

MINUTES OF THE AUGUST 6, 2013  
MEETING OF THE  
INTERIM FINANCE COMMITTEE  
LEGISLATIVE COUNSEL BUREAU  
Carson City, Nevada

Chairwoman Debbie Smith called a special meeting of the Interim Finance Committee (IFC) to order at 9:48 a.m. on August 6, 2013, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda and [Exhibit B](#) is the Meeting Packet. All exhibits are available and on file at the Fiscal Analysis Division of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Debbie Smith, Chairwoman  
Assemblyman David Bobzien  
Assemblyman Tom Grady  
Assemblyman Pat Hickey  
Assemblyman Randy Kirner  
Assemblyman Michael Sprinkle  
Senator Pete Goicoechea

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblywoman Maggie Carlton, Vice Chair  
Assemblyman Paul Aizley  
Assemblyman Paul Anderson  
Assemblyman Andy Eisen  
Assemblywoman Lucy Flores  
Assemblyman John Hambrick  
Assemblyman Crescent Hardy  
Assemblyman Joseph Hogan  
Assemblyman William Horne  
Assemblywoman Marilyn Kirkpatrick  
Senator Moises Denis  
Senator Ben Kieckhefer  
Senator David Parks  
Senator Michael Roberson  
Senator Joyce Woodhouse

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN CARSON CITY:

Rick Combs, Director, Legislative Counsel Bureau  
Brenda Erdoes, Legislative Counsel  
Eileen O'Grady, Chief Deputy Legislative Counsel  
Mark Krmpotic, Fiscal Analyst, Senate  
Alex Haartz, Principal Deputy Fiscal Analyst  
Mike Chapman, Principal Deputy Fiscal Analyst  
Sherie Silva, Interim Finance Committee Secretary  
Donna Thomas, Fiscal Analysis Division Secretary

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT IN LAS VEGAS:

Cindy Jones, Fiscal Analyst, Assembly

Chairwoman Smith welcomed Committee and audience members in Carson City and Las Vegas and those listening to the meeting on the Internet. She explained a special meeting of the Interim Finance Committee (IFC) was called because of a complex and important situation. She thanked Committee members for attending and the Legislative Counsel Bureau and agency staff for their efforts to prepare for the meeting. She anticipated having a thorough discussion, along with many questions and answers, to provide Committee members with all of the information they would need to make the necessary important decisions.

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau, and Secretary, Interim Finance Committee, called the roll; a quorum was present in both houses.

B. WORK PROGRAM REVISIONS IN ACCORDANCE WITH  
NRS 353.220(5)(b). – REQUIRED EXPEDITIOUS ACTION WITHIN  
15 DAYS.

1. **Department of Education - Distributive School Account - FY 2013** - Addition of \$12,597,376 in Transfer from Education funds to receive projected room tax funds. Requires Interim Finance approval since the amount added to the Distributive School Account Basic Aid to Schools category exceeds \$75,000.  
**Work Program #C26987**
2. **Department of Education - State Supplemental School Support Fund - FY 2013** - Addition of \$12,497,376 in Assembly Bill 579 Transient Lodging Tax funds to transfer funds received to the state Distributive School account for the operation of school districts and charter schools. Requires Interim Finance approval since the amount added to the Room Tax - Aid to Schools category exceeds \$75,000.  
**Work Program #C26983**

3. **Department of Health and Human Services - Health Care Financing and Policy-Administration - FY 2014** - Addition of \$65,928 in federal Title XXI funds and \$1,494,045 in federal Title XIX funds to support the development of the Eligibility Engine in Nevada's State-operated Health Insurance Exchange. Requires Interim Finance approval since the amount added to the Payments to State Agencies category exceeds \$75,000. **RELATES TO ITEM 4. Work Program #C27026**
4. **Department of Health and Human Services - Welfare and Supportive Services - Administration - FY 2014** - Addition of \$1,494,045 of federal Title XIX funds, \$65,928 of federal Title XXI funds and \$2,988,090 of 4th Level One Establishment Grant funds transferred from the Silver State Health Insurance Exchange to address the mandated system changes and business process improvement components for the Health Care Reform Eligibility Engine project. Requires Interim Finance approval since the amount added to the Health Care Reform Eligibility Engine category exceeds \$75,000. **RELATES TO ITEM 3. Work Program #C26772**

Chairwoman Smith explained that Agenda Item B consisted of four work program revisions that required expeditious action by the Administration.

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, provided a brief explanation of each work program revision and said that Fiscal Analysis Division staff had no questions or concerns.

Chairwoman Smith asked for questions from the Committee; there were none. She called for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA  
ITEMS B-1 THROUGH B-4.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

C. APPROVAL OF GIFTS, GRANTS, WORK PROGRAM REVISIONS AND  
POSITION CHANGES IN ACCORDANCE WITH CHAPTER 353 OF NRS.

**Department of Health and Human Services - Health Care Financing and Policy - Increased Quality of Nursing Care - FY 2013** - Transfer of \$1,019,233 from the Payments to Nursing Facilities category to the Transfer to Budget Account 3243 - Medicaid category to pay skilled nursing facility expenses in accordance with State Plan Amendment 11-012. Requires Interim Finance approval since the amount transferred to the Transfer to Budget Account 3243 - Medicaid category exceeds \$75,000. **Work Program #C26774**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that Agenda Item C was a work program revision submitted under the 45-day provision in *Nevada Revised Statutes* (NRS) 353.220(5)(c). The work program transferred \$1,019,233 from the Payments to Nursing Facilities category to pay for skilled nursing facility expenses in accordance with State Plan Amendment 11-012, which provided for supplemental payments to nursing facilities.

Mr. Krmpotic said that Fiscal Analysis Division staff had no questions or concerns with Agenda Item C; it was primarily a year-end truing-up work program.

Chairwoman Smith asked for questions concerning Agenda Item C; there were none. She asked for public comment and hearing none, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM C.

SENATOR GOICOECHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

- D. REQUEST FOR ALLOCATION FROM THE IFC CONTINGENCY ACCOUNT PURSUANT TO ASSEMBLY BILL 507, SECTION 52 (2013 LEGISLATURE)– DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF PUBLIC AND BEHAVIORAL HEALTH – SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES – Request for allocation of \$1,103,103 for necessary facility improvements, staffing, furnishings, equipment and operating expenditures at Southern Nevada Adult Mental Health Services in-patient facilities to enhance in-patient services and reduce the backlog of mental health patients in local emergency rooms.
- E. REQUEST FOR ALLOCATION FROM THE FUND FOR A HEALTHY NEVADA PURSUANT TO SENATE BILL 521, SECTION 24 (2013 LEGISLATURE) – DEPARTMENT OF HEALTH AND HUMAN SERVICES – DIVISION OF PUBLIC AND BEHAVIORAL HEALTH – SOUTHERN NEVADA ADULT MENTAL HEALTH SERVICES – Request for allocation of \$1,000,000 for necessary facility improvements, staffing, furnishings, equipment and operating expenditures at Southern Nevada Adult Mental Health Services in-patient facilities to enhance in-patient services and reduce the backlog of mental health patients in local emergency rooms.

Chairwoman Smith announced that Agenda Items D and E would be heard together. Agenda Item D included a request for allocation from the IFC Contingency Account to the Department of Health and Human Services (DHHS), Division of Public and Behavioral Health, to address problems at the Southern Nevada Adult Mental Health Services (SNAMHS) facility. She said that Mr. Gardner from the Governor's Office and

DHHS officials would make presentations, after which Committee members could ask questions.

Gerald Gardner, Chief of Staff, Office of the Governor, on behalf of Governor Sandoval, thanked the Committee for calling the special meeting to address urgent work programs related to mental health services. He introduced Mike Willden, Director, DHHS, Dr. Tracey Green, Chief Medical Officer, and Richard Whitley, Administrator, Division of Public and Behavioral Health, DHHS.

Mr. Gardner explained there were several work programs associated with the request from the Contingency Account that related to numerous mental health services problems, all of which were addressed during the 2013 Legislative Session. However, circumstances had changed, and expeditious action was now required.

