

EDUCATION, HEALTH, WELFARE  
STATE INSTITUTIONS

FEBRUARY 11, 1977

The meeting was called to order at 8:13 a.m. in Room 323 on Friday, February 11, 1977, with Senator Jack Schofield in the Chair.

PRESENT: Chairman Jack Schofield  
Vice-Chairman Joe Neal (Arrived at 8:50 a.m.)  
Senator William Raggio  
Senator Richard Blakemore  
Senator Wilbur Faiss  
Senator William Hernstadt

GUESTS: Franklin M. Holzhauer, Dept. of Human Resources  
Myrl Nygren, State Health Planning Office  
Richard Nutley, Health Systems Agency (Clark County)  
Assemblyman Nash Sena, Sponsor, AJR 10  
Fred L. Hillerby, Nev. Hospital Association  
Dave Nicholas, Dept. of Commerce  
Kenneth Newcomb, Greater Nev. Health Systems Agency  
Michael J. Tuohy, St. Mary's Hospital

S.B. 194

Mr. Frank Holzhauer from the Department of Human Resources read his submitted statement to the Committee (Exhibit "A"). Mr. Holzhauer said the department wished to amend Lines 17 through 22 on Page 4 of the bill in order that Line 21 read, "beds or services, or the relocation of five or more beds from...", rather than "one or more beds".

Mr. Holzhauer stated that this bill did not have a direct fiscal impact, as the current State expenditure exceeds \$60,000 and this Biennium's request is approximately \$50,000; however, the Federal funding will increase from \$100,000 to \$235,000.

Mr. Holzhauer said this will not be a division, but a separate sub-unit out of the Director's office of Human Resources.

Senator Blakemore asked if this would help to alleviate some of the health service problems in the smaller counties. Mr. Holzhauer said that the Greater Nevada Health Systems Agency has representatives from seven (7) regions, excepting Clark County. Senator Blakemore said he is very concerned with the imposition of federal mandates, as this usually increases the cost about 30% in all areas, and probably makes construction costs for health facilities increase to around \$100/sq. ft. Mr. Holzhauer said there will be a continuance of federal imposition and compliance with their mandates in order to receive funding, however the federal Hill-Burton Hospital Construction Program will be the same as the program used in the State Health Plan so that there will be an effort to work together, rather than apart.

Mr. Holzhauer said there was no guarantee in these programs, however the bill included on Page 1, starting with Line 16, a list of items that gave the purpose of this agency.

Senator Raggio asked if Sections 3, 5 and 6 were the exact wording of the Federal Act. Mr. Holzhauer said that the wording is primarily taken out of the Federal Act with minimum modification. Miss Nygren said that in regards to Sec. 6, that Sub-Sec. 1 and 2 are not changed, but Line 9, Page 4 is taken from the regulations that were adopted pursuant to the law. Mr. Holzhauer said the \$150,000 is set in a contract the agency has with the Federal government, and it can be decreased, but not increased without re-negotiation.

Senator Raggio asked why are the services enumerated in the law rather than just referred to as health facilities? Miss Nygren said that the listing helps clarify the interpretation as to the type of facilities involved.

Senator Raggio was concerned about defining a new versus what would not be a new procedure for service in order that the applying facility would not have to prove a certification of need. Miss Nygren said that the details of application would have to be spelled out in the Agency's regulations. Mr. Richard Nutley said that at the present time, any addition that is less than \$150,000 does not require approval.

Chairman Schofield asked if there could be a break in testimony on S.B. 194, in order that Assemblyman Nash Sena could testify on AJR 10 before attending his Assembly Committee meeting.

Mr. Sena said that this resolution will advise Congress that the State of Nevada would like for them to re-consider the Social Security Act in regards to the reduction of old-age benefits on account of earnings.

Senator Faiss said that he would abstain from voting in that he was currently receiving Social Security benefits.

Senator Raggio commented that this is something that we can only indicate our opinion about and strong resolve, and we will support this measure. He further said that this is a Federal law which is the responsibility of the Congress of the United States which has been dominated by members of the Democratic Party since the 1960's. Senator Raggio said if there is any responsibility for this great inequity, it is the provence and responsibility of the Democratic party who have controlled the Congress

for all these years, and the Senator stated he was going to issue a press release stating just these facts.

