

MINUTES OF THE OCTOBER 25, 2016
MEETING OF THE
INTERIM FINANCE COMMITTEE
Carson City, Nevada

Chair Paul Anderson called a regular meeting of the Interim Finance Committee (IFC) to order at 10:09 a.m. on October 25, 2016, in Room 4100 of the Nevada Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer Office Building, 555 East Washington Avenue, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Senator Ben Kieckhefer, Vice Chair
Senator Aaron Ford
Senator Pete Goicoechea
Senator David Parks
Senator Michael Roberson
Senator James Settelmeyer for Senator Mark Lipparelli
Senator Joyce Woodhouse
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman John Hambrick
Assemblyman Randy Kirner
Assemblyman Stephen Silberkraus
Assemblywoman Ellen Spiegel
Assemblyman Michael Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin Titus
Assemblyman Jim Wheeler for Assemblyman James Oscarson

COMMITTEE MEMBERS EXCUSED:

Senator Mark Lipparelli
Assemblyman James Oscarson

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Rick Combs, Director, Legislative Counsel Bureau
Cindy Jones, Fiscal Analyst, Assembly
Mark Krmpotic, Fiscal Analyst, Senate
Sarah Coffman, Deputy Fiscal Analyst
Alex Haartz, Deputy Fiscal Analyst
Brenda Erdoes, Legislative Counsel

Eileen O'Grady, Chief Deputy Legislative Counsel
Cheryl Harvey, Fiscal Analysis Division Secretary
Carla Ulrych, Fiscal Analysis Division Secretary

EXHIBITS:

([Exhibit A](#)): Meeting Packet – Volume I

([Exhibit B](#)): Meeting Packet – Volume II

A. ROLL CALL.

Rick Combs, Director, Legislative Counsel Bureau and Secretary, Interim Finance Committee, called the roll; all members were present, except Senator Lipparelli and Assemblyman Oscarson, who were excused. Senator Parks and Assemblywoman Benitez-Thompson joined the meeting in progress.

B. PUBLIC COMMENT.

There was no public comment.

C. APPROVAL OF MINUTES OF THE JUNE 30, 2016, MEETING.

ASSEMBLYMAN KIRNER MOVED TO APPROVE
THE MINUTES OF THE JUNE 30, 2016, MEETING.

SENATOR KIECKHEFER SECONDED THE
MOTION.

Senator Kieckhefer referred the Committee to page 42 in Volume I of the meeting packet ([Exhibit A](#)). He noted that at the June 30, 2016, IFC meeting the Committee authorized the Office of the State Treasurer to continue the College Kick Start program in its current format for the remainder of the 2015-17 biennium; however, the Office of the State Treasurer opted to enhance the program through the addition of incentives. Although the Office of the State Treasurer had statutory authority to modify the program, it was not in conformance with the action taken by the IFC to authorize the expenditure of the funds. Senator Kieckhefer said it was an ongoing problem that the Committee should monitor.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not present
for the vote.)

D. APPROVAL OF MINUTES OF THE AUGUST 23, 2016, MEETING.

SENATOR KIECKHEFER MOVED TO APPROVE
THE MINUTES OF THE AUGUST 23, 2016,
MEETING.

ASSEMBLYWOMAN DICKMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not present for the vote.)

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

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), said Agenda Item E was an informational only work program, which required expeditious action within 15 days. Fiscal staff had no questions or concerns, and no action was required.

1. Department of Health and Human Services - Public and Behavioral Health - Rural Clinics - FY 2017 - Addition of \$337,628 in federal System of Care grant funds transferred from the Division of Child and Family Services (DCFS) to establish crisis response services to rural Nevada children by allying with the current Washoe County and Clark County Mobile Crisis Response programs under DCFS. Requires Interim Finance approval since the amount added to the Children's Mobile Response category exceeds \$75,000. **Work Program #C37618**

There was no discussion on this item.

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

The Committee expressed interest in hearing testimony on the following items: Agenda Items F-5, Department of Administration, State Public Works Division; F-25, Department of Motor Vehicles (DMV); and F-53, Silver State Health Insurance Exchange.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, noted there was a technical adjustment for Agenda Item F-34, Department of Conservation and Natural Resources, Forestry Division. Staff recommended that a representative from the Governor's Finance Office, Budget Division, provide the details of the technical adjustment on the record prior to the Committee's approval.

Assemblywoman Titus requested further testimony on Agenda Items F-16, Department of Health and Human Services (DHHS), Division of Public and Behavioral Health (DPBH); F-19, DHHS, DPBH; F-20, DHHS, DPBH; F-40, Nevada Department of Wildlife (NDOW); and F-41, NDOW.

Assemblywoman Carlton requested further testimony on Agenda Item F-18, DHHS, DPBH; and the reclassification requests for the Department of Employment, Training and Rehabilitation (DETR).

Chair Anderson called for a motion to approve the remaining work program revisions and position reclassifications including the technical adjustment noted for Agenda Item F-34 (see testimony under Agenda Item F-34 for further information).

ASSEMBLYMAN ARMSTRONG MOVED TO APPROVE THE REMAINING WORK PROGRAM REVISIONS AND POSITION RECLASSIFICATIONS INCLUDING THE TECHNICAL ADJUSTMENT NOTED FOR AGENDA ITEM F-34.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblywoman Benitez-Thompson was not present for the vote.)

1. **Office of the Governor - State Energy Office - Renewable Energy Fund - FY 2017** - Transfer of \$600,000 from the Energy Programs category to the Home Energy Retrofit Opportunity for Seniors (HEROS) category and \$150,000 from the Reserve category to the HEROS category to fund ongoing program activities. Requires Interim Finance approval since the amount transferred to the HEROS category exceeds \$75,000. **RELATES TO ITEM F 8. Work Program #C36772**

Refer to motion for approval under Agenda Item F.

