LECG

November 11, 2005

Ms. Marsheilah Lyons
Senior Research Analyst
Research Division
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701

Dear Ms. Lyons:

LECG, LLC (LECG) and its partner, Health Services Advisory Group, Inc. (HSAG), are pleased to present this proposal to the Legislative Council Bureau. We are excited by the opportunity to work with the Legislative Committee on Health Care on this important initiative.

As articulated in our proposal, we have assembled an extremely talented project team that provides an unsurpassed level of expertise, experience and insight. Specifically, the project team members have previous experience working with Nevada on health care strategic planning issues, the Carson City Health Department on public health issues, as well as health care policy work at the national, state and local levels. This work has spanned all of the six primary areas of focus identified in your request for proposal (RFP). Finally, the team has been responsible for strategy, policy development and policy implementation on numerous health care engagements.

For your reference, our proposal is organized into the following sections:

I. Our Understanding of the Issues
II. Team and Firm Experience and Expertise
III. Proposed Approach
IV. Professional Arrangements

Again, thank you for the opportunity to describe our qualifications and approach to assisting the Legislative Committee on Health Care in its efforts to develop a health care strategic plan for the State of Nevada. Questions regarding this proposal should be addressed to me at 847.424.4125 or via e-mail at rcameron@lecg.com. We look forward to the possibility of working with you and your colleagues on this vital endeavor.

Very truly yours,

Robert H. Cameron
Director, LECG, LLC

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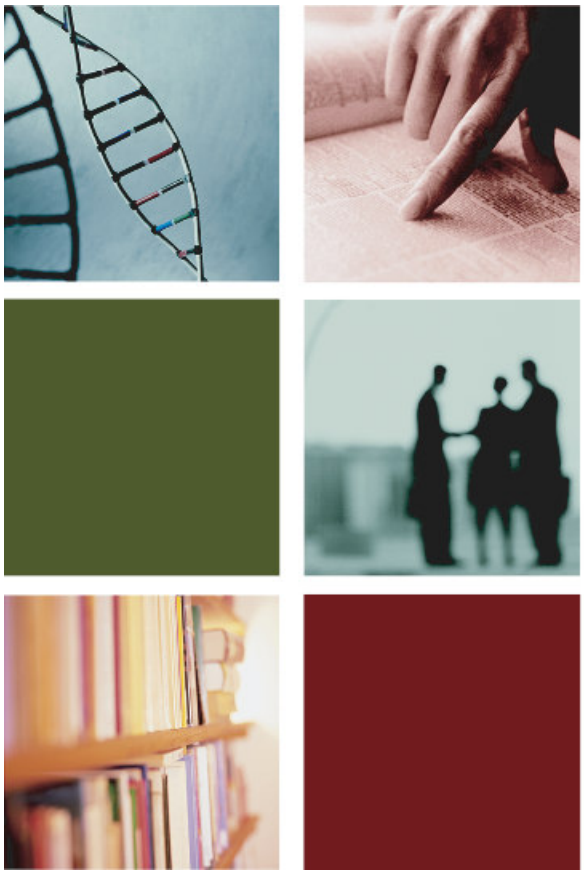
Legislative Committee on Health Care

Developing a Comprehensive Plan for Health Care in Nevada



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I. Our Understanding of the Issues

Nevada Assembly Bill 342 required the Legislative Committee on Health Care to develop a comprehensive plan for the provision of health care in the State. This plan is to include a review of the health care needs of the State, as identified by state agencies, local governments, providers of health care, and the general public. It must also examine capital improvement reports submitted by Nevada hospitals.

As the first step in the development of this plan, the Legislative Committee on Health Care (the Committee) identified four objectives. These objectives are:

1. Examination and evaluation of six components of health care in Nevada, with an emphasis on the monitoring and improvement of health care quality and patients' access to care/services. The six components identified by the Committee are:
   - Health care facilities;
   - Health care professionals;
   - Medical insurance coverage;
   - Pharmaceutical coverage;
   - Health professional education; and
   - The public health system.
2. Identification of areas of high priority (for the six components described above) in Nevada where residents' health care needs are not currently being met.
3. Review of capital improvement reports submitted by hospitals pursuant to subsection 2 of Nevada Revised Statutes (NRS) 449.490.
4. Preparation of a report to the Nevada State Legislature that outlines the consultant's findings and includes recommendations 1) regarding the extent to which current resources meet residents' needs and any suggested reallocation of these resources, 2) for actions that could improve Nevada's health care system in the six specified components, and 3) for short (five years) and long term (10 years) activities to address major areas of concern identified. The short and long term plans must include cost estimates.

The Committee is seeking a consultant to assist in the attainment of the four objectives described above. During its October 2005 meeting, the Committee identified potential tasks and a scope of work for completion of the health care plan. The Committee suggested that the selected consultant:

- Work collaboratively with representatives of the six components to solicit information on the status of each industry as well as upcoming trends, and consider their recommendations to address areas of concern.
- Work collaboratively with staff from the Department of Health and Human Services (DHHS) and other state agencies, local agencies, and advocacy groups.