Mr. Gardner said the problems were the result of a dramatic increase over the past eight months in the waiting list for admission to the Lake's Crossing Forensic Hospital in Reno. The increase appeared to come primarily from the Clark County court system. He cited three current major problems:

- In November 2012, the waitlist was 6 individual inmates from the detention system; in July 2013, the waitlist had increased to 36. In June 2013, the Clark County Public Defender's Office filed litigation against the state relating to the waitlist problems.
- There was a dramatic increase in the average number of patients in local hospital emergency rooms, particularly in southern Nevada. Between April 2013 and the end of July 2013, there had been an 83 percent increase in the daily count.
- There were ongoing efforts to address treatment and discharge procedures at the Rawson-Neal Psychiatric Hospital in southern Nevada. .

Mr. Gardner recalled that all three matters had been discussed and addressed during the 2013 Legislative Session and through budgetary discussions. The Rawson-Neal Psychiatric Hospital had been in the spotlight since March 1, 2013, when a news story ran that an individual had been transported from Las Vegas to Sacramento without the proper measures to receive him at the other end. On March 1, through Director Willden, the state ordered an investigation by the Health Care Quality and Compliance (HCQC) Bureau. Three days later, the state requested the Centers for Medicare and Medicaid Services (CMS) to authorize a federal investigation, and that same day, a state Division of Mental Health and Developmental Services (MHDS) investigation was initiated. Mr. Gardner said the state also subsequently retained independent mental health program consultants to conduct a top-to-bottom review of the facility, which resulted in a number of positive conclusions, but also included some important recommendations.

Continuing, Mr. Gardner recalled that during the 2013 Legislative Session, surrounding all of these issues and others, Governor Sandoval had recommended, and the Legislature approved, significant budget enhancements for mental health services, including:

- \$16.6 million allocated to Southern Nevada Adult Mental Health Services, including a new home.
- A visitation project.
- A second Program for Assertive Community Treatment (PACT) team.
- 10 additional beds for forensic treatment.
- A jail/corrections reentry program for persons with mental illnesses.
- A capital improvement project to add 10 long-term beds at SNAMHS.

Additionally, \$4 million in Contingency Funds to address needs specifically related to the problems at the Rawson-Neal Hospital was approved by the 2013 Legislature to move forward with corrective measures.

Recently, despite all of the efforts of the Department of Health and Human Services, Mr. Gardner said an organization known as the Joint Accreditation Committee (JAC) denied accreditation for the Rawson-Neal Hospital effective July 26, 2013. He explained that the state chose not to appeal the decision because it would be quicker to reapply for accreditation in December 2013. He said to implement the changes needed to apply for accreditation, it would be necessary to allocate the necessary funds, modify the Capital Improvement Program (CIP), continue recruiting for position vacancies, expand the urgent care facilities, staff the Lake's Crossing facility, and take other measures that Director Willden would later explain in detail.

Mr. Gardner emphasized the state needed to take action immediately. The Governor had been engaged in the problems since they began, and he was determined to find long-term solutions for the mental health community throughout Nevada. Mr. Gardner thanked the Committee for its consideration and turned the presentation over to Mr. Willden.

Chairwoman Smith asked for questions from the Committee; there were none.

Mike Willden, Director, Department of Health and Human Services (DHHS), said Mr. Gardner had done a good job of providing the Committee with an overview, and he intended to provide more details. His presentation would cover Agenda Items D, E, and F to provide the Committee with an understanding of the total request.

Mr. Willden explained that Agenda Item D was a request for \$1,103,103 from the IFC Contingency Account, which was part of the \$3 million reserve included in the 2013 Appropriations Act (Assembly Bill 507) for mental health programs. Agenda Item E was a request to access \$1 million from the Fund for a Healthy Nevada tobacco settlement funds. Mr. Willden recalled that when the 2013 Legislature closed the tobacco settlement account, the Department had provided a spreadsheet detailing

how the tobacco settlement funds would be used over the biennium. The \$1 million reserve was discussed during the account's budget closing and set aside for mental health purposes.

Mr. Willden said the combined Contingency Funds set-aside was \$4 million, and the Committee was being asked to allocate \$2,103,103 million for fiscal year (FY) 2014. The remaining reserve funds of approximately \$1.9 million would be requested from IFC at the appropriate meeting in spring 2014 for FY 2015.

Mr. Willden listed the items being requested in Agenda Items D and E related to the recommendations from the independent consultants, Dr. Joel Dvoskin and Dr. Kenneth Applebaum (Dvoskin/Applebaum Report).

1. Employ 11 additional state staff: mental health technicians, psychiatric caseworkers, and psychiatric nurse 3s.
2. Operating costs of approximately \$11,000 for the new staff.
3. Hire 12 contractor staff related to occupational therapy: 1 occupational therapist, 5 psychologists, and 6 social workers. Contract workers could easily be recruited at a lower salary; occupational therapy positions, psychologists, and social workers were difficult to recruit at state salaries.
4. Additional operating and IT costs to support new staff.
5. \$435,000 in a special-use category:
  - \$350,000 to remodel Building 3A at Rawson-Neal Hospital.
  - \$50,000 for furniture, fixtures, and equipment (FF&E) related to Building 3A.
  - \$5,000 to improve and expand comfort rooms in the Rawson-Neal facility.
  - \$30,000 for FF&E for a proposed drop-in center.

Mr. Willden went on to explain that Agenda Item F involved the Department's proposed capital improvement projects. He recalled that when the 2013 Legislature closed the Lake's Crossing budget, decision unit Enhancement (E) 225 included \$325,000 for a ten-bed expansion, along with the necessary staff and operating funds. He said the ten beds could be operational in the October – November 2013 timeframe.

Mr. Willden said the request in Agenda Item F included \$350,000 to bring Building 3A at SNAMHS back online, and to remodel Building 3, known as the old Stein Hospital, to bring it back to full capacity as soon as possible. He noted that the 2013 Legislature had approved the Department's request for \$2.1 million in CIP Project 13-C08 to remodel half of the first floor of the Stein Hospital.

Mr. Willden recalled that when the budgets were closed, it was planned to remodel half of the Stein Hospital and use existing staff. In light of the latest developments, he said it would now be necessary to bring all of the Stein Hospital online, which would involve a remodel of the first and second floors. Mr. Willden said the hospital could be a joint-use facility for both forensic beds and additional civil beds.

Mr. Willden explained that additional funding would be needed to bring all of Stein Hospital online now. Agenda Item F included a request to expand CIP Project 13-C08 to remodel the entire hospital at a total cost of \$5.2 million. The Public Works Division was requesting to cancel three approved CIP projects and transfer those project funds to the Stein Hospital CIP Project 13-C08. The three projects recommended for cancellation were:

- 13-M01 – Life-Safety Upgrades at Lake's Crossing Forensic Hospital.
- 13-M04 – Control Room Renovations at Lake's Crossing.
- 13-P06 – Planning through Construction Documents for Sanitary Sewer Upgrades on the SNAMHS Campus.

Mr. Willden noted that Mr. Gardner had discussed the several budget enhancements being requested, but to put things into perspective, he noted that the SNAMHS Campus operated on an \$81 million budget (fiscal year 2013 costs). The state's ability to bill Medicare and Medicaid had been lacking in the past; approximately \$2.3 million in Medicare funding and less than \$1 million in Medicaid funding had been billed. Mr. Willden said it was important for the Committee to understand that most of the non-General Fund revenue was not gained on the inpatient side. The Institute for Mental Disease Exclusion did not allow the state to bill Medicaid and Medicare for many of the services provided, and therefore SNAMHS was largely a General-Funded inpatient facility, and charges for outpatient services were billed to Medicaid and Medicare.

Mr. Willden added that there had been a longstanding project to try to enhance the ability to bring in Medicaid and Medicare dollars, and he reported that for fiscal year ending June 30, 2011, an additional \$8.2 million was reverted to the General Fund because of increased Medicaid dollars and improved cost-allocation and billing practices. He said the many years of working on the project were coming to fruition, and the Department expected to revert additional funds in FY 2012 and FY 2013 because of additional Medicaid dollars.

Mr. Willden explained there were compounding factors contributing to the need for the current request. Lake's Crossing was now at 66 beds, and a 10-bed CIP was approved by 2013 Legislature. However, the waitlist continued to increase: it was at 36 as of July 2013, and the Clark County Public Defender had filed a lawsuit against DHHS and staff members because of the waitlist situation.



Mr. Willden recalled that the Department was sued in 2007 for untimely admission to Lake's Crossing. The lawsuit was settled, and the Department signed a stipulation in April 2008 that the wait time would be kept under a 7- to 10-day period, which had been done until the winter and spring of 2012-2013.