2. **Office of the Governor - Finance Office - FY 2017** - Transfer of \$29,320 from the Information Services category to the Contractor Support category and \$50,000 from the Personnel Services category to the Contractor Support category to fund contracted staff to assist with the preparation of the Governor's Executive Budget. Requires Interim Finance approval since the amount transferred to the Contractor Support category exceeds \$75,000. **Work Program #C37329**

Refer to motion for approval under Agenda Item F.

3. **Office of the Attorney General - Violence Against Women Grants - FY 2017** - Addition of \$250,000 in federal Victims of Crime Act grant funds transferred from the Division of Child and Family Services to update and enhance programming for the Nevada Victims Information and Notification Everyday system. Requires Interim Finance approval since the amount added to the Victims of Crime Act grant category exceeds \$75,000. **Work Program #C36858**

Refer to motion for approval under Agenda Item F.

4. **Department of Administration - Enterprise Information Technology Services - Data Communications and Network Engineering - FY 2017** - Transfer of \$151,501 from the Reserve category to the Information Services category to fund SilverNet equipment space, software, upgrades and licenses. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds \$75,000. **Work Program #C37372**

Refer to motion for approval under Agenda Item F.

5. **Department of Administration - State Public Works Division- Engineering and Planning - FY 2017** - Transfer of \$52,897 from the Personnel Services category to the Information Services category to replace the agency's antiquated and unsupported permitting system with a web-based permitting system. Requires Interim Finance approval since the amount transferred to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C37354**

Chair Anderson said Agenda Item F-5 and Agenda Items G-1, G-2, and G-3 would be discussed together.

Evan Dale, Administrator, Administrative Services Division, Department of Administration, said Agenda Item F-5 was a request to transfer funding from Category 1 to Category 26. He explained that the funds would be used by the State Public Works Division (SPWD) to purchase a new inspection and permitting system for the division. Mr. Dale noted the original request of \$52,897 had been reduced to \$44,897.

Senator Kieckhefer asked when the SPWD determined that its inspection and permitting system was failing. He noted that the division had not requested the new system during the 2015 Legislative Session and asked why the division was requesting the replacement system during the interim rather than waiting until the 2017 Legislative Session. He asked if a request for proposal (RFP) was issued for replacement of the inspection system.

Gus Nunez, Administrator, SPWD, Department of Administration, replied that new software was necessary, because the old software was outdated and inefficient, and technical support was no longer available. He said the division received proposals from three vendors including Accela, Inc., Govpilot and Cityworks. Mr. Nunez said the system the division wanted to purchase, Inspection Reports Online (IROL), was used frequently by local government agencies. He said IROL would help the division streamline its process.

Mr. Nunez said Work Program C37354 also requested authority to purchase tablets for SPWD inspectors, which would allow inspectors to receive inspection requests while in the field, and inspection reports would be available immediately

after an inspection was complete. He said the use of tablets by SPWD inspectors would improve customer service within the division.

In answer to a question from Senator Kieckhefer, Mr. Nunez replied that the current software was purchased outright, and he was uncertain if there was an annual maintenance fee.

Moving to Agenda Item G-1, Mr. Nunez said the SPWD was requesting to modify the scope of CIP Project 15-M22, which was the replacement of chillers and boilers at the Supreme Court Building in Carson City. He said several issues arose that were unanticipated at the time of the original estimate. The existing equipment rooms for the chillers and boilers required architectural modifications to comply with current code; the metal roof on the cooling tower enclosure needed to be replaced to accommodate the installation of the new equipment; and the emergency generator radiator needed to be relocated. Mr. Nunez said, additionally, the current cooling capacity was greater than what the old equipment could manage, because additional server rooms had been added at the Supreme Court Building. He said the replacement equipment needed to be upgraded to handle the larger cooling load, which increased the cost of the equipment.

Senator Kieckhefer said he was concerned about the broader implications regarding the inaccuracy of the original estimate. He said the most recent bonding affordability report provided by the Office of the State Treasurer indicated that the 2017 CIP would be approximately \$50 million; however, the two projects requiring a change in scope were estimated at \$2.2 million, which would impair the state's ability to perform ongoing projects in the future. Senator Kieckhefer asked if there were additional steps that would assist the division in determining more accurate estimates.

Mr. Nunez replied that the 2017 CIP included a request for a complete central plant upgrade for the heating, ventilation and air conditioning (HVAC) system at the Nevada State Library and Archives, which was similar to the projects currently being discussed. He said the SPWD intended to request a planning project for the Nevada State Library and Archives in the 2017 CIP to determine the extent of the work, and construction funds would be requested in the 2019 CIP. Mr. Nunez said that would provide a more accurate cost estimate based on the actual design and scope of the project. He said there were an increased number of requests for HVAC upgrades from state agencies; therefore, the SPWD had hired a third mechanical engineer during the 2015-17 biennium. Mr. Nunez said there were 350 CIP requests for the 2017-19 biennium; however, there were only 12 project managers within the SPWD to perform a scope and full cost estimate for each request. He said overall, the division was taking steps to ensure more accurate cost estimates.

Assemblyman Edwards asked the age of the current equipment and the expected lifespan of the new equipment.

Mr. Nunez replied that the typical lifespan of a central plant in Northern Nevada was 20 to 25 years. He said the existing equipment was original to the Supreme Court Building. The equipment was more than 20 years old and had reached the end of its useful life. Mr. Nunez stated that the cooling tower at the Supreme Court Building went into full failure approximately six months ago, and a temporary cooling tower was in place until the project could be designed and implemented. He said the division would replace the cooling tower first to eliminate the rental fees for the temporary cooling tower.

