

**MINUTES OF THE
LEGISLATIVE SUBCOMMITTEE TO STUDY
LONG-TERM CARE IN NEVADA
June 29, 2000**

A meeting of the Legislative Subcommittee to Study Long-Term Care in Nevada (created as a result of Senate Concurrent Resolution 4 – 1999) was held at 9:30 a.m. on June 29, 2000, in Room 3137 of the State Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was video-conferenced to the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4412, Las Vegas, Nevada. Exhibit “A” is the Meeting Notice and Agenda, Exhibit “B” is the Attendance Roster, and Exhibit “C” is the Meeting Packet (original on file at Legislative Counsel Bureau Research Library) .

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator Mike McGinness, Chairman
Senator Terry Care
Assemblywoman Sheila Leslie

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Raymond Rawson
Assemblywoman Merle Berman

COMMITTEE MEMBERS ABSENT (EXCUSED):

Assemblywoman Kathy McClain

STAFF MEMBERS PRESENT:

Steve Abba, Senior Program Analyst, LCB Fiscal Division
Thomas Linden, Principal Deputy Legislative Counsel, LCB Legal Division
Ann Iverson, Deputy Legislative Counsel, LCB Legal Division
Sherie Silva, Secretary, LCB Fiscal Division

Chairman McGinness called the meeting to order at 9:50 a.m. and asked the secretary to call the roll; a quorum was not present. Senator McGinness explained that Ms. McClain was absent (excused), and Senator Rawson and Assemblywoman Berman were expected to be in Las Vegas but had not yet arrived. The Chairman asked for a motion to approve the minutes of the April 27, 2000 meeting. Senator Care so moved; Assemblywoman Leslie seconded the motion, and it was passed unanimously. However, Chairman McGinness noted that the vote would probably have to be retaken since a quorum was not yet present.

Chairman McGinness announced that the agenda would be changed slightly in order to hear public testimony prior to consideration of legislative recommendations. He asked those who would be testifying to simply provide brief statements, as the committee has been hearing testimony since last fall. He said once Senator Rawson and Assemblywoman Berman arrived and the voting on recommendations was commenced, he intended to move the vote along quickly, as Senator Rawson had two meetings in progress at the same time. Senator McGinness noted there were a number of recommendations to be considered by the committee. He had received a letter of support from Assemblywoman McClain that should more appropriately be read prior to the committee’s deliberations. He then opened the meeting to public testimony.

Larry Struve, Chairman of the Public Policy Committee for the Alzheimer’s Association, Northern Nevada Chapter, introduced Sue Livak, a member of the Public Policy Committee and a caregiver, and Joan Pokroy, Executive Director of the Alzheimer’s Association’s Northern Nevada Chapter. Mr. Struve explained he was testifying specifically on Recommendation No. 2: To establish a demonstration or pilot project that replicates the Caregiver Resource Center (CRC) model in California. He commended Steve Abba, Senior Program Analyst, Legislative Counsel Bureau (LCB) Fiscal Division, for doing an excellent job in summarizing the proposal to be considered by the Committee, i.e., a

Caregiver Resource Center pilot project that would be targeted for families dealing with patients with Alzheimer's related dementias. Mr. Struve referred Committee members to page 86 of Volume 1 of the agenda meeting packet (Exhibit "C", original on file at LCB Research Library), which was a previous hand-out containing more specific information. The hand-out was prepared by Sue Livak as a direct result of the Committee's hearing on April 27, 2000, during which the caregiver resource system in California was discussed.

Mr. Struve explained the reason the Alzheimer's Association is in strong support of Recommendation No. 2 is due to the belief that Nevada is facing a very serious public policy issue in the coming years. As reflected in the material prepared by Ms. Livak and Mr. Abba, it has been reported by the National Alzheimer's Association that there are 25,000 Nevadans currently afflicted with the disease. Mr. Struve added that number is projected to grow to nearly 55,000 by the year 2025. He had just attended a national public policy forum in Washington, D.C., where it was reported that Nevada had the highest growth of senior population, between 1990 and 1998, of any state in the Union. The growth rate of that population segment was 55.1 percent. Mr. Struve noted that many of the Alzheimer's patients come from the senior population as they age in place, and the numbers paint a very disturbing picture. How are we going to deal with this? Current statistics show that 70 percent of people with Alzheimer's and related dementias are cared for in the home; thus, the longer people can be kept in their homes where they want to be, and support provided to the caregivers, the less expensive it is going to be for the state as a whole. Placing these patients in long-term care facilities results in much greater expense.

Recommendation No. 2, Mr. Struve continued, deals with how to provide support for the general population that has been confronted with the Alzheimer's and related dementia situation. The Alzheimer's Association's presentation emphasizes three points:

- The Committee for Long-Term Care should in some way endorse the work that has been done over the last couple of months by the Alzheimer's Association and the Nevada Division for Aging Services to try to find a way to set up the pilot projects and a source of funding to support them. The Alzheimer's Association has made presentations to the Task Force for the Fund for a Healthy Nevada, and two presentations have been made to the Nevada Commission on Aging and the Division for Aging Services. In all three forums, Mr. Struve explained, the Alzheimer's Association has strongly endorsed the Caregiver Resource Center (CRC) concept which was presented to the Long-Term Care Committee at its April 27th meeting. However, no action has been taken one way or another, and Mr. Struve believes it is a concept that people are just beginning to digest. The Alzheimer's Association has asked the Nevada Commission on Aging to include a CRC pilot in the State Plan for the Division for Aging Services. Unfortunately, the recommendation was made too late for the Commission to take action; however, the Commission indicated at its last meeting that it is able to amend the State Plan at any time. The fact is, Mr. Struve remarked, the CRC concept, which would provide so much hope for those providing caregiving for Alzheimer's and dementia families, is in limbo. He emphasized that Recommendation No. 2 would be one way to move the concept out of limbo and toward a pilot project to determine the program's feasibility and hopefully lay the foundation for a long-term project with a statewide system of caregiver resource centers, with the goal being to deal with the increasing population suffering from this disease and their caregivers by keeping them at home as long as possible. Mr. Struve commented it is a question of investing now or paying a huge price later, and the Committee's decision on Recommendation No. 2 is a very major public policy step. He realized there will be a number of issues debated, but he urged the Committee to take the public policy step.

Continuing, Mr. Struve cited two other recommendations supported by the Alzheimer's Association:

- Continue the Long-Term Care Committee. The Association supports AARP's recommendation to continue the Committee for five years.
- If the Committee is continued, and if the Division for Aging Services is successful in getting a grant from the federal government to try to reach a very targeted under-served population that is currently not receiving services, the Division for Aging Services has recommended that an advisory council be established to focus specifically on dementia issues, which are very specialized and involve unique needs in relation to the whole range of other

senior issues. Mr. Struve said if the Long-Term Care Committee is continued, the Alzheimer's Association would suggest that consideration be given to obtaining authorization to establish a subcommittee comprised of the advisory committee to be set up by the Division for Aging Services, which would focus specifically on Alzheimer's and dementia issues, thereby freeing the full Long-Term Care Committee to look at the other issues to be considered. Mr. Struve said if the CRC project is implemented, a forum would be provided to have the issues presented and solutions worked out by a group specifically focused on that issue.

Ms. Livak pointed out that there is a grant pending through the Division for Aging Services which would provide medical support services to rural area medical personnel and care personnel and target the under-served ethnic minorities. If funded, the project would be one arm of a beginning of a statewide support system for those caring for victims of Alzheimer's and related dementias throughout the state. Ms. Livak noted the grant would dovetail beautifully with the goals of the caregiver support center pilot in Recommendation No. 2.

From Las Vegas, Donald Hauth, Public Policy Chairman for the Southern Nevada Chapter of the Alzheimer's Association, voiced the Southern Nevada Chapter's support for the recommendations made by the Northern Nevada Chapter. Mr. Hauth complimented Mr. Struve's portrayal of the issues that are so important to Alzheimer's patients and their caregivers. The only additional information Mr. Hauth wanted to include for the record were some statistics which were presented at a prior meeting:

- Alzheimer's patients have a four-times longer stay in the hospital than a normal patient with the same symptoms, and they cost 75 percent more;
- Caregiving for an Alzheimer's patient takes 7 days a week, 24 hours a day—again, it is much more costly.