Continuing, Mr. Willden said that Joel A. Dvoskin, Ph.D. and Kenneth L. Applebaum, M.D., two national consultants, were brought in to review the Rawson-Neal Hospital, and they made several credible findings that the Department had been evaluating, including:

- The need to increase treatment services
- Concerns about system capacity
- The need for integrated treatment teams
- Better treatment and discharge planning
- Additional staff
- Increase staff salaries
- More quality improvement planning

Dr. Applebaum and Dr. Dvoskin were onsite for six days working with Dr. Green and the hospital administrator, Chelsea Scolini, and other staff. Mr. Willden recalled that the Dvoskin/Applebaum Report was the driver for requesting that reserve funds be set aside by the 2013 Legislature. He said the Department had also wanted to set funds aside pending the Joint Commission and CMS reviews and recommendations. With the recommendations from the Dvoskin/Applebaum Report, the Joint Commission, and CMS, the Department was ready to move forward with the work programs being presented.

Mr. Willden noted that Mr. Gardner had mentioned the local emergency room statistics. He referred to a caseload statistic packet that had been distributed to Committee members ([Exhibit C](#)) and a one-page document titled "The Role of the Emergency Room" ([Exhibit D](#)). Referring to pages 11-13 of [Exhibit C](#), Patients Waiting in Community Beds, Mr. Willden reviewed the changes in statistics since the budgets were closed by the Legislature.

A report was received from the local emergency rooms (ERs) in Las Vegas every morning, which reported how many patients were on a legal hold and a mental health hold in the ERs, and it must be determined whether the patients would be transported to Rawson-Neal Hospital or returned to the community. In March–April 2013, the reported average was 64 to 66 patients per day. In July 2013, the average was 106 patients per day, which was an 83 percent increase. From July 8 to July 16, the number of patients waiting averaged over 130 and peaked at 144.

Mr. Willden recalled that several years before, the Clark County Manager declared a public health emergency because the number of ER holds was 125. There were slightly over 500 ER beds in the Las Vegas Valley, and when mental health patients were occupying a large percentage of the beds, it posed a potential problem.

Mr. Willden said Dr. Green would discuss several actions the Department had taken to try to keep the averages down: the 24-7 urgent care facility, consultants, mobile crisis, and out-stationing staff.

Mr. Willden explained that the Rawson-Neal Psychiatric Hospital was a 190-bed facility. The Southern Nevada Adult Mental Health Services Campus was licensed for approximately 290 beds, which included the beds in Rawson-Neal and licensed beds available in Building 3 (Stein Hospital) and Building 3A, which was proposed for remodel. Licensed capacity at SNAMHS was approximately 290 beds, but currently only 190 were being used because of the economic conditions over the past few years. He noted that the facility had never operated with inpatient beds at 290: the highest range was from 230 to 240 beds.

Mr. Willden pointed out that there was a doctor shortage in southern Nevada. Two physicians had been fired because of the recent discharge planning problems. Dr. Green and her staff had worked hard to bring on additional physicians, and every option was being considered to recruit health-care professionals. Three J-1 Visa doctors, who were foreign-born American-trained physicians, were in Las Vegas waiting to be hired pending completion of their paperwork.

Mr. Willden said the Joint Commission review of the Rawson-Neal Hospital had been a frustrating process for him personally and for other Department staff because the Department had been on two tracks. The Joint Commission visited on May 2-3, 2013, for what was called a for-cause complaint survey, and then again on May 14-17 for the facility's routine full accreditation survey. He thought progress was being made on the routine full accreditation survey; a letter was received on May 30 saying that the facility would be accredited pending completion of the required improvements.

The Joint Commission met on July 18, 2013, and evaluated both tracks: the for-cause survey and the routine accreditation survey. The rule was that the worst track prevailed, and the Commission recommended a denial of accreditation because of the for-cause complaint track, even though progress was being made toward the accreditation track. Mr. Willden explained that the Department decided to not appeal the finding because it was made clear that the progress on full accreditation and all of the documents provided since the July 18 decision date would not be admissible in the accreditation process. The Department made the decision to immediately reapply for full accreditation, with a ready date set in December. He said the Department would aggressively pursue accreditation.

Continuing, Mr. Willden said the Department had asked for a federal investigation on March 1, 2013, when the complaint was filed with CMS. The CMS conducted a complaint investigation on March 4-20, 2013, and the Department was working on corrective actions. There was also an investigation on May 2-9, and CMS had been in the facility nearly every other week since. He noted that the visitation teams were always different: multiple teams had conducted reviews, so there was not a lot of consistency. The next CMS report was expected in two to three weeks.

Mr. Willden said all of the circumstances culminated in the need for the following actions to prepare for the accreditation survey in December:

- Provide additional 10 beds at Lake's Crossing in November.
- Provide additional 22 civil beds in Building 3A at SNAMHS in October-November.
- Move forward with the remodel of the Stein Hospital and hire the staff recommended in the Dvoskin/Applebaum Report.
- Fill vacant positions.

Chairwoman Smith thanked Mr. Willden for his thorough explanation. She wanted to address the CIP request separately from the Contingency Fund requests, and the Committee would vote on them separately.

Chairwoman Smith recalled previous discussion concerning the dramatic increase in ER numbers, and there was some speculation as to the reason for the increase. She asked whether there was further information concerning the increase in patients.

Mr. Willden said there were three significant issues that had an effect on the situation:

- Beds were not turning over quickly at the Rawson-Neal Hospital, which put pressure on the ERs.
- There was a recent incident of a psychiatric patient being discharged and subsequently committing suicide, which affected the private hospital discharges.
- There was a longstanding problem of physicians not wanting to release patients from a mental health legal hold, called a L2K. A psychiatrist or psychologist from the Division was usually required to release a patient from a L2K.

Tracey Green, M.D., Chief Medical Officer, Division of Public and Behavioral Health, Department of Health and Human Services, referred Committee members to page 8 of [Exhibit C](#), New L2K Average. She said there was a problem that had become more significant this year, which was new legal holds presented in emergency rooms on a daily basis. The Division was trying to determine whether the legal hold clients were arriving by ambulance, police, walk-in, or because of a weather factor. The ever-increasing number of new legals presenting to the emergency rooms was a new problem.

Dr. Green said that a psychologist had been added at the University Medical Center (UMC), and there were teams at all emergency rooms to attempt to find a short-term immediate solution to the ER problem, as well as a long-term solution. She said the key was to have more immediate access in more locations so that clients who did not need to be in the emergency rooms would not go to the emergency rooms. One of the problems was that there had not been alternative places for the mentally ill patient who did not require medical or inpatient assessment.

Dr. Green reported that the new urgent care facility had been open for 11 days and had seen 117 clients from the emergency rooms. New models included a drop-in center where clients could go to receive community services and not have to go to the emergency room, and where law enforcement could take clients who were somewhat disorganized or a public nuisance, but did not need to go to the ER. Dr. Green said the Division was assessing the reasons for the increase in legal holds in emergency rooms, but a multi-faceted approach was being used to try to address the problem.

Assemblyman Sprinkle recalled that during the subcommittee hearings in the 2013 Legislative Session, there was a lot of discussion about specifically keeping patients out of the emergency rooms or releasing them quicker. He believed that the multi-faceted approach was effective and decreases would be seen in the future.

Assemblyman Sprinkle said he was still having a hard time grasping how there could be such an increase in only a few months. He asked whether the current numbers had been compared to those of a year or two ago and if the reason for the increases could be seasonal. He questioned whether a natural decrease would occur as a result of the new policies being put in place.

Dr. Green replied that a significant improvement in numbers in the emergency rooms could be anticipated as a result of implementation of the new processes. There had not been enough time to see the full effect of implementation of all of the elements. She noted that admissions had started being directed from the ERs to the hospitals, skipping the psychiatric observation unit, on July 16, 2013, and there had not been time to realize the impact.

Dr. Green thought that an assessment of the reasons the new legals were presenting to the emergency rooms was needed. The Division was considering training mobile crisis teams to drive with law enforcement on the streets to work with them on de-escalation and alternative places to take clients. She agreed that a reduction in legal hold cases would be seen in the future, adding that the problem was not new: it had been continuous. The elements being put in place would provide new access points other than ERs.

Assemblyman Grady asked whether the Division kept statistics on how many of the ER clients were local residents and how many were tourists.

Mr. Willden said the statistics he was aware of related more to hospital admissions. When looking at the out-of-state discharges, it was found that about 8 percent of the admissions to the Rawson-Neal Hospital were not Nevada residents. He assumed the statistics would be similar in the emergency rooms.

