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MOCK-UP

PROPOSED AMENDMENT TO
ASSEMBLY BILL 297

PREPARED
APRIL 8, 2003

PREPARED BY THE RESEARCH DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN
CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE
OFFICIAL AMENDMENT MAY DIFFER.

EXPLANATION: Matter in (1) *blue bold italics* is new language in the
original bill; (2) *green bold italic underlining* is new language proposed in
this amendment; (3) ~~red strikethrough~~ is deleted language in the original
bill; (4) ~~green bold double strikethrough~~ is language proposed to be
deleted in this amendment and (5) green bold dashed underlining is
deleted language in the original bill that is proposed to be retained in this
amendment.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Strike the bill as a whole and replace with the following:

Section 1. NRS 422.380 is hereby amended to read as follows:

422.380 As used in NRS 422.380 to 422.390, inclusive, unless the
context otherwise requires:

1. "*Disproportionate share payment*" means a payment made
pursuant to 42 U.S.C. § 1396r-4.

2. "Hospital" has the meaning ascribed to it in NRS 439B.110 and
includes public and private hospitals.

~~{2.}~~ 3. "Public hospital" means:

(a) A hospital owned by a state or local government, including, without
limitation, a hospital district; or

(b) A hospital that is supported in whole or in part by tax revenue,
other than tax revenue received for medical care which is provided to
Medicaid patients, indigent patients or other low-income patients.

Sec. 2. NRS 422.382 is hereby amended to read as follows:

422.382 1. In a county whose population is 100,000 or more within
which:

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PROPOSED AMENDMENT TO AB 29

ASSEMBLY HEALTH AND HUMAN SERVICES
DATE: 04/09 ROOM: 3138 EXHIBIT E1-7
SUBMITTED BY: Marla McDade Williams

1 (a) A public hospital is located, the state or local government or other
2 entity responsible for the public hospital shall transfer an amount equal to
3 ~~{75}~~:

4 (1) *Seventy percent of the total amount of disproportionate share*
5 *payments distributed to ~~{that hospital}~~ all hospitals pursuant to NRS*
6 *422.387 for a fiscal year, less ~~[\$75,000,] \$1,050,000; or~~*

7 (2) *The total amount of disproportionate share payments*
8 *distributed to all hospitals pursuant to NRS 422.387 for a fiscal year, less*
9 *~~\$24,000,000~~ thirty-three percent of such payments,*
10 *whichever is less, to the Division of Health Care Financing and Policy.*

11 (b) A private hospital which receives a *disproportionate share*
12 *payment pursuant to ~~†~~*

13 ~~— (1) Paragraph ~~†~~ paragraph ~~(b)~~ (c) of subsection 2 of NRS 422.387 is~~
14 ~~located, the county shall transfer ~~†~~~~

15 ~~— (1) Except as otherwise provided in sub-subparagraph (II), an~~
16 ~~amount equal to 75 percent of the total amount distributed to that hospital~~
17 ~~pursuant to paragraph (b) of subsection 2 of NRS 422.387 for a fiscal year;~~
18 ~~or~~

19 ~~— (II) An amount established by the Legislature for a fiscal year,]~~
20 ~~\$1,500,000 one and ninety-five one hundredths (1.95) percent of the total~~
21 ~~amount of disproportionate share payments distributed to all hospitals~~
22 ~~pursuant to NRS 422.387 for a fiscal year, but not more than \$1,500,000~~
23 ~~to the Division of Health Care Financing and Policy.~~

24 ~~{(2) Paragraph (c) of subsection 2 of NRS 422.387 is located, the~~
25 ~~county shall transfer:~~

26 ~~— (I) An amount equal to 75 percent of the total amount distributed~~
27 ~~to that hospital pursuant to that paragraph for a fiscal year, less \$75,000; or~~

28 ~~— (II) Any maximum amount established by the Legislature for a~~
29 ~~fiscal year,~~
30 ~~whichever is less, to the Division of Health Care Financing and Policy.]~~

31 2. A county that transfers the amount required pursuant to
32 ~~{subparagraph (1) of}~~ paragraph (b) of subsection 1 to the Division of
33 Health Care Financing and Policy is discharged of the duty and is released
34 from liability for providing medical treatment for indigent inpatients who
35 are treated in the hospital in the county that
36 receives a payment pursuant to paragraph ~~(b)~~ (c) of subsection 2 of NRS
37 422.387.

