

Committee in Session at 8:50 am on Monday, February 5, 1979.

Senator Joe Neal in the Chair.

PRESENT: Chairman Keith Ashworth
Vice Chairman Joe Neal
Senator Clifton Young
Senator Rick Blakemore
Senator Wilbur Faiss
Senator Jim Kosinski

GUESTS: Senator William Hernstadt
Ms. Mary Lou Moser, Nevada Parent Teachers Association
Mr. Ben W. Cowan, Clark County School District
Mr. Ted Sanders, Nevada Department of Education
Mr. Ray Ryan, Nevada Department of Education
Mr. Richard Ham, Chief, Bureau of Alcohol and Drug Abuse
Mrs. Dorothy Iyy, Churchill County Employees' Association
Ms. Ruth Jagodzinski, Sunrise Hospital
Mr. Frank Guisti, Insurance Services, Inc.
Mr. James Carmany, Comprehensive Care Corporation
Mr. Fred Davis, Greater Reno-Sparks Chamber of Commerce
Mr. Joe Braswell, Governor's Advisory Board on Alcohol and Drug Abuse
Mr. L. D. Sullivan, Churchill Council on Alcohol and Drug Abuse
Ms. Martha Coon, Governor's Advisory Board on Alcohol and Drug Abuse
Ms. Georgia Massey, Nevada Insurance Division

Vice-Chairman Neal opened the hearing on S.B. 86.

Prior to giving testimony, Senator Hernstadt announced the availability of the tape of a program regarding the Desert Developmental Center and problems at that Center. Senator Hernstadt suggested the committee might be interested in viewing the tape and would make it available if they so desire.

Senator Hernstadt, who re-introduced S.B. 86 this session, stated that he believed if a student 16 years of age no longer wished to be in school, he should not be forced to remain to the detriment of the other students wishing to learn. He stated that the concept of the truancy laws for children of this age has gone too far.

Senator Young asked if there were some children who finished only because of the legal requirement, and might otherwise drop out if this requirement were lowered. Senator Hernstadt said his main concern was with the child who is allowed to leave school as a result of violent actions.

Chairman Ashworth assumed the Chair.

Senator Kosinski stated his concern about a bill that could possibly "write-off" the 16-year old child as not being capable of educating. He cited a program implemented by the Carson City School District dealing with incorrigible classroom behavior. Senator Kosinski questioned if this type of program would not be implemented if the age were lowered. Senator Hernstadt replied that he would prefer to see tax dollars used for academically-talented children or children who are trying to learn. Senator Kosinski said there may be some short-term savings but long-term higher expenses, such as prison systems, welfare programs and so forth.

Senator Neal said the bill seemed to pre-suppose that the 17-year old child would be causing the problems and questioned if this was the case. Senator Hernstadt replied that the question was valid. He said that he believed there should be no truancy laws and this bill would allow the older, most disruptive children the opportunity to leave the educational system.

Ms. Mary Lou Moser, representing the Nevada Parent Teachers Association, spoke in opposition to the bill (see Exhibit "A").

Mr. Ben Cowan, Clark County School District, spoke in opposition to S.B. 86. He stated that NRS 392.050 and 392.110, inclusive, permits early exemption from school attendance and concurred with the testimony of Ms. Moser. Mr. Cowan said he had spoken with the Juvenile Court and they voiced their opposition to the bill.

Senator Blakemore stated that the bill was introduced to solve the problem of the disruptive student and questioned if this problem does exist. Mr. Cowan said it does not.

Senator Neal asked about the 17-year cut-off age and its importance. Mr. Cowan said if the cut-off age would be lowered to 16, then the dropouts would begin at 15. He said that the longer a child stays in school, the more apt he is to graduate.

Mr. Ted Sanders of the Department of Education, representing the Nevada State Board of Education and Dr. Ray Ryan, Deputy Superintendent of Public Instruction, testified that the Nevada Board of Education took a position of support on the issue over one year ago. Mr. Sanders stated that the Board, at this time, has not taken an official position on S.B. 86. He presented Exhibit "B" and Exhibit "C" to assist the committee in making a determination.