- Review health care data and reports, including the strategic health care plans developed by DHHS to determine statewide health status and health care needs.
- Observe testimony made to the Committee by the general public and various stakeholders concerning health care needs and the provision of health care in Nevada.

According to a work plan prepared by the Committee, the consultant is to present its comprehensive plan concerning the provision of health care in Nevada during a meeting of the Committee on June 6, 2006.

Our Perspective

Based on our previous experience working with Nevada, the State of Nevada has a number of features and characteristics that pose significant challenges from a health care strategic planning perspective. Geographically, Nevada is primarily a rural State, yet it also has some of the fastest growing cities in the country. A quick "environmental scan" of Nevada suggests this combination of space and growth has led to a number of complicating factors. As evidence of this, consider the following:

1. *Nevada population growth is extremely rapid:* According to the report *Health and Wellness in Nevada* published in June 2003 by the Fund for a Healthy Nevada, Nevada experienced an 84 percent population growth rate from 1990 to 2002. The population in Clark County more than doubled, Washoe County grew by 40 percent, and the balance of the State grew by 42 percent. The number of children under the age of 18 and the number of seniors over the age of 65 grew at a faster rate than the rest of the population. In 2002, there were about twice as many people in these age groups as there were in 1990.
2. *The ethnic makeup of the State is also changing:* The number of individuals of Hispanic origin more than tripled from 1991 (156,963 people [11.9 percent of the population]) to 2002 (471,232 people [21.3 percent of the population]). This percentage has grown to 30 percent for children. In this same time period, the number of Asian and Pacific Islander persons almost tripled as well (45,213 people in 1991 [3.4 percent of the population] to 129,107 people in 2002 [5.8 percent of the population]). According to the report, these changes may have major health implications "…since cultural differences can affect health risk behaviors, while cultural and language differences can pose barriers to accessing available services."
3. *Nevada ranks last or close to last in the United States on numerous health indicators:* The report also notes that Nevada had (as of 2003):
   - The second highest percentage of adults who smoke
   - The highest percentage of women who smoke
   - The highest rate of increase of people with one or more disabilities
   - The fewest dentists per capita
   - The highest percentage of mothers with late or no prenatal care during pregnancy

4. *Nevada hospitals are diverse, dispersed:* There are 28 general acute care hospitals in Nevada: 6 are large urban hospitals, 11 are small urban hospitals, and 11 are rural hospitals (including 8 critical access hospitals (CAHs). Nevada's health care system is usually evaluated in three regions: Clark County, Washoe County, and rural counties. Clark and Washoe are often listed as the only urban counties in the State; this disparity between urban and rural, along with the additional challenges faced by most CAHs, complicates the health care strategic planning effort.

   Many Nevada hospitals are part of a hospital corporate system. These systems include Banner Health, Catholic Healthcare West, IASIS Healthcare, VA Hospitals, Hospital Corporation of America (HCA), Universal Health Services (UHS), and Kindred Healthcare (which primarily consists of long-term acute care hospitals, rather than short-term acute care hospitals). Nevada also has two stand-alone hospitals (The University Medical Center of Southern Nevada and Carson-Tahoe Hospital). In addition, there are two integrated delivery systems in Nevada - Washoe Health System and St. Mary's Health Network - that are clinically and financially accountable for the outcomes and health status of the populations served.

   Compared to many other states, Nevada hospitals are quite fragmented (in the sense that systems do not own and/or control multiple facilities). This structural fragmentation has been (at least) partially overcome by the State's efforts to facilitate coordination among the hospitals. However, we recognize that many rural and underserved areas still do not have access to health education and health care specialists for referral or consultation. This lack of access often requires rural patients to travel great distances to receive the care they need or forego treatment altogether due to the lack of reliable transportation or local access/availability to the specialized care they may require.

5. *Health professional shortages are prevalent:* According to the Nevada Board of Medical Examiners, there were 5,474 physicians licensed in Nevada in 2003, with 3,616 of these practicing in the state. According to the CMS Web site, *Find a Doctor*, there are 1,339 primary care physicians. There are approximately 55 active primary care physicians per 100,000 Nevada residents; this is well below the national average of 69 per 100,000 population. (Source: Health Resources and Services Administration [HRSA] State of Health Workforce Profile for Nevada, 2000). There are also acute shortages in nurses, dentists, and behavioral health professionals.

   It should be noted that steps have been taken to increase the number of health care professionals in Nevada. For example, Touro University College of Osteopathic Medicine opened in Henderson last year and The University of Southern Nevada began a pharmacy program three years ago and has plans to open a nursing school. The University of Nevada, Las Vegas opened the School of Public Health last year. Expansions of nursing programs at Western Nevada Community College in Fallon and Great Basin College in Elko have also occurred.

   The community health centers play a significant role in the health care provided to the underserved and are often the sole providers of primary care in rural communities. There are 21 community health center sites or tribal clinics outside of the Las Vegas area and

three health centers in Las Vegas providing care to low-income and uninsured populations. The health centers in Nevada treat over 57,000 clients annually. Together, they serve 10 percent of Nevada's low-income and uninsured population and a significant minority population. Fifty-one percent of the community health center users are non-White.