Mr. Hauth said that if patients can be kept at home and given quality care, the CRC will not only help to provide quality care for loved ones, but also provide the caregivers with respite care. The end result would be savings for the state, which would release funds for other programs. With the fiscal uncertainties facing the state, the CRC pilot project would provide the state with an opportunity to look at a model program that would benefit not only the caregivers, but the taxpayers as well. Mr. Hauth concluded his remarks by saying that the program would be a win-win for the caregiver, the loved one, Nevada citizens, the taxpayers, and businesses.

Chairman McGinness thanked the Alzheimer's Association representatives for their comments.

Next to provide public testimony was Dr. William Hausman, the Coordinator for Health and Long-Term Care for the American Association of Retired Persons (AARP) in Nevada. He thanked the Committee for the serious attention given to the very important issue of long-term care and for the opportunity provided to AARP to work with the Committee. Dr. Hausman noted a detailed report had been submitted to the Committee and he would not take the Committee's time to review the recommendations. However, he thanked Steve Abba for his assistance and guidance as AARP has moved forward.

Dr. Hausman remarked that AARP considers long-term care an extremely high need for the senior population in Nevada, as well as an opportunity for Nevada to begin to move forward in an area that is not going to get easier over time. The issues are obviously enormously complex. Dr. Hausman commended the Committee on its work to date, and he expressed AARP's wish that the work of the Committee continue.

Chairman McGinness thanked Dr. Hausman for his remarks. He then recognized Martin Bibb, Executive Director of the Retired Public Employees of Nevada (RPEN), who was speaking from Las Vegas. Mr. Bibb also expressed appreciation for the work completed so far, and he acknowledged that the Committee has several options before it concerning long-term care insurance. RPEN believes that the best option is a program which would include all state employees and retirees, either fully funded or significantly funded. By having a program of that size, RPEN believes that guaranteed issue for active employees would be possible. He explained that typically in programs of a large size, the underwriting standards for retirees, which are often the disqualifier for individuals being able to get coverage, are seriously loosened by virtue of the size of the pool. Mr. Bibb said if funding or partial funding of the program is not possible, the second best option would be a pilot program whereby funds might be provided, either on a percentage or dollar basis match, which could be used by actives or retirees to obtain long-term care coverage.

Mr. Bibb said it is his understanding there will be a voluntary offering of long-term care insurance through the Public Employees' Benefits Program (PEBP) next year for employees covered under the PEBP. It appears coverage will be available to active employees on a guaranteed issue basis, and there may be an offering for the retirees as well; even though there will be underwriting criteria, it is at least a door opener.

Another option considered critical by RPEN is education. Mr. Bibb recalled that beginning with Senator Rawson's standing Health Care Committee in 1997 and continuing through the SCR 4 study, education has been crucial. He noted that long-term care is one of the most rapidly unfolding and developing issues of health care, and RPEN believes that today's standards will be vastly different in a year or even perhaps six months because it has become such a major consideration for governments at all levels. Clearly, Mr. Bibb remarked, if an individual does not have a long-term care policy or the capacity and resources to pay for potential health care in the latter years of life, he will fall into the unfortunate situation of indigent care, which will increase taxes for both the state and the county.

Mr. Bibb expressed appreciation to the Legislature for enacting the interim study, and to the Committee for the countless hours of effort. He also commended Steve Abba and other staff members for their availability and support of this important issue.

Chairman McGinness then recognized Gilda Haus in Las Vegas. Ms. Haus is a member of the Steering Committee of the Nevada Women's Lobby. She noted that the Nevada Women's Lobby had submitted its recommendations to the Committee in the form of a letter. Ms. Haus then read her prepared remarks:

In case you don't know, the Nevada Women's Lobby is a statewide, non-partisan coalition of organizations, women and men concerned about issues that affect women and families. However, since long-term care is both a women's and a family issue, the Nevada Women's Lobby has expressed the support of long-term care in Nevada, and we make the following recommendations:

- To create a permanent long-term care committee. This committee could include representatives from the Administration, relevant departments of state and county government, community-based agencies, and legislators;
- A single point of entry system where seniors, disabled, and mentally ill citizens might inquire, thereby not getting different answers from different agencies; be evaluated and reevaluated as to their need for services; and be referred to the appropriate agencies for services;
- Mandate the development of assessment tools for these agencies to use as to the status of the people applying;
- Explore the feasibility of combining Medicaid dollars and affordable housing dollars in order to prevent institutionalization of the people needing services;
- Establish pilot projects based on the feasibility of the Medicaid dollars and affordable housing dollars, at least one in the rural counties and others in Washoe and Clark Counties. We feel that pilot projects should be initiated and funded by the state of Nevada, regardless of the outcome of the Robert Wood Johnson grant;
- Expand eligibility income levels for greater access to programs, including sliding scale fees (I didn't see that as part of your recommendations); and
- Adopt better standards for training for personnel.

Ms. Haus said she had attended all of the Committee meetings and listened to all of the testimony, and she believes there is a need for all of the recommendations, especially a permanent long-term care committee. She thanked the Committee members and Mr. Abba, and she expressed hope that the Committee will continue.

Returning to Carson City, Chairman McGinness acknowledged Dell Williams of Silver Rose Manor in Fallon. Mr. Williams thanked the Committee for the opportunity to speak, and he then read a short statement:

It is appreciated that time and effort have been taken to study the need and importance of long-term care in Nevada. My biggest concern as a long-term care provider, assisted-living residential care, is the amount of money that will be available for the care of those Nevada residents who qualify for SSI Medicaid assistance. As more people come into the category of elderly needing assistance with activities of daily living, more are going to be in the category of SSI Medicaid. There are a number of newer facilities in this state that have real nice buildings, grounds, amenities, and programs. These facilities do not have residents that depend on SSI Medicaid for their payment of care, due to the simple fact that Nevada's reimbursement amount is so low that these facilities can't afford to have them. These facilities have to depend solely on a higher level of private-pay individual. Because of this fact, more and more individuals are going to be without a place to live when they need assistance to live. Why? They and/or their families would prefer to have them live in an assisted living residential care setting rather than a nursing home if at all possible. The reimbursement rate though, is not enough in the state of Nevada to have a facility make ends meet, so facilities choose not to take them. Of the facilities that do take them, of which we are one, very few beds are available due to the fact that the reimbursement rate for care needs to be raised. I suggest that Nevada follow the example of Alaska, S.B. 73, and other states and increase the Medicaid rate of reimbursement for residents that need to live in assisted living settings.

Thank you. I have provided a copy of my testimony to the secretary.

Senator McGinness thanked Mr. Williams for his remarks. He then recognized Ernest Nielsen, an attorney with the Washoe County Senior Law Project. Mr. Nielsen also expressed appreciation for the Committee's consideration of the various recommendations. On behalf of the Washoe County senior citizens center, Mr. Nielsen told the Committee that the center itself supports the single point of entry recommendations, the residential assisted living recommendations, and the continued ongoing life of the Committee. On behalf of the Washoe County Senior Law Project, Mr. Nielsen wanted to comment on residential assisted living.

Mr. Nielsen reminded the Committee of a presentation in January concerning assisted living which focused attention on the coordination of the existing affordable housing resources in the state with either a modification of an existing Medicaid waiver or a new Medicaid waiver. He said he had the good fortune to work with three state agencies in developing the "Coming Home" application that has been submitted to the Robert Wood Johnson Foundation by the Division for Aging Services. Mr. Nielsen was pleased with the cooperation and coordination of the three state agencies involved with the project, in particular Mary Liveratti and her staff who were instrumental in marshaling the resources to submit the application. He is hopeful that the state receives the grant, as it would provide much-needed resources. However, if the state does not receive the award, Mr. Nielsen strongly urged the Committee to request that the Governor put into his budget staffing equivalent to what is being requested in the Robert Wood Johnson Foundation grant. In the event the project is not successful, the Committee should recommend to the Legislature that a position be funded to provide coordination for essential and necessary activities to develop the policy.

Finally, Mr. Nielsen concluded, any communications with the Governor should include reminders to engage the housing resources, i.e., the Housing Division and the three funding mechanisms in the state (consortiums), to initiate the process of developing residential assisted living as soon as possible. He noted that it takes three to four years from the time a project is initiated to the time that it is ready for rent-up. In the "Coming Home" application, the state suggested that it would be able to rent-up by sometime in the year 2004. Therefore, some process on the housing side needs to be initiated in 2001 or so. Mr. Nielsen concluded his presentation and thanked the Committee for its time.