Senator Young asked if the statistics indicated that states with lower or higher cut-off ages were reflective of lower or higher college entrance exams or truancy statistics. Mr. Sanders replied that they have not thoroughly studied that matter. He said they had participated in a review in another

state on this same issue and found that altering the compulsory school attendance law by lowering it did not have significant impact upon student enrollment and student attendance.

There being no further testimony, Chairman Ashworth closed the hearing on S.B. 86.

Chairman Ashworth opened the hearing on S.B. 75.

Mr. Richard Ham, Chief, Bureau of Alcohol and Drug Abuse, testified in support of S.B. 75 (see Exhibit "D"). Mr. Ham gave the committee a brief explanation of the bill, section by section, and the rationale used during the preparation of S.B. 75.

Senator Kosinski questioned if it would be necessary in the progression of treatment for an individual to go from the in-patient care into the health and care facility. Mr. Ham said it would depend upon the individual. On Page 2, Line 17, Senator Kosinski said it is mandatory for someone receiving treatment at the health and care facility report for out-patient treatment within seven days. He questioned if requirements should be created for someone receiving the intensive care, then goes into either out-patient or facility care. Mr. Ham stated he felt that would be reasonable to require and would recommend a language change.

Chairman Ashworth questioned if that change would mean the same language to all four chapters and Senator Kosinski said it would.

On Page 2, Lines 20 through 24, Senator Kosinski commented that the amount of outpatient visits could have a significant impact on insurance rates. Mr. Ham stated that this would be the maximum usage and most individuals would not fall into this category.

Senator Neal asked for the definition of "alcoholic" and asked the number in the state of Nevada. Mr. Ham replied that an "alcoholic" is an individual whose use of alcohol does not allow them to function in society. The rate of alcoholism in the state of Nevada is just under seven percent. Nevada is one of the states with the highest alcoholism rate in the country.

Mrs. Dorothy Ivy, representing Churchill County Employees' Association, spoke in opposition to S.B. 75. She stated the Employees' Association is self-insured to a certain amount and then an insurance company handles the coverage. She spoke in opposition to the bill based on her belief that the individual policy holder's rate would drastically increase to cover the program proposed in S.B. 75.

Ms. Ruth Jagodzinski, a registered nurse at Sunrise Hospital, spoke in support of S.B. 75. She stated people are currently being treated for alcoholism under their present insurance policies; however, they are not being treated under the correct diagnosis resulting in much higher expenses.

Mr. Frank Guisti, representing Insurance Services, Inc., spoke in opposition to S.B. 75 because of the concern that it would be mandatory for this type of insurance to be a part of insurance policies. He stated he would prefer coverage on an optional basis rather than mandatory basis. He also cited increased rates as an area of concern.

Senator Young asked if Mr. Guisti would obtain some data on states carrying this type of coverage and any statistics as to rate increases. Mr. Guisti said he would attempt to obtain information.

Senator Kosinski questioned if this coverage would not be mandatory to any employer who is operating entirely on self-insurance. Mr. Guisti said he did not know.

Senator Neal asked if Mr. Guisti agreed with the concept that the other related diseases are actually the bottom-line of alcoholism. Mr. Guisti replied that under most group insurance plans, that attributes to most of the expense.

Mr. James Carmany, a member of the care unit at North Las Vegas Hospital which is a part of the Comprehensive Care Corporation, spoke in support of S.B. 75. Mr. Carmany said the Comprehensive Care Corporation offers alcoholism treatment programs in hospitals in twenty states in the United States; there are thirty-six programs operating across the country. In the Corporation's experience, those states carrying the type of insurance coverage for alcohol treatment have experienced no increase in cost on premiums. He expressed concern on the dollar limit for treatment in S.B. 75 and suggested that be further examined.

Mr. Carmany presented the name of Susan Molton, Blue Cross representative for the State of Colorado, who could provide data as to insurance costs. Mr. Carmany recommended that the bill be changed to have a day limit set on in-patient care and not have a maximum dollar limit in the bill.

Mr. Fred Davis, representing the Greater Reno-Sparks Chamber of Commerce, spoke in opposition to S.B. 75 stating that the Chamber has historically been opposed to this type of legislation. He stressed that there had not been enough emphasis on consumer costs. He also questioned if this issue might be a legitimate labor-management bargaining prerogative.