Assemblyman Edwards asked the length of the warranty included in the new RFP. Mr. Nunez replied that the typical warranty for construction contracts was one year for labor and materials. If the equipment was found to be defective at a later date then the division could file a latent defect complaint.

Assemblyman Edwards asked if the division could request a ten-year warranty instead of a one-year warranty. Mr. Nunez was uncertain if a ten-year warranty was available for the type of equipment being requested. He said a longer warranty may affect the cost, but he would explore the possibility and provide information to the Committee.

Assemblyman Edwards remarked that the cost to extend the warranty would be worth the investment if it resulted in significant cost savings.

Mr. Nunez said regularly maintained equipment typically lasted 20 to 25 years. Assemblyman Edwards replied that it would be beneficial to have an extended warranty on equipment with a long lifespan.

Assemblyman Edwards said SPWD staff were experts in the field, therefore, he was curious why the project cost had been grossly underestimated.

Mr. Nunez said there were several unforeseen issues that impacted the cost. He said the configuration in the mechanical room did not meet current code, because chillers and boilers had to be housed separately. As a result, all of the plumbing and piping had to be redone. Additionally, the division did not anticipate the removal and replacement of the metal roof for the cooling tower and relocation of the emergency generator radiator. Also, Mr. Nunez said the size of the current equipment was not sufficient to meet cooling loads that had increased over the last 20 to 25 years. Lastly, the cost of the equipment had been underestimated by the project manager.

Assemblyman Edwards said he was concerned about all the different elements that had been overlooked with the project. He said certain elements, such as the

increased cooling load, should have been detected prior to the original cost estimate.

Mr. Nunez explained that when a request was received from an agency the SPWD project managers visited the site to verify the accuracy of the request. In the case of CIP Project 15-M22 at the Supreme Court Building, the agency request was inaccurate and the division had not given the project its due diligence.

Assemblywoman Swank asked when the emergency generator radiator was installed, and why it was installed at the current location if that was not ideal. Mr. Nunez replied that the emergency generator radiator was installed 20 to 25 years ago, and he was uncertain why the original design team chose the current location. He said the current location of the emergency generator radiator was not ideal from a maintenance perspective; therefore, it would be relocated to a landscape area outside the Supreme Court Building.

Assemblywoman Swank asked if the increased cooling load resulted from an expansion at the Supreme Court Building. Mr. Nunez replied that plug loads had escalated over time due to the increased use of automation. He said plug loads and servers generated substantial heat, which required year-round cooling. Mr. Nunez said the size of the equipment had to be upgraded to meet those demands.

Moving to Agenda Item G-2, Mr. Nunez said the SPWD was requesting to modify the scope of CIP Project 15-M23, which was the replacement of a chiller and boilers at the Nevada Highway Patrol (NHP) Building in Reno. He said the division was requesting to divide the scope into two separate projects. One project would be funded through the 2015 CIP and the other would be funded through the 2017 CIP.

Mr. Nunez said soon after the agency began work on CIP Project 15-M23 it became apparent that due to the relatively small size of the NHP Building, an air-cooled chiller system would be more appropriate than a water-cooled chiller system with cooling tower and heat exchanger. He said an air-cooled chiller system required less maintenance than a water-cooled chiller system and did not require the use of chemical treatments. Additionally, the cooling tower for the water-cooled chiller system was located on the roof of the facility, which made it difficult to maintain the equipment. Mr. Nunez said the technology that currently existed was not available three years ago when the CIP was developed. The SPWD thought that a high-efficiency air-cooled chiller system was a better option for the NHP Building based on the lifecycle cost.

Mr. Nunez said Phase II of the project would include a 2017 CIP request to cover the cost of the remaining work included in the original project scope. He said the division discovered that the domestic hot water system had reached the end of its useful life, so the 2017 CIP would include the cost of a complete replacement of

the domestic hot water system. Mr. Nunez said, additionally, the entire temperature control system had to be redone, and the cost would be funded through the 2015 and 2017 CIPs.

Assemblywoman Carlton asked if the current equipment was making it difficult to maintain accurate temperature control at the Supreme Court and NHP Buildings thereby requiring the immediate attention of the division.

Mr. Nunez replied that the current equipment at the NHP Building required a high level of maintenance to keep it functioning. He said it would be more cost effective to begin the project sooner than later to avoid complete equipment failure similar to that which occurred at the Supreme Court Building.

Assemblyman Edwards asked the age of the equipment scheduled for replacement. Mr. Nunez replied that the equipment was more than 20 years old.

Assemblyman Edwards asked if the SPWD used an equipment tracking system that included installation date and anticipated replacement date.

Mr. Nunez confirmed that the SPWD utilized two different equipment tracking methods. He said new equipment was recorded in the division's archives. Additionally, the SPWD facility condition team inspected buildings on a five to six-year cycle. The Facility Condition Analysis Reports included the age of the equipment and if/when it should be replaced.

Assemblyman Edwards asked if the division had a list of equipment spanning the next five to eight years that could help determine estimated CIP costs in the future. Mr. Nunez said the SPWD had a list that spanned the next ten years.

Assemblyman Edwards asked how the projected CIP costs compared to actual cost. Mr. Nunez replied that it was difficult to determine, because equipment inspections occurred on a five- to six-year cycle.

In response to a question from Assemblyman Edwards, Mr. Nunez replied that approximately 50 percent of the CIP requests received each biennium included deferred maintenance costs identified through a Facility Condition Analysis Report. Mr. Nunez said the most accurate method of determining CIP costs over the next ten years would be to double the costs indicated in Facility Condition Analysis Reports, which would amount to approximately \$1 billion.

Assemblywoman Dickman asked how many other active CIP projects were anticipated to have scope modification requests due to unforeseen/unidentified costs.