6. *Uninsured rates in Nevada are among the highest in the nation:* Currently when one excludes senior citizens, nearly one in four rural Nevadans is without health insurance. Premium rates are rising rapidly and election of coverage by employed Nevadans is decreasing.

Taken together, the above factors present a situation where Nevada is challenged in terms of both absolute resource availability, as well as the ability of these resources to work together effectively to address the State's most pressing concerns. Competing demands for limited resources must also be considered. Our project team (as described in Section II) and our proposed approach (described in Section III) are geared to help the Committee obtain an independent and objective analysis of the state of health care in Nevada. This analysis can then be used to guide legislative priorities and assist the State in the development of cost effective strategies to improve health care quality and service access.

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II. Team and Firm Experience and Expertise

Proposed Team

The proposed engagement team brings a unique blend of expertise and experience to the Committee, with nearly 100 years of collective health care consulting and policy development experience. The project team members hold advanced degrees in health care management, health administration, and finance. Our proposed staffing utilizes the expertise of consultants, economists, policy experts, and accountants who consult exclusively on health care issues for both the public sector (national, state and local governments and agencies) as well as the private sector (providers and payers). The team has experience developing health care policy in the six areas identified in the RFP, and is committed to working with you to identify and implement effective health care policy and improvement initiatives.

In addition to the above technical expertise, we believe the success of this project also depends on demonstrated knowledge of Nevada citizens' concerns, delivery systems, public and private financing mechanisms, rural health concerns, public health issues, and the overall marketplace. We also believe it is critical that the team be able to integrate these components into a seamless analysis and resulting work product. *The proposed team has a proven track record on all of the above issues through its previous work with the State of Nevada and the Carson City Health Department.*

The team leadership is described briefly below. The CVs for these individuals are included as Appendix A to this proposal.

Robert Cameron, Director, LECG, will serve as the Engagement Director. In this role he will direct and oversee the work performed and ensure that appropriate resources are available to complete this important engagement. Bob will also be the subject matter expert for the health care facilities, physician manpower and hospital capital improvement reports. Bob has over 15 years of health care consulting experience, and successfully completed hundreds of health care strategic planning engagements for public and private sector clients. His private clients have included many of the nation's leading hospitals, health systems, academic medical centers and other health care and insurance companies. His public sector strategic planning work has included:

- State of Nevada: Rural Health Strategic Plan. Developed the strategic plan for the State of Nevada that identified statewide opportunities in the general areas of planning and coordination, service delivery and access, financing and infrastructure.
- State of Maryland: Strategic Planning for the Department of Insurance. Advised the Insurance Commissioner on the potential access and quality from the proposed acquisition of the Maryland Blue Cross Blue Shield health plan.
- US House of Representatives, Committee for Homeland Security. Advised Committee Chairman (Representative Rogers) on the health related development priorities to better prepare for national anti-terrorism activities.

- County of DeKalb: Developing Ideal Public/Private Partnerships: Developed the strategic plan for coordinating the available public and private sector health resources on a county-wide basis in order to improve access and quality while also reducing costs.

Prior to his affiliation with LECG, Bob was President of Future Strategies, Inc. He previously held an executive position in Ernst & Young's health care consulting practice and worked with the Tiber Group and the Blue Cross and Blue Shield Association. Bob received his MBA in Finance and Health Services Management from the University of Chicago, and his BA in Economics from the University of Pennsylvania.

***Marcia McDonell*,** Executive Director, EQRO/Medical Services, HSAG, will serve as the Project Manager. Marcia will ensure that all aspects of the project are addressed in a complete and professional manner. She will manage communications between the Committee's contact person and the project team. Marcia will also be the subject matter expert on rural health care issues, public health, and health professional education. She will lead the fact-finding team.

Marcia has more than 17 years experience as a consultant to Medicaid managed care programs, including Arizona, Colorado, Illinois, Michigan, Nevada, New Jersey, New York, North Carolina, Tennessee, and Utah. She also has completed health care improvement and public health initiatives in Massachusetts, Nevada, and New Mexico.

As an experienced health care consultant, Marcia has assisted numerous state Medicaid agencies to develop and implement strategic and operational plans, policies and procedures; and to assess existing managed care programs, all with the purpose of improving the quality of and access to health care services for medically needy populations. Her public sector work has included:

- State of Nevada: Developed the rural health care strategic plan.
- Carson City Health Department (CCHD): Completed the *Carson City Public Health Entity Feasibility Report*, assisted in the implementation of the Board of Health, and prepared the *CCHD Risk Communication Plan*.
- State of Massachusetts: Developed the *Feasibility of Consolidated Health Care Financing and Streamlined Health Care Delivery in Massachusetts* report.
- State of New Mexico: Developed a strategic plan for an integrated, publicly funded health care financing and delivery system in New Mexico.