Assemblywoman Leslie asked when word would be received on the "Coming Home" grant. Mr. Nielsen deferred the question to Mary Liveratti of the Division for Aging Services. Prior to Ms. Liveratti's response, Ms. Leslie asked Mr. Nielsen what specific tasks were envisioned for the position provided in the grant. Mr. Nielsen replied there will be a lot of coordination between the three agencies. For example, housing doesn't know much about the service side, and

Medicaid and the aging community doesn't know much about the housing development process. There are likely to be some policy and regulatory changes relating to how the service side develops. In other words, Mr. Nielsen explained, if there is a sole source provider, there will have to be some standards and attention paid to the quality of care that develops when the system is put into place. In his opinion, there are numerous activities in the grant necessary for the state to pursue, including development of the waiver itself. Beyond that, there is a lot of information to be developed, including cost justification, actual needs in communities throughout the state, and so on. The grant includes a great deal of detail, and Mr. Nielsen suggested Ms. Leslie review it. He explained the types of tasks included will require dedicated staffing; it would not be possible to complete them by utilizing existing staff. Moreover, the coordination between the three separate divisions is essential. The housing side alone will involve education of the community so that they are aware of the consequences of developing residential assisted living.

Chairman McGinness asked Ms. Liveratti if she could provide further clarification. Mary Liveratti, Administrator of the Division for Aging Services, said she believed the grant awards would be made September 1, and therefore she does not expect to hear anything until the end of summer.

Assemblywoman Leslie asked if there has been any indication whether the grant is being viewed positively. Ms. Liveratti said the grant application was due on June 15, and the Division has not had any communication since; she is not even sure how many states have applied. Thirty states submitted letters of intent, and eight grants will be awarded, but she is not sure if all thirty states submitted applications.

Chairman McGinness noted that Assemblywoman Berman had arrived at the meeting location in Las Vegas, and therefore a quorum was present.

The next speaker was Jan Marie Reed, Executive Director of the Public Employees' Benefits Program, who wished to provide the Committee with an update on long-term care insurance. She reported that the PEBP Board of Directors had approved a voluntary long-term care offering of two options for both active and retired employees, effective October 1, 2000 at the latest. Enrollment will be starting very shortly, and Ms. Reed said there is automatic issue for the active employees who apply, and retirees will be underwritten on an individual basis.

Chairman McGinness thanked Ms. Reed for the informative update. He asked for any further public testimony; there being none, he declared the public testimony portion of the meeting closed.

Chairman McGinness again recognized Assemblywoman Berman in Las Vegas, noting that there were only two Assembly members in attendance, and if one were to leave the meeting, the Committee would lose its quorum and be unable to take action. He announced that since a quorum was not present earlier, it was necessary to take a second vote to approve the minutes of April 27, 2000. Senator Care moved that the minutes of April 27, 2000 be approved; the motion was seconded by Assemblywoman Leslie and passed unanimously.

The Chairman then moved to Item IV of the Agenda, Review and Discussion of Potential Recommendations to the 2001 Nevada Legislature Concerning Long-Term Care in Nevada. It was agreed that Steve Abba would provide a thumbnail sketch of each recommendation prior to Committee discussion and action.

RECOMMENDATION NO. 1

ESTABLISH A LONG-TERM CARE INSURANCE PROGRAM FOR STATE EMPLOYEES AND RETIREES.

Steve Abba, Senior Program Analyst, Legislative Counsel Bureau (LCB) Fiscal Division, recalled the Committee had previously asked the Insurance Division to initiate a survey of a model package of long-term care insurance benefits to see if there was interest in the community of insurers for covering a large group policy of state employees and retirees. Page 5, Volume 2 of Exhibit "C" (original on file with LCB Research Library), contains information on the package of benefits the Insurance Division used for its survey. The results of the survey were reported at the April 27, 2000 meeting: Four out of ten companies responded to the survey and indicated an interest in providing a policy package. Mr. Abba reviewed the proposed premiums provided by the four companies which responded:

| Company | Annual Premium/Annual Cost |
|---------|----------------------------|
|---------|----------------------------|

| | |
|--------------------------|------------------------|
| CNA Continental Casualty | \$ 393/\$ 9.9 million |
| Unum | \$ 630/\$15.8 million |
| John Hancock | \$ 853/\$21.4 million |
| New York Life | \$1,102/\$27.8 million |

As Jan Marie Reed had just reported, the Public Employees' Benefits Program Board of Directors recently approved two options for the voluntary program, and Mr. Abba reviewed them:

| | Option 1 | Option 2 |
|----------------------|--------------------------------------|---------------------------------------|
| Facility Benefit | \$2,000 per month | \$4,000 per month |
| Home Care | Total home care 50% of facility | Total home care 50% of facility |
| Elimination Period | 90 days | 90 days |
| Duration | 3 years (facility) 6 years (home) | 6 years (facility) 12 years (home) |
| Inflation Protection | None | 5% simple |

Mr. Abba noted there are a number of differences in the two options compared to the package that was surveyed by the Insurance Division, primarily in the areas of the facility period, the elimination period, and inflation protection.

Mr. Abba recalled that at the April 27th meeting, Jan Marie Reed had indicated that the insurer participating in the voluntary program had provided an estimate to cover active employees for each of the options: Option 1 would cost approximately \$5 million to cover all active state employees, and Option 2 would cost an estimated \$20 million annually.

Mr. Abba had also recently received some information from Ms. Reed regarding coverage for retirees. If coverage for retirees were included in Option 1, the total cost of the package would increase by \$2.2 million, for a total of \$7.2 million for Option 1.

If the Committee chooses to make a recommendation to pursue a long-term care insurance program, Mr. Abba wanted members to understand that the allocation of costs would be spread among a number of revenue sources, not just the State General Fund. Revenue sources for payroll costs come from various areas, e.g., Highway Funds, federal funds, and other funds. He clarified that the Fiscal Division would have to conduct an analysis of what the component make-up of the revenue sources would be to cover the costs of a fully funded program. Mr. Abba said when S.B. 446 was introduced during the 1999 Legislative Session, which was the forerunner legislation on the long-term care insurance issue, the information available at that time indicated the General Fund accounted for approximately 61 percent of total salary costs, the Highway Fund accounted for approximately 9 percent, federal funds accounted for 12 percent, and other funds accounted for 18 percent. However, Mr. Abba added, this information will have to be updated for any current recommendation.

Issues to be addressed when looking at this recommendation are:

- Determination of eligibility, e.g., whether the program should be confined to state employees, or retirees, or both;
- Which benefit package to offer—either the package surveyed by the Insurance Division or the packages provided by the Public Employees' Benefits Program;
- A lead agency would have to be designated, and Mr. Abba recommended that the Public Employees' Benefits Program serve as the lead agency; and
- The timeline for implementation; Mr. Abba suggested that implementation take place either July 1, 2002 or

January 1, 2003.

Additionally, Mr. Abba continued, there are other alternatives the Committee might want to consider in lieu of a fully funded program. One alternative that was discussed at the April 27th meeting was a subsidy of some amount, and there are advantages and disadvantages.

- A subsidy is less costly than a fully-funded program;
- It may spur individuals to participate in a voluntary program with a subsidized portion of the premium cost;
- A portion of the appropriation could be banked and the investment proceeds used to increase the subsidy amount in later years and theoretically, over time, potentially reduce the amount of appropriation that would be needed for the program; and
- An educational system could be set up rather easily to support a voluntary program of this type.

Disadvantages primarily involve administration as well as determination of the amount of the subsidy. Additionally, the Public Employees' Benefits Program does not have a data processing system to handle some of the administrative issues, although that could potentially be contracted out.

Mr. Abba pointed out that another alternative included in the meeting packet is a first step alternative, which would just strictly be an educational component. At the last meeting Ms. Reed had indicated the insurer was going to participate in a voluntary program and planned to spend approximately \$200,000 for education. Mr. Abba said if education is an option, the Committee might want to consider doubling the effort to allow for more individualized educational efforts as well as more group participation. The Public Employees' Benefits Program would have to work with the insurers closely on developing that type of program.

Mr. Abba concluded his presentation of Recommendation No. 1, and Chairman McGinness asked for questions from the Committee.

Assemblywoman Berman noted that Option 1 would not provide care to Alzheimer's patients, since five to eight years is the minimum time period for most patients' care, and some patients live up to 20 years; thus she did not consider Option 1 a feasible program.

Ms. Berman then asked if it would be possible to pull the retirees from the plan, create a separate group coverage for them, and study the feasibility of including only retirees coming on board now. She wondered if there would be a cost differentiation if the two groups were broken out.