Senator Young questioned if there is a fiscal impact to this bill. Mr. Davis replied he felt there was from the aspect of consumer costs. Mr. Davis stated that there may be some impact with respect to state industrial insurance coverage.

Senator Young questioned if Mr. Davis was aware of any insurance companies currently carrying this type of insurance and stated he would be interested in hearing testimony from these companies. Mr. Davis said he would try to obtain that information.

Mr. Joe Braswell, Co-Chairperson, Governor's Advisory Board on Alcohol and Drug Abuse, spoke in support of S.B. 75. Mr. Braswell read to the committee a portion of the Legislative Council Bureau's bulletin, August, 1978, Survey of Nevada Health Insurers, to substantiate his position.

Mr. L. D. (Larry) Sullivan, representing Churchill Council on Alcohol and Drug Abuse, spoke in support of S.B. 75. He stated that over ninety-five percent of the funding that is committed in the state to combat alcoholism is public money. He further stated that less than five percent of this funding is supplied by the private sector and the insurance industry. He felt this should be a consideration as the state is very concerned with cutting costs.

Senator Kosinski stated that the people of Nevada will ultimately be paying for the costs of this treatment, whether through tax dollars or higher insurance rates and he questioned if the people should be mandated to assume this cost in their insurance packages. Mr. Sullivan stated he did not feel there would be an increase in insurance rates. Senator Young questioned Mr. Sullivan's position and said he felt higher insurance rates would be unavoidable.

Senator Neal asked if it was the intent of the bill that those individuals who abuse alcohol only be treated at one of the specified facilities. Mr. Sullivan said it is and that the individuals obtain treatment at a state-licensed facility.

Senator Faiss asked if alcohol abuse is on the rise in the state of Nevada. Mr. Sullivan replied that it was, as the population is on the rise.

Ms. Martha Coon, representing the Governor's Advisory Board on Alcohol and Drug Abuse, testified in support of S.B. 75.

Ms. Georgia Massey, representing the Nevada Insurance Division, spoke on S.B. 75 and submitted Exhibit "E" after the hearing.

Chairman Ashworth presented BDR 40-224.*

Senator Young moved to introduce BDR 40-224 as a committee introduction.

Seconded by Senator Blakemore.

Motion carried.

*SB 184

There being no further business, Chairman Ashworth adjourned the meeting at 10:57 am.

Respectfully submitted,



Roni Ronemus
Committee Secretary

Approved:



Chairman
Senator Keith Ashworth



Nevada Parent Teacher Association (PTA)

Testimony given before the Senate Human Resources and Facilities Committee, Carson City, Nevada, February 5, 1979 re: SB 86 - lowering the compulsory age for education.

I am Mary Lou Moser, President of the Nevada Parent Teacher Association, and am here to oppose SB-86 which calls for the lowering of the compulsory school age from 17 to 16 years of age.

Delegates at our convention legislative session, and representing some 25,000 memberships throughout Nevada, voted unanimously to oppose the lowering of the school age on the basis that there are few, if any, viable alternatives outside the school setting for young people of 16.

We realize that one of the aims of legislation of this nature is to rid the classroom of the disruptive student. We in the PTA submit that it is far better to address this problem through an improved educational setting, keeping the solutions geared to the best interests of children and youth. Moving the disruptive youth from classroom onto the street without viable alternatives does not solve the cause of the initial problem. Further, we must be prepared to face the fact that funding now allocated to education will follow the problem into the community. We believe that positive solutions of the educational process are far superior to "after the fact" remedies of the police and other agencies. The problem will not disappear but will simply be moved to another and less socially acceptable arena. Harsh discipline and expulsion have not proved to be solutions in the

past.

You will find that school districts are addressing the problem and are presently providing some kinds of alternative education. We must work with them, providing both personnel and financing and insisting that this is of utmost priority.

The Parent Teacher Association asks that you do not consider this bill in a favorable light, but that you do give serious consideration to the more responsible alternatives such as greatly improved vocational-technical education, the school-work experience, and other viable alternatives which will best address the interests of the young people of this state.

Thank you for your cooperation and consideration.

