SENATE FINANCE COMMITTEE
MINUTES OF MEETING
FEBRUARY 21, 1977

The meeting was called to order at 8:00 A.M.

Senator Floyd R. Lamb was in the chair.

PRESENT: Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice-Chairman
Senator Eugene V. Echols
Senator Norman D. Glaser
Senator Norman Ty Hilbrecht
Senator Thomas R. C. Wilson
Senator C. Clifton Young

OTHERS: Ronald W Sparks, Chief Deputy, Fiscal Analysis
Howard Barrett, Budget Director
Cy Ryan, UPI
Roger Trounday, Director, Human Resources
George Miller, Administrator, Welfare Division
John Duarte, Chief, Management Services
Acel Martelle, Dep. Adm., Assistance Programs

Senator Lamb asked Mr. Miller to speak.

Mr. Miller asked Mr. Duarte to present the budget for his division.

WELFARE ADMINISTRATION: Mr. Duarte stated that during fiscal year 1976, the Welfare Division spent some $50 million. This does not reflect other programs such as bonus value of Food Stamps which is another $10 million so the Department was responsible for some $60 million that passed through their division.

This represents 13.6% of the dollars spent in state government. Of the general fund monies this represents 11.9%. For the next biennium it is recommended that the division's portion of the budget be approximately 10% of the general fund monies and 13.5% of the overall money spent in state government.

The division presently has 644 positions authorized for each of the next two fiscal years. The Governor has recommended 630 employees or a loss of 14 total positions throughout the entire budgets. This represents 6.6% of the present state work force, and recommended for the first year of the next biennium 6.2% and 6% for the second year of the biennium.

The Administration budget is a composite budget of mainly common administrative costs, the eligibility costs for the assistance programs and the social services costs. They are responsible for 14 different budgets. This budget is funded at 65.7% federal funds and 34.3% state funds. This is the same recommendation that is presented in each year of the next biennium.

There are currently 430 positions in this budget. The Governor's recommendation is for 423 position. Mr. Duarte detailed the positions that the department was losing and answered questions from the Committee relative to their duties. He said they anticipated no change in federal support during the next biennium. He also listed the present authorized positions which are not now filled.

Senator Young asked about evidence of fraud in the Nevada programs.

Mr. Miller said they had recovered many dollars in these cases by gettin the money paid back. He said they had a problem before the Child Support Program came in, of getting prosecution on this, but they have been successful with the Food Stamp Program and the Child Support is coming along.

Mr. Miller said the problems on the national level were not relevant to Nevada because the state is smaller and the participants cannot get that far out of line. In this state it is abuse rather fraud. These problems were discussed in detail.

Mr. Trounday said that in the Food Stamp Program they had over $350,000 in repayment agreements signed. They have physically collected over $45,000 back from recipients. Roughly 97% of the $350,000 was due to client misrepresentation. Some of these are now in the Attorney General's office for action.

<u>ASSISTANCE TO AGED AND BLIND</u>: Prior to January 1, 1974, the state administered its own Old Age Assistance and Aid to the Blind Progams using federal matching monies along with general fund monies to make grants to eligible needy persons. Effective January 1, 1974, however, the state no longer makes the grants. The State, from the monies, appropriated to this budget, now remits its share to the federal Bureau of Supplemental Income, which determines eligibility and issues grant checks using federal and state funds.

In Nevada, the federal government supplements the income of a single adult living alone to a maximum of $167.80 per month. The total grant level authorized by the 1975 Nevada Legislature is $212.75 per month (including the bonus value of food stamps, for which these clients were then ineligible.) Therefore, the state pays the federal government to make up the difference between the federally paid and state-authorize amounts. Since 1975, changes at the federal level mandate that the bonus value of food stamps is no longer given as part of the grant, and these clients are eligible for the Food Stamp Program. The total cash grant, then, has been reduced to $202.75 and the bonus value is made available through the coupons for which the Aged and Blind are now eligible.

The grants are broken down in the Executive Budget and Mr. Duarte reviewed these programs with the Committee.

Senator Lamb asked how much a couple under this program would receive as a monthly benefit.