Mr. Nunez said the SPWD was in the process of replacing coolers and freezers at the Northern Nevada Correctional Center. He said there may be a need to modify

the scope of that particular project to cover the cost of rental equipment needed during the demolition process, which was unanticipated by the division and the agency. To the best of his knowledge, that was the only other potential issue for the 2015 CIP.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEMS F-5, G-1, G-2 AND G-3.

ASSEMBLYMAN SILBERKRAUS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

6. **State Public Charter School Authority - FY 2017** - Addition of \$158,253 in federal Title III grant funds transferred from Nevada Department of Education to support the Limited English Proficient Language program. Requires Interim Finance approval since the amount added to the Title III English Language Acquisition category exceeds \$75,000. **Work Program #C37276**

Refer to motion for approval under Agenda Item F.

7. **Department of Business and Industry - Housing Division - FY 2017** - Transfer of \$44,973 from the Reserve category to the Carson City Relocation category to fund one-time moving costs for the Housing Division. Requires Interim Finance approval since the amount transferred to the Carson City Relocation category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36261**

Refer to motion for approval under Agenda Item F.

8. **Department of Business and Industry - Housing Division - Weatherization - FY 2017** - Addition of \$150,000 in Home Energy Retrofit Opportunity for Seniors (HEROS) funding transferred from the Governor's Office of Energy (GOE) to provide energy efficient solutions to low-income senior households. Requires Interim Finance approval since the amount added to the GOE Senior Energy Program category exceeds \$75,000. **RELATES TO ITEM F 1. Work Program #C36580**

Refer to motion for approval under Agenda Item F.

9. **Department of Tourism and Cultural Affairs - Museums and History – State Railroad Museums - FY 2017** - Addition of \$100,800 in federal Highway Administration funds transferred from the Nevada Department of Transportation (NDOT) and transfer of \$11,200 from the Boulder City Railroad Operating category to the NDOT Yucca Street Crossing category to replace the crossing surface at the Yucca Street Railroad Crossing in Boulder City. Requires

Interim Finance approval since the amount added to the NDOT Yucca Street Crossing category exceeds \$75,000. **Work Program #C36618**

Refer to motion for approval under Agenda Item F.

10. **Department of Tourism and Cultural Affairs - Museums and History – State Railroad Museums - FY 2017** - Addition of \$52,961 in federal Highway Administration funds transferred from Nevada Department of Transportation to continue the Gateway Improvement Project at the Nevada State Railroad Museum in Carson City. Requires Interim Finance approval since the amount added to the Gateway Improvement Project category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36845**

Refer to motion for approval under Agenda Item F.

11. **Department of Health and Human Services - Director's Office - Upper Payment Limit Holding Account - FY 2017** - Addition of \$7,471,694 in Contract funds transferred from divisions within the Department of Health and Human Services to allow for Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Other State Agency category exceeds \$75,000. **RELATES TO ITEMS F 14 and 18. Work Program #C36788**

Refer to motion for approval under Agenda Item F.

12. **Department of Health and Human Services - Aging and Disability Services - Federal Programs and Administration - FY 2017** - Addition of \$167,282 in federal Expansion to Build a Dementia-Capable System grant funds to expand efforts on transitions across care settings, early engagement activities and enhanced marketing efforts. Requires Interim Finance approval since the amount added to the Dementia Capable category exceeds \$75,000. **Work Program #C37160**

Refer to motion for approval under Agenda Item F.

13. **Department of Health and Human Services - Aging and Disability Services - Home and Community Based Services - FY 2017** - Addition of \$171,667 in federal Enhance Adult Protective Services (APS) grant funds to enhance the divisions data collection capabilities to better facilitate program improvements. Requires Interim Finance approval since the amount added to the APS Enhancement category exceeds \$75,000. **Work Program #C37130**

Refer to motion for approval under Agenda Item F.

- 14. Department of Health and Human Services - Health Care Financing and Policy - Intergovernmental Transfer Program - FY 2017** - Addition of \$5,293,044 in Contract funds transferred from the Director's Office to continue private Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Transfer to Medicaid Program category exceeds \$75,000. **RELATES TO ITEM F 11 and 15. Work Program #C36781**

Refer to motion for approval under Agenda Item F.

- 15. Department of Health and Human Services - Health Care Financing and Policy - Nevada Medicaid, Title XIX - FY 2017** - Addition of \$9,718,425 in federal Title XIX grant funds and \$5,374,285 in Contract funds transferred from the Intergovernmental Transfer Program account to allow for Upper Payment Limit supplemental payments to private hospitals. Requires Interim Finance approval since the amount added to the Offline category exceeds \$75,000. **RELATES TO ITEM F 14. Work Program #C36789**

Refer to motion for approval under Agenda Item F.

- 16. Department of Health and Human Services - Public and Behavioral Health - Immunization Program - FY 2017** - Addition of \$225,324 in federal Teen Assessments, Feedback, Incentives and Exchanges (AFIX) Improvement project grant funds to increase immunization rates in Nevada, especially for the human papillomavirus. Requires Interim Finance approval since the amount added to the NV Teen AFIX Improvement Project category exceeds \$75,000. **Work Program #C37790**

Assemblywoman Titus said she supported the human papillomavirus (HPV) vaccine. She noted the Division of Public and Behavioral Health (DPBH) was requesting the addition of \$225,324 in Nevada Teen Assessments, Feedback, Incentives, and eXchanges (AFIX) Improvement Project funds to hire an Adolescent Immunization Coordinator to conduct adolescent AFIX visits.

Assemblywoman Titus stated that the HPV vaccine was very expensive. She said a series of three doses was recommended for children between the ages of 9 and 15, and each dose could cost up to \$170, which meant the total cost of the vaccine series was over \$500. Even if the division's requested amount of \$225,324 was used entirely for the purchase of HPV vaccines, only 450 children would be vaccinated as a result. Based on that information, she asked how the program would improve HPV vaccination rates. Assemblywoman Titus said it was her understanding that the state did not purchase HPV vaccines.

