

MINUTES

ASSEMBLY COMMERCE COMMITTEE

February 23, 1977

Members Present:

Chairman Harmon
Vice Chairman Mello
Mr. Barengo
Mr. Demers
Mrs. Hayes
Mr. Moody
Mr. Price
Mr. Sena
Mr. Weise

Guests Present:

See Guest List Attached

The meeting was called to order by Chairman Harmon at 3 p.m. Mr. Weise moved that the minutes of the meeting of February 21, 1977, be approved. Seconded by Mr. Demers and carried unanimously.

COMMITTEE ACTION

Assembly Bill 205: Mr. Demers moved that A.B. 205 be amended in accordance with amendments submitted. Seconded by Mr. Sena and carried unanimously. Mr. Demers moved Do Pass as Amended. Seconded by Mr. Sena and carried unanimously.

Assembly Bill 290: Mr. Weise stated that Mr. Lester O. Goddard had submitted some additional amendments and he would like to have them considered. Chairman Harmon said they would be taken up later since copies were not available to the committee.

Chairman Harmon submitted bills regarding public utilities and asked that the committee review them and authorize committee introduction.

Assembly Bill 298:

Mr. George Flint, Nevada Wedding Association, explained that A.B. 298 makes two changes to the existing statute. Section 1, subsection 2, simply makes a general revision to the requirement for parental consent by those applying for a marriage license

Assembly Commerce Committee Minutes
February 23, 1977

that are between their 16th and 18th birthday. This involves only 8 to 10 percent of the licenses applied for in the state, but problems are constantly arising in this small percentage. Prior to 1975 the statute allowed the father to sign by himself, or if he was not available, the mother was allowed to sign. A move was made in all of the marriage statutes at that time to try to put things on an equal basis between the sexes so it was required that both mother and father sign.

Eighty percent of the marriages in Nevada come from California. California allows either parent to sign. Mr. Flint stated he knew of no situation where returning to a single parent permissive consent arrangement could do anything except eliminate a lot of problems.

Section 3, subsection 2, as now written creates an arbitrary power on the part of the young and inexperienced clerk and, in fact, makes them judge and jury. The new language would give the clerk much the same power, but would eliminate or slightly soften the problems where the clerk uses this arbitrary power wrongfully.

Mr. Flint had submitted to the Chairman two additional minor amendments and requested that they be adopted. He stated that there is not another state in the Union that requires this double parental consent and urged support of the bill.

Assembly Bill 231:

Assemblyman Alan Glover appeared to explain that this was merely clean-up language and presented additional amendments to NRS 623, amending a different section than those covered by A.B. 231.

The suggested amendments are attached as Exhibit 2.

Mr. Stan Warren, Bell Telephone Company, asked that he be given an opportunity to look at the amendments and report back to the Committee. Chairman Harmon also said he would like to ascertain exactly what the amendments entail.

Assembly Bill 296:

Mr. Virgil Anderson, representing Nevada Division, California State Automobile Association, appeared in opposition. Their concern is primarily the bill's impact on the cost of insurance. This particular section is part of the No Fault Law enacted in 1973. The particular exclusions relating to Social Security and Workmen's Compensation were cost retaining provisions that were intended to provide that Social Security recipients, as well as everybody else, would be made whole as far as medical costs are concerned, but that they would not receive duplicate benefits.

Assembly Commerce Committee Minutes
February 23, 1977

Removing this social security offset would result in stacking of benefits and ultimately must result in additional costs to the motor public in insurance premiums.

In response to a question from Mr. Demers, Mr. Anderson said that if this bill became law the individual could collect both from Medicare and from his insurance policy. Mr. Demers suggested that perhaps the Government was subsidizing the insurance companies since an individual may make Medicare insurance payments for years but when Medicare pays a portion of a claim, the insurance company's responsibility is lessened.

Mr. George Vargas, American Insurance Association, agreed with Mr. Anderson's remarks. There are a number of bills before the legislature which look like the net effect will be to raise the cost of automobile insurance. This is of concern to the industry, the Insurance Commissioner and the public. These bills should be looked upon with disfavor. The law presently provides that if a claimant under first party benefits receives these other things they are deducted from the first party benefits. The idea of No Fault Insurance was to put benefits into the hands of the injured as promptly as possible. When you come to a situation where the recipient can be doubling the benefits, you defeat the purpose of No Fault, and you increase the cost of insurance.