Assemblywoman Carlton pointed out that there was a lack of mental health access in the state. She believed people were waiting until they were in crisis before they sought help because they had nowhere else to go. Until the state could provide mental health services before clients visited the emergency rooms, the problems would continue.

Assemblywoman Carlton noted that a number of beds at the University Medical Center were being used for state trauma patients, which concerned her because Clark County relied upon that facility for all of its trauma patients. She was hopeful there would be a long-term plan to resolve the problem.

Mr. Willden responded that Nevada was different from many states because it was the primary provider for the uninsured mentally ill, which was not necessarily the case around the nation. Other states had community-based providers and community programs, and Nevada needed to continue to explore ways to involve the whole community, rather than just the state's indigent services, for mental health. He agreed with Assemblywoman Carlton that in Nevada, crisis was the first point of the delivery system.

Mr. Willden noted that as of January 1, 2014, the Medicaid expansion would be rolled out under the Affordable Care Act, and many of the mentally ill in Nevada would become Medicaid eligible. The state would be expanding to the childless adult Medicaid-eligible group that would no longer have to go through the complex disability decision with Social Security. Those individuals would be put into managed care; discussions were currently ongoing with two managed-care providers concerning how they would provide community care to keep clients from showing up at emergency rooms. He said the managed-care providers would have a large responsibility under the Affordable Care Act to manage patient care better than it was currently managed.

Assemblywoman Carlton said she appreciated the information, but she had apprehension on the actual workforce side of the problem, which would have to be addressed; there were definitely not enough health-care professionals in the state.

Assemblyman Eisen said he was concerned that everyone was looking at the numbers and not looking behind the numbers. He asked whether the state knew who the patients were; the number of patients was known and that there were more of them, but he questioned whether they were patients with new diagnoses or patients with prior diagnoses who were not getting care. He believed those data were essential to develop a solution. There were many potential solutions, but it did not make sense to charge forward with a solution if it was the wrong one. He was concerned about the increasing numbers, but he did not hear any explanation of who the clients were to determine whether the resources being discussed would address the highest and most urgent needs.

Assemblyman Eisen pointed out that the Medicaid expansion was less than four months away, and he was looking at the consultants' recommendations to increase professional staff. He asked whether the state would have the professionals available to provide the services on January 1, 2014, and what was being done to prepare for the increased staff.

Dr. Green replied the Division was collecting demographics on clients in emergency rooms. It was already known that greater than 50 percent of the clients arriving in

the ER did not require inpatient admission; they merely needed to either get back on their medications or, in many instances, they required social services, such as housing and wraparound services. She said data was also being collected on clients who were repeating into the hospitals and out again and were high users, and they were being evaluated to try to improve their outpatient treatment. Outpatient clinical services were being looked at to assure that they were not just medication clinics and they were providing access to housing, day treatment, and other resources through integration within the community.

Dr. Green said she could provide the Committee members with the data that had been collected. Evaluation was now taking place on how the clients were arriving in the emergency rooms to try to address the problem from both elements.

Regarding the ability to hire professional staff, Dr. Green said that CMS, the Joint Commission, and the Dvoskin/Applebaum Report had all said the primary treatment modality in the hospital and outpatient facilities was medication. The Division needed to start looking at a patient-centered treatment approach and other resources for a team approach to treatment. She said the Committee would be receiving requests for an allied professional, occupational therapists, and other types of therapists that could provide medication adherence and compliance treatment through psychologists.

Dr. Green agreed that there was a shortage of medical professionals in the state, but the goal was to provide a community of resources for the patient that were not just “mental health professionals,” but in many instances, peer supports. In the face of the shortage, the question was who else could be a part of the team to help individuals suffering from mental illness; consideration was being given to enhancing the team with mid-level nurse practitioners. Dr. Green said it was important for the Rawson-Neal Psychiatric Hospital to continue to be a teaching institution because medical residents who trained in the facility stayed in the facility. She said that many options were being considered to try to resolve the shortage of providers.

Assemblywoman Kirkpatrick said she had been hearing the same problems since 2007, and it seemed the problems were not getting better. She asked how the situation could be addressed in the long-term, how new staff would be funded in future biennia, and what was being done to partner with local boards and commissions in Clark County to provide wraparound services.

Mr. Willden replied that the workforce problem was one of the biggest worries. Nevada was one of six states that applied for and received a National Governor’s Association Grant Consultation for the various entities involved in the health occupations workforce to meet in Las Vegas. Representatives from the DHHS, the Board of Medical Examiners, nursing, Department of Employment, Training and Rehabilitation, and the Nevada System of Higher Education met for a day to discuss workforce problems. The problem was very complex: it was necessary to recruit, to look at extenders, and to take more of a team approach. He noted that all of the states that participated in the daylong consultation were in the same situation.

Mr. Willden said that a major issue was money. Recruitment could be conducted for the positions and lists of people compiled, but the question was whether they would be willing to work for the salaries the state could offer. He said there were ongoing efforts toward accelerating recruitment at higher pay ranges, but as discussed earlier, there was a parity problem if positions were filled at higher salaries. Salaries for existing employees with the same qualifications would have to be raised as well, which would be a significant dollar amount. Compensation would be an issue; extenders and team approaches were a way forward, but it would be a financial discussion.

Assemblywoman Kirkpatrick asked whether DHHS had held discussions with Clark County to try to address some of the emergency room problems. It would seem beneficial to work with the local entities.

Dr. Green replied yes, DHHS staff was meeting with the four major hospital chains the following day in Las Vegas, and the Department had requested creation of a task force in Clark County to look at the problem as a community: commissioners, social services, legislators, and other entities.

Assemblywoman Kirkpatrick said she knew that Clark County and the City of Las Vegas had a task force, and it might be beneficial to become part of their task force rather than create another. She had talked to three county commissioners who were on the task force, and they were not aware of any discussions with the state. Dr. Green said she would follow up with Assemblywoman Kirkpatrick to pursue that possibility.

Senator Denis recalled that Mr. Willden had said that there had not been any problems since the 2007 lawsuit, and he asked what was occurring at this time that might affect that lawsuit.

Mr. Willden replied that subsequent to the 2007 lawsuit, an emergency capital improvement program for an additional ten-bed annex was completed, which seemed to suffice until now. He said there were a couple of reasons for the current problems at Lake's Crossing: there were delays last spring in transporting patients from the southern part of the state because of bad weather, and more public defenders and courts were asking for assessments and evaluations for competency more frequently, and the demand was increasing, particularly in Clark County. Mr. Willden noted that the Department could not control the number of competency hearing requests, which increased pressure on the staff and institution. Another contributing factor was that there were more long-term patients: the not-guilty-by-reason-of-insanity patients were sentenced to long-term stays, which involved 10 percent to 12 percent of the beds at Lake's Crossing that could not be turned over.

Richard Whitley, Administrator, Division of Public and Behavioral Health, Department of Health and Human Services, added that a project was conducted over the past year to look at the jails and detention centers in Washoe County, Carson City, and Clark County. He said what was striking in Clark County was there were fewer people in the jail system who were known to the mental health system. About 20 percent of the

people in jails were known to have received services from the state mental health system, and in Clark County, the number was only 10 percent.

Mr. Whitley said in Clark County, staff at the jail facility was identifying people who were mentally ill before they were seen by state mental health services. It appeared individuals in Clark County were entering the criminal justice system without having access to mental health services. When individuals were discharged from jail facilities in the northern part of the state, there was a planning process to have them housed and stabilized upon discharge.

Mr. Whitley said it appeared most of the referrals for competency evaluation were new to the mental health system. He said the Division would need to intervene with law enforcement on the streets to ensure that offenders were referred to mental health services when they were not in crisis, which could prevent them from committing crimes, have their competency challenged, and have them admitted to Lake's Crossing. He said the intervention points were different in the northern and southern parts of the state.

Mr. Whitley pointed out that the Legislature had approved a biostatistician position for the Division to perform more analyses of the data to determine how the Division could provide early intervention and prevention. In criminal justice cases, when someone was identified on the street as being a nuisance in need of a mental health assessment, law enforcement should direct them to urgent care rather than emergency rooms, where they could be connected to services to prevent engagement in criminal behavior and tie up the criminal justice system and ERs.