TABLE I
STATUTORY AND CONSTITUTIONAL PROVISIONS FOR COMPULSORY AND PERMISSIVE EDUCATION

Compulsory			Permissive		Compulsory			Permissive	
State	Inclusive ¹ Minimum	Maximum ⁵	Inclusive ¹ Minimum	Maximum ⁵	State	Inclusive ¹ Minimum	Maximum ⁵	Inclusive ¹ Minimum	Maximum ⁵
Alabama	7	15 ³	5	2	Montana	7	16	6*	21
Alaska	7	16 ⁴	5 (on or before Nov. 2)	20	Nebraska	7	16 ⁴	5 (on or before Oct. 15)	21 ⁴
Arizona	8	16 ⁴	5 (before Jan. 1)	21 ⁴	Nevada	7	17 ⁴	6* ("by Oct. 31")	2
Arkansas	7	16	5 (on or before Oct. 1)	21 ⁴	New Hampshire	6	16 ⁴	2	2
California	6	16 ⁴	4 $\frac{3}{4}$ (on or before Sept. 1)	2	New Jersey	6	16 ⁴	5	20
Colorado	7	16	6*	21	New Mexico	6	18	5 ⁸	2
Connecticut	7	16	5	2	New York	7	16 ⁴	4	21
Delaware	6	16 ⁴	6	21 ⁴	North Carolina	7	16 ⁴	5 (before Oct. 15)	6
D.C.	7	16 ⁴	2	2	North Dakota	7	16 ⁴	6*	21 ⁴
Florida	7	14	5 (on or before Jan. 1)	2	Ohio	6	18 ⁴	5 (on or before Sept. 30)	21 ⁴
Georgia	7	16	6*	19 ⁴	Oklahoma	7	18	5 (on or before Nov. 1)	21 (on or before Sept. 1)
Hawaii	6	18	5 (on or before Dec. 31)	2	Oregon	7	18 ⁴	6* (on or before Nov. 15)	21 ⁴
Idaho	7	16	6*	21 ⁴	Pennsylvania	8	17	5 years 7 months* (before Sept. 1)	21 ⁴
Illinois	7	16 ⁴	4	21	Rhode Island	7	16	5 (on or before Dec. 31)	2
Indiana	7	16 ³	2	2	South Carolina	7	16 ³	6*	21
Iowa	7	16	5 (on or before Sept. 15)	21 ⁴	South Dakota	7	16 ⁴	5 (before Nov. 1)	21
Kansas	7	16	5 (on or before Sept. 1)	2	Tennessee	7	16 ³	5 (on or before Oct. 31)	2
Kentucky	7	16	4	21	Texas	7	17 ⁴	5 (on or before Sept. 1)	21
Louisiana	7	16	4	2	Utah	6	18 ¹	5	30 ³
Maine	7	17	5 (on or before Oct. 15)	20 ⁴	Vermont	7	16 ⁴	6 (on or before Jan. 1)	18
Maryland	6	16 ⁴	5	20 ⁴	Virginia	7	16	5 ⁸	20 ⁵
Massachusetts	"	"	"	"	Washington	8	18	4	21 ⁴
Michigan	6	16 ⁴	5 (on or before Dec. 1)	2	West Virginia	7	16	5	21 ⁴
Minnesota	7	16 ⁴	5 (on or before Sept. 1)	21	Wisconsin	7	16 ⁴	4	20 ⁴
Mississippi	7	7	6* (on or before Jan. 1)	2	Wyoming	7	16	5 (on or before Sept. 15)	21
Missouri	7	16 ⁴	5						

¹ Unless otherwise specified, denotes age at which a pupil may attend Kindergarten provided one is available. An asterisk next to age denotes entry into 1st grade.

² Not specified in sources.

³ Inclusive.

⁴ Ambiguous as to whether inclusive or exclusive.

⁵ Unless otherwise specified by footnote, age indicated is exclusive.

⁶ To be determined by state or local officials.

⁷ No compulsory education requirement.

⁸ Specified date upon which a pupil must attain age 5 varies from school year to school year.

N.B.: In approximately one-third of the states, statutes vest in administrators discretion to alter compulsory or permissive age requirements.