Beth Handler, Health Bureau Chief, DPBH, Department of Health and Human Services (DHHS), said the grant was a new award from the Centers for Disease Control (CDC) that provided additional funds for AFIX program visits performed at

a provider's office to help improve immunization rates in the state. She said the division was already performing AFIX visits through a separate source to monitor immunization providers in the state. Ms. Handler said the grant award augmented the division's funds to help expand the program with specific targeting for adolescents.

Ms. Handler said the immunizations for the AFIX project primarily included the HPV vaccine, but also included other adolescent health/wellness related immunizations such as the tetanus, diphtheria, and pertussis (TDAP) vaccine and the meningococcal vaccine. She said the DPBH was striving to improve immunization rates across the board for adolescents. Ms. Handler said the Adolescent Immunization Coordinator would perform AFIX visits by pulling adolescent-specific health records, reviewing and providing technical assistance to providers, and implementing the provision of Continuing Medical Education credits, so that providers could seize opportunities to improve immunization rates in their adolescent patients.

Ms. Handler said 43 percent of females and 32 percent of males in Nevada received the initial HPV vaccine. The number of adolescents who received the complete HPV vaccination series was significantly less, with as few as 16 percent of male adolescents receiving the full series. Ms. Handler was hopeful the AFIX project would help improve the completion rate of the HPV vaccination series, as well as other vaccination series.

Assemblywoman Titus said immunization rates in Nevada were deplorable, and she hoped the AFIX program would improve immunization rates overall. She requested an update concerning the impact of the program on immunization rates in the state.

Assemblywoman Titus remarked that she did not provide the HPV vaccination in her medical office due to its high cost and the lack of reimbursement from the state.

Ms. Handler said the DPBH would be pleased to provide the Committee with an update after the funds for the AFIX program were implemented.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEM F-16.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

17. **Department of Health and Human Services - Public and Behavioral Health - Biostatistics and Epidemiology - FY 2017** - Addition of \$228,257 in federal National Violent Death Reporting System grant funds to collect and combine

statewide violent death information and disseminate it at the county level and nationally. Requires Interim Finance approval since the amount added to the National Violent Death Reporting System category exceeds \$75,000. **Work Program #C37089**

Refer to motion for approval under Agenda Item F.

- 18. Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$1,500,000 in Metabolic Screening Fees to continue operations of the Newborn Screening Program until regulations are approved to allow the transfer of the program to the University of Nevada School of Medicine. Requires Interim Finance approval since the amount added to the Medical/Dental Expenses category exceeds \$75,000. **RELATES TO ITEM F 11. Work Program #C35477**

Assemblywoman Carlton said the Newborn Screening Program had been under discussion for a long time. She asked the division for an update.

Beth Handler, Health Bureau Chief, DPBH, DHHS, replied that the Newborn Screening Program was fully implemented at the University of Nevada School of Medicine (UNSOM) in Reno. She said UNSOM was currently performing newborn screening tests, which was the heel-stick test for metabolic testing. Ms. Handler said the DPBH received approval from the State Board of Health on September 9, 2016, to amend Nevada Administrative Code (NAC), Chapter 442 to grant authority over the metabolic screening process to the UNSOM State Public Health Laboratory. She said the revised regulations were scheduled for review by the Legislative Commission on November 2, 2016. Upon approval by the Legislative Commission, the revised regulations would be filed with the Secretary of State, which would transfer the program in its entirety to UNSOM.

Assemblywoman Carlton stated that the Newborn Screening Program was technically functioning at UNSOM, but changes to oversight and regulation were still in progress. Ms. Handler said that was correct. She said the Newborn Screening Program had moved from the Oregon Public Health Laboratory and was now fully operational at UNSOM.

Assemblyman Armstrong noted that the metabolic screening fees were part of the Upper Payment Limit (UPL). He asked if there was a federal match.

Ellen Crecelius, Deputy Director, Director's Office, DHHS, confirmed that the metabolic screening fees were part of the UPL program. She said Nevada Clinical Services provided the cost for the services and the DHHS Director's Office transferred extra money to the Division of Health Care Financing and Policy (DHCFP) to match federal funds. Ms. Crecelius said the match was based on the Federal Medical Assistance Percentages, which was approximately 65 percent.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE AGENDA ITEM F-18.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Senator Settlemeyer was not present for the vote.)

19. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$397,494 of federal Abstinence Education Program grant funds to continue education on the importance of abstaining from sexual activity to high-risk youth. Requires Interim Finance approval since the amount added to the Abstinence Education category exceeds \$75,000. **Work Program #C36471**

This item was discussed in conjunction with Agenda Item F-20. Refer to testimony and motion for approval under Agenda Item F-20.

20. **Department of Health and Human Services - Public and Behavioral Health - Maternal Child Health Services - FY 2017** - Addition of \$462,603 in federal Personal Responsibility Education Program grant funds to continue education of youth in preventing teenage pregnancy and sexually transmitted infections. Requires Interim Finance approval since the amount added to the Personal Responsibility Education category exceeds \$75,000. **Work Program #C36666**

Assemblywoman Titus said Work Program C36471 requested the addition of federal Abstinence Education Program (AEP) grant funds. She asked if the funds were a supplement to the grant that was awarded in October 2014.

Beth Handler, Health Bureau Chief, DPBH, DHHS, replied that the length of the AEP grant was 36 months. She said the DPBH was awarded a new grant for an additional 36-month period.

Assemblywoman Titus said the DPBH had two years of experience with the AEP grant. She asked for the division's identifying factor for high-risk youth. She also asked if the grant had helped reduce the rate of sexually-transmitted diseases (STD) in youth and the number of teenage pregnancies, and if the division could provide statistics.

