
ASSEMBLY BILL NO. 504—COMMITTEE ON
HEALTH AND HUMAN SERVICES

MARCH 24, 2003

Referred to Committee on Health and Human Services

SUMMARY—Requires Department of Human Resources to establish program to extend coverage for prescription drugs and pharmaceutical services to certain persons. (BDR 38-1207)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to health care; requiring the Department of Human Resources to establish a program to extend coverage for prescription drugs and pharmaceutical services for certain persons; providing that money in the Fund for a Healthy Nevada may be used to fund the program; and providing other matters properly relating thereto.

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

- 1 **Section 1.** Chapter 422 of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 ***1. The Director, through the Division of Health Care***
4 ***Financing and Policy, shall establish a program to extend***
5 ***coverage for prescription drugs and pharmaceutical services to***
6 ***persons who are eligible for Medicare who are not eligible for***
7 ***Medicaid and whose incomes are not more than 200 percent of the***
8 ***federally designated level signifying poverty by obtaining a***
9 ***Medicaid waiver from the Federal Government and amending the***
10 ***State Plan for Medicaid.***
11 ***2. The Director may:***



1 (a) Administer the program established pursuant to subsection
2 I through the Division of Health Care Financing and Policy; or

3 (b) Hire a pharmacy benefits manager by contract to
4 administer the program established pursuant to subsection 1.

5 3. Not more than 8 percent of the money received by the
6 Department to implement the program established pursuant to
7 subsection 1 may be used for administrative expenses or other
8 indirect costs.

9 4. The Director shall submit a quarterly report concerning
10 the program established pursuant to subsection 1 to the Interim
11 Finance Committee and the Legislative Committee on Health
12 Care.

13 5. As used in this section, "Medicare" has the meaning
14 ascribed to it in NRS 439B.130.

15 **Sec. 2.** NRS 422.240 is hereby amended to read as follows:

16 422.240 1. Money to carry out the provisions of NRS
17 422.001 to 422.410, inclusive, *and section 1 of this act*, and
18 422.580, including, without limitation, any federal money allotted to
19 the State of Nevada pursuant to the program to provide Temporary
20 Assistance for Needy Families and the Program for Child Care and
21 Development, must, *except as otherwise provided in NRS 439.630*,
22 be provided by appropriation by the Legislature from the State
23 General Fund.

24 2. Disbursements for the purposes of NRS 422.001 to 422.410,
25 inclusive, *and section 1 of this act*, and 422.580 must, *except as*
26 *otherwise provided in NRS 439.630*, be made upon claims duly
27 filed, audited and allowed in the same manner as other money in the
28 State Treasury is disbursed.

29 **Sec. 3.** NRS 396.911 is hereby amended to read as follows:

30 396.911 1. The Legislature hereby declares that its priorities
31 in expending the proceeds to the State of Nevada from settlement
32 agreements with and civil actions against manufacturers of tobacco
33 products are:

34 (a) To increase the number of Nevada students who attend and
35 graduate from Nevada institutions of higher education; and

36 (b) To assist Nevada residents in obtaining and maintaining
37 good health.

38 2. To further these priorities, the Legislature hereby declares
39 that it is in the best interest of the residents of the State of Nevada
40 that all money received by the State of Nevada pursuant to any
41 settlement entered into by the State of Nevada and a manufacturer of
42 tobacco products and all money recovered by the State of Nevada
43 from a judgment in a civil action against a manufacturer of tobacco
44 products be dedicated solely toward the achievement of the
45 following goals:



1 (a) Increasing the number of residents of the State of Nevada
2 who enroll in and attend a university, college or community college
3 in the State of Nevada;

4 (b) Reducing and preventing the use of tobacco products,
5 alcohol and illegal drugs, especially by children;

6 (c) Expanding the availability of health insurance and health
7 care for children and adults in this state, especially for children and
8 for adults with disabilities;

9 (d) Assisting senior citizens *and persons with disabilities* who
10 have modest incomes in purchasing prescription drugs and assisting
11 ~~those~~ senior citizens *who have modest incomes* in meeting their
12 needs related to health care, home care, respite care and their ability
13 to live independent of institutional care; and

14 (e) Promoting the general health of all residents of the State of
15 Nevada.

16 **Sec. 4.** NRS 439.600 is hereby amended to read as follows:

17 439.600 1. The Legislature hereby declares that its priorities
18 in expending the proceeds to the State of Nevada from settlement
19 agreements with and civil actions against manufacturers of tobacco
20 products are:

21 (a) To increase the number of Nevada students who attend and
22 graduate from Nevada institutions of higher education; and

23 (b) To assist Nevada residents in obtaining and maintaining
24 good health.

