

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 apply to Federal Government to establish program to extend coverage for prescription drugs and pharmaceutical services to certain persons under certain circumstances. (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 apply to the Federal Government 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 shall apply to the Federal Government for a*
4 *Medicaid waiver to extend coverage for prescription drugs and*
5 *pharmaceutical services to persons 65 years of age or older who*
6 *are eligible for Medicare, who are not eligible for Medicaid and*
7 *whose incomes are not more than 200 percent of the federally*
8 *designated level signifying poverty. The Director may apply to the*
9 *Federal Government for a Medicaid waiver to extend coverage for*
10 *prescription drugs and pharmaceutical services to persons with*
11 *disabilities who are eligible for Medicare, who are not eligible for*



1 *Medicaid and whose incomes are not more than 200 percent of the*
2 *federally designated level signifying poverty.*
3 2. *The Director shall fully cooperate in good faith with the*
4 *Federal Government during the application process to satisfy the*
5 *requirements of the Federal Government for obtaining a Medicaid*
6 *waiver pursuant to this section, including, without limitation:*
7 (a) *Providing any necessary information requested by the*
8 *Federal Government in a timely manner;*
9 (b) *Responding promptly and thoroughly to any questions or*
10 *concerns of the Federal Government concerning the application;*
11 *and*
12 (c) *Working with the Federal Government to amend any*
13 *necessary provisions of the application to satisfy the requirements*
14 *for approval of the application.*
15 3. *If the Federal Government approves a Medicaid waiver*
16 *which the Director was required to apply for pursuant to*
17 *subsection 1, the Director, through the Division of Health Care*
18 *Financing and Policy, shall amend the State Plan for Medicaid to*
19 *establish a program in accordance with the waiver. The Director*
20 *may, to the extent authorized by the Federal Government, include*
21 *in the program persons with disabilities.*
22 4. *The Director may:*
23 (a) *Administer a program established pursuant to this section*
24 *through the Division of Health Care Financing and Policy; or*
25 (b) *Hire a pharmacy benefits manager by contract to*
26 *administer a program established pursuant to this section.*
27 5. *Not more than 8 percent of the money received by the*
28 *Department to implement a program established pursuant to this*
29 *section may be used for administrative expenses or other indirect*
30 *costs.*
31 6. *The Director shall submit a quarterly report concerning a*
32 *program established pursuant to this section to the Interim*
33 *Finance Committee and the Legislative Committee on Health*
34 *Care.*
35 7. *As used in this section, "Medicare" has the meaning*
36 *ascribed to it in NRS 439B.130.*
37 **Sec. 2.** NRS 422.240 is hereby amended to read as follows:
38 422.240 1. Money to carry out the provisions of NRS
39 422.001 to 422.410, inclusive, *and section 1 of this act*, and
40 422.580, including, without limitation, any federal money allotted to
41 the State of Nevada pursuant to the program to provide Temporary
42 Assistance for Needy Families and the Program for Child Care and
43 Development, must, *except as otherwise provided in NRS 439.630*,
44 be provided by appropriation by the Legislature from the State
45 General Fund.



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

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

7 396.911 1. The Legislature hereby declares that its priorities
8 in expending the proceeds to the State of Nevada from settlement
9 agreements with and civil actions against manufacturers of tobacco
10 products are:

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

13 (b) To assist Nevada residents in obtaining and maintaining
14 good health.

15 2. To further these priorities, the Legislature hereby declares
16 that it is in the best interest of the residents of the State of Nevada
17 that all money received by the State of Nevada pursuant to any
18 settlement entered into by the State of Nevada and a manufacturer of
19 tobacco products and all money recovered by the State of Nevada
20 from a judgment in a civil action against a manufacturer of tobacco
21 products be dedicated solely toward the achievement of the
22 following goals:

23 (a) Increasing the number of residents of the State of Nevada
24 who enroll in and attend a university, college or community college
25 in the State of Nevada;

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

28 (c) Expanding the availability of health insurance and health
29 care for children and adults in this state, especially for children and
30 for adults with disabilities;

31 (d) Assisting senior citizens *and persons with disabilities* who
32 have modest incomes in purchasing prescription drugs and assisting
33 ~~those~~ senior citizens *who have modest incomes* in meeting their
34 needs related to health care, home care, respite care and their ability
35 to live independent of institutional care; and

36 (e) Promoting the general health of all residents of the State of
37 Nevada.

