

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977

The meeting was called to order at 4:10 P.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: Ronadl W. Sparks, Chief Deputy, Fiscal Analysis
Howard Barrett, Budget Director
Cy Ryan, UPI
Charles L. Wolff, Jr. Warden, Nevada State Prison
Michael Medema, Business Manager
Bill Hancock, Secretary-Manager, Public Works Board
George Miller, Director, Welfare
John Duarte, Welfare
Dr. Charles Donnelly, President Community College
Frank Daykin, Legislative Counsel
Ed Pine, Engineer

Senator Lamb asked Dr. Donnelly to speak.

Dr. Donnelly said they had had a consultant from the American Dental Association tell them that the list submitted to the Committee, copy attached, was what they needed to add to their facility, which is an excellent facility, but they say is not large enough because there are only six chairs and they require twelve in order to be fully accredited by the American Dental Association.

He said the graduates would find it very difficult, if they turned out dental hygienists who do not come from an accredited program, to get jobs. The list gave the amount of equipment that they need to bring the program up to being fully accredited. He asked for the Committee's consideration. He said this request had not been discussed with the Board of Regents but the Chancellor was aware of the problem. The Regents do, however support the Dental Hygiene program.

Mr. Miller spoke next to report to the Committee on the welfare program in Utah. He said he had talked with the former director who had implemented the program. The purpose in Utah was to supplement the WIN program. They had 2000 waiting to go into the WIN program there, and they wanted these people to be doing something productive in the meanwhile and this had been the basis for the program. He detailed the program in Utah but did not recommend the program for Nevada. He said Utah's needs were not the same as Nevada's and they had a large pool of male workers who could be used in the program.

He said that in Nevada they have a work technician program as a supplement to the WIN program. He said in Utah they gave him a total of 472 a month that were active in their program; in comparison Nevada would have 232 people, but of those only about 100 people would be eligible after eliminating those hampered with young children and physical ailments. But the work technician program, which finds an employer who will hire a client and then they work together until the client is able to handle the work, has far more success rate and has been successful in this state. Nevada has far more people that they have been able to get into a job.

He explained that this program was temporary in Utah. He answered questions from the Committee as to detailed operation of the program in Utah as compared with the alternative program in Nevada.

Senator Lamb asked Mr. Hancock to talk about the Jean Prison.

Mr. Hancock said he understood that the Committee had considered making Mr. Simon subject to the Public Service Commission. He talked with the Attorney General and asked him if this would modify Simon's agreement with the state concerning the fact that he would proceed if the state did do this and the Attorney General said he thought it would give him a way out if Mr. Simon wanted to take it.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977
PAGE TWO

If the Committee did decide to put him under PSC regulation, it should be done now, because there is a constitutional law that says you cannot abrogate a contract and the state does have a contract with him now.

The Committee discussed this information and it was decided to rescind, in part, the action taken earlier in the day and just agree to put up the \$216,000 for the power and go with the modified agreement which requires Mr. Simon to start construction by June 15th. Senator Lamb directed that this change be put in the record.

Mr. Hancock said that he had the estimate, on the new executive building, that the Committee had asked him to prepare in the morning. This building would have 30,700 gross square feet which would provide the offices in the proposed revamping plan with the space they agreed to, plus a 10% increase factor, but it does not provide any major storage activity, as for the Secretary of State. He said he would assume that the basement of the Capitol would remain usable for that sort of storage activity.

They could build this for \$2.145 million.

A site for the building, the general architecture of the building, the desirability of building it now when it was not urgently needed in order to save costs, was discussed by the Committee. The proposal of the lower cost renovation of the Capitol Building and the building of a new executive office building as opposed to the complete renovation of the Capitol Building at the original estimated cost of \$6 million was considered. There was also interest expressed in adding another 10,000 square feet to the proposed new executive office building.

Senator Lamb asked Mr. Hancock to speak on A. B. 513 which makes appropriation to state public works board for certain improvements to be made to Nevada State Prison facilities in Carson City, Nevada. The cost of this would be \$8,522,400.

It would realize a usable maximum security prison for 300 inmates while still reserving some lockup capabilities for disciplinary problems.

Senator Gibson asked how many inmates were in there now.