Mr. Whitley pointed out that the intervention point needed to be with law enforcement on the street: the program did not exist in Las Vegas, but it did in Washoe County. Intervention by the crisis team in southern Nevada involved going to the emergency rooms, but in Washoe County, the crisis team accompanied law enforcement on the streets. Standardized programs were needed for outpatient services; the problem was in southern Nevada.

Senator Denis remarked Mr. Whitley had provided a good explanation of why the mental health system was unable to fulfill the commitment made after the 2007 lawsuit litigation. He asked whether the status of the lawsuit would be affected because of the inability to provide sufficient services during the past year.

Mr. Willden replied that he could not say that it would impact the status of the lawsuit, but the Department was attempting to provide short-term and long-term options to the plaintiffs. He said the short-term solution was the 10-bed expansion approved by the Legislature, increasing capacity to 76 beds by November. There would still be 36 people on the waitlist, and the question was whether the waitlist would continue to grow.



Mr. Willden said the long-term solution was to build a forensic facility in the southern part of the state, which was the reason for the Department's recommendation to remodel all of the Stein Hospital and provide up to 42 forensic beds. He said the additional capacity would eliminate the need to fly patients back and forth to Lake's Crossing. He explained that every other week, the Clark County Metropolitan Police Department flew six patients to the north for evaluation. He said flying 70 percent to 75 percent of the patients in the south to the north for treatment did not make sense: it was a 20- or 30-year-old solution.

Senator Denis affirmed that Mr. Willden was saying that it was not known whether the recent events would impact the 2007 lawsuit, but the Department had done everything it could do under the circumstances.

Mr. Willden replied Senator Denis was correct. The goal was to provide immediate relief through a short-term solution and develop long-term solutions. He recalled that the 2007 Legislature approved a Capital Improvement Program planning project to build a 50-bed forensic facility in Las Vegas. Several acres of land were purchased and construction documents were completed, and then the economy went bad. He said the land and the blueprints for the facility were still available.

Assemblywoman Flores asked how much funding would be necessary for a complete solution to the problems. She said the criminal justice system had to absorb, at great expense, the state's lack of investment in funding and prevention for the mental health community. She noted that cuts had been made in mental health services every legislative session, and there were very real human consequences. She asked for a total dollar amount of cuts from mental health services since 2007 and what would be required to provide the services, which would save the state money in the long run.

Mr. Willden replied that he would have to provide the total amount of cuts to the Committee's Fiscal staff. He explained that much had been said about General Fund cuts totaling \$80 million in the 2007, 2009, and 2011 Legislative Sessions, which was true. However, the reductions were General Fund reductions in the Mental Health and Developmental Services budget, which included the four major mental health services accounts: Northern Nevada Adult Mental Health Services, Southern Nevada Adult Mental Health Services, Rural Regional Center, and Lake's Crossing, and three regional centers that provided disability services.

Mr. Willden said when comparing mental health funding only, the budget for the 2013-2015 biennium was \$23 million larger than the previous biennium, which was not enough, but progress was being made.

Mr. Willden believed between now and the 2015 Legislative Session, the state would be facing three concrete financial issues.

1. The decision to use \$4 million in Contingency Funds and \$16 million in improvements approved by the 2013 Legislature would have to be replicated in the 2015 Legislative Session.
2. If the decision were made to remodel the entire Stein Hospital, , 60 to 80 additional employees would be required to staff the additional forensic and civil beds.
3. The compensation for medical professionals needed to be resolved; the Dvoskin/Applebaum Report and other studies recognized the problem.

Senator Goicoechea said he was concerned with the reasons for the increase in patient numbers. He asked whether data was collected concerning where the patients lived: whether they had lived in the state for over six months or they were seasonal transients. He said the shortfall clearly needed to be addressed long-term, but he believed that the reason for the spike in numbers must be determined in order to plan ahead.

Mr. Willden replied that detailed information could be provided on the emergency room clients.

Chairwoman Smith recalled that the reason funds were placed in the Contingency Account was to allow time to develop an adequate plan to address the problems that had come up during the 2013 Legislative Session. She wanted assurance that the Department had adequate time to develop permanent resolutions to the problems.

Mr. Willden replied that he believed the Department had adequate time to evaluate the best use of the \$4 million. The bulk of the \$4 million was related to the Dvoskin/Applebaum Report recommendations concerning discharge planning and active treatment beyond medication. He said other problems had been identified that were addressed in the work programs: the remodel of Building 3A for additional civil mental health beds to increase capacity in southern Nevada and creation of a drop-in center. He noted that the drop-in center and the 24-hour urgent care facility would be locations where clients could go rather than to emergency rooms. Mr. Willden believed future success of mental health services would be centered on the urgent-care facility and drop-in center.

Continuing, Mr. Willden said the impact of two other important items from the 2013 Legislative Session would be important to evaluate: the second Program for Assertive Community Treatment (PACT) team and the Involuntary Civil Commitment. He noted that Mr. Whitley had indicated the additional bed capacity from the jail/corrections reentry program would also need to be evaluated.

Chairwoman Smith said she assumed that Mr. Willden would be comfortable returning to subsequent IFC meetings to provide updates on the Department's progress. She believed the situation was critical, and Committee members would need to be kept

informed during the interim. Mr. Willden replied he would provide updates to the Committee.

Assemblyman Sprinkle remarked that he believed strongly that the numbers would decrease as a result of the 24-hour urgent care center. He asked how accreditation benefitted the state and how the state would be harmed if accreditation were not received.

Mr. Willden replied accreditation was very important for three reasons: it was the gold seal of quality to assure the community and public knew that quality services were being provided; it allowed the facility to run a residency program; and it avoided the requirement for continuous reviews by CMS.

Dr. Green added that an accreditation resurvey was anticipated in late December 2013. She explained that a key part of the residency program was training in the hospital and providing outpatient services. The outpatient, psychiatric observation unit, and urgent care training were not affected by accreditation. The first-year residents in the hospital were affected by accreditation, and because Rawson-Neal was the only state-run hospital in southern Nevada, application had been made to the College of Graduate Medical Education for a hazardous waiver to be able to continue through the rest of the academic year with CMS certification. Dr. Green said there was precedence for the waiver to be approved, but an answer had not been received. The fact that the hospital was in the process of applying for reaccreditation would be in the state's favor moving forward.

Chairwoman Smith asked for further questions from Committee members; there were none. She expressed her frustration because the problems were very much about money: mental health services in the state had not been funded sufficiently since the time she began with the Legislature. Some improvements were made in the past thanks to the efforts of Senator Townsend, Assemblywoman Leslie, and Director Willden, but when the recession hit, cuts were made to services.

Chairwoman Smith said the state had failed to acknowledge that mental health and other services were not being adequately funded. She was also frustrated that capital improvement and maintenance projects had not been funded adequately over the past several legislative sessions. The state needed to find a funding source to support the basic needs of the state. She added that the suicide rate was another critical problem.

Chairwoman Smith pointed out that employee turnover in DHHS over the past interim posed problems for the Department, which also related to the budget because state salaries were lagging behind. She noted that the mental health problems were not only about patients, but also about taking care of staff. The state was at a crossroads, and it needed to find funding sources to take care of buildings and staff or face lawsuits and accreditation problems.

Mr. Willden said he appreciated Chairwoman Smith's comments, and he understood her frustration. He believed the Department was on the road to recovery. The 2013 Legislature approved the first DHHS budget with additional resources in quite some time: \$23 million more this biennium compared to the last biennium would be helpful, but there were additional ongoing challenges.

Chairwoman Smith asked for public comment on Agenda Items D and E. The items were listed separately on the agenda, but it was her intention to take both in one motion.

Dr. Leslie Dixon, Past President of the Nevada Psychiatric Association and Executive Director of the Nevada Psychiatric Association, said she recognized that money was tight, but she was not sure that salary adjustments for psychiatrists was a good idea. She said when she was working for the Veterans' Administration (VA) in 2002, the VA psychiatrist and state psychiatrist salaries were on par. The VA had moved way ahead of the state in terms of salaries and, as a result, several psychiatrists had left the state to work for the VA and several others had left the state altogether. She was constantly dealing with membership issues in her organization. Psychiatrists left the state at about the same rate they came in, so the state was always in a zero or negative balance in the number of psychiatrists available to provide care in the state.

Dr. Dixon said more importantly, the psychiatrists at the Rawson-Neal Psychiatric Hospital were demoralized. She managed all psychiatric job requests, and she had put one out for a private hospital: many psychiatrists were interested, and several were from the state because they were unhappy and looking to leave.