Mr. Weise asked how you can differentiate between alternative coverage from a private firm as opposed to alternative coverage from the Government, such as Social Security. Mr. Vargas replied that Social Security and Workmen's Compensation are imposed on people and not voluntary. Where the Government is paying, the insurance companies do not feel they should duplicate the payment.

Mr. Daryl E. Capurro, Nevada Motor Transport Association and Nevada Franchised Auto Dealers Association, appeared in opposition to A.B. 296 for the same reasons as stated by Mr. Vargas and Mr. Anderson. In every group health insurance plan that he is familiar with, Workmen's Compensation and other Government assistance is absolutely deleted from the coverage and it should be treated no differently under No Fault. If Social Security is taken out this session, Workmen's Compensation might be removed next. He feels it would be a mistake to adopt AB 296.

Mr. Barengo stated that he brought this bill in for introduction. He received it from the members of the Insurance Committee of Northern Nevada who felt it would help senior citizens. The No Fault Act exempts people who are receiving benefits under the railroad provisions and the Insurance Committee felt that Social

Assembly Commerce Committee Minutes
February 23, 1977

Security was subsidizing the insurance industry. Mr. Barengo also has received many complaints from senior citizens regarding this.

Assembly Bill 307

Mr. Dave Brandsness, Administrator of Sunrise Hospital, Las Vegas, stated that the hospital industry has had escalating costs for a number of years. They also have an industry that is burdened with tradition. The patient is regulated by the physician, and decisionmaking should be shifted from the physician to the patient so he can be effective in utilizing valuable hospital resources.

Sunrise Hospital arrived at what is known as the "5-1/4 percent rebate plan" approximately 1 year ago. The purpose of the plan was to solve Sunrise Hospital's problem of turning away patients in midweek by trying to move some of the load to the weekends. The plan has brought weekend admission up approximately 40 percent and resulted in great economic savings. During 1976, 3700 patients were rebated over \$350,000 by Sunrise Hospital. The hospital did not have any price increases during the 11 month period, and it became a much more financially sound institution. They were able to generate more funds that allowed them to put in more services and a higher quality of care.

Mr. Brandsness presented charts prepared by a statistician indicating that patients did not stay longer in the hospital when entering on the weekend and there was no appreciable difference on length of stay with other hospitals.

The problem and purpose of the bill is that some insurance carriers have discriminated against Sunrise Hospital and some patients. They have retained the 5-1/4 percent for themselves, and in some cases they have refused to pay normal benefits. Sunrise Hospital feels that how they distribute their profits is their business and the 5-1/4 percent should be given the patient.

Mr. Brandsness said some people had expressed concern that if A.B. 307 passed they would have to live with it forever. He suggested an amendment that would allow this act to automatically expire on July 1, 1979. At that time the legislature could decide whether or not to reinstate it.

Dennis Kennedy, attorney for Sunrise Hospital, explained the amendments proposed for A.B. 307. A copy of the amendments is attached as Exhibit 1. Two amendments suggested by Mr. Brandsness, one putting a 6 percent maximum on any cash rebate, and one allowing the law to expire on July 1, 1979, were not typed.

Assembly Commerce Committee Minutes
February 23, 1977

Mr. Mello asked Mr. Brandsness if they received Title XIX funds and how much. Mr. Brandsness estimated that they received approximately \$1.2 million and said it amounted to about 3 percent of their gross business. Mr. Mello said that hospitals were always asking for more assistance in this regard and he found it hard to justify giving Sunrise tax dollars if they were going to give discounts. Mr. Brandsness replied that the rebate is not treated as an expense item in the cost formula under either Title XVIII or XIX and is not a cost to those programs. He feels Sunrise's plan is to Title XIX's benefit.

Mr. Brandsness discussed their litigation with Nevada Industrial Commission and the problems with Globe Insurance of Chicago and the Blue Cross plan who have withheld benefits to patients.

Julio Conigliaro, representing the Federated Firefighters, is in favor of A.B. 307. Most insurance companies insure on an 80-20 basis and the patient pays 20% of the bill. Under the 5% rebate plan, the patient would pay on 15%. The local firefighter groups administrate their own plan and they have medical and hospitalization insurance with Sunrise Hospital whereby they get 100% coverage at reduced rates.