25 2. To further these priorities, the Legislature hereby declares
26 that it is in the best interest of the residents of this state that all
27 money received by the State of Nevada pursuant to any settlement
28 entered into by the State of Nevada and a manufacturer of tobacco
29 products and all money recovered by the State of Nevada from a
30 judgment in a civil action against a manufacturer of tobacco
31 products be dedicated solely toward the achievement of the
32 following goals:

33 (a) Increasing the number of Nevada residents who enroll in and
34 attend a university, college or community college in the State of
35 Nevada;

36 (b) Reducing and preventing the use of tobacco products,
37 alcohol and illegal drugs, especially by children;

38 (c) Expanding the availability of health insurance and health
39 care for children and adults in this state, especially for children and
40 for adults with disabilities;

41 (d) Assisting senior citizens *and persons with disabilities* who
42 have modest incomes in purchasing prescription drugs and assisting
43 ~~those~~ senior citizens *who have modest incomes* in meeting their
44 needs related to health care, home care, respite care and their ability
45 to live independent of institutional care; and



1 (e) Promoting the general health of all residents of the State of
2 Nevada.

3 **Sec. 5.** NRS 439.630 is hereby amended to read as follows:

4 439.630 1. The Task Force for the Fund for a Healthy
5 Nevada shall:

6 (a) Conduct public hearings to accept public testimony from a
7 wide variety of sources and perspectives regarding existing or
8 proposed programs that:

9 (1) Promote public health;
10 (2) Improve health services for children, senior citizens and
11 persons with disabilities;

12 (3) Reduce or prevent the use of tobacco;

13 (4) Reduce or prevent the abuse of and addiction to alcohol
14 and drugs; and

15 (5) Offer other general or specific information on health care
16 in this state.

17 (b) Establish a process to evaluate the health and health needs of
18 the residents of this state and a system to rank the health problems
19 of the residents of this state, including, without limitation, the
20 specific health problems that are endemic to urban and rural
21 communities.

22 (c) Reserve not more than 30 percent of all revenues deposited
23 in the Fund for a Healthy Nevada each year for direct expenditure
24 by the Department to pay for prescription drugs and pharmaceutical
25 services for senior citizens pursuant to NRS 439.635 to 439.690,
26 inclusive ~~§~~, *and to fund in whole or in part the program*
27 *established pursuant to section 1 of this act.* From the money
28 reserved to the Department pursuant to this paragraph, the
29 Department ~~shall~~ *may* subsidize all of the cost of policies of health
30 insurance that provide coverage to senior citizens for prescription
31 drugs and pharmaceutical services pursuant to NRS 439.635 to
32 439.690, inclusive ~~§~~, *and fund in whole or in part the program*
33 *established pursuant to section 1 of this act.* The Department shall
34 consider recommendations from the Task Force for the Fund for a
35 Healthy Nevada in carrying out the provisions of NRS 439.635 to
36 439.690, inclusive ~~§~~, *and administering the program established*
37 *pursuant to section 1 of this act.* The Department shall submit a
38 quarterly report to the Governor, the Task Force for the Fund for a
39 Healthy Nevada and the Interim Finance Committee regarding the
40 general manner in which expenditures have been made pursuant to
41 this paragraph and the status of the program.

42 (d) Reserve not more than 30 percent of all revenues deposited
43 in the Fund for a Healthy Nevada each year for allocation by the
44 Aging Services Division of the Department in the form of grants for



1 existing or new programs that assist senior citizens with independent
2 living, including, without limitation, programs that provide:

- 3 (1) Respite care or relief of family caretakers;
- 4 (2) Transportation to new or existing services to assist senior
5 citizens in living independently; and
- 6 (3) Care in the home which allows senior citizens to remain
7 at home instead of in institutional care.

8 The Aging Services Division of the Department shall consider
9 recommendations from the Task Force for the Fund for a Healthy
10 Nevada concerning the independent living needs of senior citizens.

11 (e) Allocate for expenditure not more than 20 percent of all
12 revenues deposited in the Fund for a Healthy Nevada each year for
13 programs that prevent, reduce or treat the use of tobacco and the
14 consequences of the use of tobacco.

15 (f) Allocate for expenditure not more than 20 percent of all
16 revenues deposited in the Fund for a Healthy Nevada each year for
17 programs that improve health services for children and the health
18 and well-being of persons with disabilities.

19 (g) Maximize expenditures through local, federal and private
20 matching contributions.

21 (h) Ensure that any money expended from the Fund for a
22 Healthy Nevada will not be used to supplant existing methods of
23 funding that are available to public agencies.

24 (i) Develop policies and procedures for the administration and
25 distribution of grants and other expenditures to state agencies,
26 political subdivisions of this state, nonprofit organizations,
27 universities and community colleges. A condition of any such grant
28 must be that not more than 8 percent of the grant may be used for
29 administrative expenses or other indirect costs. The procedures must
30 require at least one competitive round of requests for proposals per
31 fiscal year.