Ms. Handler said she could provide the Committee with statistics, although she did not have all of the information on hand. She said the DPBH had identified foster youth as a high-risk group for STDs. Ms. Handler said both the AEP and Personal Responsibility Education Program (PREP), by design of the federal award and the division's identification, offered priority enrollment to foster youth and other at-risk youth in Nevada. Although a direct correlation could not be drawn, both

programs had contributed to statewide efforts to reduce teen pregnancies and the transmission of STDs in youth.

Assemblywoman Titus noted that Work Program C36666 stated that counties not currently receiving PREP funds would have an opportunity to participate in the program, thereby decreasing teenage pregnancies and STDs in youth throughout Nevada (page 380, [Exhibit A](#)). She said it would be wonderful if the AEP and PREP programs were successful, and requested that the DPBH provide evidence of that fact to the Committee. Assemblywoman Titus said she was concerned that a majority of the funds would be utilized for contractual items. She asked how the funds would be distributed.

Ms. Handler said the DPBH could provide the Committee with pre-education and post-education participant data, and the attitudes of participants based on their experience in the program. She said a pilot program to take the PREP program out into the community had been formally implemented in Clark County. She said the program would be taught by a promotora community health worker at apartment complexes and similar locations throughout Clark County. Ms. Handler said the DPBH would like to expand the program and increase community involvement.

Assemblywoman Titus asked how many youth had been reached through the programs. Ms. Handler said she did not have the information with her, but would provide it to the Committee.

Julia Peek, Deputy Administrator, DPBH, DHHS, said the division had prepared health reports by legislative district. She said the reports contained 20 indicators and included birth rates and similar demographics. The health reports indicated how each district compared to the state as a whole. Ms. Peek noted that the health reports were available on the DPBH website.

Ms. Handler said the information contained in the health reports could be correlated to the areas where the AEP and PREP programs had been implemented, which would give an idea of the impact of the programs by district. Assemblywoman Titus said she would like to receive that information.

Assemblyman Edwards asked how many youth had been served through the AEP and PREP programs. Ms. Handler replied that approximately 5,000 youth had been served through the programs. Although the grant had been in place for only two years, the DPBH had been providing abstinence education for a number of years. The current model had been in effect since 2011, however, the division taught abstinence education prior to that.

In response to a question from Assemblyman Edwards, Ms. Handler replied that the programs were evidence-based programs and were vetted by the funder. She

said youth received approximately one hour of education per week for 6 to 12 weeks depending on the model that was being used.

ASSEMBLYWOMAN TITUS MOVED TO APPROVE
AGENDA ITEMS F-19 AND F-20.

SENATOR KIECKHEFER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

In answer to a question from Assemblywoman Carlton, Ms. Peek replied that the website for the Division of Public and Behavioral Health was <http://dpbh.nv.gov>. She said she would provide Committee members with a link to the health reports specific to their district.

- 21. Department of Health and Human Services - Public and Behavioral Health - Marijuana Health Registry - FY 2017** - Transfer of \$2,000 from the Reserve category to the Operating category, \$7,610 from the Reserve category to the Equipment category, \$4,200 from the Reserve category to the Patient Registry category and \$11,068 from the Reserve category to the Division Cost Allocation category to locate the Medical Marijuana Patient Registry program in one office suite allowing for better management oversight of the various staff and improve customer service access. Requires Interim Finance approval since the cumulative amount transferred to the Operating category exceeds \$75,000. **Work Program #C36704**

Refer to motion for approval under Agenda Item F.

- 22. Department of Health and Human Services - Public and Behavioral Health - Behavioral Health Prevention and Treatment - FY 2017** - Addition of \$165,496 in federal Statewide Cooperative to Improve Youth Treatment grant funds to continue improving the availability and access for youth to receive substance abuse and/or co-occurring assessment and treatment services. Requires Interim Finance approval since the amount added to the Improve Youth Treatment category exceeds \$75,000. **Work Program #C37569**

Refer to motion for approval under Agenda Item F.

- 23. Department of Health and Human Services - Child and Family Services - Juvenile Correctional Facility - FY 2017** - Transfer of \$96,469 from the Personnel Services category to the Clark County School District category to provide education and programming for the youth during the winter and spring holidays and summer break. Requires Interim Finance approval since the amount transferred to the Clark County School District category exceeds \$75,000. **Work Program #C36934**

Refer to motion for approval under Agenda Item F.

- 24. Department of Employment, Training and Rehabilitation - Rehabilitation Division - Blind Business Enterprise Program - FY 2017** - Transfer of \$182,100 from the Reserve category to the Business Enterprise category and transfer of \$640,000 from the Reserve category to the Blind Enterprise Program (BEP) Repair category to fund the transition of a new operator for the Hoover Dam Café and repairs to the ceiling at the Hoover Dam Store and Hoover Dam Café. Requires Interim Finance approval since the amount transferred to the BEP Repair category exceeds \$75,000. **Work Program #C37913**

Refer to motion for approval under Agenda Item F.

- 25. Department of Motor Vehicles - Field Services - FY 2017** - Transfer of \$93,720 from the Reserve category to the Information Services category and \$6,280 from the Reserve category to the Operating category to continue the QLESS system enhancements and purchase replacement queuing systems at three rural field offices. Requires Interim Finance approval since the amount added to the Information Services category exceeds \$75,000. **Work Program #C37285**

Tonya Laney, Administrator, Field Services Division, Department of Motor Vehicles (DMV), said Work Program C37285 requested a transfer of authority from the Reserve category to the Operating and Information Services categories to enhance the DMV queuing system. She said the 2015 Legislature approved funding of \$100,000 in FY 2017, which was placed in reserve, and directed the DMV to seek authority from the IFC to utilize the funds.