The Warden replied there were about 430 inmates at the present time and that number would increase before they got any new beds on the line anywhere. He explained the buildings that would be retained in the new building program and those that would be removed.

Senator Gibson asked him if this would take care of the prison population for the foreseeable future. The Warden said you can't make those kinds of predictions in prisons, but he felt this should be adequate for some long time in the future. Details on the prison and the present and future needs were discussed.

Mr. Hancock said that the estimated cost of building a completely new prison would be about \$13 million. He said a great many prisons are being built in the country today and he said they are seeing figures that go all the way up to \$50,000 per cell, per inmate. He said the things that they were saving at the prison they felt had a possible replacement value of \$6 million.

Senator Lamb thanked him for appearing.

A. B. 452: Makes appropriation to board of regents for purpose of paying share of University of Nevada, Reno, in costs for improvements to various streets adjacent to the university.

Ed Pine explained the area where the improvements would be made. The request is from the City of Reno. There is a total perimeter area of 4,600 lineal feet, an equivalent amount of curb and gutter, 18,400 square feet of sidewalk and approximately 112,000 square feet of paving. This project will be contracted out so the final figures may vary. He said this had been brought to their attention just within the past couple of months, so it was not in any planning program nor budget. This is an assessment district. The City of Reno decided to do this before the University could get it into their budget. One of the reasons for paying it this way is that it would cost much less.

Senator Lamb thanked them for appearing.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977
PAGE THREE

A. B. 408: Authorizes employment security department to expend certain federal money to improve property in City of Reno for use of department. Lawrence McCracken said this was a request for \$131,000 out of federal money, that has been specifically set aside for purposes such as this, that has to be appropriated by the Legislature. This will be used to remodel the Reno office, which is a 20 year old building. The remodeling has to do with the revamping of the air conditioning and heating systems and changing the roof and some other minor things in the building. They hoped the Legislature would authorize them to proceed. The work would be handled by the Public Works Board.

Senator Lamb thanked him for appearing.

Senator Lamb asked the Committee for their wishes on the request made by Dr. Donnelly for the Dental Hygiene program. This request was discussed. Senator Wilson said he felt the Committee had an obligation to get the facts, because the inference was a harmful one. He said he would like to know when this requirement became known and why. Mr. Sparks went to see if he could find Dr. Donnelly to ask him to return and give them more information.

Senator Lamb read a request from the Chancellor asking for an appropriation of \$1 million for the purpose of improving the access of handicapped students to the campuses.

Mr. Barrett said it could come out of their capital construction funds rather than the General Funds surplus as requested in the letter. He said he didn't think they would want to support a full million dollars, but now that it has been brought up they would like to support a portion of it.

Senator Young moved that they not consider the request because it was not timely presented. Senator Hilbrecht seconded and the motion passed.

A request for staffing and equipment for the Mackay School of Mines was read next.

Mr. Barrett said they would not change their recommendation on the staffing cut. They believe the University ought to be able to work this out with the 19 people in there now. He said, had the request for equipment been presented in a timely manner it would probably have been in the budget. The requests listed are presently covered in the bill which is being drafted, so no action was taken on the request.

The next request was relative to Tonopah Hall at UNLV. The Board of Regents at the last meeting voted to continue operating this as a dormitory until alternative housing can be provided.

Senator Gibson said if they continue to use this as a dormitory they will need money to fix it up.

Mr. Barrett said he would suggest \$100,000 but he had no way of knowing if that would do the job or not.

Senator Young moved that \$100,000 in the C.I.P. fund be set aside for this improvement and when they determine what their needs are, the Budget office will release the money.

Senator Gibson seconded and the motion carried.

Senator Gibson said there was another problem with this. They had taken the position out of the budget that would have been responsible for supervising the dormitory, because in the original C.I.P. program, they were going to do away with the dormitory and convert it to office space.

Mr. Barrett said he could not identify the position, but it could be put in. However, he said, their enrollment is down 3% less than anticipated this year so although the position has been taken out, perhaps they can make it up from the lesser increase in enrollment.

A letter advising that the Department of Housing and Urban Development has made money available for certain types of college housing by direct loans for rehabilitation, alteration or original construction was given to Mr. Barrett to check. The application for the loan must be made not later than August 15, 1977.

A.C.R. 18: Memorializes board of regents of University of Nevada to extend medical school to 4-year school.