According to Dr. Dixon, another problem was case overload in the outpatient department. Many doctors had told her they were responsible for too many patients. She warned that putting a doctor in the position of providing care to too many patients was frightening: the doctor worried about his patients and his own life and liability and would leave.

Dr. Dixon said she trained at a facility in a state that had many programs designed to keep doctors in the state, including loan programs. She said a doctor finishing his psychiatry residency had put in 12 years of education, during which time he was not earning money and was generating a huge debt, usually in the \$200,000 to \$300,000 range. When faced with that kind of debt and offered a job that was \$50,000 less, which was in the consultant's report of Nevada's state hospital, what would a person choose? She said psychiatrists looked for jobs with livable salaries that would also help them repay their large debt.

With regard to what more could be done in the Clark County community, Dr. Dixon believed the Department was heading in the right direction by working more with the community. One of the big problems with emergency rooms was that many patients ended up in ER on mental health holds because they did not have appropriate kinds of problems for the Rawson-Neal Hospital. She had gathered data:

- Between 12,000 and 14,000 people were brought to the emergency rooms each year.
- Less than half, 5,500, had a petition filed with the court.
- Of that number, only about 150 a year were actually court committed for being seriously mentally ill and/or a danger to himself and others.

Dr. Dixon said there was a tremendous misuse of the emergency rooms, one reason being a lack of commitment to take care of patients with substance-abuse problems. In Clark County, there was one facility with 50 beds that could take care of uninsured and under-insured patients with a substance-abuse intoxication problem. There were private detox facilities to serve the highly insured patient, but there was an enormous number of people who did not fit into that category. She talked to one detox hospital whose patients were nearly all from out of state: they were not local. There were not enough people in Clark County with good insurance for detox and rehab to fill the spaces available, so they were filled with out-of-state clients.

Chairwoman Smith thanked Dr. Dixon for her testimony. Hearing no further requests for public testimony, she called for a motion.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEMS D AND E.

SENATOR GOICOECHEA. SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

#### F. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to cancel the following CIP projects pursuant to NRS 341.145(1)(j):
  - a. 13-M01, Life Safety Upgrades – Lake’s Crossing.
  - b. 13-M04, Control Room Renovations – Lake’s Crossing.
  - c. 13-P06, Planning through Construction Documents for Sanitary Sewer Upgrades, Southern Nevada Child and Adolescent Services, Southern Nevada Adult Mental Health Services and Desert Regional Center.
2. Request to modify the scope of CIP Project 13-C08, Renovate First Floor of Building No. 3 – Southern Nevada Adult Mental Health Services, to increase the renovation to include all of the first and second floors of Building No. 3, pursuant to NRS 341.145(1)(f), and to increase the authority to receive and expend an additional \$3,058,374 in funds transferred from the following CIP projects:

- a. 13-M01, Life Safety Upgrades – Lake’s Crossing (\$1,240,555).
  - b. 13-M04, Control Room Renovations – Lake’s Crossing (\$1,577,604).
  - c. 13-P06, Planning through Construction Documents for Sanitary Sewer Upgrades, Southern Nevada Child and Adolescent Services, Southern Nevada Adult Mental Health Services, and Desert Regional Center (\$240,215).
3. Request to transfer authorized money in the total amount of \$3,058,374 to fund a project scope increase for CIP Project 13-C08, Renovate First Floor of Building No. 3, Southern Nevada Adult Mental Health Services, pursuant to Section 34 of Assembly Bill 505 of the 2013 Session from the following CIP projects:
- a. 13-M01, Life Safety Upgrades – Lake’s Crossing (\$1,240,555).
  - b. 13-M04, Control Room Renovations – Lake’s Crossing (\$1,577,604).
  - c. 13-P06, Planning through Construction Documents for Sanitary Sewer Upgrades. Southern Nevada Child and Adolescent Services, Southern Nevada Adult Mental Health Services, and Desert Regional Center (\$240,215).

Gus Nuñez, Administrator, State Public Works Division (SPWD), Department of Administration, explained that the requests included in Agenda Item F related to a change in scope and authority to receive and spend additional funds for Capital Improvement Program (CIP) Project 13-C08, Renovate First Floor of Building No. 3, Southern Nevada Adult Mental Health Services (SNAMHS), Public and Behavioral Health Division, Department of Health and Human Services (DHHS).

Mr. Nuñez explained that Item F.1 was a request to cancel Projects 13M-01, Life Safety Upgrades at Lake’s Crossing, 13M-04, Control Room Renovations at Lake’s Crossing, and 13P-06, Planning through Construction Documents for Sanitary Sewer Upgrades, Southern Nevada Child and Adolescent Services, and grant authority to transfer the project funds to Project 13-C08. He said the transfers would provide sufficient funding for the entire renovation of Building 3 at the SNAMHS facility.

Mr. Nuñez said that the remodel of Building 3 should allow DHHS to apply for accreditation for CMS (Centers for Medicare and Medicaid Services) certification to be able to receive Medicare reimbursement for health-care costs. Accreditation of the SNAMHS facility was one of the main considerations for the request to cancel the projects at Lake’s Crossing. He said other criteria when deciding to cancel the maintenance projects were the age of the equipment, the ability to obtain replacement parts, and the fact that the systems were not expandable.

Assemblyman Bobzien noted that the Lake’s Crossing facility was built in 1976, and the improvements and upgrades had been needed for some time. He asked Mr. Nuñez to discuss the original intent of the projects and what would be delayed as a result of canceling them.

Mr. Nuñez reiterated that the main driver of the cancellation was the need to obtain CMS certification at the Rawson-Neal Hospital. The delay would put an additional strain on DHHS staff to continue to maintain and repair the equipment at Lake's Crossing over the next two years. He said the sewer systems at Southern Nevada Child Adolescent Services, Southern Nevada Adult Mental Health Services, and Desert Regional Center (Project 13-P06) would require additional maintenance to prevent sewer backups.

With respect to the security system at Lake's Crossing, Mr. Nuñez said that the monitors and cameras being used were no longer being manufactured and replacement parts would be difficult to find. He said the SPWD would prefer not to have to cancel the projects, but the systems could be maintained for two more years.

Mr. Nuñez said when looking for funding to increase the scope of Project 13-C08, funds from projects in the 2013-2015 Capital Improvement Program and projects within mental health services were considered to bring to IFC for approval. He added the proposal was the best plan SPWD and DHHS could come up with.

Assemblyman Bobzien said he appreciated the fact that canceling the projects was a difficult decision, but he was concerned with safety and security problems at Lake's Crossing. He thought there should be a risk assessment of the possible negatives of canceling the upgrades. He asked whether there had been consideration of what could go wrong by continuing to delay the projects.

Mr. Nuñez replied that while additional strain would be placed on DHHS staff, repairs would be possible, even though parts would be difficult to find.

Chairwoman Smith said she was also most concerned with cancellation of the projects at Lake's Crossing. She read from the minutes of the Assembly Committee on Ways and Means and Senate Committee on Finance Subcommittees on K-12/Higher Education/CIP meeting on April 16, 2013, in which it was stated that the fire alarm was experiencing intermittent problems due to age, the fire sprinkler system required expansion into storage areas and client rooms, the doors did not meet fire and safety regulations, and the upgrades would allow the facility to apply for CMS certification, which was obviously needed to recover Medicaid funds. The cameras and the control room were discussed later in the presentation. Chairwoman Smith said that knowing the clientele and the age of the facility, everyone should be concerned with safety issues, particularly in the observation area.

Mr. Willden replied that all of the items referred to by Chairwoman Smith were true. As he had indicated earlier, to fully renovate Building 3, the Stein Hospital, an additional \$3 million would be needed, which when combined with the \$2.1 million in the Stein Hospital CIP, would bring the total to \$5.1 million to complete a full renovation.

With regard to Lake's Crossing, Mr. Willden said there were control room age problems; there was an audible alarm, but a visual-audible alarm was needed; and there were sprinkler system extension and smoke barrier issues. He noted that the

Lake's Crossing facility was built more as a prison than a hospital, and the goal was to get certified by CMS to be able to bill Medicaid and Medicare. The facility was provisionally licensed by the state, but not CMS certified. To get CMS certification, the facility had to meet conditions of participation, one of which was life-safety freedom from fire.

Mr. Willden said he understood that the same problems would exist at Lake's Crossing over the next two years, but the goal would be to invest the funds in the Stein Hospital and provide forensic bed capacity in the south. He added that the improvements at Lake's Crossing had been pushed forward for several years.