38 3. The money transferred to the Division of Health Care Financing
39 and Policy pursuant to subsection 1 must not come from any source of
40 funding that could result in any reduction in revenue to the State pursuant
41 to 42 U.S.C. § 1396b(w).

42 4. Any money collected pursuant to subsection 1, including any
43 interest or penalties imposed for a delinquent payment, must be deposited
44 in the State Treasury for credit to the Intergovernmental Transfer Account

1 in the State General Fund to be administered by the Division of Health
2 Care Financing and Policy.

3 5. The interest and income earned on money in the Intergovernmental
4 Transfer Account, after deducting any applicable charges, must be credited
5 to the Account.

6 **Sec. 3.** NRS 422.385 is hereby amended to read as follows:

7 422.385 1. The allocations and payments required pursuant to
8 subsections 1 ~~and 2~~ to 4, inclusive, of NRS 422.387 must be made, to the
9 extent allowed by the State Plan for Medicaid, from the Medicaid Budget
10 Account.

11 2. Except as otherwise provided in subsection 3 and subsection ~~3~~ 5
12 of NRS 422.387, the money in the Intergovernmental Transfer Account
13 must be transferred from that Account to the Medicaid Budget Account to
14 the extent that money is available from the Federal Government for
15 proposed expenditures, including expenditures for administrative costs. If
16 the amount in the Account exceeds the amount authorized for expenditure
17 by the Division of Health Care Financing and Policy for the purposes
18 specified in NRS 422.387, the Division of Health Care Financing and
19 Policy is authorized to expend the additional revenue in accordance with
20 the provisions of the State Plan for Medicaid.

21 3. If enough money is available to support Medicaid and to make the
22 payments required by subsection ~~3~~ 5 of NRS 422.387, money in the
23 Intergovernmental Transfer Account may be transferred:

24 (a) To an account established for the provision of health care services
25 to uninsured children pursuant to a federal program in which at least 50
26 percent of the cost of such services is paid for by the Federal Government,
27 including, without limitation, the Children's Health Insurance Program; or

28 (b) To carry out the provisions of NRS 439B.350 and 439B.360.

29 **Sec. 4.** NRS 422.387 is hereby amended to read as follows:

30 422.387 1. Before making the payments required or authorized by
31 this section, the Division of Health Care Financing and Policy shall
32 allocate money for the administrative costs necessary to carry out the
33 provisions of NRS 422.380 to 422.390, inclusive. The amount allocated for
34 administrative costs must not exceed the amount authorized for
35 expenditure by the Legislature for this purpose in a fiscal year. The Interim
36 Finance Committee may adjust the amount allowed for administrative
37 costs.

38 2. The State Plan for Medicaid must provide ~~for~~:

39 ~~—(a) For~~ for the payment of the maximum amount of *disproportionate*
40 *share payments* allowable under federal law and regulations . ~~after~~
41 ~~making any payments pursuant to paragraphs (b) and (c), to public~~
42 ~~hospitals for treating a disproportionate share of Medicaid patients,~~
43 ~~indigent patients or other low-income patients, unless such payments are~~
44 ~~subsequently limited by federal law or regulation.~~

1 ~~— (b) For a payment in an amount approved by the Legislature to the~~
2 ~~private hospital that provides the largest volume of medical care to~~
3 ~~Medicaid patients, indigent patients or other low-income patients in a~~
4 ~~county that does not have a public hospital.~~

5 ~~— (c) For a payment to each private hospital whose Medicaid utilization~~
6 ~~percentage is greater than the average for all the hospitals in this state and~~
7 ~~which is located in a county that has a public hospital, in an amount equal~~
8 ~~to:~~