Senator Lamb showed the Committee a copy of the letter he had received from Dr. Smith covering the material requested on the medical school, copy attached.

Senator Young moved the Committee approve the resolution; Senator Wilson seconded and the motion passed with Senators Lamb, Gibson, Echols, Glaser, Wilson, and Young voting for it and Senator Hilbrecht dissenting.

A. B. 408: Authorizes employment security department to expend certain federal money to improve property in City of Reno for use of department.

Senator Gibson moved the Committee do pass; Senator Young seconded and the motion passed.

MEDICAL CARE UNIT BUDGET: Mr. Barrett said the Committee had asked his office to check on two things, one to reinstate the policy of paying for outpatient services based on actual costs after an audit of the hospital's books; second, federally mandated coverages. He submitted a memo on these subjects to the Committee, copy attached. He also submitted a suggested draft for a bill to cover the problems cited in his memo, copy attached.

Senator Hilbrecht moved that the Committee have the bill drafted; Senator Young seconded and the motion carried.

Senator Gibson moved that the budget be amended to reflect the figures listed in 2A of the attached memo, and approve the budget as amended; Senator Young seconded and the motion carried.

Senator Hilbrecht said that he had just talked with George Miller, Director of Welfare, and Mr. Miller said that he was disturbed about the action the Committee had taken on the Food Stamp program. Senator Hilbrecht said he was just passing the information along.

S. B. 298: Directs issuance of state bonds for purpose of renovating Capitol Building.

Senator Lamb said the Committee had two choices, whether to go with this bill or spend \$4.32 million and not do anything to the basement or spend the \$4.32 and build a new building for \$2.145 million. Senator Lamb said that he did not feel that they showed the need for a new building at this time.

Senator Hilbrecht said that his principal concern was that they were not going to capture that much additional space in the existing Capitol Building. He said he did not really recommend that they tear the building down, but he was really amazed at the figures projected for the basketing as they had had figures from \$600,000 up to \$4.2 million. He said he was not convinced by those figures; he would like to see the Legislature leave the existing Capitol Building and consider building a more efficient building.

There are two reasons. It was not simply that he felt that the Government was exploding, he hoped they could keep it in check, but he did feel that the old building was a reasonably inefficient one to occupy on a full time basis as an on-going executive building. He felt some operating monies would be saved by having a more efficient modern building for things like the Secretary of State and the Treasurer. He said he would like to have an opportunity to talk with some people about the basketing figure because the figures are all over the spectrum now. He said he was sure there were ways of doing it that would cost \$4.2 million, but on the other hand he felt it was conceivable that the \$2.1 million that was cited in the Committee of the Whole on the floor would be an appropriate figure.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977
PAGE FIVE

He said he was persuaded, based on what his father had told him, that the building was not going to fall down in the immediate future. He said he was also convinced that in the long run the tax payers would be ahead if they put up a modest executive office building which would accommodate not the explosive needs but would replace space in the other building; for two reasons, one that they could get the construction now when it will be less expensive than it will be ten years down the road; secondly because the maintenance per square foot is going to be cheaper.

Senator Lamb said he felt they had done a pretty good job in that building up to date, he didn't feel that they were having any trouble with the expansion or the space. Senator Lamb said if they were going in there and spend \$4 million, why didn't they do it right and forget it.

Senator Gibson said the problem he had with building a new office building was what do they do with the Capitol then? If it is left vacant and they don't do anything with it, it is going to become a problem. If it is converted to a museum, as had been suggested, there was still a need to spend some money and he didn't feel there was justification for another museum. He said he personally felt, after going through all the exercises they had, that the Committee should approve the bill as it presently is.

Senator Young said he still felt they were putting a lot of good money in, whether they went for the \$4 or the \$6 million program. They are still going to have an old building: it's expensive to maintain, it can't be really functional. The heat alone is high.

Senator Gibson said that would be changed with the modifications in the building.

Senator Young said it might be changed to some extent, but there still would be high ceilings: with \$6 million you get 18,000 more square feet. He said he didn't think it was that pretty a building, he would rather see the money taken and tear down that building and put up something along the same architectural lines as the Legislature. He asked what is it going to be like six years or twenty years from now, are they going to be back pumping \$6 million more into the old building? Because then it will be more valuable historically than it is now. Maybe it gets better with age. He didn't feel it was ever well built to begin with, high doors, high ceilings, climb those stairs. He wondered how many people went in there to look at the old Senate Lounge or Assembly Room.