Mr. Duarte said they would receive $380.75, plus a $20 disregard which makes that $400.75. Any outside income which they had would be deducted from the benefit.

Senator Lamb expressed his concern for these people who had to try to live on this income.

<u>AID TO DEPENDENT CHILDREN</u>: The purpose of this program is to encourage the care of dependent children in their own homes or in the homes of relatives by furnishing financial assistance. This assistance program is based on financial need and focuses on the children who are deprived of parental care or support by reason of death, absence or incapacity of a parent.

The current average grant authorized is $54.00 per month per recipient. The Governor is recommending an average grant of $60.00 per month per recipient which represent an increase of 11% over the present amount.

Senator Lamb asked about this program in other states.

Mr. Miller said that California, Oregon and Washington made higher payments.

Mr. Duarte said that Claifornia pays an average grant of $86.98; Arizona pays $43.49; and Utah pays $78.49. So excepting for Arizona, there would be no inducement to move into Nevada for higher payments in this program.

The fluctuations on the numbers who received payments, increasing and decreasing on a monthly basis was discussed; the reasons for these fluctuations and how the determinations on persons eligible for assistance were arrived at were explained.

HOME MAKING SERVICES: The purpose of this program is to maintain welfare recipients within their own homes, strengthen families, and extend services to adults and minors during short terms of stress.

By providing homemaking services, many other individuals are able to remain at home who would otherwise have had to go into expensive group or institutional care facilities. The program is financed with 75% federal funds and 25% state general funds.

These programs were discussed also the advantages gained by the recipient and the community as a result of these services. Mr. Miller answered questions on this program.

Senator Glaser said he felt this was one of their better programs and he was concerned that the transfer of the five positions within the budget might weaken the program.

Mr. Duarte said it would not, as the transfer was shown in order to show actual figures going into this program. The services offered would remain the same.

Mr. Martelle and Mr. Clark presented the next budget.

FOOD STAMP PROGRAM: Mr. Clark gave a very brief history of the food stamp program. It started in September, 1973, in Washoe and Clark Counties. The program became statewide in 1974.

The intent of the Food stamp Program is to make a nutritious diet available to individuals and families of limited means. Permanent food stamp district offices are located in Carson City, Caliente, Lovelock, Elko, Ely, Fallon, Hawthorne, Henderson, Las Vegas, Reno, Tonopah, Winnemucca and Yerington with outstations operated at Fernley, McDermitt, Owyhee and Wells.

Clients apply at food stamp offices and, if eligible, receive an "authorization to purchase" card. This card certifies eligibility to the U.S. Postal Service which, under contract, sells the stamps to recipients according to a price schedule which varies inversely with income. The difference between the face value of the stamps and the amount paid for them by the recipient is called the "bonus value" and represents added purchasing power available to the client for the purchase of foodstuffs. Alcohol and tobacco cannot be bought with food stamps. It is anticipated that approximately $9,300,000 in fiscal year 1978 and $9,800,000 in fiscal year 1979 will be the amount of "bonus value" expended as money in Nevada

The eligibility for the program was discussed, the abuses that prevailed and the controls which were in effect to discourage these practices.

Mr. Martelle said they implemented a program two years ago to crack down on abuse. Their error rate was running over 20% on ineligibles; it is now at 3.1% and the most recent figures indicte they are under 3%. Some small part of this was due to administrative errors.

Mr. Clark discussed the positions in the budget and both men answered questions on the budget relative to travel and operating costs. They explained the needs for certification and the mandates from the federal government regarding certification. The costs of certification are justified by the controls that are maintained.

Mr. Miller said he agreed that the administrative costs of the program were high but it is the type of program that requires this sort of supervision and control in order to meet federal requirements and there is nothing that can be done about it.

Other phases of the program were discussed with the Committee and they moved on to the next budget.

CHILD WELFARE: There are four programs included in this budget:

1. Unmarried Mothers and Children Awaiting Adoptive Placement- The purpose of this program is to provide care and service to the unmarried mother planning to relinquish her child for adoption and on behalf of the child pending placement in an adoptive home. This category is programmed with 100% general fund dollars.