9 ~~— (1) If the Medicaid utilization percentage of the hospital is greater~~
10 ~~than 20 percent, \$200 for each uncompensated day incurred by the~~
11 ~~hospital; and~~

12 ~~— (2) If the Medicaid utilization percentage of the hospital is 20~~
13 ~~percent or less, \$100 for each uncompensated day incurred by the~~
14 ~~hospital.} The State Plan for Medicaid must provide that for:~~

15 *(a) All public hospitals in counties whose population is 400,000 or*
16 *more, the total annual disproportionate share payments are \$66,650,000*
17 *plus 90 percent of the total amount of disproportionate share payments*
18 *distributed by the State in that fiscal year that exceeds \$76,000,000;*

19 *(b) All private hospitals in counties whose population is 400,000 or*
20 *more, the total annual disproportionate share payments are \$1,200,000*
21 *plus 2.5 percent of the total amount of disproportionate share payments*
22 *distributed by the State in that fiscal year that exceeds \$76,000,000;*

23 *(c) All private hospitals in counties whose population is 100,000 or*
24 *more but less than 400,000, the total annual disproportionate share*
25 *payments are \$4,800,000 plus 2.5 percent of the total amount of*
26 *disproportionate share payments distributed by the State in that fiscal*
27 *year that exceeds \$76,000,000;*

28 *(d) All public hospitals in counties whose population is less than*
29 *100,000, the total annual disproportionate share payments are \$900,000*
30 *plus 2.5 percent of the total amount of disproportionate share payments*
31 *distributed by the State in that fiscal year that exceeds \$76,000,000; and*

32 *(e) All private hospitals in counties whose population is less than*
33 *100,000, the total annual disproportionate share payments are*
34 *\$2,450,000 plus 2.5 percent of the total amount of disproportionate share*
35 *payments distributed by the State in that fiscal year that exceeds*
36 *\$76,000,000.*

37 *3. The State Plan for Medicaid must provide for a base payment in*
38 *an amount approved by the Legislature for each hospital described in*
39 *subsection 2. Any amount set forth in each paragraph of subsection 2*
40 *that remains after all base payments have been distributed must be*
41 *distributed to the hospital within that paragraph with the highest*
42 *uncompensated care percentage in an amount equal to either the amount*
43 *remaining after all base payments have been distributed or the amount*
44 *necessary to reduce the uncompensated care percentage of that hospital*
45 *to the uncompensated care percentage of the hospital in that paragraph*

1 with the second highest uncompensated care percentage, whichever is
2 less. Any amount set forth in subsection 2 that remains after the
3 uncompensated care percentage of the hospital with the highest
4 uncompensated care percentage in a paragraph has been reduced to
5 equal the uncompensated care percentage of the hospital in that
6 paragraph with the second highest uncompensated care percentage must
7 be distributed equally to the two hospitals with the highest
8 uncompensated care percentage in that paragraph until their
9 uncompensated care percentages are equal to the uncompensated care
10 percentage of the hospital with the third highest uncompensated care
11 percentage in that paragraph. This process must be repeated until all
12 available funds set forth in a paragraph of subsection 2 have been
13 distributed.

14 4. The Plan must be consistent with the provisions of NRS 422.380 to
15 422.390, inclusive, and Title XIX of the Social Security Act, 42 U.S.C. §§
16 1396 et seq., and the regulations adopted pursuant to those provisions. *If*
17 *the total amount available to the State for making disproportionate share*
18 *payments is less than \$76,000,000, the Administrator:*

19 (a) ~~Any~~ Shall adjust the amounts for each group of hospitals set
20 forth in subsection 2 proportionally in accordance with the limits of
21 federal law; and

22 (b) Shall adopt a regulation specifying the amount of the reductions
23 required by paragraph (a).