Mr. Barrett said that during the summer during the tourist season there were always four or five families in the halls.

Senator Young said he would rather study the thing and come up with a capitol complex that would really be a beautiful thing. He said he didn't want to see a bunch of buildings all crowded in. With 100,000 square miles in Nevada they ought to be able to build without crowding.

Senator Lamb asked if he didn't think they should do anything at this time?

Senator Young said he just couldn't see pumping \$4 or \$6 million in there.

Senator Lamb said he felt if they were going to pump \$4 million they might just as well go all the way and put in \$6 million.

Senator Glaser said he had one other problem in addition to what Senator Gibson has said. He said in his opinion the old building is sitting where the new office building ought to be. He said he would like to see the Capitol complex in the master plan because he felt they should maintain that open space between the Legislature and the old Capitol. He said he would lean towards demolition of the old Capitol and construction of the new \$2.145 million one or in lieu of that at least studying it for another two years.

Senator Echols said it was very complex, worse than the medical school. He said he thought they should probably go for the \$6 million and remodel that old building and use it as long as possible. He said if the Committee thought ERA brought people down on their heads, if they started to talk about tearing that Capital building down, that will be a Sunday School picnic by comparison.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977
PAGE SIX

He felt they should spend the \$6 million and clean it up and use it as long as they can.

Senator Lamb said he thought they were buying ten years of time if they fixed it up, at least.

Senator Wilson said he was not in favor of demolition and you can't equate that just in terms of stone and brick; he was not in favor of dropping a new building on the plaza as he felt the plaza should be left as open space. There's not enough and he thought it was mistake to put that green abortion on the present Capitol Grounds. And thirdly, he was not convinced that they ought to go for the \$6 million, he wasn't sure he saw enough real economy and space in doing the interior remodeling. He said he was inclined to go for the \$4 million if the \$4 million is what is necessary to at least maintain the structural integrity of the building. He had thought they could get away with less than that.

Senator Echols said he didn't feel they had any unanimity of opinion when you get into this thing except scrap the program for two years and come back in two years and make a decision.

Senator Glaser said if they could rehabilitate that old Capitol for \$6 million and use it for twenty years, he would go for it.

Senator Gibson said the last addition to it was in 1915 or 1917.

Senator Lamb asked Mr. Barrett if he had seen the kind of growth that would indicate that the present building would be outgrown.

Mr. Barrett said that he had not. The building is full and has been full and it will always be full as long as it is there. When there is an overflow they go out to other buildings. At one time 50% of the agencies were in that building.

Senator Hilbrecht said he would like to say one more thing. Assuming that you don't need, for the next few years, the office building they were told they needed: nevertheless if they went for the \$4 million deal, they would be saving enough money, or very nearly enough money to build that and still preserve that old building structurally for those who don't want to see it demolished.

Senator Lamb said that was the least that he would like to do.

Senator Wilson said the only question on building the new building now with the differential was are they saving that much by building it now and is there a present need.

Senator Hilbrecht said he felt they ought to look at that for a while. He was just saying that if they spend only the \$4 million now, they would be looking at the major part of the money that will be needed when a decision is reached as to where they want to put the new building in the complex.

Senator Lamb said when this started he wasn't enthusiastic about any of it. He said, with reference to the estimate the Committee had received from Mr. Hancock, the Public Works Board live with this, this is their job and he felt they knew what they were doing. He said he felt Senator Hilbrecht's father also knew, and he didn't think the two figures were too far apart.

Senator Hilbrecht moved that they spend the \$4 million and then direct the Public Works Board to locate a master plan with the location of a new office building concept for the Capitol.

Senator Lamb said that he wanted to say that the Committee has been trying to hold back expansion in every area, cuts to the University, cuts to Community College, everywhere - don't expand - he felt it would be the silliest thing in the world for the Committee to decide to build an office building that the executive offices don't need now because of the costs of something else.

