

MINUTES

ASSEMBLY COMMERCE COMMITTEE

March 21, 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

Chairman Harmon called the meeting to order at 3:20 p.m. and stated that the first matter on the agenda would be to take action on A.B. 204.

Mr. Demers suggested that the bill be amended to state that the State Board of Pharmacy will establish a list of bioequivalents. Mr. Mello asked Mr. Titus, a member of the State Board of Pharmacy, if the passage of this bill would or would not save money for people. Mr. Titus replied that the Board does not feel that it would save money. He also said it would be impossible for them to follow Mr. Demers' suggested amendment since they do not have the equipment or personnel to provide such a list.

Mr. George R. Tucker, Nevada State Board of Pharmacy, said the American Pharmaceutical Association had asked 68 manufacturers to turn one product in for bioavailability study and 51 refused. To establish a list of bioequivalents would put all the responsibility on local pharmacists which is an impossibility. In response to a question by Mr. Demers, Mr. Tucker said he would suggest that the bill be killed since it is a very dangerous bill.

Mr. Mello asked if it would be possible for the druggists to lose money if this bill were passed. Mr. Tucker answered he didn't see how that would happen.

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Mr. Ed Gasson of CIBA Pharmaceutical Company stated that the pharmacists oppose the bill because of liability problems. The Commissioner of the Federal Drug Administration states that they cannot assure the pharmacists that the drugs are interchangeable. It is premature for substitution at this time. It is not working in the states that have this bill now because it is premature. When the Federal Government can assure the pharmacists there will be no problem in the interchange of drugs, the pharmacists will probably cease to oppose the bill.

COMMITTEE ACTION:

Assembly Bill 204: Mr. Mello moved to Indefinitely Postpone and Mr. Weise seconded.

Aye votes: Harmon, Mello, Barengo, Hayes, Moody, Price, Weise.

No votes: Demers, Sena.

Motion carried.

Assembly Bill 16

Mr. Merle Snider, Chief Assistant to the Labor Commission, appeared in opposition to the bill. He pointed out, from statistics that were filed with the Labor Commission for 1976, that the Las Vegas babysitting agencies obtained jobs for babysitters which grossed \$380,953 with placement fees paid to the agencies in the amount of \$57,000. Should the 20 percent rate be approved, the increased cost to the babysitters would be an estimated \$19,000 in earned income each year. The people affected by this increase consist in a large part of middle aged and elderly women who have limited sources of income and can ill afford to pay this added fee.

Mr. Snider further pointed out that in the Las Vegas area the operators of the babysitting agencies pay a token to various telephone operators in hotels averaging from 50 cents up on each placement which is referred to them. It is the opinion of the Labor Commission that if this practice could be eliminated there would be no need in the increase of the fee from 15 to 20 percent.

Mr. Snider referred to Section 2 concerning the deposit. He felt that if the character reliability and references of any babysitter is checked out thoroughly by the agency, they should not have to worry about a deposit. A babysitting agency could conceivably collect and retain hundreds of dollars to use as operating capital interest free. Many babysitters in need of employment do not have the funds to make this deposit.

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Mr. Snider further said there was another problem which should perhaps be checked out legally and that is that collection of a deposit prior to employment may be contrary to the provisions of NRS 611.240.

The Labor Commission has no objections to the last section which would eliminate the words "and address".

Chairman Harmon referred to Mr. Jones' testimony of February 2, 1977, wherein he stated that 95 percent of the people working for babysitting agencies were senior citizens. Chairman Harmon presented statistics disputing that statement. His statistics showed: ages 21 to 39, 28.8 percent; ages 40 to 54, 31.6 percent; ages 55 to 61, 19.1 percent; ages 62 to 71, 14.8 percent; ages 72 to 79, 5.7 percent.

That concluded the testimony on A.B. 16, and the discussion turned to A.B. 433.

Mr. Richard R. Garrod, representing Farmers Insurance Group, appeared in opposition to A.B. 433. Mr. Garrod said that certain duties were given to the Insurance Commissioner which would presumably require budgetary support. He questioned the language in subsection (b), line 19, page 1 and felt it should be changed for clarification.

Mr. Garrod stated they are totally opposed to the legislative mandating of rates and that is what A.B. 433 does. As far as insurance companies are concerned, this is the first step toward total legislative ratemaking. There is no provision in the bill as to how the insurance company will be notified of violations, but they are subject to penalty of law if the surcharges are not charged. Mr. Garrod pointed out the huge amount of records and paper work that would be required by the insurance companies, the Department of Motor Vehicles and the Insurance Commissioner. He also questioned Section 4 which provides that the surcharge shall be added to the premium of the policy which covers the vehicle and not the driver.

Mr. Garrod further stated this bill would increase the basic insurance rates to cover the cost of the investigations necessary and required.

Mr. Robert F. Guinn, representing the Motor Transport Association, also appeared in opposition to the bill. Mr. Guinn assumes that the intent of the bill is only to apply to private motor vehicles but feels that the language should be cleaned up to clarify this. He stated that there is a mixture of terminology throughout the bill and cited various instances and sections of A.B. 433 to substantiate his statements. Mr. Guinn was particularly concerned with Subsection 4 starting on line 12, page 2.

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Mr. Guinn offered his services in preparing amendments to A.B. 433 if the Committee desires. Chairman Harmon stated that no action would be taken at this time as the Committee would wait to see the result of other legislation of a similar nature.

Mr. Jim Wadhams of the State Insurance Division said they felt that AB 433 was an amendment to the wrong chapter. It should be an amendment to 686B since it does not relate to no fault, but relates more to rates and rating organizations.

Mr. Wadhams also stated they felt the philosophy of the bill was excellent since it would enable the Insurance Commissioner to get a better "handle" on rating and underwriting practices of various insurance companies. However, they do not feel that surcharges or debits and credits is the best way to address the problem.

Chairman Harmon inquired if this would require any additional staff for the Insurance Commissioner. Mr. Wadhams replied that he did not know, but they do make rate analysis now so any fiscal impact would probably be minimal.

Mr. Garrod returned to say that the insurance industry is getting exasperated with being legislated to carry out the police actions of the various state governments. If a man is to be fined for being a poor driver, it should be done by police action. It should not be designated to the insurance industry or private enterprise to carry out the law enforcement duties which are being shirked by the law enforcement officers.

Chairman Harmon asked for a report from the subcommittee on Assembly Bill 307. Mr. Demers read and explained the amendments which the subcommittee proposed. A copy of the amendments is attached as Exhibit 1. Mr. Demers pointed out that there is presently no law in Nevada prohibiting rebates and that A.B. 307 is merely setting forth the insurance companies' responsibilities in this regard.

COMMITTEE ACTION

Assembly Bill 307: Mr. Mello moved the adoption of the amendments to A.B. 307. Seconded by Mr. Sena and unanimously carried.

Mr. Mello moved Do Pass A.B. 307 as Amended. Seconded by Mr. Price and carried unanimously.

Mr. Seymour Schulman, Executive Director of Valley Hospital, Las Vegas, stated that he had additional information on A.B. 307 which

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he felt was pertinent. Chairman Harmon explained that Mr. Schulmann had testified at the original hearing on February 23, 1977, and also at the subcommittee hearing on March 17, 1977 and the bill had now been voted out of committee. It was further pointed out that Mr. Schulman would have an opportunity to appear before the Senate committee if this bill is passed by the Assembly. Chairman Harmon received Mr. Schulman's proposed testimony and other exhibits which are attached hereto as Exhibit 2.

A Memorandum from the Nevada Industrial Commission is attached as Exhibit 3, and a Memorandum from the State Insurance Division is attached as Exhibit 4. The comments of Milos Terzich, representing the Health Insurance Association of America, regarding A.B. 307 is attached as Exhibit 5.

COMMITTEE ACTION

Assembly Bill 16: Mr. Mello moved Do Pass, seconded by Mr. Demers.

Mr. Weise moved to amend the motion to Indefinitely Postpone A.B. 16. Mr. Barengo seconded.

Aye votes: Price, Weise, Barengo

No votes: Harmon, Mello, Demers, Moody, Sena.

Motion lost.

On motion Do Pass A.B. 16

Aye votes: Harmon, Mello, Demers, Moody, Sena

No votes: Price, Weise, Barengo

Motion carried.

The meeting was adjourned at 4:20 p.m.

Respectfully submitted,

Jane Dunne
Assembly Attache

GUEST LIST

NAME

REPRESENTING

WISH TO SPEAK

(Please print)

Yes

No

(Please print)	REPRESENTING	Yes	No
B16 MERLE SNIDER	LABOR COMMISSION	X	
B204 STAN COOPER	DIVISION for Aging Service	P	
B433 Richard R. Garret #163	Farmers Ins Group	X	
B204 Roger L. Miller	ELI LILLY & CO	X	
B204 EDWARD SPEEGLE	SANDOZ, INC.	X	
B204 Ed GASSON	CIBA PHARMACEUTICAL Co		X
B307 J. J. Dray	March Sharp & Dehner		X
SEYMOUR SCHULMAN	VALLEY HOSPITAL, L.V.	✓	
Kathrine Engle	Pioneer Inn Reno		X
Robert F. Gunn	Nevada Motor Transit Assn New Franchised Auto Dealers Assn	✓	
FRANK L. TITUS	NEVADA STATE BOARD OF PHARMACY		
GEO. R. TUCKER	NEVADA STATE BOARD OF PHARMACY		
Richard G. Pugh	NEVADA STATE Med. ASSN		X
Robert L. Brown, M.D.	" " " "	X	

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 21, 1977

SUBJECT A.B. 16

MOTION: _____

Do Pass Amend _____ Indefinitely Postpone _____ Reconsider _____

Moved by Mello Seconded by Demers

AMENDMENT Amend by Indefinite Postponement

Moved by Weise Seconded by Barengo

AMENDMENT _____

Moved by _____ Seconded by _____

ORIGINAL MOTION AMENDMENT AMEND

VOTE:	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Harmon	<u>X</u>	_____	_____	<u>X</u>	_____	_____
Mello	<u>X</u>	_____	_____	<u>X</u>	_____	_____
Barengo	_____	<u>X</u>	<u>X</u>	_____	_____	_____
Demers	<u>X</u>	_____	_____	<u>X</u>	_____	_____
Hayes	Not present	_____	Not present	_____	_____	_____
Moody	<u>X</u>	_____	_____	<u>X</u>	_____	_____
Price	_____	<u>X</u>	<u>X</u>	_____	_____	_____
Sena	<u>X</u>	_____	_____	<u>X</u>	_____	_____
Weise	_____	<u>X</u>	<u>X</u>	_____	_____	_____

TALLY: 5 3 3 5

Original Motion: Passed Defeated _____ Withdrawn _____

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 21, 1977
Date

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 21, 1977

SUBJECT A. B. 307

MOTION: Adopt amendments to A.B. 307 and Do Pass as Amended

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mello Seconded by 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	x	---	---	---	---	---
Barengo	x	---	---	---	---	---
Demers	x	---	---	---	---	---
Hayes	x	---	---	---	---	---
Moody	x	---	---	---	---	---
Price	x	---	---	---	---	---
Sena	x	---	---	---	---	---
Weise	x	---	---	---	---	---

TALLY:

Original Motion: Passed Defeated Withdrawn

Amended & Passed _____ Amended & Defeated _____

Amended & Passed _____ Amended & Defeated _____

Attach to Minutes March 21, 1977
Date

59TH NEVADA LEGISLATURE

COMMERCE COMMITTEE
LEGISLATIVE ACTION

DATE March 21, 1977

SUBJECT A.B. 204

MOTION: _____

Do Pass Amend Indefinitely Postpone Reconsider

Moved by Mello Seconded by Weise

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	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Mello	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Barengo	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Demers	<u>---</u>	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Hayes	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Moody	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Price	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Sena	<u>---</u>	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Weise	<u>x</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>

TALLY: 7 2

Original Motion: Passed x Defeated --- Withdrawn ---

Amended & Passed --- Amended & Defeated ---

Amended & Passed --- Amended & Defeated ---

Attach to Minutes March 21, 1977
Date

ASSEMBLY ACTION	SENATE ACTION	ASSEMBLY / SENATE AMENDMENT BLANK
Adopted <input type="checkbox"/>	Adopted <input type="checkbox"/>	Amendments to Assembly / SENATE
Lost <input type="checkbox"/>	Lost <input type="checkbox"/>	Bill / SENATE No. 307 (BDR 57-743)
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	Proposed by <u>Committee on Commerce</u>
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	
Concurred in <input type="checkbox"/>	Concurred in <input type="checkbox"/>	
Not concurred in <input type="checkbox"/>	Not concurred in <input type="checkbox"/>	
Date: <input type="checkbox"/>	Date: <input type="checkbox"/>	
Initial: <input type="checkbox"/>	Initial: <input type="checkbox"/>	

1977 Amendment N^o 404 A

Replaces Amendment 397A.
Conflicts with Amendment 163A.

