. In addition, written correspondence detailing the proposed amendments, including a copy of the proposed regulations, was sent to all licensed facilities on August 6, 2001. The BLC and Health Division Administration met with executive staff of the Nevada Hospital Association and the Nevada Health Care Association on several occasions during June and July 2001, in order to brief them on the proposed fee increase for their association's respective facilities and to seek their input on the most equitable method for structuring the proposed fee increases. BLC staff also appeared before a meeting of the Nevada Rural Hospital Project, whose membership is comprised of Nevada's rural hospitals, on August 9, 2001 to explain the proposed fee increases and to discuss options.

Eight (8) responses were received from licensed facilities that met the definition of a small business. The following is a summary of their responses.

Horizon Specialty Hospital indicated that the amendments would have neither a beneficial or adverse economic effect upon their business.

Spring Mountain Treatment Center indicated that since they are a new facility and have significant startup costs this would create a "greater loss and require more time to recoup". It was also indicated that it would increase the annual renewal licensure fee by 344%. This was a "hardship for a small facility still currently generating negative cash flow".

Grover C. Dills Medical Center indicated this would have adverse economic effect. Rural hospitals are "fighting nationwide to stay the course and continue providing medical care to their communities. In view of the nursing shortage alone we are having to spend excessive amounts in advertising and staffing. This size of an increase is absolutely detrimental to rural hospitals."

Montevista Hospital indicated the cut would be passed on to patients and the public eventually. There were no beneficial or adverse effects upon the business.

White Pine Care Center indicated the increase of cost of "210%" would be a "significant increase particularly for an industry dealing with increasing costs and decreasing Medicare/Medicaid payments."

Willow Springs Center indicated that they wish the fee increase to be over a period of years rather than such a large increase at once. This large cost would add about a \$1.00/per patient day.

West Hills Hospital indicated that "the increased fees would have a negative impact upon their business and suggested that the proposed fee increases should be phased in over a threeyear period."

Incline Village Community Hospital indicated that "Increasing licensure fees will take scarce money from patient care. Because the fee increase is modest we can absorb it into OH and other regulatory costs." No benefits were indicated.

In addition, nine (9) facilities licensed as a medical facility responded to the Bureau's small business impact questionnaire by indicating that they did not meet the definition of a "small business" as contained in NRS 233B.0382. Those respondents submitted no comments on the proposed regulation.

Interested individuals can obtain a copy of the information packet, including the Small Business Impact Questionnaire, sent to all licensed facilities, from Shirley Rains, Administrative Assistant III, Bureau of Licensure and Certification, 1550 East College Parkway, Suite 158, Carson City, Nevada 89703

2. The estimated economic effect of the proposed regulation on the small business which it is to regulate including, without limitation both adverse and beneficial effects and both direct and indirect effects.

The proposed amendments to NAC 449.016 and NAC 449.0168 incorporate the following changes to the following facility types licensed as medical facilities:

FACILITY TYPE	Current Initial	Proposed Initial	Current Annual	Proposed Annual
	Fee/Per Bed Fee	Fee/Per Bed Fee	Renewal Fee/Per	Renewal Fee/ Per
	Charged for State	to be Charged	Bed Fee Charged	Bed Fee to be
	Licensure	for State	for State	Charged for State
		Licensure	Licensure	Licensure
Hospital	\$1,200 / \$50	\$5,000 / \$154	\$1,100 / \$35	\$5,000 / \$154
Rural Hospital	\$1,200 / \$50	\$ 600 / \$154	\$ 600 / \$35	\$ 600 / \$154
Facility for Skilled Nursing	\$1,200 / \$50	\$1,200 / \$155	\$1,100 / \$35	\$1,100 / \$155
Facility for Intermediate	\$1,200 / \$50	\$1,200 / \$155	\$ 600 / \$35	\$ 600 / \$155
Care (Non-MR/DD)				

It is unknown to what extent the proposed increases in fees will actually result in an economic adverse effect, both indirect and direct, because each of the facility types identified will be receiving increased reimbursement from the State Medicaid Agency for services to Medicaid eligible/covered patients and the proposed fee increase a facility will actually pay is based upon the number of licensed beds. Each medical facility's ability to pay increased initial and annual (renewal) licensure fees was taken into account by including in the Governor's executive budget an increase in Medicaid reimbursement designated to compensate for both the \$1.3 million dollar annual fee increase for state licensure, as well as to increase daily reimbursement rates for services provided by these facility types.