Source: Our analysis of state statutes and constitutions.

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EXHIBIT "B"

Table 2
 COMPULSORY EDUCATION AND LEVELS OF ORIENTATION

COUNTRIES	Compulsory education		Age on entry	
	Length in years	Age at end of education	Differentiated lower secondary cycle	Upper secondary cycle
Australia	9-10	15-16	-	15
Austria	9	15	10	14
Belgium	8	14	12	15
Canada	9-10	15-16	-	15
Denmark	9	15-16	14	16
Finland	8-9	16	-	16
France	10	16	11	15
Germany	9	15	10	16
Greece	6	11½	12	15
Ireland	8	15	12	15
Italy	8	14	-	14
Japan	9	15	-	15
Netherlands	9	15	12	..
Norway	9	16	-	16
Portugal	8	14	11-12	13
Spain	8	14	10	14
Sweden	9	16	-	16
Switzerland	8-9	14-16	12-14	15
Turkey	5	12	11	14
United Kingdom	11	16	11-16	15-16
United States	10	16	-	15
Yugoslavia	8	15	-	15

Sources: Educational Statistics Yearbook, OECD, Paris, 1974
Classification of Educational Systems, OECD, Paris, 1972.

Appendix I
 STATUTORY EXEMPTIONS FROM COMPULSORY ATTENDANCE LAWS

State	Child Presents Danger to Others	Official Discretion ¹	Completion of Specified Grade ²	Married, Pregnant, or Parent	Equivalent Education ³	Legislative Page	Physical, Mental or Emotional Disabilities ⁴	Unable to Profit from Further Schooling	Family or Other Responsibilities ⁵	Conscientious Objection of Parents	Employment ⁶	Distance from School ⁷	Hazardous Conditions	In Court or Legal Custody	Suspension and/or Exclusion
Alabama					X		X				X	X			
Alaska		X			X		X					X		X	X
Arizona		X	X		X		X				X				
Arkansas		X	X				X		X						
California					X		X				X				
Colorado					X		X				X			X	X
Connecticut					X		X				X				
Delaware					X		X								
District of Columbia			X				X				X				
Florida		X		X	X		X				X	X			
Georgia		X					X								
Hawaii		X			X		X				X				
Idaho							X								
Illinois							X				X				
Indiana						X	X								
Iowa		X	X		X						X				
Kansas							X								X
Kentucky							X								
Louisiana							X	X				X			
Maine					X		X				X				
Maryland	X				X		X				X				
Massachusetts					X		X				X				
Michigan						X						X			
Minnesota							X								
Mississippi															
Missouri							X				X				
Montana		X	X				X								X
Nebraska							X		X						
Nevada		X	X		X		X		X			X			
New Hampshire		X					X					X			
New Jersey					X		X								
New Mexico		X					X				X				
New York	X						X				X				
North Carolina							X								
North Dakota							X		X						
Ohio					X		X								
Oklahoma		X					X								

Appendix I
STATUTORY EXEMPTIONS FROM COMPULSORY ATTENDANCE LAWS

State	Child Presents Danger to Others	Official Discretion ¹	Completion of Specified Grade ²	Married, Pregnant, or Parent	Equivalent Education ³	Legislative Pledge	Physical, Mental or Emotional Disabilities ⁴	Unable to Profit From Further Schooling	Family or Other Responsibilities ⁵	Conscientious Objection of Parents	Employment ⁶	Distance From School ⁷	Hazardous Conditions	In Court or Legal Custody	Suspension and/or Expulsion
Oregon	X	X	X		X		X				X	X			
Pennsylvania							X	X			X	X			
Rhode Island					X		X								
South Carolina			X	X			X		X						X
South Dakota	X				X		X		X						
Tennessee	X	X					X	X				X			
Texas					X		X				X				
Utah					X		X	X	X			X			
Vermont		X	X		X		X		X						
Virginia							X	X		X		X			
Washington		X					X				X				
West Virginia					X		X		X		X	X	X		
Wisconsin		X			X		X								
Wyoming	X						X		X						X

Source: State statutes and constitutions

Includes excused by school authorities and exempted by court authority.

In Vermont, the specified grade is 10th; in Nevada it is 8th, with permission of school authorities; in all others it is 8th grade.