Amend section 1, page 1, delete lines 1 through 10 and insert:

"Section 1. 1. No insurance policy, insurance contract or evidence of coverage may be issued, delivered or issued for delivery in this state if it contains any provision which prohibits the person covered by the policy, contract or coverage from using the services of a hospital which offers a refund or other type of inducement for a bed, room or service when utilized during a certain time of day or day of the week.

2. The policy, contract or evidence of coverage may contain a provision which provides that the insurer is not required to pay to or for the account of an insured any refund or other type of inducement if the insurer is otherwise obligated to pay 95 percent or more of the usual and customary hospital charges.

3. This section applies to:

- (a) Health insurance policies issued pursuant to chapter 689A of NRS;
- (b) Group health insurance policies issued pursuant to chapter 689B of NRS;
- (c) Hospital, medical or dental service contracts issued by corporations pursuant to chapter 695B of NRS; and
- (d) Evidence of coverage issued by health maintenance organizations pursuant to chapter 695C of NRS."

Amend sec. 2, page 1, delete lines 11 through 20 and insert:

"Sec. 2. The commissioner of insurance shall suspend or revoke an insurer's certificate of authority if he finds, after a hearing, that a policy, contract or evidence of coverage prohibits the utilization of the services of a hospital which offers a refund or other type of inducement for a bed, room or service when utilized during a certain time of day or day of the week and the insurer:

- 1. Refuses to pay or delays payment to a hospital offering the refund or other type of inducement; and
- 2. Refuses to pay or delays payment to or for the account of an insured who utilizes the services of the hospital."

Exhibit 1

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Amend sec. 3, page 1, delete lines 21 through 24 and page 2, delete lines 1 through 6 and insert:

"Sec. 3. 1. The commissioner shall conduct a comprehensive study of:

- (a) The usual and customary charges of hospitals;
- (b) The average length of time a person remains in a hospital; and
- (c) The effect reduced rates or other types of inducements have on

the utilization of hospital services during a certain time of day or day of the week.

2. The commissioner shall conduct the study in a manner which enables representatives of hospitals to participate in the study.

3. If the commissioner determines that the services of an independent expert are necessary to the study, the commissioner shall meet with the hospitals involved for the purpose of determining the scope and cost of the expert's services. The cost of retaining the independent expert shall be paid by the hospitals. The legislative commission shall:

- (a) Review and approve any agreement for an independent expert; and
- (b) If the parties are unable to reach agreement, establish the scope and cost of the expert's services.

4. The findings of the study and appropriate recommendations shall be reported to the 60th session of the legislature."

Amend sec. 4, page 2, delete lines 7 through 16 and insert:

"Sec. 4. Sections 1 to 3, inclusive, of this act shall expire by limitation on July 1, 1979."

Amend the title of the bill to read as follows:

"AN ACT relating to insurance; permitting persons insured by certain health insurers, hospitals, medical and dental service corporations and health maintenance organizations to utilize services of hospitals offering inducements; requiring a study by the insurance commissioner; and providing other matters properly relating thereto."

PRESENTATION TO COMMITTEE ON COMMERCE
HEARING ON AB-307 - CARSON CITY, MARCH 21, 1977

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS SEYMOUR SCHULMAN. I AM THE EXECUTIVE DIRECTOR OF VALLEY HOSPITAL, LAS VEGAS.

ON FEBRUARY 23, 1977, I AND OTHER HOSPITAL ADMINISTRATORS, PHYSICIANS AND REPRESENTATIVES OF THE INSURANCE INDUSTRY, APPEARED BEFORE YOU IN OPPOSITION TO AB-307. ON MARCH 17, 1977, I ALSO APPEARED BEFORE THE SUB-COMMITTEE THAT WAS APPOINTED TO FURTHER REVIEW THIS LEGISLATION. ON BOTH OCCASIONS, I ATTEMPTED TO POINT OUT THE DANGERS AND PITFALLS OF THIS TYPE OF DUBIOUS LEGISLATION AND AT THE RISK OF BEING REPETITIOUS, LET ME AGAIN STATE AS CLEARLY AS I CAN THE REASONS WHY I AND OTHER HOSPITAL ADMINISTRATORS ARE AGAINST THIS BILL.

AB-307 CLEARLY ENCOURAGES PATIENTS, PHYSICIANS AND HOSPITALS TO OVERUTILIZE HOSPITAL FACILITIES AND SERVICES BECAUSE IT IS CLEARLY TO THE FINANCIAL BENEFIT OF ALL OF THESE PARTIES. SURELY IN A TIME WHEN HOSPITAL COSTS ARE AT AN ALL-TIME HIGH, YOU GENTLEMEN WOULD NOT WANT TO DELIBERATELY AND UNNECESSARILY FURTHER INCREASE THESE COSTS. AGAIN, LET ME EXPLAIN HOW THE PATIENT, THE PHYSICIAN AND THE HOSPITAL ALL CAN PROFIT FROM THIS POTENTIAL SCAM AT THE EXPENSE OF THE THIRD PARTY PAYER OF HOSPITAL BILLS AND EVENTUALLY AT THE EXPENSE, THROUGH INCREASED HEALTH INSURANCE PREMIUMS, OF EMPLOYERS.

LET US TAKE A TYPICAL CASE OF A PATIENT SCHEDULED FOR ELECTIVE SURGERY TO BE PERFORMED ON A MONDAY. THAT PATIENT WOULD NORMALLY ENTER THE HOSPITAL SOME TIME DURING THE EARLY PART OF SUNDAY AFTERNOON. THE PATIENT

WOULD THEN HAVE THE ROUTINE ADMITTING LABORATORY AND X-RAY WORK PERFORMED--BE PREPARED FOR SURGERY SUNDAY EVENING AND BE TAKEN TO SURGERY EARLY MONDAY MORNING. ON AN AVERAGE, THE PATIENT WOULD BE EXPECTED TO STAY A TOTAL OF SIX DAYS AND, THEREFORE, LEAVE THE HOSPITAL BY NOON THE FOLLOWING SATURDAY. THE PATIENT'S BILL WOULD AVERAGE APPROXIMATELY \$250 PER DAY AND, THEREFORE, TOTAL APPROXIMATELY \$1,500. AS A TYPICAL PATIENT, APPROXIMATELY \$1,200 OR 80% OF THE COST OF HOSPITALIZATION WOULD BE PAID BY A THIRD PARTY PAYER--SOMEONE OTHER THAN THE PATIENT--AND THE REMAINING BALANCE OF \$300 PAID BY THE PATIENT.

NOW LET US TAKE THE EXAMPLE OF A HYPOTHETICAL HOSPITAL THAT UNDER THE AUSPICES OF AB-307 WOULD DECIDE TO OFFER A 5% CASH REBATE TO ANY PATIENT THAT IS ADMITTED TO ITS FACILITY ON A FRIDAY OR A SATURDAY. INITIALLY THIS MAY SOUND LIKE A VERY GOOD DEAL TO A PATIENT WHO HAS TO HAVE AN ELECTIVE SURGICAL PROCEDURE PERFORMED, BECAUSE IT WOULD APPEAR THAT HE PERSONALLY WOULD RECEIVE A CASH REBATE OF APPROXIMATELY \$75 WHEN HE LEAVES THE HOSPITAL. THE PATIENT, THEREFORE, MAY REQUEST HIS DOCTOR TO ADMIT HIM TO THIS HYPOTHETICAL HOSPITAL ON SATURDAY INSTEAD OF SUNDAY. IN THIS INSTANCE, PATIENT #2 NOW ARRIVES AT THE HOSPITAL SATURDAY AFTERNOON INSTEAD OF SUNDAY, HAS HIS ROUTINE X-RAY AND LAB WORK PERFORMED THAT AFTERNOON AND SINCE ONLY EMERGENCY SURGERY IS PERFORMED ON SUNDAY AT THIS HYPOTHETICAL HOSPITAL, THE PATIENT WAITS, LIES AROUND IN BED ON SATURDAY AND SUNDAY AND THEN GOES TO SURGERY EARLY MONDAY MORNING. GIVEN THE SAME UNEVENTFUL AVERAGE STAY AS THE FIRST PATIENT, PATIENT #2 WOULD ALSO LEAVE THE HOSPITAL THE FOLLOWING SATURDAY MORNING. THE

NET RESULT IN THIS CASE, HOWEVER, IS NOW A SEVEN DAY STAY FOR PATIENT #2, AND BASED UPON AN AVERAGE CHARGE OF \$250 PER DAY, A HOSPITAL BILL THIS TIME OF \$1,750 AS WELL AS A HIGHER DOCTOR'S BILL DUE TO AN ADDITIONAL DAY OF HOSPITALIZATION. THE HOSPITAL BILL INCREASE REPRESENTS A 16-2/3% INCREASE IN REVENUE TO THE HOSPITAL--SMALL WONDER THEN THAT THIS HYPOTHETICAL HOSPITAL WOULD BE WILLING TO PAY OUT A REBATE OF 5% TO THE PATIENT IN ORDER TO ENCOURAGE PATIENTS TO BE HOSPITALIZED EARLIER. THE HOSPITAL WOULD STILL NET ADDITIONAL REVENUES OF 11-2/3% ON THIS ADMISSION LESS, OF COURSE, ANY TV OR NEWSPAPER ADVERTISING EXPENSES THAT THIS HYPOTHETICAL HOSPITAL MAY ELECT TO DO. NOW, IN THE SECOND EXAMPLE, THE THIRD PARTY PAYERS PORTION WILL BE \$1,400 INSTEAD OF \$1,200 AND THE PATIENT PORTION OF THE BILL WILL BE \$350 LESS A REBATE OF \$87.50 OR \$262.50 AS COMPARED TO THE \$300 IN THE FIRST EXAMPLE. THE PATIENT IS THEN AHEAD \$37.50 ON THE DEAL BUT THE THIRD PARTY PAYER IS OUT THE ADDITIONAL \$200. THIS DOES NOT SEEM TO ME TO BE A VERY LOGICAL WAY TO CONTROL OR REDUCE HOSPITAL EXPENSES.

A THIRD EXAMPLE WOULD BE THE PATIENT WHO DECIDES THAT HE WOULD JUST AS SOON ENTER THE HOSPITAL ON FRIDAY AND SO HE REQUESTS HIS DOCTOR TO ADMIT HIM ON FRIDAY FOR THIS ELECTIVE SURGICAL PROCEDURE. NOW PATIENT #3 ENTERS THE HOSPITAL ON FRIDAY AFTERNOON AND THE CHANCES ARE THAT HE WILL STAY AN EXTRA TWO DAYS IN THE HOSPITAL BECAUSE THIS HYPOTHETICAL HOSPITAL WILL ALSO BE DOING MAINLY EMERGENCY SURGERY ON SATURDAY. IN SUCH A CASE, CHARGES FOR AN EIGHT DAY STAY COULD AVERAGE APPROXIMATELY \$2,000 OR A 33-1/3% INCREASE IN HOSPITAL REVENUE. NOW THE THIRD PARTY PAYERS PORTION WOULD BE \$1,600 OR \$400 HIGHER THAN IN THE FIRST EXAMPLE AND THE PATIENT'S PORTION WOULD BE \$400 LESS \$100 REBATE OR \$300, THE SAME AMOUNT PAID BY

PATIENT #1. THE PATIENT DISCOUNT, THEREFORE, BECOMES ILLUSORY. AS FOR THE HOSPITAL, IT INCREASED ITS AVERAGE REVENUE FROM SUCH A PATIENT BY APPROXIMATELY 33-1/3% LESS THE 5% REBATE LESS ADVERTISING COSTS, ETC.

NOW AS IT ACTUALLY HAPPENS, ONE HOSPITAL IN LAS VEGAS IMPLEMENTED SUCH A REBATE PROGRAM. BECAUSE OF THE UNUSUAL NATURE OF THIS PROGRAM, IT RECEIVED WIDE NATIONAL MEDIA ~~CONDEMNATION~~ ^{COVERAGE}. TO THE BEST OF MY KNOWLEDGE, NO OTHER HOSPITAL, OF THE 7, 156 HOSPITALS IN THE UNITED STATES, INSTITUTED A SIMILAR PATIENT REBATE PROGRAM--NOR HAS ANY OTHER STATE LEGISLATURE IN THE UNITED STATES CONTEMPLATED LEGALIZING THIS QUESTIONABLE TYPE OF A REBATE PROGRAM.