Assemblywoman Carlton said she had a couple of concerns about the DMV work program request. She noted that the discussion during the 2015 Legislative Session centered around the metro DMV offices, not the rural offices. She recalled a recent conversation with Senator Kieckhefer regarding the wait times at DMV offices in Reno compared to Las Vegas. Assemblywoman Carlton said wait times as long as one hour in Reno caused people to travel to DMV offices outside of the area; however, wait times at DMV offices in the Las Vegas area were considerably longer than one hour.

Assemblywoman Carlton asked for an explanation of the problem the DMV is experiencing in its rural offices, and why the issue needed to be addressed during the 2015-16 Interim.

Ms. Laney replied that she could not speak for the former DMV director, who testified on behalf of the queuing system during the 2015 Legislative Session. She said during the 2015 Session she was not serving in her current position as Administrator with the Field Services Division, but she recalled that the metro DMV offices were at the forefront of the discussion. For example, the Reno DMV offices experienced wait times from 2 to 5 hours, and the Las Vegas DMV offices

experienced wait times from 4 to 7 hours. She said the extended wait times gained the attention of the media and the Legislature. Ms. Laney said since the 2015 Legislative Session the DMV had enhanced the queuing system at the metro offices to the best of its ability. Currently, there was 95 percent utilization of appointment times at the metro offices. She said the DMV was working to expand the available number of appointments, which would continue to reduce wait times. Ms. Laney said the average wait time at the metro offices had decreased to one hour or less. With the recent success of the queuing system at the metro DMV offices, the department thought it was necessary to address wait times at the rural offices. She said the DMV did not have access to the necessary data from the rural offices, such as customer volume and wait times, to determine what resources were essential in helping staff better serve constituents.

Assemblywoman Carlton said she had driven to the DMV office in Mesquite to avoid the long wait times at the DMV office in east Las Vegas. She realized there was anecdotal information concerning the rural DMV offices; however she thought it was important to have more specific data. Assemblywoman Carlton said the average number of transactions per day in Ely was 83, and 111 in Yerington. She remarked that the metro offices probably had individual staff processing that number of transactions per day. She was concerned about using funds to address the issues at the rural offices without real data and justification. Assemblywoman Carlton said it was also important to prioritize where the need was greatest.

Assemblywoman Carlton said the Governor requested that state agencies reduce their 2017-19 biennium budget requests by 5 percent. She said the Committee may unknowingly authorize the DMV to utilize funds for a rural office included in the budget cuts. She reiterated that she had serious concerns about approving the department's request without key information needed to address the issue.

Ms. Laney said she understood Assemblywoman Carlton's concerns. She said customers traveling from urban locations to outlying DMV offices were a problem for the rural offices. She said one of the issues for the DMV was the lack of data indicating the number of customers visiting the rural offices. Ms. Laney said the DMV could not determine an accurate number of customers based on transactions, because an individual customer may have more than one transaction. She said the queuing system would help the DMV more accurately determine customer volume at the rural offices. Now that the metro offices were running more efficiently by way of the queuing system, the DMV was being questioned about issues at the rural locations such as customer volume and individuals traveling from urban areas to rural DMV offices. Ms. Laney said the DMV office in Carson City regularly had longer wait times than the Reno offices, because customers were traveling from Reno to Carson City to complete their DMV business. The department had that knowledge, because data was available through the queuing system, which was one reason for equipping the rural offices with a queuing system.

In answer to a question from Senator Goicoechea, Ms. Laney replied that the Elko and Winnemucca offices were equipped with the QLess queuing system. She added that all of the metro offices and medium-sized offices were equipped with the QLess queuing system, and now the department was addressing the smaller DMV offices with the Qmatic queuing system. Ms. Laney said the QLess queuing system was located in 12 of the 18 DMV offices across the state, and the department was currently addressing the 3 largest offices of the remaining 6 offices.

In response to a question from Senator Goicoechea, Ms. Laney replied that the Hawthorne, Tonopah and Laughlin DMV offices would be the final three locations without a queuing system.

Senator Goicoechea said initially he was concerned about approving the department's request due to the lack of data. After hearing the department's testimony, however, he thought it would be beneficial to install queuing systems at the three larger rural offices, which included Ely, Mesquite and Yerington.

Ms. Laney said the Ely, Mesquite and Yerington DMV offices had previously been equipped with QNova machines; however the machines in Mesquite and Yerington were no longer functional. She said those offices were currently using children's flash cards as a temporary solution for prioritizing customers. Ms. Laney said the QNova machine in the Ely office was still functional; however, it was near the end of its useful life.

Assemblyman Sprinkle asked how many complaints had been received concerning the Ely, Mesquite and Yerington offices. Ms. Laney said she did not have the specific number of complaints available. She noted that the department had received an increased number of compliments concerning the metro offices.

Assemblyman Sprinkle said he remained uncertain about why the issue with the rural offices needed to be addressed prior to the upcoming 2017 Legislative Session.

Ms. Laney replied that the DMV requested funds during the 2015 Session knowing that queuing issues needed to be addressed statewide, and now the department was requesting permission to use those funds. She said there were two parts to Work Program C37285. The first part was the new queuing systems for three rural offices to replace non-functioning equipment. The second part of the request was for the installation of various pieces of equipment for the QLess Dash Pass system. Ms. Laney said the equipment was purchased in FY 2016, however, the installation would occur in FY 2017.

Assemblyman Sprinkle remarked that Assemblywoman Carlton and Fiscal staff noted that the discussion during the 2015 Legislative Session had been focused

on funding for the metro offices, not the rural offices, which was counter to the agency's testimony at the meeting today.

Assemblywoman Titus said she had personal experience with the DMV office in Yerington, and the queuing system would be a welcome addition.