Includes enrollment in vocational or manual school, tutoring, and other equivalent instruction exclusive of tutoring.

Includes emotional disabilities, physical or mental incapacity, blindness, deafness, and educational retardation.

Includes undue hardship, serious illness or death in immediate family, destitution in the home, and support of dependent and/or himself.

Includes employment for wages with permission of school authorities; non-wage earning employment with school authority permission; wage earning employment with parental consent; completion of 8th grade and must work; granting work permits for wages; work-study programs; and regular employment.

Includes both distance and no high school in district.

Testimony of Richard Ham, Chief
Bureau of Alcohol and Drug Abuse
in Support of S.B. 75 Before the
Committee on Human Resources and Facilities
February 5, 1979

Mr. Chairman and members of the committee, I come before you today in support of S.B. 75, a bill to provide mandatory health insurance coverage for treatment of alcohol abuse.

The Bureau of Alcohol and Drug Abuse has the legislative mandate to plan, coordinate, and evaluate needed programs and services for alcohol and drug abusers. The most recent assessment of alcohol abuse in the state reveals:

- . . Nevada ranks first in deaths due to alcoholism.
- . . Nevada ranks third in deaths due to cirrhosis of the liver, a disorder directly attributable to over use of alcohol.
- . . Nevada ranks 28th in deaths due to accidental alcohol poisoning.
- . . Alcoholism among the work force costs approximately \$40 million per year in lost production and efficiency. Over 50% of the state work force have or will have a serious alcohol related job problem that will significantly affect their work performance.

The abuse of alcohol affects a broader range of races and ages than any other drug. Availability of alcohol is facilitated in Nevada by access to alcohol on a 24 hour basis.

During the previous twelve month period ending November 30, 1978, over 3,300 Nevadans were admitted to Bureau supported programs for substance abuse services. Of this number, slightly over 70% of the clients entering treatment were having alcohol related problems. The Bureau received \$2,251,213 for sub-

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stance abuse services in FY 1978 from state and federal sources. Only 15% of the total budget was contributed by the state for funding of alcohol abuse programs. The Office of Management and Budget has proposed the elimination of state formula grants for alcoholism services. This could mean Nevada would lose almost 50% of the federal money received last year for these vital services.

Should this happen, there are four potential sources of funding; what is left of the federal funding, the state, local units of government and private enterprise. It would appear that the first three sources of funding have been stretched to their limits. Mandatory alcohol insurance would provide rehabilitative services without taxation and legislative appropriation for those with group insurance coverage.

It is apparent from reviewing the Legislative Commission's Oversight Subcommittee Report (Bulletin #79) that insurance carriers have lagged considerably behind implicit demands for third party payment mechanisms to cover alcohol abuse. The arguments postulated by the carriers are mostly without merit. For example, it has frequently been stated that coverage for alcohol abuse is available but its utilization is largely a function of individual choice, made by the purchasers of health insurance. Another frequent argument concerns a lack of data on which to base actuarial estimates which would insure an adequate rate of return on investments. But in spite of these arguments, positive changes are occurring throughout the county. First, large scale purchasers of health insurance are giving greater attention to the nature of group employee benefits. This may be due to growth in occupational health programs or to intensive educational campaigns

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which may at least sensitize employers and labor unions as to the extent and impact of alcoholism problems. Second, health insurance regulators are beginning to show interest in the carriers' ability to underwrite the cost of alcohol abuse treatment. Finally, the carriers themselves such as Kemper and Metropolitan Life have begun to take action in the form of broadened coverage independent of purchasers and regulators.

But before opportunities for reimbursement from insurance carriers can be expanded, there has to be strict licensure or accreditation to assure insurance carriers and other payors that quality services are being delivered. Nevada already does this.