AT THE SUBCOMMITTEE HEARING ON MARCH 17, 1977, I MADE AN OFFER THAT I WOULD NOW LIKE TO REPEAT IN FRONT OF THE ENTIRE COMMITTEE, BECAUSE I FEEL THAT THE OFFER AND SUGGESTION MADE FELL UPON DEAF EARS--IF THE HOSPITAL THAT EXPERIMENTED WITH THE REBATE PROGRAM WOULD PERMIT--MY HOSPITAL WOULD BE WILLING TO PAY FOR AN INDEPENDENT UTILIZATION REVIEW ANALYST TO REVIEW THE ELECTIVE SURGERY CASES AND MEDICAL CASES THAT WERE ADMITTED TO THAT HOSPITAL ON FRIDAYS AND SATURDAYS DURING THE REBATE PERIOD, IN ORDER TO DETERMINE IF, IN FACT, THERE WAS OR WAS NOT OVERUTILIZATION OF HOSPITAL FACILITIES AND SERVICES. ONLY IN THIS MANNER CAN YOUR COMMITTEE PROPERLY JUDGE THE MERITS OF THE ARGUMENTS FOR AND AGAINST THIS LEGISLATION. THE SUBCOMMITTEE, IN THEIR DELIBERATIONS, RECOMMENDED THAT THE ORIGINAL BILL BE AMENDED TO EXPIRE JULY 1, 1979, AND THAT THE INSURANCE COMMISSIONER PREPARE A REPORT AFTER THIS EXPIRATION DATE FOR PRESENTATION TO THE LEGISLATURE ANALYZING THIS PROGRAM. IF EVER THE PROVERBIAL BARN DOOR HAS BEEN LOCKED AFTER THE HORSE HAS BEEN STOLEN, SUCH WOULD BE THE CASE IN THIS INSTANCE. WHY STUDY THE PROGRAM AFTER TWO MORE YEARS WHEN ALL THE NECESSARY

INFORMATION IS AVAILABLE RIGHT NOW AT THE ONE HOSPITAL IN THE UNITED STATES THAT HAS HAD ELEVEN MONTHS EXPERIENCE WITH THIS TYPE OF PROGRAM. TWO YEARS FROM NOW THERE MAY BE A DOZEN MORE HOSPITALS THAT LATCH ON TO THIS POTENTIAL WAY TO INCREASE REVENUE THROUGH OVERUTILIZATION. THEN, NECESSARILY, THE COSTS OF ANY STUDY BY THE INSURANCE COMMISSIONER WOULD BE GREATLY INCREASED SINCE HE WOULD NOW HAVE TO REVIEW THE PROGRAM AT MORE THAN THE ONE HOSPITAL.

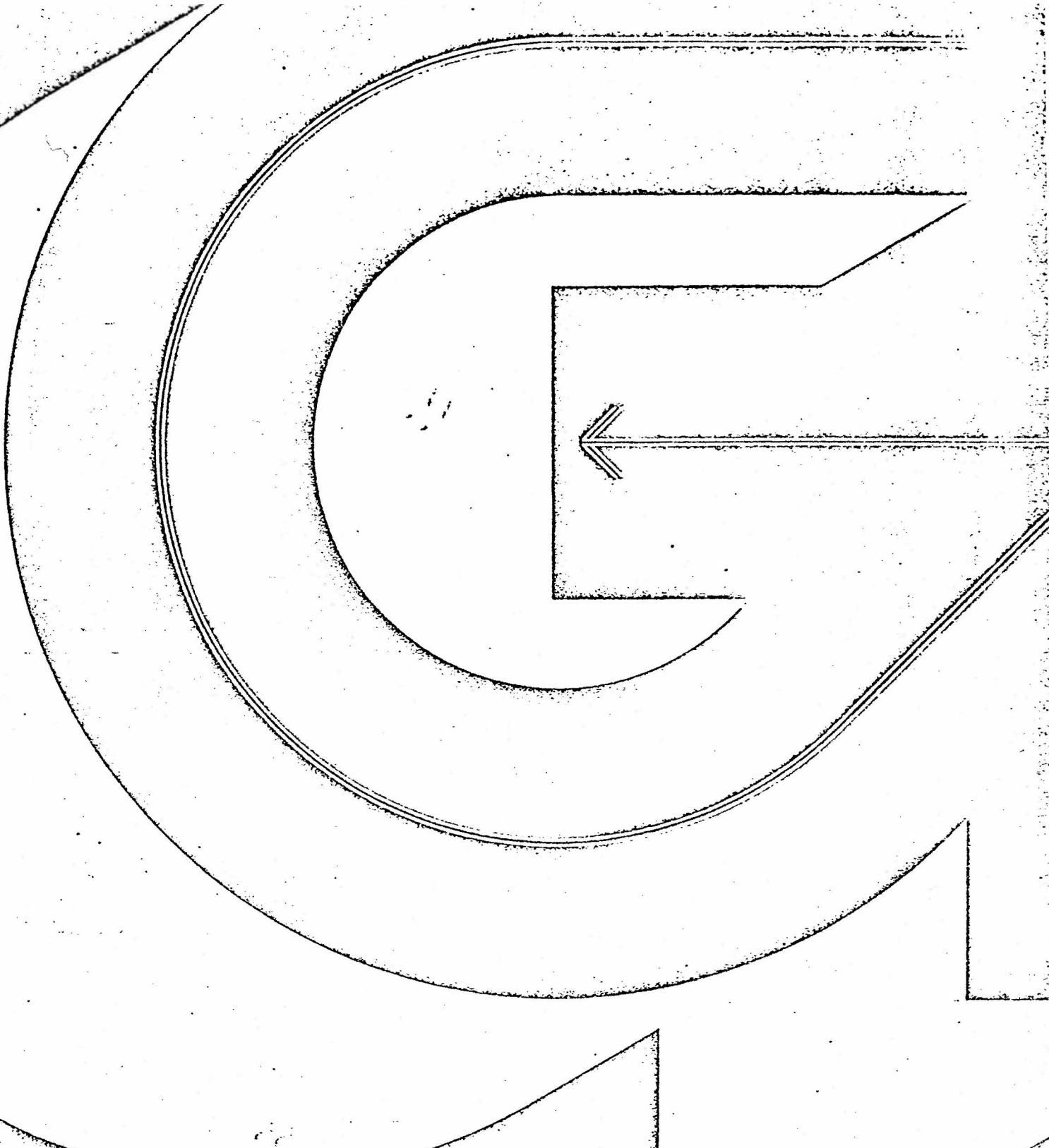
LET ME GIVE YOU GENTLEMEN AN IDEA OF THE DOLLAR INVOLVED IN THIS PANDORAS BOX THAT YOU WILL BE OPENING WITH THIS TYPE OF LEGISLATION, BECAUSE REMEMBER, THIS BILL PERMITS ALL HOSPITALS TO IMPLEMENT A REBATE PROGRAM, NOT JUST THE ONE THAT HAS TRIED OUT SUCH A PROGRAM.

AT THE PRESENT TIME, THERE ARE TWENTY-THREE HOSPITALS IN THE STATE OF NEVADA LISTED IN THE 1976 EDITION OF THE AMERICAN HOSPITAL ASSOCIATION'S GUIDE TO THE HEALTH CARE FIELD. OF THESE, EIGHTEEN ARE COMMUNITY HOSPITALS THAT HAVE A TOTAL OF 2,428 BEDS. DURING 1975, THE REPORTING PERIOD INDICATED IN THE AMERICAN HOSPITAL ASSOCIATION'S 1976 GUIDE EDITION, THESE HOSPITALS ADMITTED 92,852 PATIENTS AND PROVIDED 605,095 DAYS OF PATIENT CARE, AT A GROSS INPATIENT REVENUE OF \$109,677,000; FOR AN AVERAGE GROSS REVENUE PER PATIENT DAY OF \$181.26. ACCORDING TO A REVIEW OF OUR OWN HOSPITAL'S ADMISSIONS AS WELL AS THE PUBLISHED ADMISSIONS OF THE HOSPITAL THAT EXPERIMENTED WITH A REBATE PROGRAM, APPROXIMATELY 18% OR 16,713, OF THE 92,852 PATIENTS, WERE ADMITTED ON A FRIDAY OR A SATURDAY. IF ONLY 50% OF THESE 16,713 PATIENTS OVERUTILIZE THE HOSPITAL BY JUST ONE DAY, HOSPITAL REVENUE, BASED UPON 1975 CHARGES, WOULD INCREASE BY \$1,514,699. IF AN ADDITIONAL 25% OVERUTILIZE THE HOSPITAL BY TWO DAYS, YOU WOULD HAVE TO ADD AN ADDITIONAL \$757,350

TO SUCH REVENUE, FOR A TOTAL OF \$2,272,049 ANNUALLY. IF YOU THEN ADDED AN ADDITIONAL 20% FOR INFLATION SINCE 1975, YOU WOULD HAVE A POTENTIAL INCREASE IN HOSPITAL REVENUE DUE TO OVERUTILIZATION OF \$2,726,459 ANNUALLY. OUT OF RESPECT FOR MY FELLOW HOSPITAL ADMINISTRATORS, I DO NOT MEAN TO IMPLY THAT THEY WOULD ALL TAKE ADVANTAGE OF THIS POTENTIAL WINDFALL, BUT THE POTENTIAL IS THERE AND THIS BILL WILL HAVE PUT IT THERE. YOU WILL HAVE OPENED UP PANDORAS BOX WITH THIS SORT OF LEGISLATION FOR A MINIMUM TWO YEAR PERIOD. THE POTENTIAL INCREASE IN REVENUE, AS A RESULT OF OVERUTILIZATION, COULD NOW TOTAL WELL OVER \$5-1/2 MILLION DURING THIS TWO YEAR PERIOD.

FRANKLY, I FIND IT IMPOSSIBLE TO BELIEVE THAT THIS COMMITTEE WOULD GO BLINDLY AHEAD WITH THE INTRODUCTION OF SUCH LEGISLATION WITHOUT FIRST FULLY DETERMINING THE POTENTIAL GOOD OR EVIL OF SUCH A PROGRAM WHEN ALL IT HAS TO DO WOULD BE TO HAVE A THOROUGH UTILIZATION REVIEW AUDIT DONE OF THE RECORDS AND INFORMATION CURRENTLY AVAILABLE TO THE COMMITTEE AT THE ONE HOSPITAL THAT HAS TRIED THIS PROGRAM. TO DO OTHERWISE WOULD INDICATE, I FEEL, A CERTAIN DEGREE OF CALLOUSNESS TOWARD THE BEST INTERESTS OF THE PUBLIC AND I AM CONFIDENT ENOUGH IN THIS COMMITTEE TO BELIEVE THAT SUCH CALLOUSNESS DOES NOT EXIST.

THANK YOU VERY MUCH.