Unmarried Mothers - These funds are for maintenance needs which include board, shelter, clothing, transportation and for medical care for a small number who are ineligible under Title XIX. It is estimated that $480 per month per recipient for fiscal year 1978 and $507 per month per recipient for fiscal year 1979 will be required.

Children - These funds provide payment for foster home care, clothing and transportation for a child prior to placement in an adoptive home. The recommendation is for $105 per month for fiscal year 1978 and $110 per month for fiscal year 1979.

2. Handicapped Children - The handicapped children's program provides care and services for children who need specialized education and care which is not available within their own communities. The handicapped children's program is 100% state funded. The average cost is budgeted at the same level as for aid to dependent children and institutional foster care.

3. Foster Home Care - This program provides care and service to children who for some reason (neglect, abandonment, abuse, domestic problems) must be cared for outside their own home. Included in this program are family foster care and institutional care. The children in this program become the welfare division's responsibility by court order, written agreement with the parents or guardians, or by referral from juvenile courts or law enforcement agencies. Financing for foster care is affected by the type of case and the placement.

4. Special Contract Care - The objective of this program is to provide an alternative to institutional placement for selected children Due to the inadequacy of conventional family care in handling some foster care, youth and girls parole, and mental health. With special contract care funds, the welfare division contracts for, and trains professional foster parents who specialize in the handling of particularly difficult cases in a family placement setting. A team approach involving the foster parents and social workers is emphasized with the goal being a high standard of care. It is felt that this program aids in keeping the number of expensive institutional placement stable. This item is to be funded 75% by federal social services money. Maintenance costs for foster children under the program are included in foster care.

MEDICAL CARE UNIT: In 1965, Congress added Title XVIII - Medicare, and Title XIX - Medicaid, to the Social Security Act. Medicare is an insurance program for those 65 and older, regardless of financial status. It is administered by the federal government and paid for by cash premiums, deductibles and co-insurance charges. Medicaid, however is a state-administered program of medical assistance for those individuals receiving categorically related public assistance and, optionally, those persons designated as medically needy.

The 1967 Legislature initiated the Nevada Medicaid Program. Under the present state plan, eligibility is limited to those receiving aid to dependent children; supplemental security income for the aged, blind, and disabled; and some categories of child welfare services. Any state receiving federal financial participation under Title XIX of the Social Security Act is required to provide basic services: Inpatient hospital care; outpatient hospital care; laboratory and X-ray services; skilled nursing home care; physicians' services; family planning; home health care and early and periodic screening, diagnosis and treatment for those under 21 years of age.

In addition to these required services, Nevada provides outpatient care in clinics; dental and ocular care; drugs; ambulance and transportation services; prosthetic applicances and services of intermediate care facilities.

This budget was discussed in detail and Mr. Duarte answered questions from the Committee relative to the programs, financing and the administrative costs generated by these services.

Barbara Brady spoke to say that NRS 428, give relief to indigent people, mainly through the Board of County Commissioners except to the extent that it is provided by state welfare. In other words what the Legislature does not fund in this program if it is really an indigent person, then by law they have made it mandatory that the counties pick it up.

In the 1976 cuts, many were picked up by the counties. For a six-month period that cost Clark County about $185,000. There have been changes in the medicaid date. Those two items are not in the Governor's recommended Executive Budget; if the Legislature approves the Governor's budget something else has to be cut out and they are concerned with the institutional program, which will effect many of aged and will effect the county even more so. The people on state welfare cannot go to a nursing home unless someone picks up the difference in costs between their income and the costs of the nursing home.

She requested that if the Legislature did not want to put more money into the Welfare budget that they make it available to the Interim Finance Committee so that the money is there in case it is needed. She estimated that the least amount to be put in for the biennium would be $2.5 million of state money, but she felt a more realistic figure would be $4 million to $5 million.

Mr. Dixon spoke next, representing Nevada Health Facilities and Nursing Homes. He said they felt the Executive Budget fell a bit short of some projections which they had made. They felt the budget would be approximately $3 million short in the budget for long term care. He said they were looking at two new facilities in the State of Nevada which were not taken into the projection. They anticipate a 3% increase in usage in nursing homes, which is not figured into the executive budget. They are also considering the 2,000 people that the welfare department has mentioned that are currently eligible for SSI that are not utilizing services at the present time. They estimate that with the increases that they project the long term care by itself will utilize approximatel all but $400,000 of the total budget which would leave just that balance for physicians, acute hospital care etc. They believe that they are facing an approximate $3 million deficit for this year.