SENATE FINANCE COMMITTEE
MINUTES OF MEETING
APRIL 5, 1977
PAGE SEVEN

Senator Wilson seconded the motion for \$4 million to be spent in renovating the Capitol Building. The motion was defeated with only Senators Hilbrecht and Wilson voting for it.

Senator Gibson moved the Committee do pass on S.B. 298; Senator Echols seconded and the motion carried with Senators Glaser, Echols, Lamb and Gibson voting for it and Senators Young, Hilbrecht and Wilson dissenting.

The meeting adjourned at 5:50 P.M.

RESPECTFULLY SUBMITTED:


MURIEL P. MOONEY, SECRETARY

APPROVED:


FLOYD R. LAMB, CHAIRMAN

NEIL D. HUMPHREY
Chancellor

MEMORANDUM

April 4, 1977

TO: Dr. Charles R. Donnelly, President, CCD
FROM: Harry P. Wood, Architect, UNS
SUBJECT: CCCC Dental Hygiene Suite

Estimated costs to make this facility operative for 14 students
(12 chairs), etc.

EQUIPMENT

1. Clinic	\$ 41,500		
2. Laboratory	<u>13,250</u>	Sub-total	\$ 54,750

*CASEWORK

1. Clinic	\$ 14,750		
2. Dark Room	4,450		
3. Laboratory	16,500		
4. Lockers	<u>900</u>	Sub-total	\$ 36,600

*CONSTRUCTION

1. Relocate existing dental chairs	\$ 250		
2. Partitions, air conditioning, plumbing, electrical, etc.	<u>42,500</u>	Sub-total	\$ 42,750

TOTAL: \$134,100

* - Includes all project development costs.

HPW:nh

cc: Dr. Russell O. Bloyer, Executive Vice-President, CCCC

NEIL D. HUMPHREY
Chancellor

April 4, 1977

The Honorable Mike O'Callaghan
Governor of Nevada
Capitol Building
Capitol Complex
Carson City, Nevada 89710


Dear Governor O'Callaghan:

For the past several years, the University of Nevada System has been attempting to improve the access of handicapped students to the campuses. All new construction has met applicable standards; however, older buildings and campus areas frequently do not provide reasonable access for such students. Although some progress has been made, much is yet to be done, especially to the University of Nevada, Reno.

Recently, a lawsuit was filed against the University by the American Civil Liberties Union which exposes the University and the State substantially due to the difficulties of access for handicapped students.

On Friday, April 1, the Board of Regents voted to request you and the Legislature to appropriate \$1 million from the State General Fund Surplus to the State Public Works Board for the purpose of correcting those access problems considered most severe. Although many problems have been identified (mainly the lack of elevators and outside ramps) cost estimates are not readily available at this time. It is suggested that the State Public Works Board and the University work cooperatively in identifying the most severe problems and proceed to resolve as many as possible within the \$1 million fund. Residual problems would be identified to the 1979 Legislature for further action.

Very truly yours,


Neil D. Humphrey
Chancellor

NDH/bl

cc: Assembly Ways & Means
Senate Finance
Mr. William Hancock

NEIL D. HUMPHREY
Chancellor

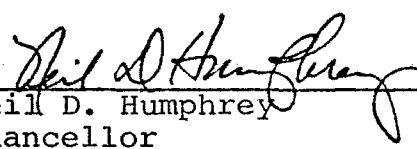
April 4, 1977

MEMORANDUM

To: The Honorable Floyd Lamb
Chairman, Senate Finance Committee

The Honorable Don Mello
Chairman, Assembly Ways and Means Committee

At its meeting of April 1, 1977, the Board of Regents voted to continue operating Tonopah Hall on the University of Nevada, Las Vegas, campus as a dormitory until alternative housing can be provided. Conversion of this dormitory for office and classroom purposes is included on the University of Nevada System's Capital Improvement Program Request for 1977-81 in the amount of \$1,357,000. Funds were to have come from the Higher Education Capital Construction Fund and the Capital Improvement Fee Fund.