**American Hospital Association
Guide to the Health Care Field**

1976 Edition

**HEALTH CARE INSTITUTIONS
AND MEMBERSHIP
HEALTH ORGANIZATIONS, AGENCIES,
AND EDUCATIONAL PROGRAMS
BUYERS GUIDE**



Hospitals, U.S.: NEBRASKA—NEVADA—NEW HAMPSHIRE

Personnel	Hospital, Address, Telephone, Administrator, Approval and Facility Codes	Classification Codes			Inpatient Data			Newborn Data		Expense (thousands of dollars)		Personnel	
		Control	Service	Stay	Beds	Admissions	Census	Occupancy (percent)	Basinets	Births	Total		Payroll
1196	YORK—York County (402) * YORK GENERAL HOSPITAL, 2200 Lincoln Ave., Zip 68467; tel. 362-6671; Dale W. Karnopp, adm. A-9-10 F-1-3-16-23-34-35-41-45	23	10	S	70	2174	37	52.9	8	250	1263	652	96
290													
808													
969	BOULDER CITY—Clark County (702) * BOULDER CITY HOSPITAL, 901 Adams Blvd., Zip 89005; tel. 293-4111; Stanley B. Pariso, adm. A-1-9-10 F-1-2-3-6-14-16-23-35-39-45-46	23	10	S	38	1667	26	68.4	5	176	1231	571	71
49	CARSON CITY—Ormsby County (702) * CARSON TAHOE HOSPITAL, 1201 N. Mountain St., Zip 89701; tel. 882-1361; John F. Anthony, adm. A-1-9-10 F-1-3-10-12-15-16-17-23-30-35-36-39-44-45-46-47	15	10	S	75	4255	58	77.3	12	378	3652	1822	206
48	EAST ELY—White Pine County (702) * WILLIAM BEE RICE HOSPITAL, Box 435, Zip 89315; tel. 289-3001; C. L. Lamoreaux, adm. (Includes 33 beds in long-term unit) A-1-9-10 F-1-3-6-14-15-16-18-19-23-29-35-39-42-45-46	13	10	S	76	1220	42	55.3	10	185	1319	723	104
40	ELKO—Elko County (702) * ELKO GENERAL HOSPITAL, 1297 College Ave., Zip 89801; tel. 738-5151; Jon Felker, adm. (Includes 18 beds in long-term unit) A-9-10 F-1-3-6-10-12-15-16-19-23-35-39-45	13	10	S	74	2125	41	55.4	7	273	1607	816	113
62	FALLON—Churchill County (702) * CHURCHILL PUBLIC HOSPITAL, 155 N. Taylor St., Box 391, Zip 89406; tel. 423-3151; W. W. Huffman, adm. A-1-9-10 F-3-23-35-45	13	10	S	42	1294	18	42.9	8	83	895	503	55
37	HAWTHORNE—Mineral County (702) * MOUNT GRANT GENERAL HOSPITAL, Box 1516, Zip 89415; tel. 945-2461; Audrey H. McCracken, adm. (Includes 12 beds in long-term unit) A-9-10 F-6-16-17-19-29-30-32-35-36-37-39-42-45-47-48-49-51	13	10	S	37	516	18	48.6	5	35	691	415	54
51	HENDERSON—Clark County (702) * ST. ROSE DE LYMA HOSPITAL, 102 Lake Mead Dr., Zip 89015; tel. 564-2622; Sr. Georganne Duggan, adm.; W. J. Shultz, assoc. adm. A-1-2-9 F-1-3-5-8-9-10-11-12-16-17-22-23-35-36-45	21	10	S	80	2291	35	43.8	8	271	2889	1498	166
24	LAS VEGAS—Clark County (702) * DESERT SPRINGS HOSPITAL, 2075 E. Flamingo Rd., Zip 89109, Mailing Address Box 19204, Zip 89119; tel. 733-6800; Richard C. Herrmann, adm. A-1-10 F-1-3-5-10-12-14-15-16-23-35-39-40-44-45-46	33	10	S	100	4395	75	75.0	—	—	6791	2204	238
78	SOUTHERN NEVADA MEMORIAL HOSPITAL, 1800 W. Charleston Blvd., Zip 89102; tel. 385-2000; George Riesz, adm. A-1-2-3-9-10 F-1-2-3-4-5-7-9-10-11-12-15-16-17-20-21-22-23-24-25-26-27-30-32-34-35-36-39-40-42-44-45-46-47	13	10	S	272	9920	188	68.9	37	1089	15344	—	763
33	SUNRISE HOSPITAL, 3185 Maryland Pkwy., Zip 89109; Mailing Address Box 14157, Zip 89114; tel. 732-9011; David R. Brandsness, adm. A-1-9-10 F-1-2-3-4-5-7-8-9-10-11-12-14-15-16-17-20-21-23-26-34-35-36-39-40-45-46-48-49-50-51-52	33	10	S	460	20018	332	72.2	40	1125	23227	10921	1060
—	U. S. AIR FORCE HOSPITAL, See Nellis Air Force Base												
—	VALLEY HOSPITAL, 620 Shadow Lane, Zip 89106; tel. 385-3011; Charles L. Showalter, exec. dir. A-1-10 F-1-3-5-10-12-14-15-16-23-27-28-30-32-33-35-36-45-46-47	32	10	S	177	6260	122	69.7	—	—	8325	3340	361
31	WOMENS HOSPITAL, 2025 E. Sahara Ave., Zip 89105; tel. 735-7106; May E. Hanson, adm. A-1-9-10 F-1-5-14-17-39-40-43	33	44	S	41	4157	39	83.0	27	1669	3100	1134	133
69	LOVELOCK—Pershing County (702) * PERSHING GENERAL HOSPITAL, Sixth Ave. & County Rd., Box 661, Zip 89419; tel. 273-2621; Robert J. Moss, adm. (Includes 25 beds in long-term unit) A-1-9-10 F-1-6-19-34-35-45	13	10	S	47	215	15	31.9	6	37	502	295	45
178	NELLIS AIR FORCE BASE—Clark County (702) * U. S. AIR FORCE HOSPITAL, Zip 89191; tel. 643-4077; Maj. John P. VanRysselberge, adm. A-1 F-2-5-23-28-33-34-35-37-42-43-45	41	10	S	35	2951	26	74.3	13	462	—	—	86
324	NORTH LAS VEGAS—Clark County (702) * NORTH LAS VEGAS HOSPITAL, 1409 E. Lake Mead Blvd., Zip 89030; tel. 649-7711; William E. Bennett, adm. A-1-9-10 F-1-2-3-5-10-12-15-16-23-35-42-43-44-45-46	33	10	S	49	7973	30	61.2	—	—	2541	816	120
97	OWYHEE—Elko County (702) * U. S. PUBLIC HEALTH SERVICE INDIAN HOSPITAL, Box 212, Zip 89832; tel. 757-3215; T. L. Welbourne, serv. unit dir. F-15-17-30-32-33-34-35-36-37-41-42	47	10	S	17	207	6	35.3	4	15	942	386	34
140	RENO—Washoe County (702) NEVADA MENTAL HEALTH INSTITUTE, See Sparks												
44	ST. MARY'S HOSPITAL, 235 W. Sixth St., Zip 89503; tel. 323-2041; J. L. Reveley, adm. A-1-9-10 F-1-2-3-5-7-9-10-11-12-15-16-17-23-24-35-36-44-45-46	21	10	S	268	11919	204	76.1	22	1262	13137	6538	763
26	VETERANS ADMINISTRATION HOSPITAL, 1000 Locust St., Zip 89502; tel. 786-7200; Harry C. Potter, dir. (Includes 22 beds in long-term unit) A-1 F-1-3-5-10-14-16-19-23-24-27-28-32-33-34-36-42-46	45	10	S	199	3260	166	83.4	—	—	9744	5649	434
68	WASHOE MEDICAL CENTER, 77 Pringle Way, Zip 89502; tel. 785-4100; Carroll W. Ogren, adm. (Includes 34 beds in long-term unit) A-1-9-10 F-1-2-3-5-7-9-10-11-12-15-16-17-19-20-21-23-24-25-26-27-28-29-30-35-36-39-42-44-45-46	13	10	S	538	18574	365	71.4	28	959	23342	11434	1334
3	SCHURZ—Mineral County (702) * U. S. PUBLIC HEALTH SERVICE INDIAN HOSPITAL, Zip 89427; tel. 773-2345; Reuben T. Howard, adm. off. F-5-14-30-32-33-34-35-36-37-42-45	47	10	S	26	458	9	34.6	5	52	1405	514	44
46	SPARKS—Washoe County (702) * NEVADA MENTAL HEALTH INSTITUTE (Formerly Listed Under Reno), 480 Galletti Way, Zip 89431; Mailing Address Box 2460, Reno, Zip 89505; tel. 322-6961; Thomas A. Piepmeyer, dir. A-1-10 F-3-5-23-24-29-33-36-42-45-46	12	22	L	451	775	289	64.1	—	—	5290	2644	198
49	WIRNEMUCCA—Humboldt County (702) * HUMBOLDT GENERAL HOSPITAL (Formerly Humboldt County General Hospital), 118 E. Haskett St., Zip 89445; tel. 623-5222; E. J. Hanson, adm. (Includes 10 beds in long-term unit) A-9-10 F-1-3-6-14-19-35-42-45	13	10	S	34	793	18	52.9	7	113	885	439	54
46	YERINGTON—Lyon County (702) * LYON HEALTH CENTER, Surprise at Whitacre Ave., Box 940, Zip 89447; tel. 463-2301; Clara M. Barnett RN, adm. (Includes 18 beds in long-term unit) A-9-10 F-2-6-14-23-35-45-46	13	10	S	42	1260	31	73.8	6	131	881	480	51

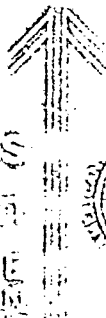




Hospital Statistics

1976 Edition

DATA FROM THE
AMERICAN HOSPITAL ASSOCIATION



96 TABLE 5C (Continued)/ NEVADA

Table 5C/Novada

CLASSIFICATION	HOSPITALS	BEDS	ADMISSIONS	INPATIENT DAYS	INPATIENT DAY EQUIVALENTS	OCCUPANCY, percent	AVERAGE DAILY CENSUS	ADJUSTED AVERAGE DAILY CENSUS	AVERAGE STAY, days	SURGICAL OPERATIONS	OUTPATIENT VISITS			
											Emergency	Clinic	Referred	Total
NEVADA	23	3,156	100,503	786,033		68.2	2,153			46,641	213,104	229,125	158,457	600,686
6-24 beds	1	17	207	2,236		35.3	6			355	726	6,532	2,073	9,331
25-49	10	397	15,284	84,402		57.9	230			6,147	33,332	115,002	74,567	222,901
50-99	4	305	9,891	64,238		57.7	176			4,400	23,466	0	14,987	38,453
100-199	3	474	13,915	132,504		76.6	363			6,126	17,491	41,764	16,772	76,027
200-299	2	541	21,839	142,895		72.5	392			10,659	55,538	14,559	33,866	103,953
300-399	0	0	0	0		0	0			0	0	0	0	0
400-499	2	911	20,793	226,575		68.2	621			9,517	47,074	38,827	4,470	90,371
500 or more	1	511	18,574	133,183		71.4	365			9,437	35,477	12,441	11,722	59,640
Psychiatric	1	451	775	105,363		64.1	289			0	0	0	0	0
Hospitals	1	451	775	105,363		64.1	289			0	0	0	0	0
Institutions for mentally retarded	0	0	0	0		0	0			0	0	0	0	0
General	21	2,658	95,571	666,465		68.7	1,825			44,240	213,104	229,125	156,176	598,405
Hospitals	21	2,658	95,571	666,465		68.7	1,825			44,240	213,104	229,125	156,176	598,405
Hospital units of institutions	0	0	0	0		0	0			0	0	0	0	0
TB and other respiratory diseases	0	0	0	0		0	0			0	0	0	0	0
Obstetrics and gynecology	1	47	4,157	14,205		83.0	39			2,401	0	0	2,281	2,281
Eye, ear, nose, and throat	0	0	0	0		0	0			0	0	0	0	0
Rehabilitation	0	0	0	0		0	0			0	0	0	0	0
Orthopedic	0	0	0	0		0	0			0	0	0	0	0
Chronic disease	0	0	0	0		0	0			0	0	0	0	0
All other	0	0	0	0		0	0			0	0	0	0	0
Federal	4	277	6,876	75,575		74.7	207			2,601	17,569	160,058	43,242	220,869
Psychiatric	0	0	0	0		0	0			0	0	0	0	0
General and other special	4	277	6,876	75,575		74.7	207			2,601	17,569	160,058	43,242	220,869
Nonfederal	19	2,879	93,627	710,458		67.6	1,916			44,040	195,535	69,067	115,215	379,811
Psychiatric	1	451	775	105,363		64.1	289			0	0	0	0	0
Hospitals	1	451	775	105,363		64.1	289			0	0	0	0	0
Institutions for mentally retarded	0	0	0	0		0	0			0	0	0	0	0
TB and other respiratory diseases	0	0	0	0		0	0			0	0	0	0	0
Long-term general and other special	0	0	0	0		0	0			0	0	0	0	0
Short-term general and other special	18	2,428	92,852	605,095		68.2	1,657			44,040	195,535	69,067	115,215	379,811
Hospital units of institutions	0	0	0	0		0	0			0	0	0	0	0
Community hospitals	18	2,428	92,852	605,095	692,298	68.2	1,657	1,896	6.5	44,040	195,535	69,067	115,215	379,811
6-24 beds	0	0	0	0		0	0			0	0	0	0	0
25-49	8	336	11,875	71,572		58.0	195			4,976	16,489	3,240	33,398	53,12
50-99	4	305	9,891	64,238		57.7	176			4,400	23,466	0	14,987	38,453
100-199	2	275	10,655	71,995		71.6	197			5,051	17,491	0	16,772	34,26
200-299	2	541	21,839	142,895		72.5	392			10,659	55,538	14,559	33,866	103,953
300-399	0	0	0	0		0	0			0	0	0	0	0
400-499	1	460	20,018	121,212		72.2	332			9,517	47,074	38,827	4,470	90,371
500 or more	1	511	18,574	133,183		71.4	365			9,437	35,477	12,441	11,722	59,640
Nongovernment not-for-profit	3	386	15,877	96,618		66.7	265			9,550	27,359	0	33,044	60,40
Investor-owned (for-profit)	5	831	36,803	218,342		72.0	598			17,678	72,646	38,827	31,614	143,06
State and local government	10	1,211	40,172	290,135		65.6	794			16,812	95,530	30,240	50,557	176,32

VALLEY HOSPITAL

620 SHADOW LANE • LAS VEGAS, NEVADA 89106 • (702) 385-3011

Seymour Schulman, M.P.H.
Executive Director

March 1, 1977

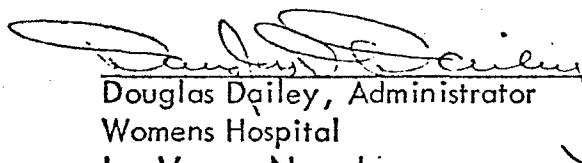
Mr. Fred Hillerby
Nevada Hospital Association
1450 East Second Street
Reno, Nevada 89502

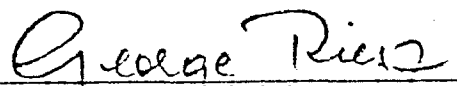
Dear Fred:

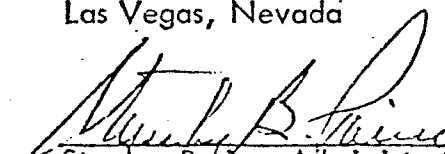
As you know, there has been much concern on the part of a number of hospitals regarding the introduction of Assembly Bill No. 307 which permits the rebate of health insurance benefits to patients. It is the belief of the undersigned that such rebating could lead to the "buying" of patient business by hospitals and to over-utilization of hospital services. It is for these reasons that the undersigned hospitals request that the Nevada Hospital Association take an active part in the defeat of such legislation. It is our feeling that this Bill is against the best interests of all hospitals, their patients and their care.


