

NEVADA LEGISLATURE - SPECIAL SESSION

JOINT MEETING OF
SENATE FINANCE COMMITTEE
WAYS AND MEANS COMMITTEE

February 6, 1968

The joint meeting of the Senate Finance Committee and the Ways and Means Committee was called to order by Chairman Glaser of the Ways and Means Committee in Room 58 at 2:30 p.m.

All members of the Senate Finance Committee were present.
All members of the Ways and Means Committee were present.

Also Present: Mr. Earl Oliver, Assistant Fiscal Analyst
Mr. Howard Barrett, Budget Director
Mr. Gene Phelps, Deputy Budget Director
Mr. Philip C. Hannifin, Administrator, Welfare
Division
Mr. Karl R. Harris, Director, Health & Welfare
Department
Mr. Nelson Neff, Nevada Medical Association
Mr. Walt Merrell, Administrator of Title XIX,
Welfare Division

Mr. Glaser opened the meeting by stating that it was held for the purpose of discovering what went "sour" with Title XIX from the time it was started one year ago until now. He stated that he had asked Mr. Barrett to appear before the meeting along with Mr. Harris and Mr. Hannifin to help clear this up. He thereupon called upon Mr. Barrett to speak.

Mr. Barrett stated emphatically before beginning his report that no exact figures could be given, and that the estimates were strictly estimates worked out and agreed upon by the Budget Division and the Welfare Department. He stated the program adopted by the last session of the Legislature was a basic program to pay medical bills for the recipients of welfare programs who cannot meet the residence requirements, people over 65 who are not covered by Medicare, ADC children under 21 and their caretaker, needy blind, and a new area of aid to permanently and totally disabled. He went over Title XIX Financing on Page 20 in the Budget Book, explaining that a fiscal intermediary referred to as SAMI (State Assistance to the Medically Indigent) is used. This is an organization operated by the Nevada Medical Association as a non-profit group and is presently budgeted at \$184,000.

He stated cost to date on this program (by date he meant January 6, 1968) was found on Page 21. MAA payments under the state's old law are made for those incurred obligations prior to July 1, who

qualified for old age or have social security.

Discussion was held on the vendor payments. Mr. Barrett stated that bills are still being received for the months of July, August, September and October. If total cost for the first six months of Title XIX were available, there would probably not be a problem. Mr. Barrett explained that nursing homes are 49% of the Medicaid load, and that old age recipients that qualify 18.6%. 3.2% are people that do not qualify for ADC but do qualify for Title XIX. He stated that \$600,000 should be given for this year and \$1,200,000 in the supplemental program next year. He said it would be unfair to make an extremely conservative estimate. Before this estimate was made, two alternatives to Title XIX were considered:

1. The repeal alternative, which means that it must be in effect December 1, 1969 or the state will receive no money for Medical Aid to the Indigent for 1968-69. The state could come back to the old MAA program. He stated this was considered and the figures at the top of Page 22, 2nd column, would show why this was unfeasible.
2. If the counties picked up the costs, it would mean the recipients could not receive the medical care, thus it was felt this was not a reasonable alternative and it was rejected.

Mr. Barrett went on to show estimated costs of Aid to the Blind and the Permanently and Totally Disabled. He stated that in order to control the costs, a number of items had been considered, some of which were suggested by the Welfare Division. See Page 25 and 26. It would save a great deal of money if the state would pay no more than \$9.00 per day to nursing homes. This would result in an increase to the counties. A control on nursing homes might be worked out based on more reasonable salaries to the Management. A committee might look into whether what the vendors were charging was in line with what the recipient is receiving. Possibly the most basic fact to be ascertained is whether the recipient should be there, or whether Title XIX is being used for an adult baby-sitting thing. The recommendation on Page 27 should probably not be there. It is an effort to get the vendors to get their bills in on time, so that at the end of 60 days a close look might be taken at amount of costs. However, 60 days is not a long enough time.

In answer to a question as to how caseload figures are kept, Mr. Hannifin stated that track is kept every month as payments are made and the checks go out. At present there are 12,243 persons. He was also asked how a person was processed under Title XIX; whether nothing was known until after the fact. He stated that many cases are drawn in that have to do with Old Age recipients, and that payments are made on behalf of some of the recipients so that they may be assured of medical care. Medicare will pay anything possible before Title XIX bills are paid. However, counts are duplicated inasmuch as patients may appear on several lists such as drugs,

physicians, etc. However, an unduplicated count can be given for persons receiving home care.

Senator Lamb asked who set the fees for nursing homes, physicians, etc., to which Hannifin replied that physicians get 78% of their usual fee and are the only vendor to take a cut. Nursing home fees run from \$12.30 to \$18.50 for public nursing homes, depending on the facility. There is no ceiling. In private nursing homes, the original rate cost plus 7% of invested equity less 50¢ per day. In answer to another question, Mr. Hannifin stated that 50% of the beds in nursing homes are filled by Title XIX recipients.

Senator Lamb asked what would happen if a ceiling was put on the rates, to which Mr. Hannifin replied that the public nursing homes would refuse to take our patients. Private operators would probably continue to go along with us.

Senator Pozzi asked who determined the 7% rate on the invested equity. Hannifin replied it was agreed upon last July by private nursing homes and the Welfare Department.

Senator Brown asked what percentage of increase has occurred and length of stay in nursing homes since Title XIX was initiated to which Mr. Hannifin replied these figures were not available because they were converting to computers and had to learn how to go about getting this data. Of amounts paid out in 1966-67, 60% went to nursing homes, 10% to hospital in-patient care, 9% to labs, etc., 14% to doctors, and 5.9% for drugs.

Discussion followed on better controls, with Mr. Hannifin explaining how eligibility is established by the caseworker, then everything that happens from there on is prescribed by the physician. The intent of the program was to better the quality of care for the patient and increase the number of recipients, covering those needing care. No one could foresee what the cost would be.

Discussion followed on need for appropriations. Senator Gibson commented that the big intent of Title XIX was not on increased and better care, but more economical for the state and counties. Now this is not the case, and the costs are piling up. Mr. Hannifin stated that he could not possibly represent Medicaid as an economical program.

Mr. Glaser commented there was supposed to be \$100,000 savings at the state level as the state would be picking up Federal moneys.

Mr. Barrett reminded the Committee that Title XIX was not in the Governor's Budget as presented at the beginning of last session. During the session he said everyone became more comfortable with the figures, which would not have happened if the figures available now could have been foreseen at that time.

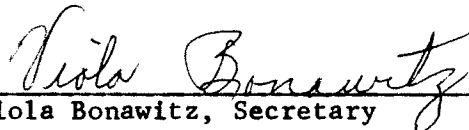
Mr. Glaser questioned as to lowering the level of indigents, but was told if this was done, the same would have to be done for Title XIX in all categorical grants, and the fact was mentioned that our standards are already based upon the level of 1957.

Discussion followed on the rules for getting a patient into a rest home, as they then usually stay there for life. Mr. Hannifin pointed out that Federal Government regulations prohibit the residence requirement and relative requirement.

Mr. Glaser announced, in agreement with Senator Lamb, that a special study would be needed in this matter, and committees appointed for such a study.

Mr. Glaser, Chairman of the Ways and Means Committee, adjourned the meeting at 3:30 p.m.

Respectfully submitted,


Viola Bonawitz, Secretary


Floyd Lamb, Chairman