24 ~~{3-}~~ 5. To the extent that money is available in the Intergovernmental
25 Transfer Account, the Division of Health Care Financing and Policy shall
26 distribute \$50,000 from that Account each fiscal year to each public
27 hospital which:

28 (a) Is located in a county that does not have any other hospitals; and

29 (b) Is not eligible for a payment pursuant to ~~{subsection 2-~~

30 ~~4-} subsections 2 and 3.~~

31 6. As used in this section:

32 (a) ~~["Medicaid utilization percentage" means the total number of days~~
33 ~~of treatment of Medicaid patients, including patients who receive their~~
34 ~~Medicaid benefits through a health maintenance organization, divided by~~
35 ~~the total number of days of treatment of all patients during a fiscal year.~~

36 ~~(b) "Uncompensated day" means a day in which medical care is~~
37 ~~provided to an inpatient for which a hospital receives:~~

38 ~~(1) Not more than 25 percent of the cost of providing that care from~~
39 ~~the patient; and~~

40 ~~(2) No compensation for the cost of providing that care from any~~
41 ~~other person or any governmental program.] "Total revenue" is the~~
42 ~~amount of revenue a hospital receives for patient care and other services,~~
43 ~~net of any contractual allowances or bad debts.~~

44 (b) "Uncompensated care costs" means the total costs of a hospital
45 incurred in providing care to uninsured patients, including, without

1 *limitation, patients covered by Medicaid or another governmental*
2 *program for indigent patients, less any payments received by the hospital*
3 *for that care.*

4 (c) *"Uncompensated care percentage" means the uncompensated*
5 *care costs of a hospital divided by the total revenue for the hospital.*

6 **Sec. 5.** NRS 422.390 is hereby amended to read as follows:

7 422.390 1. The Division of Health Care Financing and Policy shall
8 adopt regulations concerning:

9 (a) Procedures for the transfer to the Division of Health Care Financing
10 and Policy of the amount required pursuant to
11 NRS 422.382.

12 (b) Provisions for the payment of a penalty and interest for a
13 delinquent transfer.

14 (c) Provisions for the payment of interest by the Division of Health
15 Care Financing and Policy for late reimbursements to hospitals or other
16 providers of medical care.

17 (d) *Provisions for the calculation of the uncompensated care*
18 *percentage for hospitals, including, without limitation, the procedures*
19 *and methodology required to be used in calculating the percentage, and*
20 *any required documentation of and reporting by a hospital relating to the*
21 *calculation.*

22 2. The Division of Health Care Financing and Policy shall report to
23 the Interim Finance Committee quarterly concerning the provisions of
24 NRS 422.380 to 422.390, inclusive.

25 **Sec. 6.** 1. Except as otherwise provided in subsection 2, for the
26 fiscal year 2003-2004 and the fiscal year 2004-2005, the base payments for
27 the purposes of subsection 3 of NRS 422.387 are:

28 (a) For the University Medical Center of Southern Nevada,
29 \$66,531,729;

30 (b) For Washoe Medical Center, \$4,800,000;

31 (c) For Carson-Tahoe Hospital, \$1,000,000;

32 (d) For Northeastern Nevada Regional Hospital, \$500,000;

33 (e) For Churchill Community Hospital, \$500,000;

34 (f) For Humboldt General Hospital, \$215,109;

35 (g) For William Bee Ririe Hospital, \$204,001;

36 (h) For Mt. Grant General Hospital, \$195,838;

37 (i) For South Lyon Medical Center, \$174,417; and

38 (j) For Nye Regional Medical Center, \$115,000.

39 2. If federal law changes the amounts payable pursuant to subsection
40 2 of NRS 422.387:

41 (a) The respective amounts required to be allocated and transferred
42 pursuant to subsection 1 must be reduced proportionally ~~in accordance~~
43 ~~with the limits of federal law~~ if the total amount of base payments
44 specified in subsection 1 for hospitals in a paragraph of subsection 2 of

1 NRS 422.387 exceeds the amount specified for that paragraph by
2 subsection 4 of NRS 422.387.

3 (b) The Administrator of the Division of Health Care Financing and
4 Policy of the Department of Human Resources shall adopt a regulation
5 specifying the amount of the reductions required by paragraph (a).

6 **Sec. 7.** This act becomes effective upon passage and approval for the
7 purpose of adopting any regulations necessary to carry out the provisions
8 of this act and on July 1, 2003, for all other purposes.

H