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

39 439.600 1. The Legislature hereby declares that its priorities
40 in expending the proceeds to the State of Nevada from settlement
41 agreements with and civil actions against manufacturers of tobacco
42 products are:

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



1 (b) To assist Nevada residents in obtaining and maintaining
2 good health.

3 2. To further these priorities, the Legislature hereby declares
4 that it is in the best interest of the residents of this state that all
5 money received by the State of Nevada pursuant to any settlement
6 entered into by the State of Nevada and a manufacturer of tobacco
7 products and all money recovered by the State of Nevada from a
8 judgment in a civil action against a manufacturer of tobacco
9 products be dedicated solely toward the achievement of the
10 following goals:

11 (a) Increasing the number of Nevada residents who enroll in and
12 attend a university, college or community college in the State of
13 Nevada;

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

16 (c) Expanding the availability of health insurance and health
17 care for children and adults in this state, especially for children and
18 for adults with disabilities;

19 (d) Assisting senior citizens *and persons with disabilities* who
20 have modest incomes in purchasing prescription drugs and assisting
21 ~~those~~ senior citizens *who have modest incomes* in meeting their
22 needs related to health care, home care, respite care and their ability
23 to live independent of institutional care; and

24 (e) Promoting the general health of all residents of the State of
25 Nevada.

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

27 439.630 1. The Task Force for the Fund for a Healthy
28 Nevada shall:

29 (a) Conduct public hearings to accept public testimony from a
30 wide variety of sources and perspectives regarding existing or
31 proposed programs that:

32 (1) Promote public health;

33 (2) Improve health services for children, senior citizens and
34 persons with disabilities;

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

36 (4) Reduce or prevent the abuse of and addiction to alcohol
37 and drugs; and

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

40 (b) Establish a process to evaluate the health and health needs of
41 the residents of this state and a system to rank the health problems
42 of the residents of this state, including, without limitation, the
43 specific health problems that are endemic to urban and rural
44 communities.



1 (c) Reserve not more than 30 percent of all revenues deposited
2 in the Fund for a Healthy Nevada each year for direct expenditure
3 by the Department to pay for prescription drugs and pharmaceutical
4 services for senior citizens pursuant to NRS 439.635 to 439.690,
5 inclusive ~~{}~~, *and to fund in whole or in part any program*
6 *established pursuant to section 1 of this act.* From the money
7 reserved to the Department pursuant to this paragraph, the
8 Department ~~{shall}~~ *may* subsidize all of the cost of policies of health
9 insurance that provide coverage to senior citizens for prescription
10 drugs and pharmaceutical services pursuant to NRS 439.635 to
11 439.690, inclusive ~~{}~~, *and fund in whole or in part any program*
12 *established pursuant to section 1 of this act.* The Department shall
13 consider recommendations from the Task Force for the Fund for a
14 Healthy Nevada in carrying out the provisions of NRS 439.635 to
15 439.690, inclusive ~~{}~~, *and administering any program established*
16 *pursuant to section 1 of this act.* The Department shall submit a
17 quarterly report to the Governor, the Task Force for the Fund for a
18 Healthy Nevada and the Interim Finance Committee regarding the
19 general manner in which expenditures have been made pursuant to
20 this paragraph and the status of the program.

21 (d) Reserve not more than 30 percent of all revenues deposited
22 in the Fund for a Healthy Nevada each year for allocation by the
23 Aging Services Division of the Department in the form of grants for
24 existing or new programs that assist senior citizens with independent
25 living, including, without limitation, programs that provide:

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

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

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

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

42 (g) Maximize expenditures through local, federal and private
43 matching contributions.