Neil D. Humphrey
Chancellor

NDH:bjs

cc: President Donald H. Baepler
Mr. Howard Barrett
Mr. William Hancock
Mr. John Dolan
Mr. Ron Sparks

UNIVERSITY
OF
NEVADA
SYSTEM

University of Nevada • University of Nevada • Desert Research Institute • Community College Division
Reno Las Vegas

NEIL D. HUMPHREY
Chancellor

Brought to Check Over

April 4, 1977


The Honorable Floyd Lamb
Chairman, Senate Finance
Nevada State Legislature
Carson City, Nevada 89710

Dear Senator Lamb:

The Department of Housing and Urban Development has recently announced that \$155 million will be available for certain types of college housing by direct loans for rehabilitation, alteration or original construction. Application must be made not later than August 15, 1977, for such loans.

We respectfully request your committee to introduce and favorably act upon a bill authorizing the Board of Regents to apply for such a loan for up to \$1.5 million for the UNR campus for the purpose of constructing married student housing or alteration of existing dormitories into apartments for married students. Authorization could take the form of trigger legislation against the University Securities Law as some type of revenue bonds would have to be issued for this purpose. The bill draft is available from Mr. Daykin.

Cordially,



Neil D. Humphrey
Chancellor

NDH:jh

cc: William Hancock



SCHOOL OF MEDICAL SCIENCES
OFFICE OF THE DEAN
ANDERSON HEALTH SCIENCES
Reno . 89557
(702) 784-6001

April 5, 1977

Senator Floyd Lamb
Chairman
Senate Finance Committee
Nevada State Legislature
Legislative Building
401 S. Carson
Carson City, Nevada 89701

Dear Senator Lamb:

The School of Medical Sciences' proposal for conversion to a degree granting medical school with residencies in primary care utilizing state appropriated funds specifically calls for

- 1) continuation of the presently accredited two year basic science program,
- 2) the addition of the third and fourth years of medical education leading to the granting of the Doctor of Medicine degree,
- 3) the establishment of graduate residency programs in the primary care specialties of family medicine, internal medicine and pediatrics, and
- 4) the development of a statewide post-graduate continuing medical education program.

The program will be community-based utilizing

- 1) community hospitals state wide and the Reno V.A. Hospital,
- 2) part-time private practicing physicians and full-time clinical faculty, and
- 3) numerous affiliated state, county, city and private health care facilities.

The program will be funded as outlined in the six year budget projections (1977-83) submitted to the Senate Finance and Assembly Ways and Means Committees.

Senator Floyd Lamb
April 5, 1977
Page 2

The first two years of these projections (1977-79 biennium) are contained in the Governor's Executive Budget recommendation.

The proposed program will not require

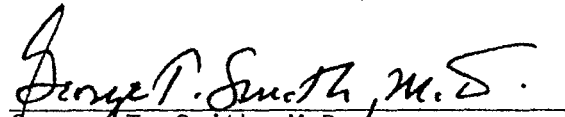
- 1) a university hospital,
- 2) major changes in class size,
- 3) major changes in state funded faculty, nor
- 4) separate research institutes.


SS The School of Medical Sciences will not establish any new programs, regardless of the source of money, without prior review and approval of the following:

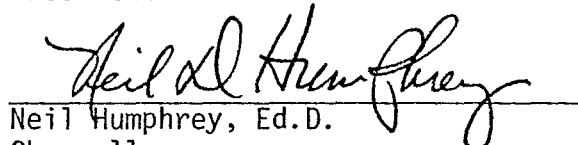
- 1) President of the University of Nevada, Reno,
- 2) Chancellor of the University of Nevada System,
- 3) The University Board of Regents (Phase I and Phase II program proposals), and
- 4) the Nevada State Legislature.

We trust that this information meets with the approval of the Senate Finance Committee and the Nevada State Legislature.

Sincerely,


George T. Smith, M.D.
Dean


Max Milam, Ph.D.
President


Neil Humphrey, Ed.D.
Chancellor

UNIVERSITY OF NEVADA SCHOOL OF MEDICAL SCIENCES

SUMMARY INCOME AND EXPENDITURE BUDGET

Conversion to Degree Granting School with Primary Care Residencies
Six-year (3 biennia), in '1000's of Dollars

*Includes \$270,000, Governor's Request

(3/7/77)