AJR 10 (Exhibit "B")

Senator Raggio: Motion to  
Do Pass  
Senator Hernstadt: 2nd the  
Motion

The Motion passed, with Senator Blakemore absent for the vote, and Senator Faiss abstained.

S.B. 194 (Cont.)

Mr. Fred Hillerby of the Nevada Hospital Association stated the following concerns:

- a) Sec. 3, Para. 2 -- Lines 22 and 23 state that "not less than one-half shall be persons who are consumers of health care..."; the Federal statute, Public Law 93-641 says, "it shall not be less than 50% or no more than 60%". Mr. Hillerby felt that this "cap" was needed.
- b) Sec. 6, Line 42 -- Definition of services involved indicates, "home health agency", and the Federal regulations which came out January 21, 1977, dropped all reference to the "home health agency".
- c) Page 4, Sec. 6 -- Concerned about the confusion of the regulatory practice involved in the capital expenditure review and certificate of need. Even though the State has proposed an amendment changing the number of beds from 'one' to 'five', the recent Federal regulations state that certificate of need is required for the addition of up to forty beds in two years, or 25% of the facility's licensed capacity, which ever is less. Mr. Hillerby said that it needs to be clear on every new service as to what exactly will require a certificate of need.

Senator Raggio said that perhaps all the factions involved could get together and conclude as to what could be written into the law that need not be regulated.

Senator Hernstadt felt that the law should have just the minimum amount of regulations required in the Federal statutes.

Mr. Dave Nicholas of the Department of Commerce requested that the bill be amended with the addition of the following on Page Five, Line 8, starting after the words, "this chapter": "They may also require providers of health care to furnish copies of financial information filed pursuant to other chapters of the Nevada Revised Statutes."

Mr. Holzhauer said that this authority was already in the law.

Senator Neal questioned how the creation of this Agency would affect the current Health Systems Agency? Mr. Holzhauer said these function together, and the Health Systems Agencies would not be cancelled out.

Mr. Hillerby said that in reference to Mr. Nicholas' proposed amendment, he too felt this was not necessary. Mr. Nicholas answered that this is stated again in order to be a reference to the existing law, in other words, it was a clarification of a 'gray area'.

Mr. Kenneth Newcomb of the Greater Nevada Health Systems Agency said that this law is needed and would bring new resources into the State. Senator Hernstadt asked what would happen if this Act wasn't passed. Mr. Holzhauer said that the Federal Government will take over the health planning functions for the State, if a State Agency is not in force by Jan. 4, 1979, and if there are no health systems agencies in the rural counties then the \$8 million coming into the State would be controlled in allocation by the Federal Government.

Mr. Richard Nutley of the Clark County Health Systems Agency testified that the HSA is responsible for about five items back to their community, (discussed four):

- a) Health Systems Plan: will itemize what exists for the Community.
- b) Review grant applications for new facilities and services.
- c) Seed money made available to fit the need of each community.
- d) To carry through the purpose of the agency as stated in Sec. 2 of Page One and Two of the bill.

Mr. Nutley said that he would like to initiate a program whereby a local nurse or doctor could be given a legal entity, as these individuals know the area best.

Mr. Michael Tuohy of St. Mary's Hospital, and a member of the Board of Directors of the Greater Nevada Health Systems Agency, testified that this enabling act is

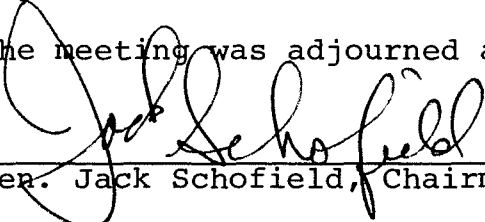
necessary. Mr. Tuohy said that he is concerned about the coordination of the Federal mandate and the State law. Mr. Tuohy also stated that he is concerned that State programs are not subject to review, and that there is no compensation to the health service facilities for the data they are required to submit to the Agency.