As you know, as a result of the opposition voiced at the Committee on Commerce hearing on February 23, the matter was referred to a subcommittee chaired by Assemblyman Demers. It is the intention of the undersigned hospitals to actively pursue this matter until its eventual defeat and request that the Nevada Hospital Association join with us in achieving this goal.

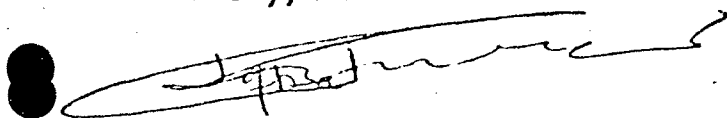
Sincerely,


Douglas Dailey, Administrator
Womens Hospital
Las Vegas, Nevada


George Riesz, Administrator
Southern Nevada Memorial Hospital
Las Vegas, Nevada


Stanley Pariso, Administrator
Boulder City Hospital
Boulder City, Nevada


Seymour Schulman, Administrator
Valley Hospital
Las Vegas, Nevada


Iqbal Paroo, Administrator
Desert Springs Medical Center
Las Vegas, Nevada

THE YELL

VOL. 21, No. 21

FEBRUARY 23, 1977

Yowza, yowza, yowza

Mediterranean Cruise for You

A not-so-far-from-the-truth satire by Barbara Scaraman

[And now...from the people who brought you the five per cent rebate and the Sunset Hospital Courtesy card that you can only get if you're rolling in the green stuff comes...]

Yowza, Yowza, Yowza! Here we are ladies, gentlemen and left-overs. It's 10 a.m. Monday morning and by the position of the mercury on our giant rectal thermometer it's that time again. Yowza, yowza, yowza! It's time to put the old hand in the spinning casket basket and pull out the winning name bracelet for this week's Sunset Hospital Recuperative Mediterranean Cruise for YOU! (Applause, applause, applause.)

Will it be you, you or YOU!! In a moment we'll find out. Just get yourself comfortable in your stretcher, wheelchair or iron lung, and in the time it takes for a urinalysis YOU could be on your way to a cruise in the secky waters of the polluted Mediterranean Sea! (Applause, applause, applause.)

Will it be YOU, Mrs. Hysterectomy...or YOU, Mr. Vasectomy...or even YOU, Ms. Appendectomy? It could be anyone of you who scheduled your admittance to our quaint 580 million humanitarian infirmary on Friday or Saturday of this past weekend. Providing you are still among the living, YOU might be the winner of the BIG PRIZE! A chance to bask in the sunshine of the open seas, throw up your guts over the guard rail, relax while your bones knit, your scars heal or your paternity suit goes into litigation.

Now, let's just have one of you spin the old casket basket. Who would like to volunteer today? Just wave the old cast as hard as you can. Let's see, now. How about you, Mr. Stub? Just put the old hand in and...Oh. No hand? How agile are your toes, Mr. Stub? Think you can hold that little mario toe between the old digits there? No toes either. Well, tough buns, Mr. Stub. At least you can watch all this fun and excitement from your electric litter. Right, Mr. Stub? No, Mr. Stub. I'm over here. No...over this way. That's right. Here, just let me adjust your glass eye. There we go. What a little trouper, folks. He don't know where he is, but he don't care! Do you, Mr. Stub? Happiness is in your heart folks. If it's still beating when you leave Sunset.

And speaking of hearts, what's say we bring out Candy Coronary, our Miss Heart Palpitation of the Year! (Applause, applause, applause.)

Come right up here, Candy. Look at that body folks. Look at those legs. All courtesy of Pinchett's Prostheses and Party Shop. Genuine maple. Give the folks a knock on the old gams there, Candy. Atta girl. What a trouper! You're ALL a bunch of troupers!! Yowza, Yowza, Yowza! (Applause, applause, applause.)

Okay, now Candy's going to spin the old casket basket and plunge her genuine teakwood hand in the old drum and pull out the winning name. Round and round the goes and where she stops...body knows. There it is folks...the winning name bracelet. And the winner is...DOLLY

DIALYSIS. Let's bring her up here, folks. Come on Dolly. Just wheel the old IV unit up here with you. Atta girl. Let's hear it for Dolly Dialysis! (Applause, applause, applause.)

Yowza, yowza, yowza! Dolly, have we got a treat for you. Are you ready? You...I mean YOU and YOUR KIDNEY MACHINE have just won a two-week trip on the Mediterranean!! What do you think of that, Dolly?

"I just can't wait to go!" Well, Dolly, that's great. Because you'll be gone just as soon as we unplug your machine. In case you didn't know, there's no electricity on the Mediterranean. But Dolly, Dolly, DOLLY! What a way to GO! Let's hear it for the little trouper, Dolly Dialysis! (Applause, applause, applause.)

Yowza, yowza, yowza! Don't forget folks, next week at the same time we'll spin the old convertible casket basket and pull out another lucky name in our lucrative, tasteless exploitation of the sick American public. The Sunset Hospital Recuperative Mediterranean Cruise for YOU!! Yowza, Yowza, Yowza!

Next week... Yowza, yowza, yowza! Here we are ladies, gentlemen and vital organs. It's another 10 a.m. on another Monday morning and by the position of the light on the giant proctoscope it's that time again. Time to put the old hand in the convertible casket basket and pull out that winning name. Are you ready? (Applause, applause, applause.)

Will it be you, you or YOU!! In a moment we'll find out. Let's call up our little trouper of the day to put the old hand in the old drum and pull out the winning name. And here he is. Sidney Schizophrenia! Let's hear it for Sidney! (Applause, applause, applause.) Yowza, yowza, yowza!

Okay, Sidney. Just put the old hand in the old drum and... Whoops. Let's just loosen this straight jacket here and take the rubber spoon out of your mouth so you can say a few words to the folks out there. What was that, Sidney? You say you're happy to be here in Waterloo with Josephine? I'm a frigging bastard? You love me? I can stuff my Yowza right up my nose? Don't cry, Sidney! Don't laugh, either! Isn't he great, folks? Sever a dull moment with Sidney SCHIZOPHRENIA! (Applause, applause, applause.)

Okay, Sidney, and ALL you little troupers out there. We're going to have Sidney put his feisty little mitt into the old drum and pull out today's grand prize winner in the Sunset Hospital Recuperative Mediterranean Cruise for YOU!! And the winner is...CARLOS COMATOSE!!! (Applause, applause, applause.) Yowza, yowza, yowza! Come right on up here, Carlos and...Oh, he's still spaced out? Well, nurse, can you wheel Carlos Comatose up here to receive his two tickets to this exciting cruise. Let's hear it for Carlos COMATOSE!! Yowza, yowza, yowza! (Applause, applause, applause.)

Carlos, if you can hear me somewhere in that great Land of nod...You, I said YOU and YOUR RESPIRATOR have just won our exciting Sunset cruise. I know

you're speechless, Carlos. But we all know, wherever you are, you're just as excited as we are.

Isn't it great folks? What's even greater is that Sunset Hospital also benefits from this particular winner. Since Carlos is out cold with brain waves less active than a bowl of lime jello, it won't matter what stateroom he gets. He sure doesn't need a room with a view. Right folks? So it's the old baggage hold for Carlos and his life-sustaining machine...

Wait...what's this? A telegram just in. It says, "Sunset Hospital Cruise Ship just sunk in the

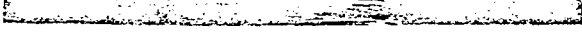
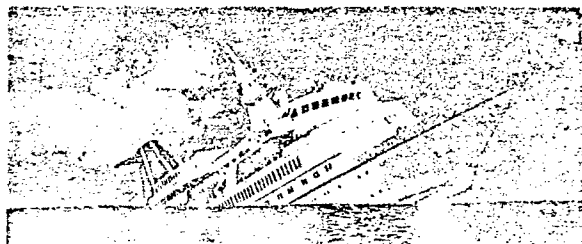
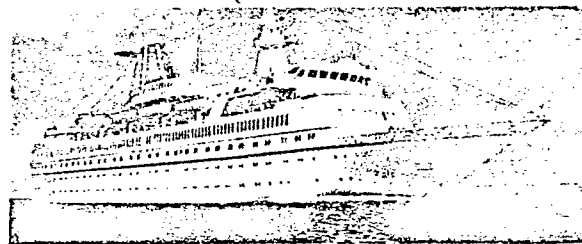
middle of the Mediterranean by the Good Ship Hope. STOP. Winner will have to go by other means. STOP."

Well, Carlos, this is indeed your lucky day. For in our little reserve bag we have a prize that tops them all. YOU, I said YOU, Carlos Comatose, have the fantastic fortune to be going to the BAHAMAS. And how will you go? You will fly on a chartered plane on JET AVIA AIRWAYS by way of the BERMUDA TRIANGLE!! And as an extra bonus, Carlos, your traveling compan-

ies will be...are you ready?... three of our Sunset hospital staff physicians and a University of Nevada, Las Vegas REGENT!! YOWSA, yowza, and another YOWSA!!! (Applause, applause, applause.)

Wells, that's it for today, folks. I hope you and yours will be with us again next week at this same time when we open the fun-filled Sunset Hospital vomit bag of disgusting phyls designed to feed your greedy, neurotic appetites and our greedy, unethical pocket-books. Yowza, yowza, yowza!!!

Introducing the Sunset Cruise



Win a once (?) in a lifetime cruise simply by surviving Sunset Hospital's new Intern does all plan Recuperative Mediterranean Cruise for You

That's all there is to it! Just schedule your next Stroke to happen on a Friday or Saturday. If you should have one on Monday, we are sure you will consider it worthwhile to wait in order to take advantage of this outstanding offer. Put lots of ice all over your body and take two aspirins. That's all you have to do.

There is no obligation (for us) if you die before your ship sails. Why this offer? We have to do something with all our empty beds, what with our low income from repeat business. We are proud so say that no one has ever died in this hospital twice. Who is eligible to win?