Mr. Abba said he was not technically competent to respond to questions regarding the impact of removing the retirees; however, representatives from the Insurance Division and the Public Employees' Benefits Program were present and might be able to respond to Ms. Berman's question. Mr. Abba noted that in the survey information that was developed by the Insurance Division for the large group policy, the premium amounts were based upon all state employees and retirees. Removing a component of the large group would impact the premium rates, but he does not believe there would be an impact on the two voluntary plans proposed by the Public Employees' Benefits Program.

Senator Care said he would not want to separate the retirees from the active employees. With regard to Committee procedures, he asked how many votes were necessary to approve the proposed recommendations. Chairman McGinness replied each recommendation would have to be approved by the Senate and Assembly separately. With only two members present from each, the vote would have to be unanimous. Ms. Berman said Senator Rawson would be available for the vote if needed.

Senator McGinness asked Jan Marie Reed of the Public Employees' Benefits Program to respond to Ms. Berman's earlier questions. Ms. Reed said from the estimates received, cutting out the retirees and placing them into a separate pool would involve about \$2.2 million in the premium. She clarified the amount is an estimate because the retirees are

underwritten, and it would depend upon the age mix of the retirees that opted for the coverage. Ms. Reed said an assumption was made of an average age of 68 years to develop the \$2.2 million annual figure.

Chairman McGinness reviewed the options available in Recommendation No. 1:

Option 1 - Subsidize \$5 million for long-term care insurance for state employees only; retirees could be included for an additional \$2.2 million.

Option 2 – As a first step, increase the educational program for long-term care insurance for state employees.

Assemblywoman Leslie remarked that the costs are staggering, and she wondered how the recommendation could possibly be moved through the Legislature. She would like to be able to provide long-term care insurance for both employees and retirees, but in the current fiscal climate, she was not sure that plan would be successful. She suggested starting with the education component, as it would have a better chance of funding, and after focusing on the voluntary program, review the plan again in two years.

Assemblywoman Leslie said she would be most interested in Senator Rawson's comments on the topic, as this issue was of primary importance to him; she would be willing to support him in his efforts. She recommended that no action be taken until Senator Rawson's views were known.

Chairman McGinness said Senator Rawson was attending a meeting across the hall in Las Vegas, and he asked that he be summoned to discuss the issue. A five-minute recess was called.

Upon calling the meeting back to order, Chairman McGinness explained to Senator Rawson that the Committee was interested in his views with regard to Recommendation No. 1. Senator Rawson said there has been talk about proposed salary increases in the 2001 Legislative Session. A 5 percent raise amounts to \$210 million, and he thought one approach would be to use some percentage of whatever raise is given to fund a long-term care insurance program for state employees. Senator Rawson said he was not making the recommendation just to add new benefits for state employees—he is concerned with the bubble of state employees that will retire within the next 15 years and the subsequent cost of long-term care, which he believes will reach \$2 billion. Insuring those employees would save at least half, if not four or five times as much, versus self-insuring through the state. He said the plan is an attempt to look ahead at stopping Medicaid costs from quadrupling in the next decade.

Referring to the premiums outlined by the State Insurance Division (Exhibit "C", Volume 2, Page 14), Senator Rawson noted the policies are very basic without a lot of limitations on them. He recalled that New York Life had previously quoted a considerably lower figure, but there were numerous restrictions and limitations. He recommended that the Committee consider legislation that would define ½ to 1 percent of any raise given to state employees to purchase long-term care insurance, and that one or two insurance companies be approached and asked to develop a specific tailored product with a premium that could be paid from the allocated amount. Senator Rawson believes it is essential that a process be started whereby state citizens are insured for long-term care.

Chairman McGinness asked if Senator Rawson would want the Committee to make a specific recommendation or to express support in a letter to the Governor that a percentage of any proposed pay raise package be allocated to long-term care coverage. He reiterated that the state employees-only option is estimated to cost \$5 million, and if retirees are added, the total increases to \$7.2 million. Other options include an annual appropriation for a subsidy or Option 2, which is to just increase the educational component. Chairman McGinness noted that the Public Employees' Benefits Program has adopted a voluntary program, which has taken some of the pressure off the Committee because a trial program will be offered. He said the Committee was looking to Senator Rawson because he has been involved with the issue of long-term care longer than the rest of the members.

Senator Rawson said that the last figures he had received indicated that 16 state employees had signed up for the new long-term care coverage. The problem is that 25-year-old state employees have no fear of long-term issues, and by the time a person turns 60, he cannot afford long-term coverage. He feels that all state employees, including retired and active, should be eligible and coverage should simply be offered at the lowest premium possible. He warned that even

though employees may have a retirement package, they will spend it down very quickly and end up on Medicaid if they are left with no long-term care insurance.

Senator Rawson recommended that the Committee take the following actions:

1. Write a letter to the Governor indicating the Committee's action and ask that in any raise he proposes, one-half percent of whatever percentage is given be allocated for long-term care insurance premiums for the purpose of covering the entire spectrum of state employees—retired and active.
2. Request a bill draft reflecting whatever the Governor decides. By letting the Governor know the Committee's intentions, he can weigh them, and if he chooses not to take action, then the Legislature can still debate the issue. However, the Committee's actions may give him a "heads-up" and an edge on being able to include the proposal in his budget.
3. Prepare a Request for Proposal that defines the particular instrument desired, to be sent to those insurance companies that have participated to date. Senator Rawson does not feel it is necessary to send the RFP to everyone who has ever done business in Nevada; they have been given an opportunity to respond to previous surveys, and only four have actually responded.

Chairman McGinness asked if it was Senator Rawson's intention to include the \$7.2 million appropriation as part of the bill draft request. Senator Rawson replied the BDR should include an appropriation request for whatever the premium is estimated to be; he believes that good coverage can be obtained for under \$300 a year for everyone across the spectrum.

Referring to Exhibit "C", Volume 2, page 7, Senator McGinness noted that the cost to cover active state employees plus the retirees would be \$7.2 million for Option 1 as outlined on page 5. Option 1 is a reduced package to be offered through the Public Employees' Benefits Program. The lowest premium received from the State Insurance Division's survey was \$393 per month for 25,000+ employees and retirees, which would total \$9.8 million. He asked Senator Rawson which number he would prefer to include in the bill draft.

Senator Rawson remarked that one of the problems is that actuarially the state will be paying for something that won't be received if three years of facility use are purchased. Some people will exist in a facility that long, but not very many. He recommended that two years in an institution and five years at home would probably provide a policy with a premium in the \$300 range. However, he suggested Option 1 could be used for the purpose of bill drafting, and by the time the Legislature convenes, specific proposals can be substituted.

Senator Rawson reiterated that a percentage of the proposed state employees' raise can be used for the first year of coverage, and then an additional appropriation will have to be made for the existing retirees; it's possible the same would have to be done for the second year of the biennium. However, by the second biennium, Senator Rawson believes the employees' contributions should cover the costs because more people will have retired; eventually the employees' deduction should cover the entire plan and a separate appropriation for retirees will not be necessary. He recommended that a comprehensive plan be developed that will ultimately be covered by employee contributions. He does not object to making an appropriation for the retirees in the first biennium, but believes that retiree premiums should be incorporated after that.

In an attempt to clarify the motion, Senator McGinness summarized that the Committee will:

- Ask for a bill draft request for Option 1, but for only \$2.2 million to cover the retirees;
- Ask the Governor to consider a portion of the state employees' raise to cover the active members; and
- Recommend an implementation timeline of January 1, 2003, which would coincide with the annual enrollment process for group insurance. State agencies have advised they would need time to work on their fee schedules, and that timeframe would allow time for implementation.

Senator Rawson said he is nervous about separating out the retirees, adding that he understands that the state workers might question why they have to carry the burden of the retirees. However, if the percentage of the state employees' raise is calculated high enough to cover the retirees, then it would be a non-issue in the future, and the program will carry the retirees. If the \$2.2 appropriation is singled out, then it should be spelled out that it is to be incorporated with the employee premium in the future so that it is covered.

Chairman McGinness suggested the entire \$7.2 million could be included in the bill draft request, and then the Governor could develop his budget around that amount if he desires. Senator Rawson said he would prefer that method; he realizes there may be some unhappy employees, but it is a better policy in the long run. Eventually every employee that goes through the system will benefit, so it is for the benefit of the entire group.

Senator McGinness informed the Committee that the Chairman of the Legislative Commission, Senator O'Connell, has sent a letter to all committee chairs indicating that the Committee's proposals and recommendations will be taken before the Governor in order to show him exactly what monies are being asked for so that there is more of a joint effort on budgeting. The Governor will know about this proposal beforehand.