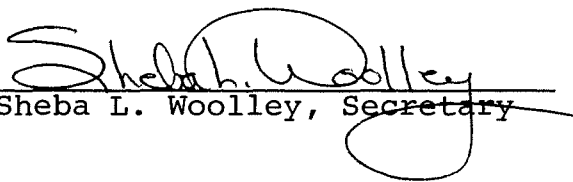
Senator Raggio asked if NRS Chap. 449, Sec. of Health and Care facilities is required by Federal law. Mr. Holzhauer said this is managed by the Department of Commerce and it is partially mandated by Federal law.

Chairman Schofield appointed Senator Blakemore as Chairman of a sub-committee to review with the involved entities the proposed amendments to S.B. 194 upon recess of the Committee meeting.

Chairman Schofield also discussed attendance with the Committee and asked that an effort be made to attend the meetings and arrive on time. The members requested that some time be allotted either before or after the Committee meeting so that some business can be conducted individually before going into formal session. It was agreed that if possible, the meetings would be adjourned around 10:00 a.m.

The meeting was adjourned at 10:00 a.m.

  
Sen. Jack Schofield, Chairman

  
Sheba L. Woolley, Secretary

S.B. 194

Statement by Franklin M. Holzhauer  
Chief, Planning Evaluation and Program Development  
Department of Human Resources

I have with me Miss Myrl Nygren, Administrator of the State Health Planning Office. S.B. 194 is an administration bill requested by our Department to amend NRS 439A and the corresponding sections of NRS 449 pertaining to health facilities construction.

This bill, through an agency request, was drafted with the help of the two area health systems agencies and with technical assistance from the federal government. Major changes in the state health planning functions brought about by this bill are:

1. A clear statement of purpose
2. The re-organization of the health planning councils and a description of their duties
3. A clarification of the state's certificate of need program.
4. The relocation of the health planning agency from the Office of the Governor to the Department of Human Resources.
5. A reassigning and reclassification of the Hill-Burton Hospital Construction Program and its corresponding advisory committee.

Section 1 explains the definitions and you will note that the federal action is defined as 42 USC 300k. What this really means is that this is the Federal Health Planning and Resources Development Act of 1974, Public Law 93-641.

Section 2 is an attempt to make a clear statement of purpose. It was our feeling that the purposes of the old Comprehensive Health Planning agency needed to be more explicit with the assumption of the expanded duties brought about by the new federal act.

Section 3 of the bill provides for the reorganization of the advisory council. The federal law is very explicit as to the membership on this council and, therefore, these changes are being made.

Section 4 brings the council memberships, appointments and replacements in line with the Governor's recommendations of the Boards and Commissions study and subsequently, A.B. 278.

Section 5 outlines the duties of the Council.

Section 6 covers the certificate of need function. These functions are stated in this form to assist in clarifying the need to contain the rapidly rising costs of health care.

Sections 7, 8 and 9 provide for the establishment of the state agency within the Department of Human Resources, defines its duties and provides for injunctive relief.

The establishment of this agency in state law is a requirement of the federal act and should this not be accomplished, the federal government would assume the responsibilities, thereby possibly affecting the expenditure of eight million dollars of federal funds available to the state.

Sections 10, 11 and 12 amend NRS 449 as they pertain to the Hill-Burton Construction Program and the Hill-Burton Advisory Committee. This program will be assumed within the Office of Health Planning and the responsibilities of the advisory committee will be assumed by the new State Health Coordinating Council.

Section 13 repeals those sections of NRS 439A and 449 which

are made inapplicable by this bill.

Sections 14 through 17 handle the required logistics of the change brought about because of the bill.

We have included in our handout, copies of this statement, a comparison of the current law NRS 439A and the changes to be made with S.B. 194, a functional organization chart of the new agency and a copy of an amendment we would like to present for your consideration. This amendment came about because of a great deal of concern expressed over sections of the certificate of need portion of this bill. We have subsequently studied the federal law, the regulations both state and federal, and have decided that this proposed amendment would be acceptable within these statutes and we feel that it will also be acceptable to the providers of health services.



