
SENATE BILL NO. 235—COMMITTEE ON HUMAN
RESOURCES AND FACILITIES

(ON BEHALF OF THE LEGISLATIVE COMMITTEE ON
HEALTH CARE (NRS 439B.200))

MARCH 4, 2003

Referred to Committee on Human Resources and Facilities

SUMMARY—Revises provisions governing payment of hospitals for treating disproportionate share of Medicaid patients, indigent patients or other low-income patients. (BDR 38-746)

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 welfare; revising the provisions governing the payment of hospitals for treating a disproportionate share of Medicaid patients, indigent patients or other low-income patients; providing for the allocation and transfer of certain funding for the treatment of those patients; 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.** NRS 422.380 is hereby amended to read as follows:
2 422.380 As used in NRS 422.380 to 422.390, inclusive, unless
3 the context otherwise requires:
4 1. *“Disproportionate share payment” means a payment made*
5 *pursuant to 42 U.S.C. § 1396r-4.*
6 2. “Hospital” has the meaning ascribed to it in NRS 439B.110
7 and includes public and private hospitals.
8 ~~2.~~ 3. “Public hospital” means:
9 (a) A hospital owned by a state or local government, including,
10 without limitation, a hospital district; or



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

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

6 422.382 1. In a county *whose population is 100,000 or more*
7 within which:

8 (a) A public hospital is located, the state or local government or
9 other entity responsible for the public hospital shall transfer an
10 amount equal to ~~[75]~~:

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

14 (2) *The total amount of disproportionate share payments*
15 *distributed to all hospitals pursuant to NRS 422.387 for a fiscal*
16 *year, less \$24,000,000,*
17 *whichever is less,* to the Division of Health Care Financing and
18 Policy.

19 (b) A private hospital which receives a *disproportionate share*
20 payment pursuant to ~~[-~~

21 ~~(1) Paragraph]~~ *paragraph* (b) of subsection 2 of NRS
22 422.387 is located, the county shall transfer ~~[-~~

23 ~~(I) Except as otherwise provided in sub-subparagraph (II),~~
24 ~~an amount equal to 75 percent of the total amount distributed to that~~
25 ~~hospital pursuant to paragraph (b) of subsection 2 of NRS 422.387~~
26 ~~for a fiscal year; or~~

27 ~~(II) An amount established by the Legislature for a fiscal~~
28 ~~year,]~~ *\$1,500,000* to the Division of Health Care Financing and
29 Policy.

30 ~~[(2) Paragraph (c) of subsection 2 of NRS 422.387 is located,~~
31 ~~the county shall transfer:~~

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

35 ~~(II) Any maximum amount established by the Legislature~~
36 ~~for a fiscal year,~~
37 ~~whichever is less, to the Division of Health Care Financing and~~
38 ~~Policy.]~~

39 2. A county that transfers the amount required pursuant to
40 ~~[subparagraph (1) of]~~ paragraph (b) of subsection 1 to the Division
41 of Health Care Financing and Policy is discharged of the duty and is
42 released from liability for providing medical treatment for indigent
43 inpatients who are treated in the hospital in the county that
44 receives a payment pursuant to paragraph (b) of subsection 2 of
45 NRS 422.387.



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

5 4. Any money collected pursuant to subsection 1, including
6 any interest or penalties imposed for a delinquent payment, must be
7 deposited in the State Treasury for credit to the Intergovernmental
8 Transfer Account in the State General Fund to be administered by
9 the Division of Health Care Financing and Policy.

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

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

14 422.385 1. The allocations and payments required pursuant
15 to subsections 1 ~~and 2~~ to 4, inclusive, of NRS 422.387 must be
16 made, to the extent allowed by the State Plan for Medicaid, from the
17 Medicaid Budget Account.

18 2. Except as otherwise provided in subsection 3 and subsection
19 ~~3~~ 5 of NRS 422.387, the money in the Intergovernmental Transfer
20 Account must be transferred from that Account to the Medicaid
21 Budget Account to the extent that money is available from the
22 Federal Government for proposed expenditures, including
23 expenditures for administrative costs. If the amount in the Account
24 exceeds the amount authorized for expenditure by the Division of
25 Health Care Financing and Policy for the purposes specified in NRS
26 422.387, the Division of Health Care Financing and Policy is
27 authorized to expend the additional revenue in accordance with the
28 provisions of the State Plan for Medicaid.