Senator McGinness summarized that the motion will be revised to:

- Elect Option 1 at \$7.2 million annually, which would provide coverage for both active state employees and retirees;
- Request proposals which would provide a 2-year institutional and 5-year home care plan; and
- Specify an implementation date of January 1, 2003.

Senator Rawson recommended that inflation protection be added. The proposal will not accomplish the Committee's goal unless inflation protection is included. A simple 2-1/2 or 3 percent should be built in for inflation, which will modify the figures slightly. Senator Rawson asked if anyone is opposed to changing the coverage to 2 years in a facility and 5 years at home.

Chairman McGinness suggested that Steve Abba develop some solid numbers, and probably stay with the provisions of Option 1 at this point, adding that these are obviously recommendations which can change during a legislative session.

Steve Abba noted that if Option 1 were implemented in January 2003, that would be only six months before the start of the next biennial budget process. He suggested the inflation protection could be excluded because the issue could be addressed through the next biennial budget and included as a new benefit to the Option 1 package at that time. He added that at this point in time, there is no information as to how much the inflation feature would add to the cost.

The other issue, Mr. Abba continued, is that the Option 1 cost of \$7.2 million would not simply be an appropriation—there are other revenue sources that cover employee salary costs, and he will need some time to analyze those numbers. He estimated that between 55 and 61 percent of payroll costs are covered by the General Fund, which would mean that a little over half of any recommended benefit package would be covered by General Fund appropriation, with the remaining cost covered by other revenue types. He asked if Jan Marie Reed could add any information on inflation issues; Ms. Reed indicated she could not.

Chairman McGinness affirmed that the Committee can elect Option 1 without including a dollar amount. Mr. Abba replied it is known that the cost of Option 1 for active employees and retirees is \$7.2 million, but there is no information available concerning the cost of the inflation factor, and therefore a recommendation for funding could not be made. He reiterated that since the implementation date of January 2003 would be so close to the next budget cycle, the inflation protection can be factored in as an enhancement to the benefit package at that point in time.

Senator Rawson remarked that Mr. Abba had made a sensible argument, and he agreed with him. He is aware that other

entities, e.g., the Department of Transportation and Medicaid, will be paying some of the costs, so in reality the cost will be less than \$7.2 million. He agreed the inflation factor does not need to be included at this point but can be revisited in the future.

Chairman McGinness again summarized Senator Rawson's motion:

TO RECOMMEND OPTION 1 AT A COST OF \$7.2 MILLION; SEND A LETTER TO THE GOVERNOR RECOMMENDING THAT LONG-TERM CARE PROTECTION BE CONSIDERED A PORTION OF THE STATE EMPLOYEES' SALARY RAISE; SPECIFY AN IMPLEMENTATION DATE OF JANUARY 1, 2003; AND DESIGNATE THE LEAD AGENCY TO BE THE PUBLIC EMPLOYEES' BENEFITS PROGRAM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION.

Tom Linden, Legislative Counsel Bureau Legal Division, asked if the actual requirements for the policy would be included in the bill draft, i.e., if the specific provisions of Option 1 would be included. He expressed concern that if the provisions are included in the statute and the insurance company is not able to provide the specific plan, implementing the legislation could be a problem.

Senator Rawson said he did not think it would be wise to include the specific provisions in the legislation, as he still believes better coverage is possible.

CHAIRMAN MCGINNESS INDICATED THE MOTION SHOULD BE AMENDED TO STATE THAT THE PUBLIC EMPLOYEES' BENEFITS PROGRAM, WHICH HAS A BOARD THAT WOULD OVERSEE THE PLAN, CAN DETERMINE THE PARAMETERS OF THE LONG-TERM CARE INSURANCE PLAN; IT WAS SO MOVED AND SECONDED.

Mr. Linden added the board would have the authority to negotiate a contract. He asked Senator Rawson if the basic approach to drafting the legislation would be similar to S.B. 446 from the 1999 Legislative Session; Senator Rawson replied it would.

Senator McGinness called for a vote on the motion as amended.

THE MOTION AS AMENDED WAS UNANIMOUSLY PASSED.

RECOMMENDATION NO. 2:

ESTABLISH A DEMONSTRATION OR PILOT PROJECT THAT REPLICATES THE CAREGIVER RESOURCE CENTER (CRC) MODEL IN CALIFORNIA.

Chairman McGinness referred Committee members to Exhibit "C", Volume 1, page 64, which reviewed the background for Recommendation 2. Mr. Abba has estimated the following costs:

Urban Site

| | |
|-------------------------------------|------------------|
| Staffing component (five positions) | \$265,665 |
| Travel | \$ 8,784 |
| Operating | \$ 37,330 |
| Equipment | \$ 22,774 |
| Purchase of Services | <u>\$158,866</u> |
| Total Cost - Urban Site | \$493,419 |

Rural Site

| | |
|--------------------------------------|-----------|
| Staffing component (three positions) | \$137,893 |
|--------------------------------------|-----------|

| | |
|-------------------------|------------------|
| Travel | \$ 6,360 |
| Operating | \$ 22,658 |
| Equipment | \$ 12,691 |
| Purchase of Services | <u>\$ 82,540</u> |
| Total Cost – Rural Site | \$262,142 |

Senator McGinness noted that the recommendation also includes consultation services in the amount of \$27,179, bringing the total cost of Recommendation 2 to \$782,740.

Assemblywoman Leslie expressed her strong support of the recommendation. She believes the Caregiver Resource Center model is an interesting, innovative, and potentially very effective way of supporting caregivers and allowing people to remain in their homes and avoid entering the Medicaid system.

Referring to the decision points on page 68 (Exhibit “C”, Volume 1), Ms. Leslie said that in terms of the designation of the site, although she would like to see the pilot site placed in Washoe County, she is willing to agree to the suggestion that an urban project be placed in Las Vegas and a rural site in Fallon.

In terms of agency designation, Ms. Leslie agreed with the designation of the Division for Aging Services as the lead agency, but she suggested that a provision be added requiring strong coordination with the Mental Health Division. She believes a collaboration between the two agencies is necessary, which should not be difficult since they are in the same department.

Regarding the population to be served, Ms. Leslie said she would ultimately like to see a broader population served, but she agrees that the focus should be placed on the dementia population as a start.

The services to be provided will be costly, but Assemblywoman Leslie agrees with the recommendation as outlined by Mr. Abba. She realizes that funding will be the major topic, but she believes the budget outlined in the recommendation is realistic, and it should be implemented. She noted that keeping people in their homes will ultimately save the state large amounts of money, and a pilot project will provide an opportunity to measure the program’s effectiveness. Ms. Leslie again expressed her strong support for the recommendation.

Senator Care concurred with Ms. Leslie’s remarks. He wondered if the population to be served would cover all of Clark County, to include Las Vegas, North Las Vegas, and Henderson. He added that based on the California experience, it is obvious that with a staff of only five there will be a fairly lengthy waiting period, as well as an extensive waiting list.

Chairman McGinness remarked that as much as he would like to have a CRC in his district, he would hesitate to designate either site. It would not be desirable to have a fight between the rural districts and the urban districts before the legislative session begins. He suggested leaving the agency and specific location designation out of the bill draft.

With regard to the population to be served, Chairman McGinness affirmed that clients would have to be over the age of 18, similar to the California legislation; Committee members concurred. Senator McGinness asked if the Nevada plan would implement a co-payment requirement similar to California’s as well, and members again agreed; however, the inability to pay would not be a deterrent to services.

Chairman McGinness noted that when the California plan began, people were initially grand- fathered into the program for a lifetime. However, because of the waiting list, they have now limited the time eligibility for services to two to three years. He asked the Committee if the Nevada plan should include a time eligibility limit. Assemblywoman Leslie suggested that provision be included in the contract for services rather than the statutes; Committee members agreed.

Mr. Linden asked if there would be a sunset provision included in the legislation, or if it will be a continuous program. Ms. Leslie said a two-year sunset provision could be included, with the success of the program to be reviewed at that time.

Senator McGinness said Steve Abba had reminded him that the Division for Aging Services in California was the lead agency, but they were able to contract out with non-profit organizations. He recommended the motion include that the Division for Aging Services be the lead agency, but they will have the option to contract out to non-profit agencies.