PROPOSED AMENDMENT TO SB 194

Prepared by the Department of Human Resources  
Office of Health Planning and Resources

Amend page 4  
Lines 17 through 22

CURRENT LANGUAGE OF BILL

(17 - 22)

(c) The addition of new or the alteration or expansion of existing services in a hospital, skilled nursing facility, intermediate care facility, home health agency, end-stage renal disease treatment facility, or health maintenance organization through the addition or conversion of one or more beds or services, or the relocation of one or more beds from one physical facility to another; and

AMENDMENT

(17 - 22)

(c) The addition of new or the alteration or expansion of existing services in a hospital, skilled nursing facility, intermediate care facility, home health agency, end-stage renal disease treatment facility, or health maintenance organization through the addition or conversion of one or more beds or services, or the relocation of *five* or more beds from one physical facility to another; and

COUNCILSTATE HEALTH COORDINATING COUNCILCOMPREHENSIVE HEALTH PLANNING  
- ADVISORY COUNCILMEMBERSHIP

STATE HEALTH COORDINATING COUNCIL  
26 Members - 8 Greater Nevada  
Health Systems Agency, 8 Health  
Systems Agency of Clark County,  
10 Governor appointees, 1 ex-  
officio Veteran's Administration,-  
50 % or more consumers.

COMPREHENSIVE HEALTH PLANNING  
- ADVISORY COUNCIL - 11 Members  
appointed by the Governor - 6  
consumers, 5 providers.

CHAIRMAN

Selected by STATE HEALTH COORDINATING  
COUNCIL membership.

Appointed by Governor.

TERMS

3 years (alternating) limited to two  
consecutive terms.

4 years (alternating) no limit to  
number of terms.

HEALTH PLANNING AGENCY

OFFICE OF HEALTH PLANNING AND  
RESOURCES - in the Department of  
Human Resources.

COMPREHENSIVE HEALTH PLANNING AGENCY  
in the Governor's Office.

COUNCIL DUTIES

1. Prepare State Health Plan, peri-  
odically review and revise.
2. Coordinate plans of the Health  
Systems Agencies and comment on.
3. Annually review Health Systems  
Agencies plans and budgets.
4. Review State Plans specific to health.
5. Review applications for federal  
grants related to health care.
6. Advise Office of Health Planning  
and Resources concerning health  
planning functions.
7. Hold public meetings.

1. Develop a State Comprehensive Health  
Plan.
2. May require State and other public  
agencies to submit data in publicly  
administered or financed health programs.
3. Advise Comprehensive Health Planning  
agency.
4. Approve the State Comprehensive Health  
Plan.
5. Review the budget of the Comprehensive  
Health Planning Agency.
6. Approve Certificate of Need.
7. Hold public meetings.

AGENCY DUTIES

Provide staff support to the Council.  
Perform state health planning and de-  
velopment functions. Develop health  
resources. Adopt regulations. Require  
providers of Health Care to make Statis-  
tical and other reports, conduct Certifi-  
cate of Need review and approve or deny,  
administer Hill-Burton program.

Provide staff support to the Council.  
Carry out State Plan. Conduct Certificate  
of Need and recommend to Council.

GOVERNOR

DIRECTOR  
DEPARTMENT OF  
HUMAN RESOURCES

ADMINISTRATOR  
OFFICE OF HEALTH  
PLANNING & RESOURCES

DEVELOPMENTAL  
DISABILITIES  
COUNCIL (15)

STATEWIDE HEALTH  
COORDINATING COUNCIL (27)

- 1) Participate in development of state Developmental Disabilities Plan, approve & monitor.
- 2) Review & comment on all State plans related to Developmental Disabilities.
- 3) Review & comment on all applications for Developmental Disabilities Grant Awards.

- 1) Review & comment on Health Systems Plans & approve the Annual Implementation Plans.
- 2) Review & approve the State Health Plan.
- 3) Review & approve the State Medical Facilities Plan.
- 4) Review & comment on Health Systems Agency budgets & certain grant requests.
- 5) Advise the Office of Health Planning and Resources.