Prior to joining HSAG, Marcia was President of McDonell Consulting for 12 years. She was also a health care consultant for William M. Mercer, Incorporated and KPMG Peat Marwick. Marcia received a Bachelor of Arts degree in Ethnic Studies and Psychology from Michigan State University.

Laurie Radler, RN, Director, will serve as the subject matter expert for issues involving medical coverage (insurance) and pharmaceutical coverage Laurie has more than 20 years of broad-based health care experience with providers, payors, managed service organizations and consulting firms. She brings broad expertise in payer, provider, and pharmaceutical access and quality improvement programs. Her prior experience includes serving as a Director of Utilization and Quality Management for a managed services organization that provided all back-office services for five Medicaid prepaid health services plans in two states and one county, pursuant to their 1115 waiver. In this role, Laurie administered the QA programs with each plan's Medical Director, worked with plan personnel on regulatory submissions to the State (QUARR, etc.), was a liaison to enrollment personnel for certain coordination of benefits and special needs individuals (ESRD, HIV), administered the case management program, and worked with the pharmacy benefit manager on all aspects of coverage, access, formulary management, and utilization of formulary and non-formulary prescription drugs.

Prior to joining LECG, Laurie was a principal at Deloitte & Touche, where she launched the health care regulatory and dispute consulting practice in New York. She was instrumental in designing Deloitte's approach to compliance program development, training, and auditing and monitoring programs. Laurie has developed quality and regulatory compliance monitoring and auditing programs for physician groups, hospitals, faculty practice plans, psychiatric and long-term care facilities, and mail order, retail, and specialty pharmacy services. In addition, she oversaw all regulatory compliance due diligence services related to the purchase of pharmaceutical companies, clinical laboratories, hospitals, radiology, durable medical equipment, physician groups, long-term care/specialty pharmacy providers, and pharmacy benefit managers. During her tenure at Deloitte, Laurie served as the HIPAA privacy practice leader for the Northeast region.

Laurie has an MPA in health care financial management from New York University and a BS in nursing from Columbia University.

Richard Potter, CPA, CHCA, will serve as subject matter expert for financing and issues involving quality monitoring and improvement programs. In this role he will consult on all financing issues and review existing reports related to quality to assess the efficacy of the quality monitoring, reporting and improvement programs. Rick is Vice President of operations at HSAG. Rick is responsible for the oversight of HSAG's Federal and State & Corporate Services divisions, including all of HSAG's state Medicaid external quality review contracts, as well as HSAG's federal Medicare QIO contract. He is also an NCQA-Certified HEDIS® compliance auditor.

Rick has extensive experience in, and knowledge of, health care quality systems and managed care programs as they relate to performance-based contracting. With his expertise in Medicaid reimbursement systems, Rick has conducted operational and financial health plan reviews, managed quality assurance programs, developed capitation rates, and conducted health plan rate negotiations. In a previous position with the Arizona Health Care Cost Containment System (AHCCCS), he was responsible for the design, planning, and implementation of a statewide Children's Health Insurance Program (CHIP) called KidsCare. He also worked with state

legislators to gain consensus on a defined benefit package, eligibility criteria and a member enrollment process for a $60 million State Premium Sharing Program that provided health insurance to uninsured working individuals and their families. From a financial perspective, Rick has been responsible for the oversight of Medicaid acute care health plans, long-term care program contractors, and regional behavioral health authorities. His public sector work has included:

- State of Nevada: Developed the rural health care strategic plan.
- State of Massachusetts: Developed the *Feasibility of Consolidated Health Care Financing and Streamlined Health Care Delivery in Massachusetts* report.
- State of Arizona: Developed an acuity based reimbursement system for children with special needs.
- State of New Mexico: Developed a strategic plan for an integrated, publicly funded health care financing and delivery system in New Mexico.
- State of Oklahoma: Established risk adjusted rates for Medicaid contractors.

Rick is a certified public accountant and received a Bachelor of Science Degree in Accounting from California State University at Northridge.

William G. Hamm, Ph.D., will serve as Quality Advisor. In this role, Bill will administer the LECG QA protocols for policy related engagements; these procedures include reviewing the draft work plan, participating in the team meeting where initial conclusions are reached and reviewing the draft report. Bill is a Managing Director of LECG's public policy practice. He has extensive experience addressing health policy issues at the state level. For nine years, Bill headed California's prestigious Legislative Analyst's Office. With a staff of 95, Bill objectively analyzed all legislation affecting the State and county governments' health care policies and programs. He also was responsible for preparing an annual comprehensive analysis of the Governor's budget, including the proposed spending programs for the Department of Health Services, the Department of Mental Health, and the Department of Developmental Disabilities. Under his leadership, the Legislative Analyst's Office made more than 100 recommendations to the Legislature for improving the efficiency and effectiveness of State health care programs.