Dr. Richard Singer, Anestheologist from Las Vegas, appeared in opposition to the bill. He does not object to the reduced rate but to whom they are paying it. The bill has moved the patient into an area where he is trying to get something for nothing. Many employers have total coverage for an employee under a group policy. Since it costs the employee nothing, the employer who pays should be the one to get the rebate. Dr. Singer questioned if the same health care was available on the weekends, the danger of people waiting under the weekend to go into the hospital and the length of time weekend patients stayed.

Leo Hendrickson, representing the Teamsters' Union, appeared in favor of A.B. 307. The members of his union enjoy these rebates and need them since their group policy doesn't pay 100%.

Mr. Seymoure Schulman, Executive Director of Valley Hospital, Las Vegas, appeared in opposition to the bill. He feels the bill is contrary to public policy and that it will permit hospitals to devise means and methods of offering rebates which are basically unethical in nature and could drastically increase the overall cost of hospital care in Nevada.

Mr. Schulman gave examples of different patients scheduled for surgery at different times, how long they would be in the hospital and what the bill would be, all of which would tend to prove that the patient who entered the hospital on a weekend

Assembly Commerce Committee Minutes
February 23, 1977

would spend an extra day. The extra day would increase the cost by 16-2/3% so the hospital could afford to give a 5-1/4% rebate. To the best of his knowledge, he doesn't believe any of the 7,156 hospitals in the United States has instituted a similar program, nor has any other state legislature contemplated legalizing this questioned type of rebate program.

Mr. Schulman read into the record a letter from Mr. George Reese, Administrator of the Southern Nevada Memorial Hospital, who also opposed A.B. 307.

Mr. Robert Petroni, attorney for Southern Nevada Memorial Hospital, said that Mr. Reese's letter was his person opinion. The Board of County Commissioners of Clark County operate the hospital. They have not had a chance to review the bill and he requests that any judgment be withheld until they have had a chance to discuss it. It is his personal opinion that the hospitals could just offer a reduced rate for weekends and have it deducted from the bill. It would be the same for everyone and there wouldn't be any fancy rebate plans.

Dr. Henry Soloway, a pathologist from Las Vegas, stated that the bill is inflationary for reasons already mentioned. Medical consequences may occur if a person needs hospitalization and is denied this by trying to wait for a discount.

Milo Tersich, representing the Health Insurance Association of America, said that he would return to speak at any further hearings or to work with a subcommittee.

Mr. Iqbal Paroo, Administrator at Desert Springs Hospital, Las Vegas, said that insurance is a risk program to cover expenses up to the extent of jeopardy. Insurance programs are designed so there is no incentive to become sick. Giving a rebate encourages a patient to over-utilize the facility to get a higher rebate.

Chairman Harmon appointed a subcommittee consisting of Mr. Demers, Mr. Sena and Mr. Weise to discuss the testimony and work out amendments. Mr. John R. Reiser, Nevada Industrial Commission, and Mr. Bob Monroe, Nevada Blue Shield would also like to work with subcommittee.

COMMITTEE ACTION

Mr. Mello moved to amend A.B. 298 in accordance with suggested amendments. Seconded by Mr. Price and carried unanimously.

Assembly Commerce Committee Minutes
February 23, 1977

Mr. Mello moved Do Pass A.B. 298 as amended. Seconded by Mr. Sena and carried unanimously.

Chairman Harmon adjourned the meeting at 5:30 p.m.

Respectfully submitted,

Jane Dunne
Assembly Attache

GUEST LIST

<u>NAME</u> (Please print)	<u>REPRESENTING</u>	<u>WISH TO SPEAK</u>	
		Yes	No
MR. SEYMOUR SCHULMAN	VALLEY HOSPITAL, L.V.	✓	
MR. IQBAL PAROO	DESERT SPRINGS HOSP, L.V.	✓	
DR. HENRY SOLOWAY	ASSOCIATED PATHOLOGISTS, L.V.	✓	
DR. RICHARD SINGER	PRIVATE PRACTITIONER, L.V.	✓	
George Flint	Neu. Med. Soc. AREA 3		
Tom Young	Sierra Pacific		
Wally Wasson	"		
Stan Wasson	Nevada Bell		
Dave ^{nan} BUSINESS	Sunrise Hospital	←	
DARYL E. CAPURRO	NEVADA MOTOR TRANSPORT ASSN. NEVADA FRANCHISED AUTO DLRS ASSN.		
SUSAN M HARSE	Nev. Assoc for Retarded Citizens		
Jim JOYCE	Sunrise Hospital		✓
Mike Finch	Health Ins. Assoc. of America	AB307 L	
Virgil Anderson	A.A.A.	AB296 L	
George Sargan	A.T.A.	296 L	