ASSEMBLYWOMAN LESLIE MADE THE MOTION TO APPROVE RECOMMENDATION NO. 2 AS FOLLOWS:

ESTABLISH A DEMONSTRATION OR PILOT PROJECT, EFFECTIVE JULY 1, 2002, THAT REPLICATES THE CAREGIVER RESOURCE CENTER (CRC) MODEL IN CALIFORNIA, WITH THE FOLLOWING PROVISIONS:

- AN APPROPRIATION OF \$782,740 TO ESTABLISH A DEMONSTRATION PROJECT AT TWO SITES, ONE LOCATED IN AN URBAN AREA AND ONE IN A RURAL AREA.
- SERVICES ARE TO BE PROVIDED TO CAREGIVERS CARING FOR BRAIN-IMPAIRED PATIENTS OVER 18 YEARS OF AGE.
- A TWO-YEAR SUNSET PROVISION IS TO BE INCLUDED IN THE STATUTE.
- THE DIVISION FOR AGING SERVICES IS TO BE THE LEAD AGENCY, BUT IS TO BE GIVEN THE AUTHORITY TO CONTRACT WITH NON-PROFIT ORGANIZATIONS.

SENATOR RAWSON SECONDED THE MOTION, AND IT WAS PASSED UNANIMOUSLY.

RECOMMENDATION NO. 3

IMPLEMENT AN ASSISTED LIVING OPTION AS PART OF THE MEDICAID PROGRAM.

Chairman McGinness asked Steve Abba to summarize the recommendation. Based upon a conversation Mr. Abba had with Charlotte Crawford, Director of the Department of Human Resources, the Community Home-based Initiative (CHIP) waiver within the Medicaid program has been discussed as the vehicle to be used to include the Medicaid services for an assisted-living option at some point in time. Ms. Crawford has indicated that this will have to be further explored, because it may not be the best route to go—there are many issues that need to be fully investigated concerning the assisted living option.

Mr. Abba wanted the Committee to be aware that the Division for Aging Services has applied for the Robert Wood Johnson Foundation grant as Mary Liveratti indicated, and it appears that if the grant is received, the division will get a resource person as well as funding to continue the work group that has been established to fully analyze this option. If the grant is not received, neither the division nor the department has the resource staff to perform the analysis that is required to explore this option.

Additionally, Mr. Abba continued, the Division of Health Care Financing and Policy (HCFP) has provided information on the timeline for this option if it is implemented, and based upon that information, a start date in state fiscal year 2004 is anticipated, which is after the upcoming biennium. Consequently, any costs for the Medicaid service component would not be incurred during the upcoming biennium, but would be a budget issue for consideration the following biennium. Mr. Abba noted that this is important because the issues the Committee are looking at today are strictly whether the issue has merit, which it appears that it does, and what will happen if the Division for Aging Services doesn't get the administrative resources necessary to further explore this option.

Mr. Abba referred members to Exhibit "C", Volume 2, page 23, and he reviewed the probable program scope:

- Eligibility requirements: The current thinking is that the requirements would be similar to CHIP, but this issue

needs to be further explored.

- Pilot project size and client make-up: HCFP has indicated a pilot project of 150 slots is a reasonable pilot project to determine how the program works; the division believes that upwards of 25 to 50 clients could possibly move from an intermediate care facility to participate in an assisted living program.
- Medicaid services: Services would have to be enhanced to assist this type of population, and they would have to include a 24-hour response capability.
- Costs: Some very preliminary information on costs was provided by HCFP, estimated at \$340,000 per year. Mr. Abba pointed out those were program costs which will require a much better analysis, and he cautioned that a full cost benefit analysis needs to be conducted by the Division for Aging Services if the grant is received.

Mr. Abba said Committee action would involve recommending that the option be pursued, and then dealing with the issue of administrative resources in case the Coming Home initiative is not received.

Chairman McGinness remarked the recommendation appears to be an easy one to consider, since the Division for Aging Services has indicated it will involve a three-year planning program which would be supported by the Robert Wood Johnson Foundation grant if approved. However, if the grant is not approved, the Committee must decide whether to recommend funding of \$100,000 to enable the division to conduct the research anyway.

ASSEMBLYWOMAN LESLIE MOVED THAT THE COMMITTEE SUPPORT IMPLEMENTATION OF A \$100,000 APPROPRIATION TO THE DIVISION FOR AGING SERVICES IN THE EVENT THE ROBERT WOOD JOHNSON GRANT IS NOT RECEIVED.

Senator Rawson suggested developing an appropriation bill that would appropriate \$100,000, first to be received from the Robert Wood Johnson Foundation, and secondly from the General Fund. If the grant is received, General Fund monies will never be an issue. Ms. Leslie indicated she would agree with Senator Rawson's recommendation and amend her motion accordingly.

THE MOTION AS AMENDED WAS SECONDED BY SENATOR RAWSON.

Senator McGinness asked Legal Counsel Tom Linden if he had any questions regarding the motion. Mr. Linden said he was not sure exactly what the bill draft would encompass. Senator McGinness explained the bill would appropriate \$100,000 from the General Fund if the grant from the Robert Wood Johnson Foundation is not received. If the grant is received in September, the bill draft will not be necessary. Mr. Linden said the timing is a problem, because bill drafts must be submitted to the Legislative Commission by September 1.

Senator Rawson suggested it might be worthwhile to set forth some direction in the bill draft, and even if the funding is approved, the Legislature's desire to have the agency pursue the recommendation would be documented.

Mr. Linden asked exactly what the bill draft should entail—what the Committee is asking to be done. Senator Rawson replied it would be directing the agency to develop a working group to work through the issues to see if they are viable and result in savings. If the foundation money does not come through and there is no bill draft, it may be as if this discussion never took place. He added the purpose is not antagonistic, and he believes the bill draft will be well received. Although it may be heavier handed than it needs to be, Senator Rawson does not think it is harmful to establish legislative intent.

Mr. Linden said he is concerned with the direction that the Legislature has given. Do they want a report? Chairman McGinness asked Mr. Abba to respond to Mr. Linden's question.

Mr. Abba said he would assume, based upon Senator Rawson's clarification, that the appropriation would be used for a staff person and funding to continue the work of the working group to determine the potential for developing an assisted

living option within the Medicaid program, pursuant to U.S. Code issues dealing with Medicaid waivers. Mr. Linden asked if the appropriation would be included in the bill draft, and Mr. Abba replied it would.

Chairman McGinness called for a vote on Ms. Leslie's motion, and

THE MOTION PASSED UNANIMOUSLY.

ASSEMBLYWOMAN LESLIE THEN MOVED THAT THE COMMITTEE'S ACTION BE FORMALLY TRANSMITTED TO THE GOVERNOR, THE BUDGET DIRECTOR, AND THE DIRECTOR OF THE DEPARTMENT OF HUMAN RESOURCES ENDORSING THE IMPLEMENTATION OF AN ASSISTED LIVING OPTION AND RECOMMENDING FUNDING THE ADMINISTRATIVE RESOURCES FOR THE DIVISION FOR AGING SERVICES IN THE UPCOMING BIENNIUM IF FUNDING FROM THE ROBERT WOOD JOHNSON FOUNDATION IS DENIED, AND THAT THE DIVISION FOR AGING SERVICES BE ASKED TO CONTINUE SEARCHING FOR FUNDS, PERHAPS FROM THE TOBACCO SETTLEMENT.

ASSEMBLYWOMAN BERMAN SECONDED THE MOTION, AND IT WAS PASSED UNANIMOUSLY.

RECOMMENDATION NO. 4:

OPTIONS TO FUND LONG-TERM CARE EXPENDITURES IN THE MEDICAID PROGRAM THAT PROVIDE RELIEF TO COUNTIES.

Chairman McGinness noted that the information concerning Recommendation No. 4 had not been received from the Department of Human Resources, and action on the recommendation was deferred.

RECOMMENDATION NO. 5:

INCREASE THE SSI ELIGIBILITY LEVEL FOR THE HOME- AND COMMUNITY-BASED WAIVER FOR ELDERLY IN GROUP CARE (COMMONLY REFERRED TO AS THE ADULT GROUP CARE WAIVER) UP TO 300 PERCENT OF THE SSI INCOME LEVEL (\$1,536) TO BE CONSISTENT WITH THE ELIGIBILITY CRITERIA FOR ALL OTHER MEDICAID WAIVERS.

Chairman McGinness asked Mr. Abba to review the recommendation.

Mr. Abba said currently the Adult Group Care waiver offers personal care and case management services to eligible recipients up to the SSI limit of \$512, which is different than the other Medicaid waivers currently administered by the Medicaid program, where the upper eligibility is 300 percent of the SSI limit, i.e., \$1,536. He said that certain individuals who qualify for the CHIP waiver, which has the 300 percent upper eligibility limit, need additional services and can no longer stay at home; however, a problem arises when they have incomes above the \$512 limit. Consequently, there is no alternative location for those individuals to be placed if they have to be taken out of a home situation, so they are forced into a nursing facility. Mr. Abba said that raising the SSI income limit for the Adult Group Care waiver would allow transferability between waivers.