- 1 (h) Ensure that any money expended from the Fund for a
2 Healthy Nevada will not be used to supplant existing methods of
3 funding that are available to public agencies.
- 4 (i) Develop policies and procedures for the administration and
5 distribution of grants and other expenditures to state agencies,
6 political subdivisions of this state, nonprofit organizations,
7 universities and community colleges. A condition of any such grant
8 must be that not more than 8 percent of the grant may be used for
9 administrative expenses or other indirect costs. The procedures must
10 require at least one competitive round of requests for proposals per
11 fiscal year.
- 12 (j) To make the allocations required by paragraphs (e) and (f):
- 13 (1) Prioritize and quantify the needs for these programs;
- 14 (2) Develop, solicit and accept grant applications for
15 allocations;
- 16 (3) Conduct annual evaluations of programs to which
17 allocations have been awarded; and
- 18 (4) Submit annual reports concerning the programs to the
19 Governor and the Interim Finance Committee.
- 20 (k) Transmit a report of all findings, recommendations and
21 expenditures to the Governor and each regular session of the
22 Legislature.
- 23 2. The Task Force may take such other actions as are necessary
24 to carry out its duties.
- 25 3. The Department shall take all actions necessary to ensure
26 that all allocations for expenditures made by the Task Force are
27 carried out as directed by the Task Force.
- 28 4. To make the allocations required by paragraph (d) of
29 subsection 1, the Aging Services Division of the Department shall:
- 30 (a) Prioritize and quantify the needs of senior citizens for these
31 programs;
- 32 (b) Develop, solicit and accept grant applications for allocations;
- 33 (c) As appropriate, expand or augment existing state programs
34 for senior citizens upon approval of the Interim Finance Committee;
- 35 (d) Award grants or other allocations;
- 36 (e) Conduct annual evaluations of programs to which grants or
37 other allocations have been awarded; and
- 38 (f) Submit annual reports concerning the grant program to the
39 Governor and the Interim Finance Committee.
- 40 5. The Aging Services Division of the Department shall submit
41 each proposed grant which would be used to expand or augment an
42 existing state program to the Interim Finance Committee for
43 approval before the grant is awarded. The request for approval must
44 include a description of the proposed use of the money and the
45 person or entity that would be authorized to expend the money. The



1 Aging Services Division of the Department shall not expend or
2 transfer any money allocated to the Aging Services Division
3 pursuant to this section to subsidize any portion of the cost of
4 policies of health insurance that provide coverage to senior citizens
5 for prescription drugs and pharmaceutical services pursuant to NRS
6 439.635 to 439.690, inclusive ~~§~~, *or to pay for any program*
7 *established pursuant to section 1 of this act.*

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

15 **Sec. 6.** NRS 439.665 is hereby amended to read as follows:
16 439.665 1. The Department ~~shall~~ *may* enter into contracts
17 with private insurers who transact health insurance in this state to
18 arrange for the availability, at a reasonable cost, of policies of health
19 insurance that provide coverage to senior citizens for prescription
20 drugs and pharmaceutical services.

21 2. Within the limits of the money available for this purpose in
22 the Fund for a Healthy Nevada, a senior citizen who is not eligible
23 for Medicaid and who purchases a policy of health insurance that is
24 made available pursuant to subsection 1 is entitled to an annual
25 grant from the Trust Fund to subsidize the cost of that insurance,
26 including premiums and deductibles, if he has been domiciled in this
27 state for at least 1 year immediately preceding the date of his
28 application and his household income is not over \$21,500.

29 3. The subsidy granted pursuant to this section must not exceed
30 the annual cost of insurance that provides coverage for prescription
31 drugs and pharmaceutical services, including premiums and
32 deductibles.

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

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

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

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

45 (a) Illness;



1 (b) Disability; or
2 (c) Extreme financial hardship based on a significant reduction
3 of income, when considering the applicant's current financial
4 circumstances.
5 An applicant who requests such a waiver shall include with that
6 request all medical and financial documents that support his request.
7 6. If the Federal Government provides any coverage of
8 prescription drugs and pharmaceutical services for senior citizens
9 who are eligible for a subsidy pursuant to subsections 1 to 5,
10 inclusive, the Department may, upon approval of the Legislature, or
11 the Interim Finance Committee if the Legislature is not in session,
12 change any program established pursuant to NRS 439.635 to
13 439.690, inclusive, and otherwise provide assistance with
14 prescription drugs and pharmaceutical services for senior citizens
15 within the limits of the money available for this purpose in the Fund
16 for a Healthy Nevada.
17 7. The provisions of subsections 1 to 5, inclusive, do not apply
18 if the Department provides assistance with prescription drugs and
19 pharmaceutical services for senior citizens pursuant to subsection 6.