Amend section 1, page 1, line 1, after "section 1." Insert:

"Chapter 680A of NRS is hereby amended by adding thereto a new section which shall read as follows:

The Commissioner shall suspend or revoke an insurer's certificate of authority if he finds, after a hearing, that the insurer fails to pay or delays payment to a hospital which offers a refund or other form of inducement to its patients, or fails to pay or delays payment of any funds to or on account of its insureds for the reason that the insured has accepted such a refund or other form of inducement.

Sec. 2."

Amend section 1, page 1, line 5 by omitting "reduced rate" and inserting in its place "refund or other form of inducement."

Amend Section 1, page 1, lines 8 - 10 by omitting "within the terms of the insurance contract, and shall pay the difference between the reduced rate and the usual and customary rate to or for the account of the insured," and inserting in its place "and shall not fail to pay or delay payment of the usual or customary charge to a hospital for the reason that said hospital offers a refund or other form of inducement, and shall not fail to pay or delay payment of the usual or customary charge to or for the account of its insured for the reason that the insured utilized the services of a hospital which offered a refund or other form of inducement. An insurer shall not prohibit an insured from utilizing the services of a hospital which offers a refund or other monetary inducement."

(Each of the other sections of the bill shall be amended accordingly.)

Exhibit 1
Minutes of Feb. 23, 1977

Assembly Commerce Committee
Minutes - February 23, 1977

623.330 Exemptions; civil, criminal liability not absolved.

1. The following persons are exempt from the provisions of this chapter:

(a) OMIT A person engaging in architectural work as an employee of a registered architect, if the work does not include responsible charge of design or supervision, or a consultant retained by a registered architect.

(b) A person practicing architecture as an officer or employee of the United States.

(c) A (professional) civil or structural engineer registered under the provisions of chapter 625 of NRS who designs buildings as permitted by chapter 625 of NRS.

(d) A general contractor licensed under the provisions of chapter 624 of NRS who provides his own drawings for his own residential construction activities.

(e) Any person who prepares plans, drawings or specifications for:
(1) Buildings for his own private residential use; or
(2) Farm or ranch buildings used as such.

(2. Any person exempt by the provisions of this section is not thereby absolved from any civil or criminal liability that might otherwise accrue.)

2. Any person exempt by the provisions of this section:

(a) and provides drawings prepared by others, said drawings shall be sealed and signed by author of said drawings registered in this state.

(b) is not absolved from any civil or criminal liability that might otherwise accrue.

623.330

1. (No revision)

(a) (Omit, not needed)

(b) (No revision)

(c) (shall read) A civil or structural engineer

(d) (shall read) A general contractor
.....
.....for his own residential construction
activities.

(e) (No revision)

2. Any person exempt by the provisions of this section:

(a) and provides drawings prepared by others, said drawings shall be sealed and signed by author of said drawings registered in this state.

(b) is not thereby absolved from any civil or criminal liability that might otherwise accrue.

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE February 23, 1977

SUBJECT A.B. 205 and A.B. 298
AMEND AND

MOTION: DO PASS AS AMENDED

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mr. Demers Seconded by Mr. Sena

AMENDMENT

Moved by _____ Seconded by _____

AMENDMENT

Moved by _____ Seconded by _____

VOTE:	<u>MOTION</u>		<u>AMEND</u>		<u>AMEND</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	x	—	—	—	—	—
Mello	—	—	—	—	—	—
Barengo	—	—	—	—	—	—
Demers	—	—	—	—	—	—
Hayes	—	—	—	—	—	—
Moody	—	—	—	—	—	—
Price	—	—	—	—	—	—
Sena	—	—	—	—	—	—
Weise	✓	—	—	—	—	—

TALLY:

Original Motion: Passed x Defeated Withdrawn

Amended & Passed Amended & Defeated

Amended & Passed Amended & Defeated

Attach to Minutes Feb. 23, 1977
Date