The proposed fee increases are expected to have both direct and indirect beneficial economic effect on all of the medical facilities, in that collection of the fee will allow the BLC the ability to continue to perform state licensure activities in a timely manner. As state licensure is a condition of federal participation (the ability to be reimbursed for providing services to Medicare beneficiaries and Medicaid recipients), payment of increased fees will ensure that facilities will be able to be reimbursed for Medicare beneficiaries and Medicaid recipients in addition to being reimbursed for serving private pay patients and private insurance covered patients.

3. A description of the methods that BLC considered to reduce the impact of the proposed regulation on small businesses and statement regarding whether the agency actually used those methods.

The Health Division and the Bureau of Licensure and Certification considered several methodologies to reduce the impact of the proposed amendments on small businesses. These included:

- a) Establishing a fee structure that was graduated based upon the number of beds licensed for a particular facility i.e. 1-75 beds, 76-250 beds and 251 or greater beds;
- b) Linking the proposed fee increases to either the number or percentage of "bed days" for which each facility was reimbursed during the prior twelve months by the State Medicaid Agency;
- c) Distributing the proposed fee increases across all state licensed facilities regardless of whether or not the facility was to receive increased reimbursement from the State Medicaid Agency under the negotiated rate increase; and
- d) Reducing the amount of the proposed fee increase for medical facilities licensed as rural hospitals and correspondingly increasing the amount of the proposed fee increase to be paid by the medical facilities licensed as hospitals located in the state's urban areas.

The only method actually adopted and included within the proposed amendments was method (d), reducing the proposed fee increase for medical facilities licensed as a rural hospital. This method was adopted in recognition of the economics of rural health care and is consistent with NRS 449.037(3) which directs that the Board of Health adopt separate regulations for the licensure of rural hospitals which take into consideration the unique problems of operating such a facility in a rural area.

Methods Not Considered

Method (a) was not incorporated into the proposed fee structure based upon input received from the Nevada Hospital Association and Nevada Health Care Association indicating that the same per-bed fee should be paid by all facilities licensed as hospitals and nursing facilities respectively.

Method (b) was not incorporated after analysis of hospitals' and nursing facilities' Medicaid bedday data did not document a consistent relationship between facility size, facility Medicaid reimbursement and resulting Bureau workload.

Method (c) was also not incorporated for the following reasons:

- 1) Not all facilities requiring state licensure will benefit from the Medicaid rate increase thereby some facilities would have a greater economic burden;
- 2) The projected state licensure workload generated by hospitals and nursing facilities is equivalent to 10.6 (61.4%) of the existing 17.25 facility surveyor FTE while representing only 11.7% of state licensed facilities; and
- 3) The majority of remaining state licensed facilities are small, community-based facilities such as residential facilities for groups that provide a lower cost, residential living alternative to nursing facilities. These facilities would meet the definition of a small business and be negatively impacted by the proposed fee increase.

4. The estimated cost to the agency for enforcement of the proposed regulation.

The estimated cost to the agency for enforcement of the proposed amendments to NAC 449.016 and 449.0168 is negligible. Facilities that do not submit the required documentation and/or fee are not licensed, have their license revoked or their license not renewed. In some instances, legal costs may be incurred if the BLC is forced to seek a court order to prevent the unlicensed facility from operating.

5. Total amount BLC expects to collect from any fees and the manner in which the money will be used.

The proposed amendments to NAC 449.016 and NAC 449.0168 are calculated to generate approximately \$1.3 million dollars in each State Fiscal Years 02 (July 1, 2001-June 30, 2002) and 03 (July 1, 2002 – June 30, 2003). The proposed fee increase is calculated to generate revenue sufficient to cover the projected state licensure personnel and operating costs for the Bureau of Licensure and Certification, without adding new staff or activities.

6. An explanation of why any duplicative or more stringent provisions than federal, state or local standards regulating the same activity are necessary.

No duplication or more stringent provision are either created or already in existence.