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

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

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

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

40 422.387 1. Before making the payments required or
41 authorized by this section, the Division of Health Care Financing
42 and Policy shall allocate money for the administrative costs
43 necessary to carry out the provisions of NRS 422.380 to 422.390,
44 inclusive. The amount allocated for administrative costs must not
45 exceed the amount authorized for expenditure by the Legislature for



1 this purpose in a fiscal year. The Interim Finance Committee may
2 adjust the amount allowed for administrative costs.

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

4 ~~—(a) For] for~~ the payment of the maximum amount *of*
5 *disproportionate share payments* allowable under federal law and
6 regulations . ~~[after making any payments pursuant to paragraphs (b)~~
7 ~~and (c), to public hospitals for treating a disproportionate share of~~
8 ~~Medicaid patients, indigent patients or other low income patients,~~
9 ~~unless such payments are subsequently limited by federal law or~~
10 ~~regulation.~~

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

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

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

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

25 *(a) All public hospitals in counties whose population is*
26 *400,000 or more, the total annual disproportionate share payments*
27 *are \$66,650,000 plus 90 percent of the total amount of*
28 *disproportionate share payments distributed by the State in that*
29 *fiscal year that exceeds \$76,000,000;*

30 *(b) All private hospitals in counties whose population is*
31 *400,000 or more, the total annual disproportionate share payments*
32 *are \$1,200,000 plus 2.5 percent of the total amount of*
33 *disproportionate share payments distributed by the State in that*
34 *fiscal year that exceeds \$76,000,000;*

35 *(c) All private hospitals in counties whose population is*
36 *100,000 or more but less than 400,000, the total annual*
37 *disproportionate share payments are \$4,800,000 plus 2.5 percent*
38 *of the total amount of disproportionate share payments distributed*
39 *by the State in that fiscal year that exceeds \$76,000,000;*

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



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

6 3. The State Plan for Medicaid must provide for a base
7 payment in an amount approved by the Legislature for each
8 hospital described in subsection 2. Any amount set forth in each
9 paragraph of subsection 2 that remains after all base payments
10 have been distributed must be distributed to the hospital within
11 that paragraph with the highest uncompensated care percentage
12 in an amount equal to either the amount remaining after all base
13 payments have been distributed or the amount necessary to reduce
14 the uncompensated care percentage of that hospital to the
15 uncompensated care percentage of the hospital in that paragraph
16 with the second highest uncompensated care percentage,
17 whichever is less. Any amount set forth in subsection 2 that
18 remains after the uncompensated care percentage of the hospital
19 with the highest uncompensated care percentage in a paragraph
20 has been reduced to equal the uncompensated care percentage of
21 the hospital in that paragraph with the second highest
22 uncompensated care percentage must be distributed equally to the
23 two hospitals with the highest uncompensated care percentage in
24 that paragraph until their uncompensated care percentages are
25 equal to the uncompensated care percentage of the hospital with
26 the third highest uncompensated care percentage in that
27 paragraph. This process must be repeated until all available funds
28 set forth in a paragraph of subsection 2 have been distributed.

29 4. The Plan must be consistent with the provisions of NRS
30 422.380 to 422.390, inclusive, and Title XIX of the Social Security
31 Act, 42 U.S.C. §§ 1396 et seq., and the regulations adopted pursuant
32 to those provisions. *If the total amount available to the State for
33 making disproportionate share payments is less than \$76,000,000,
34 the Administrator:*

35 (a) *May adjust the amounts set forth in subsection 2*
36 *proportionally in accordance with the limits of federal law; and*

37 (b) *Shall adopt a regulation specifying the amount of the*
38 *reductions required by paragraph (a).*

39 ~~3.~~ 5. To the extent that money is available in the
40 Intergovernmental Transfer Account, the Division of Health Care
41 Financing and Policy shall distribute \$50,000 from that Account
42 each fiscal year to each public hospital which:

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

45 (b) Is not eligible for a payment pursuant to ~~subsection 2.~~



1 ~~4.] subsections 2 and 3.~~
2 **6.** As used in this section:
3 (a) ~~["Medicaid utilization percentage" means the total number of~~
4 ~~days of treatment of Medicaid patients, including patients who~~
5 ~~receive their Medicaid benefits through a health maintenance~~
6 ~~organization, divided by the total number of days of treatment of all~~
7 ~~patients during a fiscal year.~~
8 ~~(b) "Uncompensated day" means a day in which medical care is~~
9 ~~provided to an inpatient for which a hospital receives:~~
10 ~~(1) Not more than 25 percent of the cost of providing that~~
11 ~~care from the patient; and~~
12 ~~(2) No compensation for the cost of providing that care from~~
13 ~~any other person or any governmental program.] "Total revenue" is~~
14 *the amount of revenue a hospital receives for patient care and*
15 *other services, net of any contractual allowances or bad debts.*
16 (b) *"Uncompensated care costs" means the total costs of a*
17 *hospital incurred in providing care to uninsured patients,*
18 *including, without limitation, patients covered by Medicaid or*
19 *another governmental program for indigent patients, less any*
20 *payments received by the hospital for that care.*
21 (c) *"Uncompensated care percentage" means the*
22 *uncompensated care costs of a hospital divided by the total*
23 *revenue for the hospital.*
24 **Sec. 5.** NRS 422.390 is hereby amended to read as follows:
25 422.390 1. The Division of Health Care Financing and Policy
26 shall adopt regulations concerning:
27 (a) Procedures for the transfer to the Division of Health Care
28 Financing and Policy of the amount required pursuant to
29 NRS 422.382.
30 (b) Provisions for the payment of a penalty and interest for a
31 delinquent transfer.
32 (c) Provisions for the payment of interest by the Division of
33 Health Care Financing and Policy for late reimbursements to
34 hospitals or other providers of medical care.
35 (d) *Provisions for the calculation of the uncompensated care*
36 *percentage for hospitals, including, without limitation, the*
37 *procedures and methodology required to be used in calculating the*
38 *percentage, and any required documentation of and reporting by a*
39 *hospital relating to the calculation.*
40 2. The Division of Health Care Financing and Policy shall
41 report to the Interim Finance Committee quarterly concerning the
42 provisions of NRS 422.380 to 422.390, inclusive.
43 **Sec. 6.** 1. Except as otherwise provided in subsection 2, for
44 the fiscal year 2003-2004 and the fiscal year 2004-2005, the base
45 payments for the purposes of subsection 3 of NRS 422.387 are:



- 1 (a) For the University Medical Center of Southern Nevada,
- 2 \$66,531,729;
- 3 (b) For Washoe Medical Center, \$4,800,000;
- 4 (c) For Carson-Tahoe Hospital, \$1,000,000;
- 5 (d) For Northeastern Nevada Regional Hospital, \$500,000;
- 6 (e) For Churchill Community Hospital, \$500,000;
- 7 (f) For Humboldt General Hospital, \$215,109;
- 8 (g) For William Bee Ririe Hospital, \$204,001;
- 9 (h) For Mt. Grant General Hospital, \$195,838;
- 10 (i) For South Lyon Medical Center, \$174,417; and
- 11 (j) For Nye Regional Medical Center, \$115,000.
- 12 2. If federal law changes the amounts payable pursuant to
- 13 subsection 2 of NRS 422.387:
- 14 (a) The respective amounts required to be allocated and
- 15 transferred pursuant to subsection 1 must be reduced proportionally
- 16 in accordance with the limits of federal law.
- 17 (b) The Administrator of the Division of Health Care Financing
- 18 and Policy of the Department of Human Resources shall adopt a
- 19 regulation specifying the amount of the reductions required by
- 20 paragraph (a).
- 21 **Sec. 7.** This act becomes effective upon passage and approval
- 22 for the purpose of adopting any regulations necessary to carry out
- 23 the provisions of this act and on July 1, 2003, for all other purposes.