As an economics consultant, Bill has been retained to perform several independent analyses of health care policies and programs. He has analyzed the impact of the medical malpractice tort system on access to health care in California, Nevada, Texas, and Florida. He led the team responsible for preparing a comprehensive analysis of two recent ballot propositions that would have established programs enabling certain Californians to purchase prescription drugs at a discount. Bill has also analyzed the cost effectiveness of allowing additional trained professionals to offer counseling under California's Medi-Cal program, as well as the cost and benefits of expanding the State's mandatory vaccination program for school children.

D. Louis Glaser*, Esq.*, will serve as a legal advisor on the project. He is available as an optional resource in the event the Committee decides a regulatory and legal review is appropriate. Lou is a partner in the law firm of Gardner Carton & Douglas LLP and one of the country's leading

health care lawyers. For over 16 years, he has represented health care providers, insurers and other health-related organizations. In 2001, Lou was selected as one of Illinois' leading attorneys under the age of 40. This honor is granted annually by the Law Bulletin Publishing Company, publisher of *The Chicago Daily Law Bulletin* and *The Chicago Lawyer*. In addition to being under the age of 40, attorneys on this select list are chosen based upon accomplishments in the practice of law. Lou has been named among The Best Lawyers in America – Health (2003-05), published by *Corporate Counsel*. In addition, Lou was selected by his peers as a member of the Leading Lawyers Network – Health Law (2004-05). He was named by Nightingale's Healthcare News as one of the Country's Outstanding Hospital Lawyers 2003 and Outstanding Healthcare Transactional Lawyers 2004.

In addition to his law degree, Lou has a Masters of Health Administration with a concentration in finance from Ohio State University.

About LECG

LECG will be the prime contractor for this engagement. HSAG will be a subcontractor to LECG. Both of these firms are designed to work collaboratively with other organizations, and the team members have a successful track record of working together on health care policy matters.

LECG, a global expert and management consulting services firm, provides strategic advisory services, original authoritative studies and independent expert testimony to a wide-variety of clients, including Fortune Global 500 corporations, not-for-profit corporations, major law firms, and local, state, and federal governments and agencies around the world. LECG's highly credentialed experts and professional staff provide objective opinions and advice that help clarify and resolve complex situations and help inform business, legislative, regulatory and judicial decision makers. LECG has over 30 offices and nearly 1,000 employees. Our talent pool includes highly credentialed and experienced specialists in economics and finance as well as disciplines such as accounting, environmental studies, health care services, and archival research.

The health care practice of LECG accounts for a substantial portion of LECG's client base and professional staff. LECG's health care experts have extensive experience in all sectors of the health care industry, including:

- State, federal, and international government agencies
- Hospitals and health systems
- Academic medical centers
- Physician groups and practice plans
- Pharmaceutical, life-science, and biotechnology companies
- Medical device manufacturers
- Medicare and Medicaid programs
- Insurance, payers, and managed care plans

- Self-funded groups and third party administrators
- Health care trade associations

Among other issues of national importance, the LECG health care practice is currently involved in the implementation of the Medicare Modernization Act (i.e., prescription drug benefit). We have also advised numerous health care trade associations and government agencies on position papers drafted in response to proposed regulatory changes – including the recent California initiative on pharmacy benefit coverage.

About Health Services Advisory Group, Inc.

HSAG is a diversified, for-profit company with some 250 employees across the nation. For over 25 years, HSAG has provided innovative leadership on health care quality improvement projects for federal, state and private sector clients. Founded by a group of medical professionals in 1979, HSAG is one of the most experienced health care quality improvement and external quality review organizations (EQRO) in the nation. HSAG is recognized as an agent of change in the industry because of the company's successful collaboration with providers across the continuum of care.

Since 1979, HSAG has served as the Arizona Medicare quality improvement organization (QIO) for the Centers for Medicare & Medicaid Services. The goal of the QIO program is to improve the processes and outcomes of care for Medicare beneficiaries, a goal achieved through close collaboration with community partners, including:

- Physician offices
- Hospitals
- Nursing homes
- Home health agencies
- Managed care organizations
- Health and government agencies
- Community organizations
- Medicare beneficiaries

In June 2003, HSAG acquired Florida Medical Quality Assurance Inc., the second-largest QIO contractor in the country, thus creating one organization with oversight responsibilities for the quality of care for more than 3.6 million Medicare beneficiaries.

HSAG is a nationally recognized EQRO, performing services for Arizona, Michigan, Colorado, Hawaii, Illinois, Nevada, Tennessee, Ohio, Utah and Washington. With over a decade of EQRO-related experience, HSAG has extensive knowledge of:

- Medicaid programs, populations, policies, data systems, and processes

- Managed care delivery systems, organizations, and financing
- Quality assessment and improvement methods
- Research design and methodology, including surveys and statistical analysis

A summary of HSAG's current EQR work for the Nevada Department of Health and Human Services is included as Appendix B.

HSAG and its staff have demonstrated experience and knowledge in numerous areas, including health care and its delivery systems, both Medicaid and Medicare, strategic planning and health care program design and enhancement, quality assessment and quality of care studies, and survey development.