Mr. Abba said the Division for Aging Services has provided some information on individuals who have migrated from the CHIP waiver to nursing facility care because they could no longer stay in the home (Exhibit "C", Volume 1, page 96). Between July 1, 1999 and April 30, 2000, there were 30 clients that fit in that situation. If the eligibility was increased for the Adult Group Care waiver, those individuals would have had the opportunity to access that residential type of setting. There would have been an estimated additional cost of \$164,000, based on the assumption that 40 clients might migrate from CHIP to the Adult Group Care waiver, but there would also be savings because, without the group care alternative, the other alternative is nursing care. The savings are estimated at over \$1 million.

Mr. Abba said it is hard to estimate the number of clients who might access the Adult Group Care waiver, but the

bottom line is that it appears that increasing the eligibility criteria for the Adult Group Care waiver will not have a cost impact and would provide for uniformity among the waiver programs.

Assemblywoman Leslie noted that this recommendation is clearly a “win” at all levels, and she proceeded to move that:

THE COMMITTEE ADOPT THE ACTION AS OUTLINED IN EXHIBIT “C”, VOLUME 1, PAGE 96: THE DIVISION OF HEALTH CARE FINANCING AND POLICY AND THE DIVISION FOR AGING SERVICES AMEND THE ADULT GROUP CARE WAIVER TO INCREASE THE INCOME ELIGIBILITY CRITERIA TO 300 PERCENT OF SSI AS SOON AS IT IS ADMINISTRATIVELY PRACTICABLE, AND THAT ANY NECESSARY ADJUSTMENTS TO THE MEDICAID BUDGET BE INCLUDED IN THE AGENCY BUDGET REQUEST SUBMITTED TO THE GOVERNOR IN AUGUST FOR THE 2001-03 BIENNIUM.

MS. LESLIE’S MOTION WAS SECONDED BY SENATOR CARE AND PASSED UNANIMOUSLY.

RECOMMENDATION NO. 6:

ELIMINATE THE PATIENT LIABILITY REQUIREMENT FOR THE SENIOR COMMUNITY HOME-BASED INITIATIVE PROGRAM (CHIP).

Mr. Abba explained currently the CHIP waiver is the only waiver that has a patient liability or cost-sharing mechanism for recipients who have incomes above the 200 percent level of SSI. There are 101 clients in the CHIP program currently paying a patient liability, and approximately \$89,000 per year has been collected. The amount collected offsets the need for General Fund support and is actually built into the CHIP budget. Mr. Abba said there have been instances where clients have migrated from another waiver, where there is not a liability issue, into the CHIP waiver, where they have to pay for the cost-sharing mechanism. There are also problems with administering the patient liability collection process for the Division for Aging Services; it is a cumbersome process, and if the patient liability were eliminated, collection would no longer be required.

Another issue, Mr. Abba continued, is that the amount collected is fairly insignificant in the grand scheme of things and, lastly, the Medicaid Estate Recovery process is a vehicle to collect money from an individual’s estate when he/she passes away. Consequently, there would be a collection process in place—it would just take place subsequent to an individual’s death.

The cost for eliminating the patient liability is \$89,000, which would be split evenly between Medicaid and state funds. On the other hand, if it is assumed that the Medicaid Estate Recovery process will collect that money at some future point in time, there is no cost impact of the recommendation.

Senator McGinness joked he liked the fact that the elimination of the patient liability requirement would be “cost neutral,” considering the amount of money spent by the Committee thus far in the meeting. He asked for a motion concerning the recommendation.

SENATOR CARE MOVED THAT THE COMMITTEE RECOMMEND AMENDING THE CHIP WAIVER TO ELIMINATE THE PATIENT LIABILITY REQUIREMENT AS SOON AS IT IS ADMINISTRATIVELY PRACTICABLE, AND THAT THE DIVISION FOR AGING SERVICES NOT INCLUDE REVENUE DERIVED FROM PATIENT LIABILITY IN ITS AGENCY BUDGET REQUEST FOR THE CHIP PROGRAM SUBMITTED TO THE GOVERNOR IN AUGUST FOR THE 2001-03 BIENNIUM.

ASSEMBLYWOMAN LESLIE SECONDED THE MOTION, AND IT WAS PASSED UNANIMOUSLY.

RECOMMENDATION NO. 7:

ESTABLISH A POLICY FOR MANAGING THE WAITING LIST FOR THE COMMUNITY HOME-BASED INITIATIVE PROGRAM (CHIP) ADMINISTERED BY THE DIVISION FOR AGING SERVICES.

Steve Abba recalled there has been a lot of discussion since the first meeting regarding the waiting lists for the CHIP program. The Division for Aging Services has provided information indicating that there are currently 622 individuals on a waiting list who are Medicaid-eligible for CHIP services, and there are 51 on a waiting list for the CHIP program who are state-only eligible. He explained state-only eligible clients are those who are above the Medicaid eligibility limit, and their services are covered by state funds.

Mr. Abba remarked the numbers on the waiting lists seem like a lot of people, but a significant amount of progress has been made in reducing the waiting lists in terms of how long a person actually has to wait to receive services. The 1999 Legislature provided a significant increase in both Medicaid and state funds to reduce the Medicaid portion of the CHIP waiting lists, as well as the state-only. The waiting period in the north is now two to three months, in the south it is four to six months, and it is dropping. There are a lot of new slots built into the CHIP budget for Medicaid eligibles in fiscal year 2001. Mr. Abba said prior to the enhancements that were approved for the waiting lists, the waiting period in the south was nine to twelve months.

In terms of the recommendation, Mr. Abba said it would be fair to assume that a waiting period of two to four months is a reasonable period of time and spans from the time the Division for Aging Services has completed its assessment until the services are actually provided. However, in order to continue the reasonable wait time, at a minimum the CHIP budget will have to be funded to continue to meet the population projections for the age groups covered under the program. He said in the past the Governor's budget has been fairly responsive to supporting the population growth and demographics for the Medicaid-eligible population, but it was not until the 1999 Session that the state-only caseload actually received an enhancement. Mr. Abba noted the enhancement was provided by the 1999 Legislature—it was not included in The Executive Budget.

Mr. Abba reviewed the proposal to be considered:

That the Governor's budget include the funding to continue to meet the population growth and demographics for the age groups the CHIP program covers, not only for the CHIP Medicaid-eligible population, but also the state-only population. This would relieve the pressure of having to provide a significant appropriation every four or five years to meet the waiting list issue for state-only eligibles.

Assuming that the Governor's budget includes the population money for the Medicaid-eligibles as it has in the past, the only additional cost to be considered would be the state-only. The costs as outlined in the meeting packet would be \$95,000 for FY 2002 and \$141,000 for FY 2003. However, Mr. Abba said an error had been made in that the case management costs had not been included for the Division for Aging Services, so the true costs, based upon assumptions on additional cases, would be \$128,340 for FY 2002 and \$189,720 for FY 2003. He said the suggested recommendation is that the Division for Aging Services include these amounts in its agency budget request and that the Governor support the request in The Executive Budget.

Mary Liveratti, Division for Aging Services, testified this recommendation would be appropriate for the Division to access some of the Tobacco Settlement money for independent living grants. She thinks it would be possible to use those funds rather than request state General Funds for this purpose. Chairman McGinness suggested the Committee send a letter to that effect as well.

ASSEMBLYWOMAN LESLIE MOVED TO RECOMMEND THAT THE DIVISION FOR AGING SERVICES REQUEST SUFFICIENT FUNDING FOR THE CHIP BUDGET FOR THE PROJECTED GROWTH IN POPULATION FOR THE AGE GROUPS SERVED BY CHIP IN ORDER TO MAINTAIN A REASONABLE WAIT TIME FOR SERVICES; THAT A FORMAL REQUEST BE SENT TO THE GOVERNOR, THE BUDGET DIRECTOR AND THE DIRECTOR OF THE DEPARTMENT OF HUMAN RESOURCES THAT THE NECESSARY FUNDING TO MEET THE INTENT OF THIS RECOMMENDATION BE INCLUDED IN THE EXECUTIVE BUDGET; AND

THAT A LETTER BE SENT TO THE DIVISION FOR AGING SERVICES SUPPORTING A REQUEST FOR TOBACCO SETTLEMENT MONIES TO BE USED TO FUND THE ADDITIONAL COSTS FOR THE STATE-ONLY CASES.