LICENSURE/ACCREDITATION/CERTIFICATION - Nevada Revised Statute 458.025 requires the State Bureau of Alcohol and Drug Abuse to develop program standards and provides for fund withdrawal from programs which fail to meet these standards. To accomplish this, BADA administers a credentialing model encompassing three separate areas: 1) certification of personnel; 2) accreditation of programs, and 3) licensure of facilities jointly with the Bureau of Health Facilities. Each of these areas is interdependent. Staff certification is the first phase. For a facility to be licensed, its counseling and administrative staff must be certified. Recently the National Institute on Drug Abuse surveyed the fifty states and District of Columbia to ascertain the variety of licensing and certification procedures which had been adopted. It was found that only seven other states have established a combination of certification and licensing procedures. The January 1979 issue of Resources Bulletin, a National Institute on Drug Abuse publication, stated "Nevada has one of the nation's most elaborate and comprehensive

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substance abuse credentialing systems."

COST OF ALCOHOL COVERAGE - A major concern of many insurance carriers has been that mandated insurance for alcoholism will increase costs. Accurate estimates however are nearly impossible since there are so many variables, although it is possible to look at costs and rate increases in places where third party payments for alcoholism have already occurred. Any overall cost of a policy will be more than compensated by significant reduction in medical costs and accident rates both on and off the job.

Capitol Blue Cross of Harrisburg, Pennsylvania initiated a program four years ago in which their one million subscribers were provided alcoholism treatment benefits. This was done as an experiment at no additional cost to subscribers. Capitol Blue Cross will pay for treatment in approved area hospital residential care facilities. They report that while it is too soon to state whether the program will pay off in reduced hospital costs for alcoholics, during the first two years 366 persons received benefits under the program at a cost of \$345,000 or approximately 18¢ per subscriber per year. This figure does not take into account any savings as a result of reduced medical expenses for other illnesses. There are other studies which indicate that providing for the treatment of alcohol abusing workers--and most people with private health insurance are workers--will reduce absenteeism, increase productivity and diminish illness and accident claims as well as the frequency of grievance issues.

Nevada has been at the cutting edge of substance abuse programming and quality control for several years. I believe we as a state should maintain our lead role in this area by recognizing alcoholism as a public primary health issue.

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Many people who need health insurance coverage for alcoholism are forced to seek treatment for the physical and psychological symptoms of alcoholism: cirrhosis of the liver, alcoholic psychosis, pancreatitis, etc. This means that the basic problem may never be acknowledged and treated. Enactment of S.B. 75 would allow for diagnosis and treatment of the heart of the problem, thereby shifting the locus of control to where it should be-- on the root cause rather than secondary effects of alcohol abuse.

RH:br



STATE OF NEVADA
 DEPARTMENT OF COMMERCE
INSURANCE DIVISION
 201 SOUTH FALL STREET
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EXHIBIT "E"

DONALD W. HEATH, CLU
 Commissioner of Insurance

ROBERT LIST
 Governor

JAMES L. WADHAMS
 Director

February 5, 1979

MEMORANDUM

TO: Senator Ashworth, Chairman
 Committee on Human Resources and Facilities

FROM: Georgia Massey - Nevada Insurance Division
 Assistant Supervisor - Life & Health

SUBJECT: Senate Bill 75

Senate Bill 75 requires certain coverage for alcohol abuse treatment to be provided in health policies and contracts regulated by 689B (group), 695B (medical service corporations), and 695C (HMO), and allows for such coverage at the option of the applicant for 689A (individual).

The bill allows for three levels of treatment and the coverage is limited to two courses of treatment per employee lifetime (per policy). The Insurance Division as will the insurance industry, would interpret "his lifetime" as lifetime per policy. The lifetime maximum of any benefit must be based on the individuals lifetime per policy lifetime. There would be no way to monitor the coverage used per lifetime of an individual when an individual changes employers.

The states now with some kind of mandated coverage for alcohol abuse treatment have a wide variation of coverage mandated. It is less than feasible, for Nevada to use the data from other states even if available because of such variations. On page 24, of Bulletin #79-15 entitled Problems and treatment of alcoholism and drug abuse, there is a section "C. Survey of Insurance Commissions" which comments on the lack of useable data from other states and the summary the Nevada Insurance Division made from the survey.

The best way for Nevada to know whether Senate Bill 75 or any law is feasible for Nevada is to develop data with regard to cost, utilization and total long range effects on Nevada which actually relate to Nevada. In the creation of a Task Force Nevada can possibly accumulate proper data to be informative to the 1981 legislative session.

GM:rs