As a leader in the health care community in both the Medicare and Medicaid arenas, HSAG is frequently called upon to coordinate and facilitate statewide and nationwide committees, task forces and technical advisory groups. This is a result of the company's organizational and coordination skills as well as its ability to reach out to academic establishments for additional professional support.

About Gardner Carton & Douglas LLP

Gardner Carton & Douglas (GCD) was founded in 1910 and consists of approximately 250 attorneys located in Chicago, Washington, D.C., Milwaukee and Albany, New York offices. GCD has represented health care institutions for over 90 years, and currently maintains one of the largest national practices in the representation of health care companies. The Health Law Practice was recently awarded the prestigious #1 ranking among the nation's premier health care practices by Chambers USA (a publication of Health Care News), calling GCD "one of the grand old firms of healthcare law."

The Health Law Practice services clients nationwide and our health attorneys have in-depth knowledge of the complex, highly regulated industry and the rapidly changing issue that impact the various sectors of the health care industry (including, without limitation, providers, health care vendors, health professional associations, provider-sponsored managed care organizations, group purchasing organizations and pharmaceutical manufacturers). The group's knowledge comes from years of hands-on experience representing diverse health care clients.

Like the health care industry that GCD serves, the Health Law Practice is fluid and dynamic; attorneys are committed to staying ahead of the industry and to the challenge of anticipating any developments. Teams of attorneys encompass the practice concentrations of business transactions, mergers and acquisitions, joint ventures, information technology, restructurings, compliance, licensing, tax, antitrust, managed care, Medicare reimbursement, medical staff relations, tax-exempt finance, patient care, HIPAA, labor and employment, clinical research, litigation and life sciences.

III. Proposed Approach

Introduction

As noted in your RFP, the objectives and timing for this initiative are quite ambitious. As such, we believe it is important that the consultants be able to "hit the ground running". As the authors of the *Strategic Plan for Rural Health Care* completed for the Nevada Department of Human Resources in October 2002, LECG and HSAG consultants understand the issues that the Committee and the State are facing relative to health care. Because of this experience, project start up time will be minimized and the consulting team will be able to provide the Committee with its value-added expertise and complete this critical endeavor within the initiative's ambitious timeline. We propose to complete this project in four phases:

Phase I: Project Initiation;

Phase II: Fact Finding;

Phase III: Data/Situational Analysis; and

Phase IV: Report Preparation/Presentation.

The major objectives and key tasks of these four phases are described below.

Phase I: Project Initiation

The purpose of this phase is to explicitly define the study outcomes, expected process and our respective roles and responsibilities. From this, we will develop a detailed and time-based work plan for properly managing the effort. This detailed work plan will be prepared for the Committee's review and approval. This section of the proposal presents an overview of Phase I; a high-level work plan is also provided for the Committee's examination.

LECG/HSAG have unsurpassed experience with the development of health care strategic plans. The proposed consultants have completed projects like this for the states of Nevada, New Mexico, and Massachusetts, as well as the Carson City Health Department and various federal health agencies. LECG/HSAG consultants understand the health care issues that the Committee must address. It is important when completing these projects to rely on knowledge gleaned from past experience. In order to have an effective working partnership with the Committee, we believe that:

- Expectations must be fully delineated at the outset;
- An acceptable and detailed work plan must be developed; and
- Continual follow through to monitor progress must occur.

Major work steps in this phase include:

1. *Meet with Committee*. Upon contract award LECG/HSAG will meet with the State to introduce the project team members, discuss expectations and scheduling, establish lines of communication, and finalize the scope of work.
2. *Execute Contract.* This work step establishes the budget and codifies respective roles and responsibilities.
3. *Prepare Detailed Work Plan.* Preparation and finalization of a project work plan is a critical step for the successful completion of this initiative. It defines the work activities, the responsible parties, and the task completion dates.
4. *Identify Potential Interviewees.* This work step identifies the key organizations and/or individuals who should be interviewed as part of this project. As specified in the RFP, this would include health care industry representatives, staff from DHHS and other state agencies, local agency personnel, and advocates.
5. *Determine Data Sources.* This work activity, as described in the RFP, includes the review and consideration of health care data, including health status indicators, to determine statewide health status and health care needs. We understand that this list of data sources will evolve as stakeholder interviews and Committee presentations occur. That said, there is a substantial body of existing research and data that can be used in this planning process. Some of the data sources we may use include, but are not limited to:
   - *Health and Wellness in Nevada* (Task Force for the Fund for a Healthy Nevada);
   - *Healthy People Nevada 2010*;
   - *The Nevada Study of Uninsured Populations;*
   - *Strategic Plan for Rural Health Care* (prepared by the proposed consulting team);
   - *Nevada Medical Center Development Plan* (prepared by INOVA for the City of Las Vegas in February 2002);
   - *Analysis of the Potential for a New Hospital and Clinic in the City of Las Vegas* (prepared by Booze, Allen & Hamilton in July 2004 for the City of Las Vegas);
   - *The National Health Care Quality Report* (developed by AHRQ);
   - *The 2004 Nevada Rural and Frontier Health Data Book* (developed by the University of Nevada School of Medicine and DHHS);
   - *Accrediting Agency Reports* (such as those developed by JCAHO and NCQA for hospitals and payers);
   - *Medicare and Medicaid report and audits*; and
   - *Other required State reports.*

Timing: We expect to complete Phase I in approximately three weeks.