32 (j) To make the allocations required by paragraphs (e) and (f):

- 33 (1) Prioritize and quantify the needs for these programs;
- 34 (2) Develop, solicit and accept grant applications for
35 allocations;
- 36 (3) Conduct annual evaluations of programs to which
37 allocations have been awarded; and
- 38 (4) Submit annual reports concerning the programs to the
39 Governor and the Interim Finance Committee.

40 (k) Transmit a report of all findings, recommendations and
41 expenditures to the Governor and each regular session of the
42 Legislature.

43 2. The Task Force may take such other actions as are necessary
44 to carry out its duties.



1 3. The Department shall take all actions necessary to ensure
2 that all allocations for expenditures made by the Task Force are
3 carried out as directed by the Task Force.

4 4. To make the allocations required by paragraph (d) of
5 subsection 1, the Aging Services Division of the Department shall:

6 (a) Prioritize and quantify the needs of senior citizens for these
7 programs;

8 (b) Develop, solicit and accept grant applications for allocations;

9 (c) As appropriate, expand or augment existing state programs
10 for senior citizens upon approval of the Interim Finance Committee;

11 (d) Award grants or other allocations;

12 (e) Conduct annual evaluations of programs to which grants or
13 other allocations have been awarded; and

14 (f) Submit annual reports concerning the grant program to the
15 Governor and the Interim Finance Committee.

16 5. The Aging Services Division of the Department shall submit
17 each proposed grant which would be used to expand or augment an
18 existing state program to the Interim Finance Committee for
19 approval before the grant is awarded. The request for approval must
20 include a description of the proposed use of the money and the
21 person or entity that would be authorized to expend the money. The
22 Aging Services Division of the Department shall not expend or
23 transfer any money allocated to the Aging Services Division
24 pursuant to this section to subsidize any portion of the cost of
25 policies of health insurance that provide coverage to senior citizens
26 for prescription drugs and pharmaceutical services pursuant to NRS
27 439.635 to 439.690, inclusive ~~§~~, *or to pay for the program*
28 *established pursuant to section 1 of this act.*

29 6. The Department, on behalf of the Task Force, shall submit
30 each allocation proposed pursuant to paragraph (e) or (f) of
31 subsection 1 which would be used to expand or augment an existing
32 state program to the Interim Finance Committee for approval before
33 the grant is awarded. The request for approval must include a
34 description of the proposed use of the money and the person or
35 entity that would be authorized to expend the money.

36 **Sec. 6.** NRS 439.665 is hereby amended to read as follows:

37 439.665 1. The Department ~~shall~~ *may* enter into contracts
38 with private insurers who transact health insurance in this state to
39 arrange for the availability, at a reasonable cost, of policies of health
40 insurance that provide coverage to senior citizens for prescription
41 drugs and pharmaceutical services.

42 2. Within the limits of the money available for this purpose in
43 the Fund for a Healthy Nevada, a senior citizen who is not eligible
44 for Medicaid and who purchases a policy of health insurance that is
45 made available pursuant to subsection 1 is entitled to an annual



1 grant from the Trust Fund to subsidize the cost of that insurance,
2 including premiums and deductibles, if he has been domiciled in this
3 state for at least 1 year immediately preceding the date of his
4 application and his household income is not over \$21,500.

5 3. The subsidy granted pursuant to this section must not exceed
6 the annual cost of insurance that provides coverage for prescription
7 drugs and pharmaceutical services, including premiums and
8 deductibles.

9 4. A policy of health insurance that is made available pursuant
10 to subsection 1 must provide for:

11 (a) A copayment of not more than \$10 per prescription drug or
12 pharmaceutical service that is generic as set forth in the formulary of
13 the insurer; and

14 (b) A copayment of not more than \$25 per prescription drug or
15 pharmaceutical service that is preferred as set forth in the formulary
16 of the insurer.

17 5. The Department may waive the eligibility requirement set
18 forth in subsection 2 regarding household income upon written
19 request of the applicant if the circumstances of the applicant's
20 household have changed as a result of:

21 (a) Illness;

22 (b) Disability; or

23 (c) Extreme financial hardship based on a significant reduction
24 of income, when considering the applicant's current financial
25 circumstances.

26 An applicant who requests such a waiver shall include with that
27 request all medical and financial documents that support his request.

28 6. If the Federal Government provides any coverage of
29 prescription drugs and pharmaceutical services for senior citizens
30 who are eligible for a subsidy pursuant to subsections 1 to 5,
31 inclusive, the Department may, upon approval of the Legislature, or
32 the Interim Finance Committee if the Legislature is not in session,
33 change any program established pursuant to NRS 439.635 to
34 439.690, inclusive, and otherwise provide assistance with
35 prescription drugs and pharmaceutical services for senior citizens
36 within the limits of the money available for this purpose in the Fund
37 for a Healthy Nevada.

38 7. The provisions of subsections 1 to 5, inclusive, do not apply
39 if the Department provides assistance with prescription drugs and
40 pharmaceutical services for senior citizens pursuant to subsection 6.