In the projections that were made, the items specified by Miss Brady were left out. They estimate $1.4 million in additional requirements that are being handed down by the federal government and some which are being implemented by the state; these are not included in the current budget. He outlined the costs covering, specifically, the items he had mentioned earlier.

Fred Hilloughby of the Nevada Hospital Association spoke next. He said they were concerned that the medical benefits portion of the welfare budget represents a continuation of the costs containment measures instituted May 18, 1976. These measures were necessitated by a lack of funding. He wanted to point out that these costs containment measures in many instances only reduced expenditures by the welfare division. The measures did not contain costs to other agencies such as counties, nor to provide services such as outpatient clinic services, emergency room, pharmacy, outpatient laboratory and radiology and some inpatient care continued even with the reduction in payments for these services.

Previously the outpatient services were reimbursed on a cost basis method, a retrospective method where at the end of a facility's fiscal year, they computed what their actual costs were to operate those services and the Title XIX or Medicaid people picked up their percentage of that particular cost.

Those measures that were implemented on May 18th, are now paid on a fee schedule. They believe that the fee schedules themselves do not reflect accurate comparisons. For instance, the outpatient clinic which is operated primarily by the county facilities - the fees charged in those clinics compared to the fee charged in the doctor's office - there is quite a bit more equipment and overhead involved in a hospital's outpatient clinic than that involved in a physicians office. Also the radiology and laboratory again are referred to prestanding laboratory and radiology commercial type setups rather than in the hospital and in fact their fee schedule is less than is paid for a physician to offer the same services in his office. The emergency room - -if the patient comes there, he is covered only if it turns out that it was an emergency. There is a problem and it is an education problem, and they are trying to correct it; and that is a lot of people, particularly in the indigent category who do not have a good patient-physician relationship, use the hospital outpatient clinic and the emergency room as their physician.

He said officials from Washoe and Clark County hospitals, two of the big county hospitals in the state, were present to give supporting figures on the situations he had just listed also it list the losses these hospitals are incurring because of the fee schedules now as compared to costs.

George Reese, Administrator of Southern Nevada Memorial Hospital and Norman Petersen, Assistant Director of Washoe Medical were present to testify.

Senator Gibson said he thought they should all get together and pull the thing together and bring a figure that they agreed upon to present to the Legislature.

Senator Lamb asked them to justify their requests in writing.

Mr. Reese and Mr. Petersen spoke on the problems of their hospitals and listed figures substantiating the case already made before the Committee.

Senator Lamb said the Committee would meet again at 8:00 A.M. the following day.

The meeting adjourned at 10:30 A.M.

RESPECTFULLY SUBMITTED:

Muriel P Mooney

MURIEL P. MOONEY, SECRETARY

APPROVED BY:

James I. Gibson

JAMES I. GIBSON, VICE CHAIRMAN FOR
FLOYD R. LAMB, CHAIRMAN

Feb [illegible], 1977

(Please Print)

Names	Organization	Address	Phone
J Faehling	WELFARE	C. C	885-477
W LaBadie	"	"	4546
J. Duran Jr	"	"	885-477
M KELSO	"	"	885 477
K. CLARK	"	"	885-47
A. R. MARTELLE	"	"	885-469
Gen Miller	"	"	885-477
Gloria Handley	"	"	885-4771
Carol Taggart	"	"	885-472
Richard E. Dover	SNMH	LAS VEGAS	385-200
GEORGE RIESZ	SO. NEV. MEMORIAL HOSPITAL	LAS VEGAS	385-2000
FRED HILLERBY	NEVADA HOSPITAL ASSOC.	RENO	322-6905
JOHN F ANTHONY	CARSON-TAHOE HOSPITAL	CARSON CITY	8821361
Barbara J. Brady	Clark Co.	C. C.	385-27