Phase II: Fact Finding

The purpose of this phase is to gather information (including recommendations) from all stakeholders, including representatives of the health care industry, DHHS, other state agencies, local agencies, advocacy groups, and the general public. As evident during the completion of the rural health care strategic plan, Nevada has a strong tradition of involved citizen debate in policy discussions and State/local concerns. Stakeholder involvement is also important to the LECG/HSAG team, and the team has used this approach successfully in other consulting assignments.

For this initiative to produce a product that is not only acceptable to the Committee and the people of Nevada, but is also financially and operationally feasible, the opinions of health care stakeholders and other citizens are a critical component. Major work steps in Phase II include:

1. *Meet with representatives of health care industry.* This task will be completed to obtain information on the status of the industry, upcoming trends, and recommendations to improve the quality and delivery of health care services in Nevada. Potential interviewees may include representatives from hospitals, long term care facilities, managed care organizations, behavioral health organizations, federally qualified health centers, physician and other health care professional groups, health care insurers, pharmaceutical entities, medical and nursing schools, and EMS organizations.
2. *Interview staff from DHHS, other state and local agencies, and advocacy groups.* Consistent with the first work step, this task will solicit the input of State and local agency professionals on health care issues, trends, and recommendations. Potential interviewees may include, but are not limited to, representatives from the Department of Health and Human Services, state licensing boards, county health departments/districts, Nevada Indian Commission, Nevada Health Care Association, Nevada Hospital Association, Nevada Public Health Foundation, University of Nevada School of Medicine, Nevada Rural Hospital Partners, Southern Nevada Medical Industry Coalition and the Great Basin Primary Care Association.
3. *Attend all Committee meetings.* Key to the successful completion of this project phase is to attend every meeting of the Committee to solicit the opinions and recommendations of the general public and various advocacy groups. Potential advocacy groups are listed in the previous work step.
4. *Survey Input (Optional).* In addition to the above avenues, the team has frequently utilized surveys as additional source of public input. These surveys can be either based on either the Internet/web site or a simple paper form.

Timing: We expect to complete Phase II in three months.

Phase III: Data/Situational Analysis

The purpose of Phase III is to establish a strong analytic foundation for identifying and assessing potential priorities and/or new development opportunities. We expect to hear strong and articulate positions about key issues and potential priorities in Phase II. Based on our previous health policy engagements, with Nevada and other states, we expect that these positions will (collectively) exceed the financial and operational capacities of Nevada. In addition, we expect that these positions will create competition (among regions, health care entities and/or key populations) for these finite resources.

In order to develop a defendable plan to improve the quality of and access to health care services on a statewide basis, we believe it is critical to have a strong quantitative understanding of the:

- Current health status of key populations and regions;
- Documented unmet health care needs for the entire State, regional areas and key sub-populations;
- Existing priorities and resulting allocation of financial and operational resources at the State, region, county and city levels;
- Infrastructure that is (or will be) available to support a statewide health care quality and access improvement initiative (e.g., State/local agencies, collaborative health programs/offices, workforce availability, educational facilities/opportunities, IT infrastructure, etc.);
- The existing legal and regulatory statutes that affect the access to services and/or the quality of these services;
- Quality monitoring/improvement and service access policies and programs of the major health care service provider and financing entities (e.g., hospitals, health clinics, managed care plans, Medicaid program, etc.); and
- Financial performance, current capital adequacy and expected capital investments for these major health care service delivery and financing entities.

The major work steps in Phase III are described below. Each of these major work steps (as applicable) will be applied to the six major areas of focus (i.e., facilities, physicians, insurers, pharmacy, education and public health). These major work steps are expected to include:

1. *Review the existing health care data and reports* to determine the current health status of Nevada residents and any currently unmet needs in services, access and/or quality of care.
2. *Request and review documents and/or reports from the major health care service provider and financing entities* in order to determine the existing policies, procedures and/or programs designed to improve service access and quality. As needed, conduct interviews with representatives of these entities in order to clarify any resulting issues or questions.
3. *Review the hospital capital improvement reports* to determine their expected impact on service access and/or service quality improvement and the associated costs.

4. *Optional:* Identify the existing legal and regulatory statutes that affect the access to services and/or the quality of these services.
5. *Identify the access and quality performance levels desired by the State of Nevada*, any demonstrated access/quality best practices by Nevada providers and/or financing entities and (as appropriate) any other best practice models and/or performance standards that may be used by other States.
6. *Summarize the key findings* from this analytic effort and share the findings with the Committee.

Timing: This Phase will be conducted concurrent with Phase II and will be completed in three months.