Every patient who checks into Sunset Hospital on a Friday or Saturday is eligible to win this free luxury cruise for you. Provided of course that you and your iron lung are able to travel. So come aboard on the exciting Her Majesty's Bedpan, for a thrilling tour of the Mediterranean. Let your Sunset at Sunset

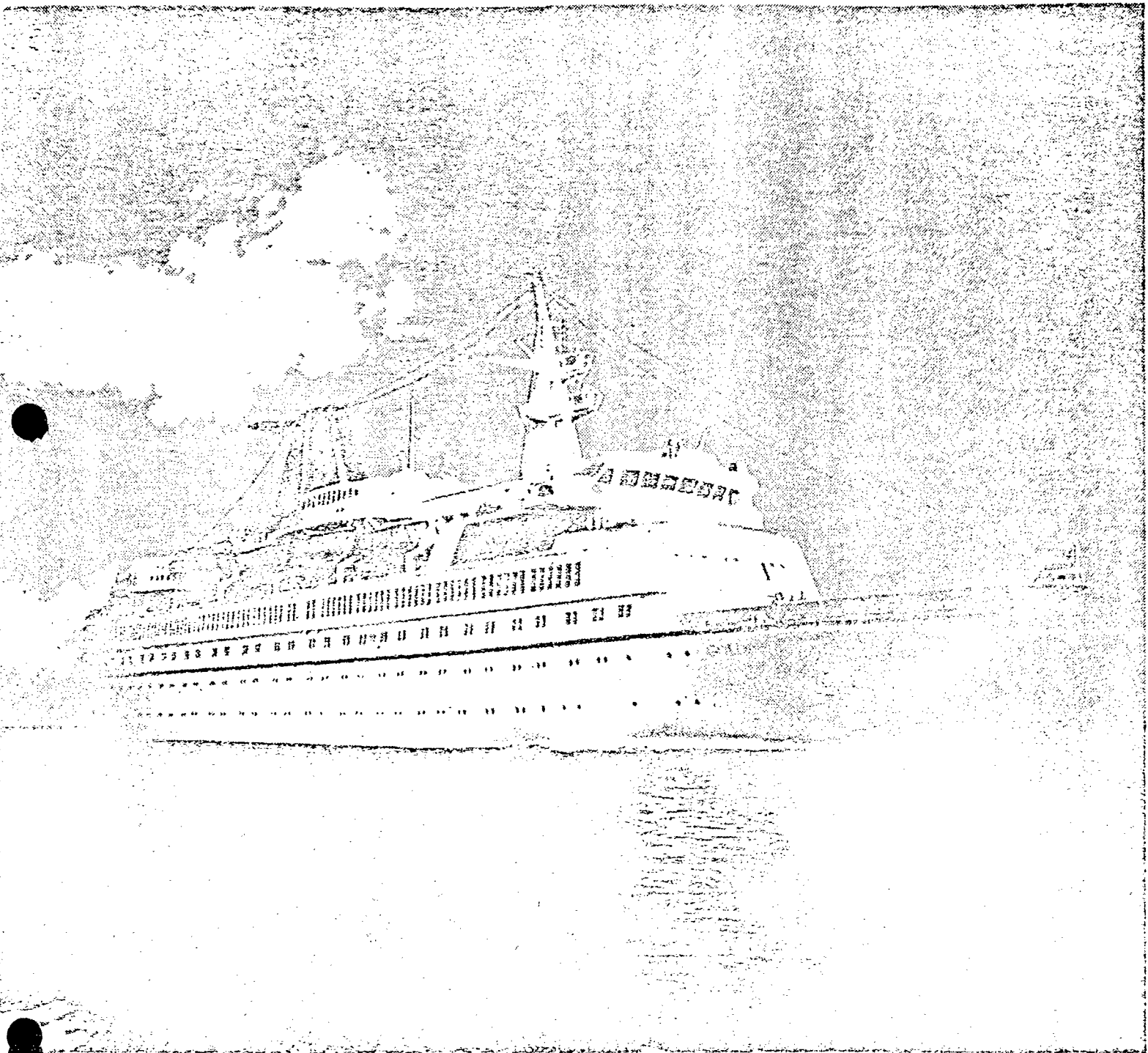
Sunset Hospital Medical Center

4505 Maryland Parkway • Las Vegas Nevada 89109 • Tel 739-3178

Exhibit 2

SON
1-4-77

Introducing the Sunrise Cruise.



Ev 1 + 0

Win a once-in-a-lifetime cruise simply by entering Sunrise Hospital on any Friday or Saturday

That's all there is to it! Just schedule your admittance into Sunrise Hospital for any Friday or Saturday. You'll be eligible to win a free recuperative vacation cruise for two. There's nothing to do. No obligation.

Why this offer?

On weekends Sunrise Hospital has an abundance of unoccupied beds. Yet our facilities and staff must operate around the clock on a 7-day schedule. This costs money!

To reduce operating costs we must even out this workload — make greater use of our facilities on weekends. By increasing the Friday-Saturday admittance to about 80 patients we can actually reduce net expenses. This will help hold down our rates.

Who is eligible to win?

Every patient who checks into Sunrise Hospital

on a Friday or Saturday is eligible to win this free luxury cruise for two. There will be a new drawing every Monday.

You can't always select the day to enter the hospital, obviously. But in many cases you can. So why not tell your doctor to arrange your admittance on a Friday or a Saturday? You may check out with an expense-paid "recuperative cruise" for two!

What do you have to do?

Just enter Sunrise Hospital any Friday or Saturday. One of the patients who checks in on either of these two days will win the cruise in the Monday drawing.

This is an expense-paid luxury cruise for two. And you'll have your choice of several cruises to be taken within the year. All first class passage!

Most important — there will be a drawing every week, 52 weeks a year! Come aboard.

Sunrise Hospital Medical Center

3186 MARYLAND PARKWAY • LAS VEGAS, NEVADA 89109 • TELEPHONE 731-8000

Hospital offers cruise

By Sheila Caudle
R-J Staff Writer

RJ
1-4-77

A recuperative cruise to the Mediterranean is in the future of patients admitted to Sunrise Hospital on Fridays or Saturdays.

The hospital announced the new program Monday, designed to boost weekend hospital use. It replaces the old cash rebate plan.

Administrator David Brandsness said weekly drawings for the "recuperative vacation cruise for two" would be held. The vacation value, he roughly estimated, is about \$4,000, and it involves a 14-to-16-day ship cruise.

Every patient entering on the weekend plan is eligible to win.

When the hospital was forced to suspend the old 5.25 per cent cash rebate plan late last year, Brandsness promised the hospital was going to come up with some innovations to encourage weekend use.

At the time, Brandsness said insurance companies deducted the rebate for themselves and vowed the hospital would continue its court battle over the rebate program.

"The rebate program worked," Brandsness said. "It encouraged hospital admissions on traditionally slow weekends, spread our workload throughout the week and reduced costs.

"We hope this new plan will accomplish the same thing, for the consumer is the one who benefits in the long run through lower medical costs."

The end of the rebate program was one factor he cited in announcing the recent room rate hike from \$82 to \$89 a day for a semi-private room.

Monday Brandsness said hospital facilities and staff still must operate around the clock on a seven-day schedule, even if the occupancy rate is low on weekends.

When the cash back plan stopped, weekend admissions dropped from 85 to 90 to the high 50s and low 60s, a decrease of 30 to 35 per cent, the administrator said.

Referring to the cruise offering, Brandsness said it's one way that could cut operating costs through increased efficiency. The cruises' cost will be covered, he said, by the added revenue generated from increased use of facilities and staff.

Brandsness added: "The situation is similar to an airliner flying with a full passenger load rather than at only 50, 60 or 70 per cent capacity. The cost of flying the airplane is the same, but revenues greatly increase.

"The same is true for Sunrise Hospital. If we can make greater use of our facilities, the cost of medical service for everyone will be less."

Under the cruise program, the winning patient has a choice of several cruises to be taken within the year. The trip will be an expense-paid luxury cruise, all first class passage for two, the administrator said.



"Man and Medicine"

23 February 1977

COUNTY COMMISSIONERS

Thalia Dondero, Chrmn.
Manuel Cortez, Vice Chrmn.
Sam Bowler
Robert Broadbent
David Canter
Jack R. Petitti
Richard Ronzone

Mr. S. Schulman
Administrator
Valley Hospital
620 Shadow Lane
Las Vegas, Nevada 89106

Dear Sy:

I am sorry I cannot join you at the hearing on AB 307. I would like to share some thoughts with you.

1. The hospitals in the U.S.A. establish their charges for services on the basis of average costs. Patient X may need more help to get a chest x-ray done than Patient Y -- but both are charged the same fee. If any group of patients is charged less,* all others -- whether or not covered by insurance or other third party payer -- will be charged more, grossly unfairly.
2. The costs of services during week-ends tends to be higher because of premium wage scales of some employees, on-call or call-back pay of others, and other related factors.
3. While hospital average costs tend to go down with increased volumes, one hospital's increased volume at the expense of the other hospitals, will not decrease total costs for the community.
4. While lowered occupancy figures during weekends are inconvenient in some ways to all hospitals, the problems are much less significant in Las Vegas because of the sizeable weekend tourist population.
5. Attempts to force doctors to work in non-emergency situations on week-ends is patently unfair to them, and will often pit doctor against patient, which is hardly conducive to effective patient-doctor relationship.

Advertising is currently viewed as unethical by hospitals unless if there is an unusual feature about which the public should be informed. It is my belief that Sunrise Hospital's intention to re-introduce the weekend rebate policy is essentially motivated by their wish to advertise.

If Sunrise is allowed this scheme, the other for-profit hospitals are likely to adopt it also. Public not-for-profit hospitals, not being able to offer rebates out of corporate profits, would be unfairly discriminated against, ultimately at the expense of the taxpayers subsidizing the public hospitals.

Best regards.

George
George Riesz, F.A.C.H.A.
Administrator

*for reasons other than the costs of service.

Exhibit 2

PURSUIT OF EXCELLENCE

VALLEY HOSPITAL'S
GUARANTEE TO OUR PATIENTS*

Although we can't guarantee the results of your medical care, we do guarantee:

1. That the services you receive will be performed to your satisfaction. This includes your nursing care, your food, the cleanliness of your room, services of all our ancillary departments and our Emergency Department. In fact, any and all services you receive at Valley Hospital.
2. If you are not satisfied, the service(s) which do not meet your expectations will not be charged to you, subject to the simple requirements listed in 3A through E below.
3. If you are not satisfied with the service(s) you are receiving at Valley Hospital, charges for such service(s) will not be billed to you or your insurance company IF:
 - A. You advise us within 24 hours of the time service(s) is not rendered to your satisfaction and if, upon investigation, your complaint is found to be justified, the "no charge" guarantee will be in effect and your account will be credited with an appropriate amount which represents the cost of such service(s).
 - B. The guarantee stated above does not cover waiting for services in those departments where the more seriously ill patient is treated first.
 - C. To be eligible for the "Guaranteed Services" program, all of your past accounts with Valley Hospital and any past accounts for a person for whom you or your guarantor has financial responsibility must be paid in full.
 - D. Because of the nature of human illness, we cannot guarantee the results of your medical care nor can we guarantee the services provided by your physician(s) or dentist(s).
 - E. Patients wishing to discuss and/or take advantage of the "Guaranteed Services" program should call Ext. 137. If your phone is not activated, ask your nurse to make the call for you. A member of the Administrative Staff is on call 24 hours per day and will contact you immediately upon receiving your call.
4. The "Guaranteed Services" program is approved by the Board of Governors of Valley Hospital on an annual basis and will be reviewed and considered for renewal annually.
5. The concept of the "Guaranteed Services" program is to credit your account for those services as outlined above, which you find unacceptable. Cost liability incurred in this program will be funded from the hospital's incentive income fund so that the program's cost will not be charged to any other patient.

Crediting a patient's account under the "Guaranteed Services" program is not an admission of liability, either expressed or implied, in relation to hospital or extended care facility services rendered.

PURSUIT OF EXCELLENCE

VALLEY HOSPITALS GUARANTEE TO OUR PATIENTS

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1. That the services you receive will be performed to your satisfaction. This includes Your nursing care, Your food, the cleanliness of your room, services of all our ancillary departments and our Emergency Department. In fact, any and all services you receive at Valley Hospital.

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(*Effective April 15, 1977)



620 Shadow Lane
385-3011

SUN 3/13/77

EXHIBIT 2

NEVADA INDUSTRIAL COMMISSION
OFFICE OF
THE COMMISSIONERS

MEMORANDUM

TO: Assemblyman Daniel J. Demers
FROM: John Reiser, Chairman *John Reiser*
SUBJECT: AB 307
DATE: March 17, 1977

At the hearing on AB 307, Chairman Harley Harmon stated that he believed any rebate or discount should go to the insurer if the insurer pays 100 percent of the patient's medical care costs as is the case with Nevada Industrial Commission payments for industrial injuries.

The Nevada Industrial Commission agrees with this position and we request that AB 307 be amended to include this provision.

/dl
cc: Assemblyman Harley Harmon



STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710
(702) 885-4270

MIKE O'CALLAGHAN
Governor

MICHAEL L. MELNER
Director

DICK L. ROTTMAN, Ph.D., CPCU, CLU
Commissioner of Insurance

VERNON E. LEVERTY
Chief Deputy
Carson City

W. O. SLAYTON
Chief Deputy
Las Vegas

February 24, 1977

M E M O R A N D U M

TO: Assemblyman Harley Harmon
Chairman Assembly Commerce and Labor Committee

FROM: Dick L. Rottman

SUBJECT: FINANCIAL RESULTS OF NEVADA HOSPITALS

In accordance with the request related to AB 307 a brief summary of the financial results for Nevada hospitals is enclosed. Please note that most of the results are for the fiscal year that ended during 1975. The 1976 results are still in the process of being submitted to our office.