	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83
INCOME:						
(1) Income 4-yr School						
State appropriation	1,110 (44%)	*1,464 (43%)	2,180 (50%)	3,295 (69%)	3,737 (71%)	4,227 (73%)
Registration fees	174	260	462	501	539	577
Non-resident tuition	96	144	240	240	240	240
Hughes gift	200	200	200	200	200	200
Federal capitation	118	187	256	262	262	262
Federal conversion	498 (20%)	758 (22%)	804 (18%)	---	---	---
Other; private gifts	324	362	219	300	300	300
SUB-TOTAL, 4-year	2,520	3,375	4,362	4,798	5,278	5,806
(2) Income Residency						
Federal conversion	--	80	260	--	--	--
State appropriation	--	--	--	169	239	292
Professional fees	--	--	--	169	239	292
Hospital reimbursement	--	--	--	170	239	292
Other; private	--	100	70	--	--	--
SUB-TOTAL, Residency	--	180	330	508	717	876
TOTAL: 4-yr and Residency	2,520	3,555	4,692	5,306	5,995	6,682

2011

March 24, 1977

MEMORANDUM

TO: Senate Finance Committee
FROM: Howard E. Barrett *HEB*
SUBJECT: Additional Title XIX Medical Care Costs

During Senate Finance Committee hearings, payment policies for hospital out-patient care, deceased persons, and persons who have not yet been certified for Supplemental Security Income have been discussed. The cost projections in the Executive Budget were derived from data for the first five months of fiscal year 1977, a period during which these additional program features were not in effect. Therefore, the Executive Budget does not reflect these costs.

1. Cost Reimbursement for Outpatient Hospital Services - Prior to May 18, 1976, Welfare Division paid hospitals the actual cost of service delivery for out-patient care. Effective May 18, 1976, reimbursement of actual costs was discontinued, and the Welfare Division began paying for outpatient services based on the same fee schedule used for services rendered at a doctor's office as part of a general cost containment effort in the Title XIX Medicaid Program.

Hospital representatives have appeared before the Senate Finance Committee and have testified on behalf of restoring the policy of reimbursing in the amount of actual costs for outpatient care. The Nevada Hospital Association has estimated that reinstating outpatient cost reimbursement would require additional funding as follows:

	<u>Fiscal Year 1978</u>	<u>Fiscal Year 1979</u>
State	\$131,730	\$147,537
Federal	<u>131,730</u>	<u>147,538</u>
Total	\$263,460	\$295,075

2. Federally Mandated Coverages

- a. Deceased Persons - Effective January 10, 1977, the Welfare Division resumed Medicaid coverage for those persons who die after applying for Medicaid but before approval of their application. The Welfare Division had eliminated medical coverage for deceased persons consistent with Social Security's policy of denying financial assistance to this same group of clients. However, the federal government has ruled that the Welfare Division must pay medical bills incurred from the date of application for medical assistance to the date of death. In addition, under federal regulation, these clients are also eligible to claim medical coverage for the three months prior to the date of application if they would have been eligible had they applied earlier and if they can provide evidence of unpaid medical bills during that period.

The Welfare Division, based on average medical costs in the three months prior to death and on an estimate of the number of cases which are affected by this policy, estimates the following additional costs which are not included in the Executive Budget, either for the fiscal year 1977 Supplemental appropriation or for the 1977-79 biennium.

	<u>Fiscal Year 1977</u>	<u>Fiscal Year 1978</u>	<u>Fiscal Year 1979</u>
State	\$432,270	\$ 968,220	\$1,084,320
Federal	<u>432,270</u>	<u>968,220</u>	<u>1,084,320</u>
Total	<u>\$864,540</u>	<u>\$1,936,440</u>	<u>\$2,168,640</u>

b. Accepting Medicaid Applications Prior to Approval by Social Security for Cash Grant

Since Medicaid eligibility is determined by the State according to the same criteria used by the federal government for cash payments, the Welfare Division had adopted the practice of not accepting applications for medical assistance unless the applicant had already been approved by Social Security for a money grant. The federal government has now ruled that the Welfare Division must accept Medicaid applications from those whose applications to Social Security for cash assistance are still pending. Since Medicaid eligibility is effective retroactive to the date of application for approved clients, this mandate has the effect of making aged and disabled persons eligible for more months of medical assistance and thereby raises costs.

The Welfare Division has projected the number of cases which could be affected by this policy change based on the number of applications which have, in the past, been denied for lack of established SSI eligibility and, after applying the expected costs per recipient month, have made the following estimates of additional Title XIX costs not included in the Executive Budget.

