

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) *Sixty-seven percent of the total amount of*
15 *disproportionate share payments distributed to all hospitals*
16 *pursuant to NRS 422.387 for a fiscal year,*
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 (b)] paragraph (c)~~ 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.] 1.95 percent of the total amount of disproportionate share~~
29 ~~payments distributed to all hospitals pursuant to NRS 422.387~~
30 ~~for a fiscal year, but not more than \$1,500,000,~~ to the Division of
31 Health Care Financing and Policy.

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

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

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

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



1 receives a payment pursuant to paragraph ~~(b)~~ (c) of subsection 2 of
2 NRS 422.387.

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

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

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

15 **Sec. 3.** NRS 422.385 is hereby amended to read as follows:
16 422.385 1. The allocations and payments required pursuant
17 to subsections 1 ~~and 2~~ to 4, inclusive, of NRS 422.387 must be
18 made, to the extent allowed by the State Plan for Medicaid, from the
19 Medicaid Budget Account.

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

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

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

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

41 **Sec. 4.** NRS 422.387 is hereby amended to read as follows:
42 422.387 1. Before making the payments required or
43 authorized by this section, the Division of Health Care Financing
44 and Policy shall allocate money for the administrative costs
45 necessary to carry out the provisions of NRS 422.380 to 422.390,



1 inclusive. The amount allocated for administrative costs must not
2 exceed the amount authorized for expenditure by the Legislature for
3 this purpose in a fiscal year. The Interim Finance Committee may
4 adjust the amount allowed for administrative costs.

5 2. The State Plan for Medicaid must provide {:

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

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

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

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

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

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

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

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

42 *(d) All public hospitals in counties whose population is less*
43 *than 100,000, the total annual disproportionate share payments*
44 *are \$900,000 plus 2.5 percent of the total amount of*



1 *disproportionate share payments distributed by the State in that*
2 *fiscal year that exceeds \$76,000,000; and*

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

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

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

37 *(a) Shall adjust the amounts for each group of hospitals*
38 *described in a paragraph of subsection 2 proportionally in*
39 *accordance with the limits of federal law; and*

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

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



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

3 (b) Is not eligible for a payment pursuant to ~~[subsection 2-~~
4 ~~4.] subsections 2 and 3.~~

5 6. As used in this section:

6 (a) ~~["Medicaid utilization percentage" means the total number of~~
7 ~~days of treatment of Medicaid patients, including patients who~~
8 ~~receive their Medicaid benefits through a health maintenance~~
9 ~~organization, divided by the total number of days of treatment of all~~
10 ~~patients during a fiscal year.~~

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

13 ~~—(1) Not more than 25 percent of the cost of providing that~~
14 ~~care from the patient; and~~

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

19 (b) *"Uncompensated care costs" means the total costs of a*
20 *hospital incurred in providing care to uninsured patients,*
21 *including, without limitation, patients covered by Medicaid or*
22 *another governmental program for indigent patients, less any*
23 *payments received by the hospital for that care.*

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

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

28 422.390 1. The Division of Health Care Financing and Policy
29 shall adopt regulations concerning:

30 (a) Procedures for the transfer to the Division of Health Care
31 Financing and Policy of the amount required pursuant to
32 NRS 422.382.

33 (b) Provisions for the payment of a penalty and interest for a
34 delinquent transfer.

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

38 (d) *Provisions for the calculation of the uncompensated care*
39 *percentage for hospitals, including, without limitation, the*
40 *procedures and methodology required to be used in calculating the*
41 *percentage, and any required documentation of and reporting by a*
42 *hospital relating to the calculation.*

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



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

- 4 (a) For the University Medical Center of Southern Nevada,
5 \$66,531,729;
- 6 (b) For Washoe Medical Center, \$4,800,000;
- 7 (c) For Carson-Tahoe Hospital, \$1,000,000;
- 8 (d) For Northeastern Nevada Regional Hospital, \$500,000;
- 9 (e) For Churchill Community Hospital, \$500,000;
- 10 (f) For Humboldt General Hospital, \$215,109;
- 11 (g) For William Bee Ririe Hospital, \$204,001;
- 12 (h) For Mt. Grant General Hospital, \$195,838;
- 13 (i) For South Lyon Medical Center, \$174,417;
- 14 (j) For Nye Regional Medical Center, \$115,000; and
- 15 (k) For Sunrise Hospital and Medical Center, one-sixth of the
16 total amount distributed in the respective fiscal year to the group
17 described in the paragraph of subsection 2 of NRS 422.387 of which
18 Sunrise Hospital and Medical Center is a member.

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

21 (a) The respective amounts required to be allocated and
22 transferred pursuant to subsection 1 must be reduced proportionally
23 pursuant to subsection 4 of NRS 422.387 for hospitals in a group
24 described in a paragraph of subsection 2 of NRS 422.387 if the total
25 amount of base payments specified in subsection 1 for hospitals in
26 the group exceeds the amount authorized by federal law.

27 (b) The Administrator of the Division of Health Care Financing
28 and Policy of the Department of Human Resources shall adopt a
29 regulation specifying the amount of the reductions required by
30 paragraph (a).

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