You should be aware that this is our first year of data gathering for hospitals, so some of the figures may be less than completely revealing or completely accurate.

Additionally, you should be aware that the daily semi-private room rate for Sunrise Hospital has been increased from \$82.00 per day as reported on 6/30/76 to \$89.00 per day as reported on 2/1/77.

DLR:gp

GH - General Hospital Beds
 SNF - Skilled Nursing Facility Beds

LIC - Licensed by the State
 RPTD - Reported as being used

Inpatient Charges
Inpatient Days

Type	Hospital	Current No. Licensed Beds	7-1-76 Semi-Private Room Rate	General Occupancy Rate	Inpatient Charges Per Day	Oper. Rev. Minus Oper. Exp.
R	Battle Mountain	GH 16	\$ 62.50	6-75 29.6%	6-75 \$ 93.73	6-75 (63,132.00)
R	Boulder City	GH LIC. 38				
		GH RPTD 34	70.00	12-75 70.7	12-75 149.13	12-75 62,694.00
U	Carson Tahoe	GH 77	93.00	6-75 79.6	6-75 167.01	6-75 56,164.00
R	Churchill	GH 42	80.00	6-75 43.0	6-75 126.61	6-75 (20,300.00)
U	Desert Springs	GH 211	82.00	11-75 36.3	11-75 263.14	11-75 123,462.00
R	Elko	GH 56	70.00	6-75 54.5	6-75 131.98	6-75 127,257.00
CR	Humboldt	GH 22	85.00	6-75 46.8	6-75 84.60	6-75 (220,753.00)
		SNF 10	42.00			
CR	Lincoln	GH 10	60.00	6-75 52.8	6-75 56.98	6-75 (24,599.00)
		SNF 9	35.00			
CR	Lyon	GH 24	62.00	6-75 74.9	6-75 59.80	6-75 (8,450.00)
		SNF 18	39.00			
CR	Mt. Grant	GH 25	68.00	6-75 31.7	6-75 124.47	6-75 (144,441.00)
		SNF 11	43.00			
U	N. Las Vegas	GH 99	76.00	6-75 26.8	6-75 230.59	6-75 (81,801.00)
CR	Nye	GH 19	80.00			
		SNF 24	45.00	6-75 27.9	6-75 64.73	6-75 (265,319.00)
CR	Pershing	GH 22	82.00			
		SNF 25	40.00	6-75 32.1	6-75 53.60	6-75 (202,431.00)
U	St. Mary's	GH 268	103.00	12-75 80.6	12-75 177.13	12-75 917,600.00
R	St. Rose de Lima	GH 80	80.00	6-75 56.3	6-75 164.81	6-75 (139,109.00)
U	S. Nevada	GH 302	83.00	6-75 71.9	6-75 214.29	6-75 (1,145,333.00)
U	Sunrise	GH LIC 481				
		GH RPTD 486	82.00	<u>12-75 68.6</u>	<u>12-75 253.90</u>	<u>12-75 3,852,349.00</u>
U	Valley	GH LIC 269				
		GH RPTD 126	88.00	12-75 82.9	12-75 216.12	12-75 1,209,246.00
U	Washoe Medical	GH 554	103.00	6-75 73.8	6-75 180.94	6-75 626,710.00
CR	Ririe	GH LIC 44				
		GH RPTD 40	79.00			
		SNF 33	39.00	6-75 38.5	6-75 215.85	6-75 63,505.00
U	Women's	GH 62	76.00	4-75 82.9	4-75 167.30	4-75 563,457.00
	Total (Col. 1)	GH 2721				
		SNF 131				
1	Avg.	GH 130	79.26	<u>55.3</u>	<u>162.22</u>	<u>251,751.24</u>
		SNF 6	69.55			
9	Avg. Urban	258	87.33	<u>67.0</u>	<u>207.82</u>	<u>680,206.00</u>
5	Avg. Rural	46	72.50	50.8	133.25	(6,518.00)
		24	73.71	43.5	94.28	(114,611.00)

STATEMENT BY MILOS TERZICH ON A.B. 307

My name is Milos Terzich, representing the Health Insurance Association of America. Initially, I would like to state that we are not opposed to the concept and intent of A.B. 307 and the efforts to attain greater hospital utilization over the weekends are to be commended. However, we are strongly opposed to the mechanics and terminology as expressed in this bill.

I. STATEMENT MADE BY DAVID R. BRANDSNESS, ADMINISTRATOR OF SUNRISE HOSPITAL.

We feel that some comment should be made of the testimony offered before the full committee by David Brandsness, the Administrator of the Sunrise Hospital. Mr. Brandsness made two crucial statements in his testimony in support of this bill. One statement was to the effect that by reason of the rebate program, which was apparently instituted in January of 1976, the patients do not remain in the hospital any longer and in fact their length of stay was down by 2.2%. In this connection, we have attached hereto a letter from Mr. Brandsness dated April 12, 1976 regarding the rebate program. You will note on page 3 of said letter the following statement:

"As stated in a previous report, we have increased our patient day share of the market by approximately 1% in 1976. The increased length of stay is of some concern. This phenomenon appears to be County wide and not specific to Sunrise Hospital. I do not have any explanation for this. We do not see any indication this increase in length of stay is the result of the weekend rebate program."

EXHIBIT 5

This letter was an attachment to the Nevada Industrial Commission's pleadings in a case commenced in Clark County by Sunrise Hospital against the Nevada Industrial Commission in connection with the rebate program.

The second crucial statement made by Mr. Brandsness was that they have not increased their rates since the beginning of 1976. We are attaching hereto a report made by the Insurance Commissioner, pursuant to his authority by statute, which shows that as of June 1, 1976 the semi-private room rate was \$82.00 and as of February 1, 1977 the semi-private room rate was \$89.00.

It is also interesting to note that the inpatient charges per day for Sunrise are \$253.90 which is the second highest of any other hospital in the state. For example, Washoe Medical Center, which has approximately 70 more beds than does Sunrise, had an inpatient charge per day of \$180.94.

Mr. Brandsness also stated that what they do with their own profits is their own business. It should be pointed out that we are not talking about Sunrise's profits. You have to look at the entire transaction on its face. This bill as written, absolutely destroys the deductible factors built into a health insurance policy and also destroys the co-insurance factors. When a rebate is given to the patient, it has to be considered as a rebate against the deductible, a rebate as against the co-insurance factors as written into the insurance policy, or a rebate of the premium.

Section 689B.020 of the Nevada Revised Statutes, refers to the fact that group health policies are generally provided upon an "expense incurred" basis. That is, health insurance policies provide for reimbursement to the insured of a certain percentage of a medical expense and which is based upon an expense incurred basis for the usual and customary charges. Viewing the entire transaction, this law in fact has the effect of impairing the contract of insurance entered into with the

insured.

This is analogous to a situation in which a usurious rate of interest is determined. In that type of case, the court looks at all of the documents and all of the circumstances surrounding the transaction in order to determine whether or not a usurious rate of interest has been charged. Likewise, in the present situation, if one views the entire circumstances surrounding the rebate program, this bill does in fact interfere with and destroy the deductible and co-insurance factors under a health insurance policy.

II. THIS BILL WOULD ENACT A REBATE PROGRAM WHICH IS CONTRARY TO EXISTING INSURANCE LAW.

There have been statements made that such a rebate program as enacted by this bill is not illegal. We would like to point out the following sections of the Nevada Revised Statutes: N.R.S. 686A.110, N.R.S. 686A.130 and N.R.S. 686A.140. These statutes specifically relate to the rebates under the circumstances of this bill. This bill actually gives a hospital the right of control over a rebate program, and which we contend is specifically prohibited by a reading of the above statutes.

For example, Subsection 3 of N.R.S. 686A.130 provides as follows:

"No insured named in a policy or any employee of such insured shall knowingly receive or accept directly or indirectly, any such rebate, discount, advantage, credit or reduction of premium, or any such special favor or advantage or valuable consideration or inducement."

Any person who violates these rebate laws, is guilty of a misdemeanor.

Thus, A.B. 307 does give the authority to a hospital to give favoritism to certain individuals and any rebate given, can be construed to be a rebate of premium. Under health insurance policies, the insurer is obligated only to pay that certain percentage of the expenses actually incurred by the insured.

When a rebate is given to the insured, the insurance company has paid more than its percentage of the actual expenses incurred.

If the intent of this bill is not only to improve greater hospital utilization over the weekends, but as testified to, that it will reduce health care costs, it is inconceivable that this law will achieve such a purpose. There are absolutely no controls over a hospital, either by way of rate regulations or other controls to assure that the objective will be accomplished.

There is absolutely no prohibition upon a hospital, once this bill passes, to increase its rates and further increase medical health care costs, not only to the patient by reason of hospital rates but also by reason of increase in health insurance premium rates.

If the intent is actually to cut down on medical costs, the hospital could impose a discount of its rates for specific days, which would obligate the insurer to pay the same percentage of the expenses actually incurred. This would also benefit the patient, without interfering or impairing the insurance contract.

III. THE BILL IS DISCRIMINATORY.

There is no question but that this bill is discriminatory not only among those patients who do have health insurance policies, but also discriminatory as against those patients who do not have insurance policies. For example, a patient without any hospitalization coverage, who may desire to and does participate in the rebate program, is obligated to pay the entire bill. From this monies the patient has paid, he should be entitled to receive a rebate, which is in fact receiving his own monies. Looking at the total picture, it results in a pure and simple discount to that patient. The bill does not even discuss a situation such as this, but is obviously pointed toward the insurance companies.

Even among policyholders, the bill is discriminatory. For example, if a patient has emergency care or elects to go

into the hospital on a day during which the rebate program is not effective, the insurance company pays its percentage of the expenses incurred by that patient and the patient must then pay to the hospital the difference. Contrarywise, if a patient with the same policy has solely elective surgery and does go into the hospital on a rebate day, he is receiving an unfair advantage over the other insurance policyholder. They are both paying the same premium for the same coverage, yet one receives an additional benefit by reason of having an insurance policy and having the opportunity to enter the hospital on a rebate day. That insured is actually paying less for his policy than the other policyholder, which again brings us to N.R.S. 686A.110 through 686A.140, the statutes against discrimination and rebates.

It is respectfully submitted that such discrimination is not only in violation of our laws but also of our constitution and the constitution of the United States.

IV. OTHER PROBLEMS WITH THE BILL.

The wording of the bill itself is ambiguous and completely contrary to the concept of health insurance policies.

The bill in effect states that the reduced rate or rebate shall be held for the account of the insured. It does not define who the insured is in this particular instance. For example, under a group policy situation, the employer can be construed as the insured and the employees as beneficiaries. By a literal interpretation of the language of the bill, the employer as insured could or would receive the benefit of the rebate program and not necessarily the beneficiary, as it is apparently intended.

Further, the bill states in effect that the insurance company must pay within the limits of its policy, the usual and customary charges, plus the insurance company must also pay the difference between the reduced rate and the usual and

customary rate to or for the account of the insured. What this actually does is require the insurance company to not only pay the percentage dictated by its policy, but also requires the insurance company to pay an additional amount over and above the terms of the policy to the insured. Thus, the hospital is not only receiving payment in full from the insurance company and the insured, but also is compelling the insurance company to pay the insured an additional amount, that is whatever the hospital determines to be their discount rate and whenever the hospital determines that it will have the discount rate in effect.

This gives to the hospital the absolute and entire control over how much an insurance company must pay. This would absolutely destroy the contract as entered into between the insurance company and the policyholder or beneficiary.

A further objection to the bill is the fact that it requires an insurance policy to be changed to carry the provisions as specified in the law, rather than enacting a substantive law which need not be provided for in the policy itself. By doing this, you are requiring every insurance company who does business in this state in the health area to revise their insurance contracts, submit them to the Insurance Commissioner for approval and then implement the provisions in their standard policies. Not only does this increase the paperwork of an insurance company, which obviously would tend to increase insurance company's costs, but such changes do take time, from a minimum of 3 months to a maximum of 6 months.

If this bill is in fact to become law, then the bill should be changed to make the provisions a substantive law rather than a policy provision change.

It is respectfully submitted that hospitals have been around for a very long time. Why is there such an urgency to this type of legislation, except for the fact of the publicity

it has received in the past? Why has no other hospital ever attempted such a program? Would it not be better to have a study of the real problem of hospital utilization, and the reduction of health care costs in order to determine whether or not a satisfactory answer is possible? As previously stated, there are absolutely no controls listed in this bill and it could be subject to many, many abuses.