	<u>Fiscal Year 1977</u>	<u>Fiscal Year 1978</u>	<u>Fiscal Year 1979</u>
State	\$ 77,220	\$180,240	\$201,462
Federal	<u>77,220</u>	<u>180,240</u>	<u>201,462</u>
Total	<u>\$154,440</u>	<u>\$360,480</u>	<u>\$402,924</u>

We do not recommend restoration of cost reimbursement for outpatient care since it is not federally required. However, medical eligibility for the deceased persons and for those whose applications for cash assistance are still pending is now mandatory, and since these costs are not included in the Executive Budget, it appears that additional funding will be required for these program components. If continued federal countercyclical monies are available to support these costs in the next biennium, I recommend that the countercyclical funds be utilized rather than increasing State appropriations to Title XIX for

the next biennium. Presently, there are three bills before the Congress, all of which propose to extend countercyclical aid past the current September 30, 1977, expiration date, and none of which change the guidelines with regard to usage of funds in Title XIX. We contacted the federal Office of Revenue Sharing by telephone last week and their legal staff informed us that there would be no problem in using countercyclical funds in Medicaid, assuming the program is extended. We are awaiting writtem confirmation.

Although the prospects for continued funding seem to be good, and although it appears that we would be able to apply these funds toward Title XIX, we still do not know what the federal government is going to do.

I recommend that the Legislature allow all countercyclical funds to be spent for Title XIX and that if we cannot spend all receipts of countercyclical aid for Title XIX, the Governor be permitted to apply these funds toward other purposes consistent with the federal act. If the latter situation arises in the interim between legislative sessions, the Legislature could be kept informed via periodic reports to the Interim Finance Committee.

HEB:MA/md

EXECUTIVE AGENCY BILL DRAFT REQUEST

REQUEST LIMITED TO

ONE SUBJECT ONLY

FOR LCB USE ONLY

BDR # _____

FROM: DEPARTMENT OF ADMINISTRATION

VIA: Department of
Administration

TO: Legislative Counsel

I. Intent of Proposed Bill: (Brief summary of intended effect)

To provide for the expenditure of federal countercyclical funds available to the State under Public Law 94-369.

II. Justification or Purpose: (Brief narrative of requirement.
Use continuation sheets if necessary)

No state policy now exists.

III. NRS Title, Chapter or Section affected: (If applicable)

None

IV. Suggested Language: (Optional.)

SECTION 1 (a). Whereas Title II of the Public Works Employment Act of 1976, (P.L. 94-369) authorized countercyclical financial aid to state and local governments for the purpose of maintaining basic services to the public during the current period of financial hardship now being experienced by those governments, and

(b) Whereas, although the current federal law which makes countercyclical aid available expires September 30, 1977, there exists the possibility that such aid to state and local governments will be continued,

(c) It is hereby declared that, to the maximum extent feasible, federal funds received by the state under Title II of the Public Works Employment Act of 1976, as amended, shall be utilized to meet the state share of expenditures under the Title XIX Medical Care Program, and

(d) That any such federal funds which may not be used in the Title XIX Medical Care Program may be applied by the Governor, through the Department of Administration, toward such purposes as may be consistent with federal guidelines.

SEC. 2. The Department of Administration shall make a quarterly report to the Interim Finance Committee with respect to all federal countercyclical funds which, under section 1 (d), are expended for purposes other than the Title XIX Medical Care Program.

SEC. 3. This act shall become effect on July 1, 1977.

V. Fiscal Note:

State Government Fiscal Impact

Yes _____ No X Appropriation Contained in Bill _____

Effect Less Than \$2,000 _____ Executive Budget _____

Local Government Fiscal Impact

Yes _____ No X Appropriation Contained in Bill _____

Is Fiscal Note attached? Yes _____ No X

VI. Preprinting of Bill: (Subsection 6 of NRS 218.240)

May bill be preprinted? Yes X No _____

VII. Name of person to be consulted if more information needed:

Name: Howard E. Barrett Telephone No. 885-4065

Signature of Agency Head

Date: March 17, 1977

From: Department of Administration

To: Legislative Counsel

Approved for preparation of bill draft. Comments on fiscal note entered on Form FN-3, attached, if fiscal note required.

Signature
Department of Administration