Chairwoman Smith remarked that DHHS was put in the position of making the best of the worst choices. She thought it was incumbent upon the Committee and DHHS to find a better solution.

Mr. Willden said that Dr. Neighbors and her staff did an amazing job at Lake's Crossing with the resources available. Chairwoman Smith agreed, adding that anyone who visited the facility would also agree.

Assemblyman Sprinkle said he had many of the same concerns already expressed. The facility was in his Assembly district and he had visited many times in his personal and professional life. He recalled that during the 2013 Legislative Session, there was a lot of force behind the need and necessity for the improvements at Lake's Crossing. Now there was a high-profile problem in the news, and the suggestion was being made to cancel improvements that were described as true life-safety issues. He did not believe the term life-safety should be minimized; everything he had heard justified it. He questioned whether funds were being diverted from a critical need to protect the patients and staff at Lake's Crossing.

Mr. Willden replied the Department was weighing options to find a clear funding path to get the Stein Hospital fully renovated, and one of the options was to consider the projects at Lake's Crossing. He agreed that there were life-safety issues that had been clearly identified, and the goal was to obtain CMS certification to be able to bill Medicare. The state needed to get into a position to be able to bill for services at all facilities: Lake's Crossing, Dini-Townsend Annex, and forensics south.

Assemblyman Sprinkle said he agreed that forensic beds were needed in the south, and he was very supportive of the plan. It was absurd that the process of transporting clients to Lake's Crossing still continued.

Mr. Willden said he had toured Lake's Crossing several times, and architects had pointed out that the building was nearing its half-life and in eight to ten years would require either a major investment to renovate, construction of a new facility in the north, or shifting the resources to the south. He said it was not the intention to mislead the Legislature; the CIP projects at Lake's Crossing were important, but circumstances had changed and options were needed.



Mr. Nuñez added that there were no eminent safety issues at Lake's Crossing. Today's standards required that a fire alarm system have horns and strobes, but when the facility was built, the system was installed with horns only. He had been told that the strobes might affect mental patients' behavior in an emergency situation. He noted that the patients at Lake's Crossing would be escorted out of the building during an emergency exit. Mr. Nuñez said the systems were in place and working, and he had checked with the State Fire Marshal and the Sparks Fire Department, who indicated there were no outstanding problems at the facility at this point.

Mr. Nuñez said that the new standards would be adopted when the systems were upgraded. The CMS certification requirements brought a lot of the problems forward, but from a life-safety perspective, the improvements could be delayed. Lives would not be in danger.

Assemblyman Hickey said he appreciated Mr. Nuñez's comments that even though the upgrades were important, they were not life threatening. He asked Mr. Willden to elaborate on the cost factors of the lack of forensic beds in the south and the need to transport patients to Lake's Crossing. He asked whether that should be a factor as the Committee considered priorities.

Mr. Willden replied that the costs of airfare to fly patients from the Clark County jail system to Washoe County was currently borne by the Las Vegas Metropolitan Police Department. Even though it did not make sense to him, that had been the process for years. He reiterated that a forensic facility was needed in the southern part of the state; there was potential risk of flying six mentally ill patients from one end of the state to the other.

Assemblyman Grady recalled that Committee members who were involved with the CIP projects during the 2013 Session believed the presentation from Mr. Nuñez that the problems at Lake's Crossing were life-safety issues that had to be corrected immediately. He said the members of the finance committees accepted that information and approved the CIP request for Lake's Crossing. Assemblyman Grady was concerned that the projects discussed a few months ago were now no longer urgent. It would be difficult for him to vote to reallocate the funds from Lake's Crossing knowing what Mr. Nuñez's presentation had been. He felt that the Legislature had been misled, which he could not accept.

Mr. Nuñez reiterated that it would be his preference to do both projects if money were available. However, in working with Mr. Willden and weighing the various options, many of the decisions were dictated by the need for CMS certification and Joint Commission accreditation. He conceded that the systems at Lake's Crossing were old, no longer supported, and needed to be replaced, and taking everything into consideration, the Public Works Board had voted to approve the improvements. He reiterated that the facility was not unsafe and the projects would go forward immediately if funding were available.

Chairwoman Smith noted that there were still two years left in the interim, which was a concern to Committee members.

Senator Goicoechea asked whether the lack of CMS certification of the 76 beds at Lake's Crossing could be quantified.

Mr. Willden replied there was an auditor's report that analyzed the facility and the costs of not billing CMS; he did recall the exact information but would provide it to the Committee. He said the goal was to acquire CMS certification at Lake's Crossing, but if the decision were made to make Building 3 at the Stein Hospital a forensic facility, the expectation would be to make that CMS billable as well.

Senator Goicoechea asked whether CMS certification could be obtained at both facilities, and Mr. Willden said that the goal would be to be able to bill CMS for patients in the north and the south.

Assemblyman Horne said he agreed with Assemblyman Grady's comments. He also recalled testimony during the legislative session from the Public Works Division that the state could not continue to defer life-safety issues as had been done in past sessions. He was concerned at a number of levels, and he hoped that Mr. Nuñez's contention that the Lake's Crossing facility would continue to be safe was true. However, if someone was harmed because one inadequate system failed, it could be devastating to the state.

Assemblyman Horne asked whether the cost of deferring the maintenance and upgrade items in Project P13-06 had been estimated. He pointed out that as they continued to deteriorate, the improvements would be more expensive going forward. He reiterated his fear of a failure of one of the systems.

Assemblyman Horne said he hoped that the Public Works Division would make a commitment to return in two years to request funding for the upgrades, but he was concerned with what would have to be cut in the CIP program in order to do that.

Mr. Nuñez replied that Project 13-P06 was a planning project to identify the problems so that they could be addressed in the next biennium; they would not have been fixed during this biennium. Further study would be required to identify the problems; there were a variety of problems that could cause the sewer problems. The staff would be required to perform preventive maintenance to ensure the sewer lines were clean and in usable condition. The Division would return to the 2015 Legislature with a request for the total cost of the project.

Assemblyman Horne affirmed that the project, 13-P06, would be included in the 2015-2017 CIP to study the problems, and the repairs would be made during the following biennium. It would be two to four years before the repairs were completed.

Mr. Nuñez replied Assemblyman Horne was correct, unless the Division had the time and ability to conduct an additional assessment during this biennium and surplus planning funds became available. He noted the CIP process for the next biennium would begin in January 2014.

Senator Kieckhefer asked how much construction of the forensic facility in the south would cost.

Mr. Nuñez replied the construction cost was estimated at approximately \$30 million, and total project costs would be about \$40 million. He would provide the actual cost estimates from the CIP project to the Committee's Fiscal staff.

Senator Kieckhefer recalled the remodel of Building 3 at the Stein Hospital would provide 42 forensic beds for approximately \$5 million, and 50 beds at the Stein Hospital would cost \$30 million.

Mr. Nuñez replied Senator Kieckhefer was correct; Building 3 would be an interim solution until the state's economic conditions improved and large projects could be done again. He said it was predicted that the bonding capacity for the 2015-2017 CIP would not improve.

Senator Kieckhefer noted that the revision of CIP Project 13-C08 included expansion of the Stein Hospital to 42 forensic beds and 16 civil beds. However, it was not known what the back-up in the jails or the overall demand for forensic services would be. He asked whether the design of the facility would make it possible to easily convert the 16 civil beds into forensic beds if necessary. If three-quarters of the hospital was built out to serve the needs of criminal justice, it seemed it would make sense to design the whole building to be used for that purpose.

Mr. Nuñez explained a forensic facility was a much harder facility to build than a psychiatric facility and additional construction would be required. He believed the entire building would meet the forensic standards with respect to security. The number of clients in each room, single bunk or double bunk, might be the difference between the forensic and psychiatric beds.

Senator Kieckhefer was not concerned about the operations of the facility; he questioned whether the physical plant could be converted to forensic beds if needed. Mr. Nuñez replied that was the intent.

Assemblywoman Kirkpatrick said she was concerned that fixing the short-term problem in southern Nevada and taking away the planning dollars for the long-term plan would create an even longer problem for Lake's Crossing, which was the state's current primary forensic facility. She understood the concern with spending more money on Lake's Crossing when a new facility would be needed, but it was important to invest in the infrastructure to keep the primary facility operational. She asked whether there was a way to expedite both projects and work on them simultaneously to resolve the

problems for the short-term. She did not agree with taking away the planning dollars, which had been done three times in the past. She asked whether all options had been considered to possibly complete both projects sooner rather than later.