If the legislature does decide to enact this bill, we would submit an amendment to the bill by amending N.R.S. 449.490, which would in fact prohibit any discrimination. A copy of said amendment is submitted herewith.

In conclusion, the bill as it stands needs substantial revision, as hereinabove indicated, including the mandatory language submitted by us, before it can constitutionally stand as a law. In view of the many problems discussed hereinabove, it is respectfully submitted that a more appropriate method of attacking the real problem at issue would be a study bill to determine whether or not such a rebate program is necessary under the circumstances, or whether there is some other alternative to greater hospital utilization and lower health care costs.

Respectfully submitted,

/s/ Milos Terzich
Milos Terzich
Representative for
Health Insurance Association
of America

Sunrise Hospital
Inter - Hospital Correspondence

TO: DISTRIBUTION

DATE: April 12, 1976

FROM: C. E. Lees *CEL*

SUBJECT: 5.25% Cash Rebate Program

The Cash Rebate program procedures outlined in the hospital memorandum, dated January 26, 1976 are hereby superceded.

The revised procedures which follow are effective imadiately for all in-patients admitted 00:01 AM Fridays through 11:59 PM on Saturdays.

1. ADMITTING FUNCTION

To identify those patients who are entitled to a rebate, enter one of the following codes after the patients name.

A. COURTESY CARD ADMISSIONS: Enter "X4".

This code replaces the "X2" entry only for courtesy card admissions on Fridays and Saturdays.

B. ALL OTHER ADMISSIONS: Enter "R6".

This code is used for all non-courtesy card patients admitted on Fridays and Saturdays.

11. DISCHARGE AND CASHIERING FUNCTION

In accordance with hospital policy, cash collections at the time of the patients discharge will continue. CASH REBATE allowances will not be calculated at the time of discharge. The full amount of the patient's balance will continue to be collected.

When collecting patient payments at the time of admission, during the patient's hospitalization, at the time of discharge, and after discharge it is important to explain to the patient and/or guranator the following policy of the CASH REBATE PROGRAM:

A. Actual CASH REBATE allowances can only be determined after all rebate account charges are finalized.

B. CASH REBATE checks will be issued to eligible patients after all rebate account charges have been paid. Payment of rebate account charges include hospital reimbursement from both the insurance carrier and the patient.

UNDER NO CIRCUMSTANCES ARE CASH REBATE CHECKS GIVEN TO PATIENTS UNTIL ALL REBATE ACCOUNT CHARGES HAVE BEEN PAID.

Gross revenue is up 14% over budget and 35% over 1975. It must be remembered that we instituted price increases as of January 1, 1976 and since that time we have not increased any prices. At this time, we do not anticipate any price increases prior to January 1, 1977 as per your direction. Revenue deductions are up 43% over budget and 70% over 1975. Two major factors have led to this increase.

1. A higher level of profitability which as caused contractual adjustments to become greater.
2. A percentage increase in the number of Medicare and Medicaid patients.

The weekend rebate program has contributed approximately \$190,000. to the increase in revenue deductions. We do not feel that bad debts, employee discounts or courtesy discounts have changed to any significant degree. We are very concerned with the increasing number of cost reimbursement type patients and are instituting two programs designed to reduce this segment of the patient population.

1. early ambulation program
2. establishment of a home health agency

Net revenue is self explanatory.

Operating expenses increased as measured by gross dollars, 8.2% over our budgeted figure. However, on a patient day basis, this increase is seven tenths of one percent. Listed below is a table providing the major elements within operating expenses on a per patient day basis.

Per Patient Day:	Operating Expenses	
	Actual	Budget
Operating costs	\$ 105	\$ 105
Payroll cost	105	102
Depreciation	7	7
Rentals	4	5
Interest	6	6
Amortization	-	-
<u>Total</u>	<u>\$ 227</u>	<u>\$ 225</u>

Net income describes the outstanding performance of Sunrise Hospital during the first six months of 1976. The growth of net income in both gross dollars and on a per patient day basis, significantly exceeds the growth of net revenue and operating expenses. We expect net income to exceed the 1976 budget by approximately 25% for the twelve month period. This will be an increase over 1975 performance of approximately 50%. We are not aware of any hospital with greater profits than Sunrise Hospital when measuring net income from operations.

As stated in a previous report, we have increased our patient day share of the market by approximately 1% in 1976. The increased length of stay is of some concern. This phenomenon appears to be County wide and not specific to Sunrise Hospital. I do not have any explanation for this. We do not see any indication this increase in length of stay is the result of the weekend rebate program.

The remaining figures are a reiteration of the gross figures on a per patient day basis. They are very interesting but their significance has been previously explained.

Sincerely,

David R. Brandsness
Administrator

m

GH - General Hospital Beds
 SNF - Skilled Nursing Facility Beds

LIC - Licensed State
 RPTD - Reported being used

Inpatient Charges
 Inpatient Days

Rev. 1

Type	Hospital	Current No. Licensed Beds	7-1-76 Semi-Private Room Rate	General Occupancy Rate	Inpatient Charges Per Day	Oper. Rev. Minus Oper. Exp.
R	Battle Mountain	GH 16	\$ 62.50	6-75 29.6%	6-75 \$ 93.73	6-75 (63,132.00)
R	Boulder City	GH LIC. 38				
		GH RPTD 34	70.00	12-75 70.7	12-75 149.13	12-75 62,694.00
U	Carson Tahoe	GH 77	93.00	6-75 79.6	6-75 167.01	6-75 56,164.00
R	Churchill	GH 42	80.00	6-75 43.0	6-75 126.61	6-75 (20,300.00)
U	Desert Springs	GH 211	82.00	11-75 36.3	11-75 263.14	11-75 123,462.00
R	Elko	GH 56	70.00	6-75 54.5	6-75 131.98	6-75 127,257.00
CR	Humboldt	GH 22	85.00	6-75 46.8	6-75 84.60	6-75 (220,753.00)
		SNF 10	42.00			
CR	Lincoln	GH 10	60.00	6-75 52.8	6-75 56.88	6-75 (24,599.00)
		SNF 9	35.00			
CR	Lyon	GH 24	62.00	6-75 74.9	6-75 59.80	6-75 (8,450.00)
		SNF 18	39.00			
CR	Mt. Grant	GH 25	68.00	6-75 31.7	6-75 124.47	6-75 (144,441.00)
		SNF 12	43.00			
U	N. Las Vegas	GH 99	76.00	6-75 26.8	6-75 230.59	6-75 (81,801.00)
CR	Nye	GH 19	80.00			
		SNF 24	45.00	6-75 27.9	6-75 64.73	6-75 (265,319.00)
CR	Pershing	GH 22	82.00			
		SNF 25	40.00	6-75 32.1	6-75 53.60	6-75 (202,431.00)
U	St. Mary's	GH 268	103.00	12-75 80.6	12-75 177.13	12-75 917,600.00
R	St. Rose de Lima	GH 80	80.00	6-75 56.3	6-75 164.81	6-75 (139,109.00)
U	S. Nevada	GH 302	83.00	6-75 71.9	6-75 214.29	6-75 (1,145,333.00)
U	Sunrise	GH LIC 481				
		GH RPTD 486	82.00	12-75 68.6	12-75 253.90	12-75 3,852,349.00
U	Valley	GH LIC 269				
		GH RPTD 126	88.00	12-75 82.9	12-75 216.12	12-75 1,209,246.00
U	Washoe Medical	GH 554	103.00	6-75 73.8	6-75 180.94	6-75 626,710.00
CR	Ririe	GH LIC 44				
		GH RPTD 40	79.00			
		SNF 33	39.00	6-75 38.5	6-75 215.85	6-75 63,505.00
U	Women's	GH 62	76.00	4-75 82.9	4-75 167.30	4-75 563,457.00
	Total (Col. 1)	GH 2721				
		SNF 131				
	Avg.	GH 130	79.26	55.3	152.22	251,751.24
		SNF 6	69.55			
9 U	Avg. Urban	258	87.33	67.0	207.82	680,206.00
5 R	Avg. Rural	46	72.50	50.8	133.25	(6,518.00)
7 CR	Avg. Comb. Rural	24	73.71	43.5	94.28	(114,641.00)

INSTITUTION SUNRISE HOSPITAL (Private Corp.)

		AS OF (DATE)
1.	Licensed Beds	<u>486</u> 12-31-75
2.	Days Beds Available (1, x 365)	<u>177390</u> "
3.	Patient Days (Inpatient)	<u>121666</u> "
4.	Occupancy Rate (3 ÷ 2)	<u>68.6</u> "
5.	Semi-Private Room Rate	<u>82.00</u> 6-1-76
6.	Inpatient Charges (31.8 mil. - 927,865.)	<u>30891591.</u> 12-31-75
7.	Inpatient Charges Per Day (6 ÷ 3)	<u>253.90</u> 12-31-75
8.	Operating Revenue	<u>31819456.</u> 12-31-75
9.	Allowances and Uncollectible Assets	<u>3123618.</u> "
10.	Operating Expenses	<u>24843489.</u> "
11.	Operating Profit or loss (8-9-10)	<u>3852349.</u> "
12.	American Medicare Charges	600,253. "
13.	TAXES	1,561,006. "
14.	Net Income	1,691,090. "

sheet G-2-

CHARGES AS OF 2/1/77 (Date) FOR SUNRISE HOSPITAL (INSTITUTION)

RECEIVED

FEB 23 1977

HEALTH DIVISION
State of Nevada

1. ROOM RATE PER DAY
 - PRIVATE \$96.00
 - SEMI PRIVATE \$89.00
 - WARD \$82.00
 - OTHER Pediatric Ward \$79.00

2. EMERGENCY ROOM
 - BASE CHARGE \$ 7.50
 - TIME CHARGE _____
 - OTHER Physician based on 1969 C.R.V.S.

3. OPERATING ROOM

	Major Surgery	Minor Surgery
BASE CHARGE:	<u>\$154.00</u>	<u>\$115.00</u>
TIME CHARGE	<u>\$ 40.00 ea. ½ hr.</u>	<u>\$ 29.00 ea. ¼ hr.</u>
OTHER (MAJOR SET-UP, ETC.)	_____	
	<u>Mini-Surgery Examples: Cystoscopy \$68.00</u>	
	<u>Gastroscopy \$100.00</u>	
	<u>Therapeutic Abortion \$80.00</u>	

4. DELIVERY ROOM
 - BASE CHARGE \$65.00
 - TIME CHARGE _____
 - OTHER _____

5. RECOVERY ROOM

	Major - \$25.00	Minor - \$15.00
ROUTINE	_____	
SPECIAL	_____	
OTHER	_____	

6. NURSERY
 - BASE CHARGE \$53.00
 - OTHER Neo-Natal ICU \$53.00 plus \$43.00 per shift.
 - Intermediate \$53.00 plus \$25.00 per shift.

7. CARDIAC CARE
 - BASE CHARGE \$89.00
 - OTHER \$43.00 per shift

8. INTENSIVE CARE
 - BASE CHARGE \$89.00
 - OTHER \$43.00 per shift

9. OTHER CATAGORIES

PEDIATRICS (13 yrs & under)	<u>\$84.00 semi-private</u>	
	<u>\$79.00 ward</u>	
OBSTETRICS	<u>\$89.00 semi-private</u>	
	<u>\$82.00 ward</u>	
PSYCHIATRIC CARE	<u>N/A</u>	
REHABILITATION	<u>\$82.00 ward</u>	
OTHER (SNF, ETC.)	_____	

AMENDMENTS TO NEVADA TITLE 40, CHAPTER 454, LAWS 1975

NRS 449.440, subsection 1,

Amend ~~Section 6.1~~ by adding the following new paragraph (c):

(c) A statement of all applicable charges and rates of charges.

NRS 449.440

Amend ~~Section 6~~ by adding the following new paragraph 5:

5. Health care facilities shall not discriminate unfairly in their charges among individual purchasers or classes of purchasers of health care services. Reductions or discounts in charges may be offered to purchasers or classes of purchasers for good and valuable consideration demonstrated to financially relate to or reduce the costs of services, however, any such reduction or discount shall be made available without unfair discrimination or preference to all such purchasers or classes of purchasers for like consideration. Rates or charges to purchasers or classes of purchasers qualifying for a reduction or discount shall not be subsidized by rates or charges to other purchasers or classes of purchasers. For purposes of this Act, purchasers or classes of purchasers means the patients utilizing health care services, insurance companies, nonprofit service plan corporations, health maintenance organizations, self-funded employee health benefit plans, or any other such mechanism through which reimbursement is made or for which prepayment of health care services has been arranged for such services.