DEVELOPMENTAL  
DISABILITIES (1)

TITLE XV (2)

TITLE XVI (1)

DATA MANAGEMENT  
FISCAL ANALYSIS (2)

CLERICAL  
STAFF (3)

- 1. Development & Implementation of Developmental Disabilities Plan.
- 2. Support staff to Council.
- 3. Develop & implement a Developmental Disabilities Advocacy Plan.
- 4. Administer Developmental Disabilities Grant Awards.
- 5. Monitor Development Disabilities Grant Projects.
  - 5.1) Compliance with grant award & Federal requirements.
  - 5.2) Habilitation plans for all clients receiving services.

- 1. Prepare and implement State Health Plan.
- 2. Staff support to State-wide Health Coordinating Council.
- 3. Review institutional health services, develop findings and make them public.
- 4. Implement State Health Plan and Health Systems Plan as they relate to government of the State.
- 5. Review Health Systems Agency grant approvals.
- 6. Administer CON/1122 Review.
- 7. Review of State plans.
- 8. Develop review procedures & criteria for grant review.
- 9. Provide technical assistance to Health Systems Agencies.
- 10. Conduct public hearings.

- 1. State Medical Facilities Plan.
- 2. Administer State Medical Facilities Plan.
- 3. Review Title XVI project applications and make recommendations.
- 4. Conduct design reviews.
- 5. Inspect construction projects.
- 6. Provide technical assistance to projects.
- 7. Conduct annual facility inventory.

- 1. Coordinate data processing activities with Vital Statistics, University of Nevada, Reno--Business and Economic Research, National Center for Health Statistics.
- 2. Develop & implement methodologies for data acquisition.
- 3. Conduct cost/benefit analyses of alternative health services.
- 4. Financial analysis of Grant projects.
- 5. Make reports as required.
- 6. Analyze cost effectiveness of agency.

- 1. Provide clerical support to Administrator & Research Analysts.
- 2. Maintain appropriate operational records.

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**A. J. R. 10**

**ASSEMBLY JOINT RESOLUTION NO. 10—ASSEMBLYMEN  
SENA, DREYER, MURPHY, BENNETT, BROOKMAN, COUL-  
TER, HAYES, CRADDOCK, JEFFREY, ROBINSON, MANN,  
PRICE, KOSINSKI, BARENGO, SCHOFIELD, WESTALL,  
DEMERS, GOODMAN, HARMON, VERGIELS, SERPA,  
HORN, WAGNER, CHANEY, BREMNER, WEISE, HOWARD,  
MOODY, RHOADS, GLOVER, ROSS, KISSAM, GOMES,  
MELLO, MAY, JACOBSEN, HICKEY, DINI AND POLISH**

JANUARY 19, 1977

Referred to Committee on Health and Welfare

**SUMMARY—Calls upon Congress to amend Social Security Act. (BDR 94)**

**EXPLANATION—Matter in *italics* is new; matter in brackets [ ] is material to be omitted.**

**ASSEMBLY JOINT RESOLUTION—Calling upon the Congress of the United States to amend the Social Security Act by eliminating the reduction in old-age benefits on account of earnings.**

- 1 WHEREAS, The Social Security Act was passed by the Congress of
- 2 the United States for the purpose, among others, of fostering the well-
- 3 being and independence of older Americans; and
- 4 WHEREAS, The Social Security system has been set up in a manner
- 5 which, in at least one respect, penalizes older Americans who are pos-
- 6 sessed of the initiative and ability to continue working; and
- 7 WHEREAS, Federal old-age benefits are reduced when the recipient
- 8 has certain earnings, and in 1976 benefits were reduced in the case of
- 9 each person (under 72) who earned more than \$2,760, the reduction
- 10 being 1 dollar for each 2 dollars of earnings over that amount; and
- 11 WHEREAS, Reductions will be imposed similarly in future years under
- 12 the present law, and these deductions tend to make persons less willing
- 13 to lead active, productive lives after beginning to receive Social Security
- 14 benefits; and
- 15 WHEREAS, The Social Security system discriminates effectively against
- 16 work, in that the reduction is for wages or earnings from self-employment
- 17 while no reductions are imposed for income derived from savings, invest-
- 18 ments, pensions, insurance, royalties or other forms of passive income;
- 19 and
- 20 WHEREAS, In contrast to the negative effect of these reductions on
- 21 incentive, other social programs are being undertaken at various levels