THE MOTION WAS SECONDED BY SENATOR CARE AND PASSED UNANIMOUSLY.

RECOMMENDATION NO. 8:

CONTINUE THE STUDY OF LONG-TERM CARE ISSUES UNDER LEGISLATIVE OVERSIGHT BEYOND THE CURRENT INTERIM.

Mr. Abba noted a letter of support for this recommendation from AARP is on page 126 of Exhibit “C”, Volume 1; the letter also contains a list of issues that AARP would like the continuing committee to consider. The only change Mr. Abba would suggest making to the AARP recommendations is that the single point of entry, a very important issue to AARP, be evaluated by the continuing committee to determine the feasibility of adopting a single point of entry system, and to determine the cost, the different organizations that would be involved, organizational flow in different situations, and so forth. Mr. Abba said AARP had recommended that a single point of entry system be mandated, but he suggested the feasibility of such a system be determined first.

In addition to the AARP issues, Mr. Abba said other issues the ongoing committee could address might include:

- Implementation of the Caregiver Resource Center system;
- Implementation of the assisted living option discussed earlier; and
- Issues that the current Committee was not able to address that were included in the SCR 4 legislation, such as Medicare long-term care services being integrated with Medicare acute services.

Mr. Abba indicated that continuing the committee is not a precedent-setting proposal. The juvenile justice study has been recommended and funded over two legislative sessions, so recommending continuation of the committee is not unique. Additionally, AARP and the Alzheimer’s Association have suggested the creation of advisory groups to work with the committee; that also is not precedent-setting—the juvenile justice legislation that continued that committee included language providing for advisory groups.

Concerning costs, Mr. Abba said the SCR 4 committee was budgeted for \$7,400, which would be a reasonable amount for a continued study. However, he recommended that the committee consider consultant services, not only for the committee’s support, but also as support to the advisory groups. The consultant costs on page 124 of Exhibit “C”, Volume 1, were developed by Mr. Abba based upon consultant hours and time estimated by Robert Mollica, who testified before the committee in January.

Chairman McGinness said he believes the advisory groups can be very important and helpful. He serves on the Distribution of Taxes Committee, which has a number of work groups, and although there are no appointments, people are able to attend and provide input. It would be his recommendation that there be no appointments in order to avoid groups fighting with each other.

After consultation with Mr. Abba, Senator McGinness suggested that the proposed legislation provide the committee with the ability to appoint members to a work group in the event it becomes necessary or desirable, i.e., appointments will be allowed but not mandated.

Assemblywoman Leslie expressed concern that there was no mention of follow-up to the state insurance plan for state and retired employees; she recommended that it be included in the committee’s scope of work. Chairman McGinness suggested adding wording to the effect that the committee would monitor the success of the long-term insurance program.

Senator Care asked if continuation of the committee would be for one biennium—he would like to see it continued for two; he wondered what the normal practice is. Senator McGinness replied the most likely method to extend the committee beyond one biennium would be to create a standing committee, which may be more difficult to accomplish through the Legislature.

ASSEMBLYWOMAN BERMAN RECOMMENDED A BILL DRAFT REQUEST BE PREPARED CONTINUING THE STUDY OF LONG-TERM CARE DURING THE 2001-03 INTERIM WITH AN APPROPRIATION OF \$34,300, AND ALLOWING THE APPOINTMENT OF ADVISORY GROUPS.

Legislative Counsel Tom Linden asked if appointed advisory group members would be entitled to receive per diem and travel expenses. Senator McGinness replied they would not—the costs would be prohibitive.

THE MOTION WAS SECONDED BY SENATOR CARE AND PASSED UNANIMOUSLY.

Senator McGinness asked Mr. Abba to review Recommendation No. 4, Options to Fund Long-Term Care Expenditures in the Medicaid Program that Provide Relief to the Counties. Mr. Abba explained one of the reasons the Committee to Study Long-Term Care was formed was to study the joint funding of Medicaid long-term care costs. Currently the state and the counties jointly share the costs of covering Medicaid long-term care through an inter-local agreement between the Department of Human Resources and all seventeen counties. He said there has been a significant amount of testimony over a number of years about the ability of the counties, especially the small rural counties, to continue to afford their share of the long-term care costs. Some adjustments have been made over the years to increase the state responsibility for those costs—they have been incremental in nature. Legislation has also been introduced to create an Institutional Care Fund that allows a county that cannot meet its county match obligation to access the fund to help the county meet its obligation. A number of the small rural counties have accessed the fund over the past several years. Mr. Abba said that particular fund is administered by a board of trustees made up of county commissioners appointed by the Governor.

Mr. Abba said the obligations for paying Medicaid long-term care are spelled out in NRS 422.272. The NRS language indicates that the state will be responsible for paying Medicaid LTC costs for individuals who have incomes of up to 156 percent of the SSI benefit rate, which is currently \$799. The counties are responsible for paying LTC costs for individuals who are eligible for Medicaid from 156 percent to 300 percent of the SSI benefit rate, which ranges from \$800 to \$1,536.

Mr. Abba referred the Committee to Exhibit “C”, Volume 2, page 51, a letter he had sent to the Director of the Department of Human Resources requesting information on a number of different scenarios and estimated costs if the state income benefit rate was raised above the 156 percent level. It is Mr. Abba’s understanding that the Department of Human Resources has had problems compiling the information, and it has not yet been received by the Fiscal Division. Therefore, he does not have any cost information for the Committee.

A representative from the Department of Human Resources was present, and Chairman McGinness asked if she had any information to assist the Committee. Janice Wright, Division of Health Care Financing and Policy, said the information was developed in a Department of Information Technology (DoIT) report that the Welfare Division used to run, and then during the transfer to the NOMADS program, access became difficult because the Legacy piece of the information disappeared. Ms. Wright apologized to Mr. Abba and the Committee for not being able to have DoIT coordinate the information.

However, Ms. Wright said she did have some information to share with the Committee. The current language in the statute is 156 percent of the SSI benefit rate. During the 1999 Legislative Session, the Nevada Association of Counties bill, A.B. 386, had proposed moving the percentage to 157 and implementing one additional percentage increase each year. However, in the final version of A.B. 386 that passed, that proposal was excluded.

Ms. Wright said there are no individual clients at the 157-160 percent level. The first client is found at 163 percent. She said that individual client would then shift the cost from the county to the state in the amount of \$66,081.12. The

next increment is 165 percent, and there are two clients at that level; 39 clients are at 170 percent; 119 clients are at 175 percent; 233 clients are at 185 percent; and 372 clients are at 200 percent. Ms. Wright said the department would be happy to share detailed information. The range in costs would be a shift from the counties to the state of \$66,000 up to about a total of \$9.8 million.

Chairman McGinness said he does not like placing anyone on the spot with providing information, and he extended his thanks to Janice Wright for her input. However, he does not want to place Committee members in the situation of making a decision without complete information. Therefore, he pledged a personal bill draft to the Nevada Association of Counties after the full information can be obtained and digested. Since he represents eight of the fifteen rural counties, Senator McGinness feels it is appropriate he submit a personal bill draft on this issue. Therefore, action on Recommendation No. 4 was withdrawn from consideration by the Committee.

Chairman McGinness thanked the audience for their support during the Committee's deliberations. He acknowledged the assistance of the legal staff, Tom Linden and Ann Iverson, and he thanked Steve Abba, Senior Program Analyst, for an outstanding job. He also thanked secretary Sherie Silva, as well as all members of the Committee. He apologized to Ms. McClain for not reading her letter of support; however, it will be included in the record (Exhibit "D").

Assemblywoman Leslie extended her personal thanks to Senator McGinness as chairman of the committee. She remarked this committee was the most productive and participatory interim committee she has served on, and she has enjoyed working with Chairman McGinness. She added she is very happy to leave this meeting feeling as though the Committee did a good job and will make a difference.

There being no further testimony, Chairman McGinness thanked everyone for their participation during the committee's deliberations. He declared the meeting adjourned at 2:15 p.m.

Respectfully submitted,

Sherie Silva, Secretary

APPROVED:

Senator Mike McGinness, Chairman

Date: _____

Exhibits:

| | |
|-------------|--|
| Exhibit "A" | Meeting Notice |
| Exhibit "B" | Attendance Rosters |
| Exhibit "C" | Meeting Packet |
| Exhibit "D" | Letter of Support from Assemblywoman McClain |