Phase IV: Report Preparation/Presentation

The purpose of Phase IV is to develop a report in accordance with the standards associated with policy and regulatory strategy, and to effectively communicate the results of this report to the Committee and other audiences as appropriate. One critical aspect to developing a report of this caliber is to ensure the report is fully fact-based, appropriately footnoted and otherwise sourced. A second critical requirement is to ensure that the conclusions and priorities are arrived at using objective and agreed upon evaluation criteria. The major work steps in Phase IV are expected to include:

1. *Develop the criteria to be used in evaluating the potential re-prioritization of existing priorities and any new short and long term development opportunities.* This criteria is typically developed using a cost-benefit methodology, where ranges are established for "low", "moderate" and "high" values; the criteria can also be weighted to reflect issues of particular concern.
2. *Develop the outline for the report.* This outline will include the table of contents, expected highlights of key report sections and a description of the expected supporting content for the Appendices.
3. *Obtain the Committee's approval of the evaluation criteria/methodology and the proposed report outline.* This is expected to occur at the Committee working session scheduled for March 7, 2006.
4. *Perform the evaluation of the alternatives* (using criteria discussed above) and conduct a Team working session to review the results, form initial conclusions and identify any remaining questions/issues.
5. *Prepare draft report and distribute to the Committee for review.* Upon the Committee's review, the project team will incorporate any feedback regarding changes and/or additions as appropriate.
6. *Finalize the report and present it to the Committee.* A presentation will be made to the Committee at its June 6, 2006 session.

Timing: This Phase will be completed in approximately three months.

IV. Professional Arrangements

We are prepared to begin this engagement immediately upon acceptance of our proposal and subsequent execution of a binding consulting services contract. Based upon our preliminary analysis, we are confident that the previously described scope of work can be accomplished within your stated time frame. The preliminary work plan is shown below.

Preliminary Work Plan

Task	Completion Date
Phase I: Project Initiation	
Meet with Legislative Committee on Health Care (Committee) to finalize scope of work.	1/10/06
Prepare detailed work plan.	1/31/06
Determine list of potential interviewees.	1/31/06
Determine list of data sources, including reports and health care related data.	1/31/06
Phase II: Fact Finding	
Meet with representatives of health care industry.	3/31/06
Interview staff from DHHS, other local agencies and advocacy groups.	3/31/06
Attend meetings of the Committee.	5/09/06
Optional: Design survey and tabulate results.	5/12/06
Phase III: Data/Situational Analysis	
Review health care data and reports to determine health status and unmet State needs.	4/28/06
Review existing provider and financing service access/quality improvement programs.	4/28/06
Review hospital capital improvement reports.	4/28/06
Optional: Review existing health regulations and laws.	4/28/06
Research and document applicable performance standards/best practices.	4/28/06
Summarize findings and review with Committee.	5/09/06
Phase IV: Report Preparation/Presentation	
Develop evaluation criteria and report outline.	3/03/06
Obtain Committee's approval for above.	3/07/06
Evaluate the alternatives using agreed upon criteria.	4/21/06
Prepare draft report, distribute and incorporate appropriate changes.	5/19/06
Present report to Committee and make requested presentation(s).	6/06/06

We understand that there is a $300,000 budget for this engagement. In our experience, this funding should be sufficient to accomplish your objectives through implementation of the work plan described previously. The preliminary budget, outlining professional hours and fees, is shown below.

LECG

PRELIMINARY BUDGET

Project Activity	Hours	Professional Fees
Phase I: Project Initiation	100 - 110	$22,500 - $25,000
Phase II: Fact Finding	400 - 450	90,000 – 100,000
Phase III: Data/Situational Analysis	350 - 375	75,000 – 85,000
Phase IV: Report Preparation/Presentation	250 - 300	60,000 – 70,000
Total	**1,100 – 1,235**	**$247,500 – $280,000**

A major variable is the travel expenses associated with this engagement. The number of trips required for task force working sessions, testimony and other interview related matters are the primary drivers of these expenses. Our assessment of the adequacy of the proposed budget is predicated upon implementation of the described work plan, including 18 trips to Carson City to meet with the Committee and various stakeholder groups. Using this assumption, the resulting professional fees and expenses are estimated at $300,000.00.

To the extent the number of trips or the scheduled dates for these trips change, there could be an impact upon the project expenses. In our experience the $20,000 contingency will be adequate to cover changes to the scope of work **or** the number/scheduling of trips, but may not be adequate to cover changes in both.

While we are confident we can complete the scope of work described above within the allowable budget, our standard approach is to first agree on a detailed project work plan (described in Phase I) before entering into a fixed fee arrangement. It is important to note that we have never encountered a situation where we could not come to agreement on this issue with our client. Additional work requested beyond the scope of the project budget and contingency allowance is billed on an hourly rate. Billing rates generally range from $125 to $450 per hour.

Finally, LECG will be the prime contractor for this engagement; as such, LECG will be responsible for the quality of the work performed and your satisfaction with the results. HSAG will work on this assignment as a subcontractor to LECG. LECG issues invoices monthly for our services. Payment is due upon receipt of invoices, and balances past 30 days due may be subject to interest.