Mr. Nuñez explained that the planning dollars were for sewer upgrades at SNAMHS. When Director Willden had asked the SPWD to look at the renovation of Building 3, as currently being recommended, and whether the CIP could fund it, the options were to look at maintenance projects for the Department of Health and Human Services in the 2013-2015 CIP. He pointed out that IFC could only transfer dollars in the same CIP within the same agency, which was discussed with Mr. Willden, and the proposals being discussed today were the result of those discussions. If the expansion of Project 13-C08 was to be funded from current CIP funds, it must be from 2013 CIP money and DHHS projects. He said that Lake's Crossing would need to be kept operational until the southern Nevada facility was completed, at which point the needs at Lake's Crossing could be addressed in the 2015-2017 CIP, based on its intended use at that time.

Addressing Assemblywoman Kirkpatrick's specific question, Mr. Willden explained that DHHS had 14 CIP projects, which were all considered when trying to reach a resolution. There were seven or eight heating, ventilation, and air conditioning (HVAC) projects that were not felt to be appropriate to delay, and they did not have enough dollars in them to be meaningful. The other significant project was replacement of the Caliente bridge, which had been in process since 2005 when the flood destroyed the access bridge to the Caliente Youth Center. Mr. Willden said that there were other DHHS options to help fund the Stein Hospital that could be discussed, but 14 CIP projects had been considered, and three were identified.

Assemblywoman Kirkpatrick said she understood and appreciated the situation. She was trying to consider other options to avoid circumventing the legislative process.

Assemblyman Hogan asked whether there had been opportunities for community involvement for ideas and solutions and whether the Department had mechanisms to call for community input before the Committee made a final decision.

Mr. Willden replied that a number of forums existed: the Mental Health Commission, the county and city task force referred to by Assemblywoman Kirkpatrick, the Hospital Association, and individual hospitals. He was willing to consult with as many resources as possible; there were many processes available to identify solutions, most of which he believed the Department had used. The options were known; it just had to be determined how to move forward. If the state was unable to assist, there were other possible community options.

Assemblyman Eisen referred to the narrative in the 2013-2015 CIP for Lake's Crossing Project 13-M01, which clearly stated that the fire alarm system was experiencing intermittent problems and that the doors did not meet the current fire and safety regulations. He believed those were life-safety problems, and he did not understand

why they were now being described as “perceived.” He asked what had changed between the time the project was presented to the Legislature and this meeting.

Assemblyman Eisen noted that the same narrative mentioned that the ability to obtain CMS certification could result in increased Medicaid and Medicare reimbursements that could total as much as \$1.2 million a year. He assumed those potential dollars could not be realized if the life-safety problems were not resolved.

Mr. Nuñez replied that nothing had changed. Many of the problems came from the facility walk-through for licensure by the State Health Department, which said to get CMS accreditation, the improvements would be required. There were other issues with systems, particularly as they reached the end of their life, which would require additional maintenance.

Chairwoman Smith asked Brenda Erdoes, Legislative Counsel, whether a project could be brought back if it was canceled.

Brenda Erdoes, Legislative Counsel, Legislative Counsel Bureau, replied that if the Interim Finance Committee voted to cancel a CIP project, the Committee could not bring the project back. Under *Nevada Revised Statutes* (NRS) chapter 341, only the full Legislature had the power to authorize CIP projects.

Chairwoman Smith announced the Committee would take a short recess at 12:42 p.m.

Chairwoman Smith called the Committee back to order at 12:49 p.m. She asked whether members had any further comments or questions regarding the CIP request.

Assemblyman Bobzien said the IFC was tasked with making adjustments and responding to circumstances when the Legislature was not in session, and when presented with a proposal that essentially would rescind a previous action of the full Legislature, the Committee had to consider the information that was presented to the full Legislature. He noted that during the 2013 Legislative Session, testimony had indicated that the existing doors did not meet fire and safety regulations, which was a serious consideration. He was not comfortable with making the decision to walk away from the project, and the proposal to IFC was not consistent with the information presented to the full Legislature.

Assemblyman Bobzien said the Committee was in a position of finding a way to fund a solution to the mental health system problems, but he did not believe the proposed solution was credible. He recognized that the Public Works Division and DHHS officials were in a difficult position, but the Committee was being asked to put life-safety issues on hold. He did not want to risk an incident at Lake’s Crossing, and he was not in favor of canceling the CIP projects as the solution to the problem.

Chairwoman Smith said that after the Committee's thorough discussion, she agreed with Assemblyman Bobzien that there was considerable concern with canceling the Lake's Crossing projects, particularly since Legislative Counsel had opined that the Committee had no authority to reverse its action. She would prefer to not take action on Agenda Item F and ask the Department to return to the Interim Finance Committee at its August 29 meeting with a different proposal. She said the Committee should also consider an allocation from the IFC Contingency Fund to fund the needed Southern Nevada Adult Mental Health Services facilities and still complete the work that needed to be done at Lake's Crossing.

Chairwoman Smith said that knowing the concerns at Lake's Crossing, she was not comfortable with canceling the project. She asked for further comments from Committee members.

Senator Goicoechea said testimony had indicated that up to \$1.2 million per year in CMS reimbursements could be realized if Lake's Crossing were certified. He did not think a \$3 million CIP project that was clearly needed should be canceled in lieu of the potential funding. He supported Chairwoman Smith's decision.

Senator Kieckhefer said it was clear that the era of having the entire supply of forensic beds in northern Nevada should be over, and the commitment to serve the needs of that population in southern Nevada should be a priority. He believed the proposal to ultimately convert the Stein Hospital to a forensic facility was promising, but it should not be done at the potential expense of the life safety of staff and patients at Lake's Crossing. Senator Kieckhefer said he would support funding from the IFC Contingency Account because the level of need had been demonstrated.

Assemblywoman Kirkpatrick said she wanted a commitment that Mr. Willden and Mr. Nuñez would return to the next IFC meeting to continue to address the problems in southern Nevada. She agreed with the other Committee members that the projects should not be delayed. The full Legislature had agreed that the problems at Lake's Crossing were a priority, and she was sure that her colleagues also agreed that mental health services in southern Nevada were a priority.

Mr. Willden replied he would be at the next IFC meeting, and he would discuss alternatives with Mr. Nuñez and the Governor's Office. He understood that to access the IFC Contingency Account, a request had to be approved by the Board of Examiners, which would have to meet again before August 29. Mr. Willden assumed that the Committee would want the Department to bring any other options forward to the Committee in August.

Chairwoman Smith said the reality was that no one liked accessing the Contingency Account: there was a limited amount of money for potential emergencies during the interim. However, the current problem was an emergency, and action was necessary.

Senator Denis said he agreed with the direction the Committee was going. The state had experienced hard economic times over the last several years, and it was difficult to have to discuss mental health problems in Nevada. He hoped that moving forward, solutions could be found sooner rather than later and that both problems could be resolved at the next IFC meeting to meet the needs of the mental health community throughout the state..

Assemblywoman Carlton commented that she was pleased to have had a statewide discussion about statewide issues.

For the record, Chairwoman Smith said she cared about southern Nevada, and she was in complete agreement that a forensic facility was needed at both ends of the state.

#### G. PUBLIC COMMENT.

Chairwoman Smith asked for public comment; there was none.

#### H. ADJOURNMENT.

Chairwoman Smith thanked Committee members for attending and providing valuable input. She announced that the next regular IFC meeting would be on August 29, 2013, in Carson City, and it would not be videoconferenced.

There being no further business to come before the Committee, Chairwoman Smith adjourned the meeting at 1:01 p.m.

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Senator Debbie Smith, Chairwoman  
Interim Finance Committee

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Rick Combs, Director, Legislative Counsel Bureau,  
and Secretary, Interim Finance Committee

<b>EXHIBITS</b> <b>INTERIM FINANCE COMMITTEE</b> <b>August 6, 2013</b>		
<b>Exhibit</b>	<b>Witness/Agency</b>	<b>Description</b>
A	*****	Agenda
B	*****	Meeting Packet
C	Mike Willden, Director Department of Health and Human Services	Document – Mental Health Programs Work Program and Capital Improvement Projects (CIPs) – Workload Statistics
D	Mike Willden, Director Department of Health and Human Services	Document – The Role of the Emergency Room