In response to a question from Chair Anderson, Ms. Laney reiterated that the QLess system was installed in 12 of the 18 DMV offices. The queuing system allowed the department to retrieve data for individual offices or as a whole. She said the new QMatic Solo machines that would be installed in the Ely, Mesquite and Yerington offices were standalone machines that would not communicate with one another, but the department would have the ability to retrieve data from the system similar to the data provided by the QLess system. Ms. Laney said the DMV was striving for uniform reporting across its offices to retrieve necessary data. She said the QLess system was not an option for the rural offices due to equipment cost and the small size of those offices.

Chair Anderson asked if the manufacturer of the QLess system was also the manufacturer of the QMatic Solo machines. Ms. Laney said the two machines were not made by the same manufacturer. She said the QMatic Solo machines were made by the same manufacturer as the QNova machines mentioned previously. The QMatic Solo machine was the newest version of the QNova machine.

Chair Anderson said wait times were unavailable for the Ely, Mesquite and Yerington DMV offices, because there was no means of collecting the data. Also, people were traveling to the rural locations to avoid longer wait times at the metro locations. He recalled during the 2015 Session that the funds were placed in reserve, because the department did not have justification for spending the funds. Chair Anderson said the department still lacked justification for use of the funds other than anecdotal information. He asked if there was any hard data to indicate that installing queuing systems at the rural offices would improve wait times at those locations.

Ms. Laney said the only information the department could provide was the decreased wait times at the metro offices. She said the queuing system and appointment option had definitely contributed to those decreased wait times.

Chair Anderson remarked that the increase in staff also helped to reduce wait times, and Ms. Laney agreed. She said a significant number of changes occurred after the 2015 Legislative Session including additional staff, the queuing system and several other efficiencies. She said the department would not know how to improve service at the rural offices until hard data was available.

Chair Anderson asked if there was any critical nature to the request if a decision were delayed until the 2017 Legislative Session. He asked why the department's request needed to be approved prior to the legislative session.

Ms. Laney stated that state agencies were required to build a flat budget. With that in mind, the earliest the department would be capable of retrieving data and providing assistance to the rural offices would be 2020.

Chair Anderson said he was concerned about spending money just because it was available. He did not want that to be the department's key justification. He said spending the money to allow the agency to create a flat budget was not an effective method of decision making.

Senator Parks said he was recently at the Henderson DMV office, and it was very noisy and crowded, which made it difficult to hear the speakers. He asked if a portion of the requested allocation would be used for monitors and speakers at the Henderson location.

Ms. Laney said that was correct. She said new monitors had already been purchased for the Henderson office, and the requested funds would be used for installation.

Assemblywoman Carlton said she supported the department's request of \$47,990 for the purchase and installation of various pieces of equipment, because she understood the need to finish work that began in the previous fiscal year. She said her main concern was the funding requested for the QMatic systems for the rural offices, due to the lack of information. Assemblywoman Carlton said she shared the concerns expressed by Chair Anderson.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE
AGENDA ITEM F-25 IN THE REVISED AMOUNT OF \$47,990
AND DEFER THE PURCHASE OF THREE QMATIC
QUEUEING SYSTEMS TO THE 2017 LEGISLATIVE
SESSION.

SENATOR WOODHOUSE SECONDED THE MOTION.

Assemblywoman Titus said she opposed the motion, because she thought there was enough justification to approve the full amount.

Assemblyman Edwards asked what the impact would be if the Committee approved a portion of the DMV's request. Ms. Laney replied that the DMV would be unable to collect hard data from the Ely, Mesquite and Yerington offices, and without that data it would be difficult for the department to address concerns at those offices.

Assemblyman Edwards said Mesquite was in his district and he did not want the district to feel shorted, which was often the case for the rural areas. He opposed the motion as it stood, because he would prefer that the Committee approve the request in its entirety.

Assemblyman Wheeler said he also represented a rural district. He said there used to be a DMV office located in Minden, which was in his district, but it was closed due to budget cuts. He said there was a need to collect data from the rural offices; therefore, he opposed the current motion.

Senator Goicoechea said he also did not support the motion, because he agreed there was a need to collect data from the rural offices.

Senator Roberson said he supported his rural colleagues, therefore, he also opposed the motion.

Senator Settlemeyer echoed the previous comments. He said there were a lot of people who traveled to the Yerington DMV office, because wait times at the Carson City office increased when the Minden office closed. He thought the queuing system was useful. He noted that he had used the appointment option at the Carson City office numerous times. Senator Settlemeyer said he did not support the motion as it currently stood.

ASSEMBLYWOMAN CARLTON RESCINDED THE MOTION.

Assemblywoman Carlton agreed with Chair Anderson's statement indicating the money was being spent because it was available. She found it concerning that the DMV had not included the Laughlin office in its request. Laughlin was an isolated community, and the commute between Laughlin and Las Vegas was long and dangerous. She noted that there were Committee members who represented Laughlin. Assemblywoman Carlton said it was unclear why the DMV had selected Ely, Mesquite and Yerington over the other three remaining rural locations. She thought the distance between Yerington and Carson City was less than the distance between Laughlin and Las Vegas, which also made her apprehensive about the department's request. Assemblywoman Carlton said she would oppose a motion to approve the request in its entirety, because one of the Clark County communities in her district would not be served.

Chair Anderson asked the agency how quickly the new equipment would be installed and operational.

Ms. Laney replied that the vendor indicated the turnaround time would range between three and five weeks, including delivery and installation. She said the turnaround time was also dependent on whether the installation could be done by DMV staff or the vendor. Ms. Laney said, based on the system schematics, it

appeared that DMV Information Technology staff could install the machines as soon as possible after delivery with the assistance of the vendor.

Chair Anderson said he would entertain a new motion to approve the department's request, but would emphasize the need to expedite installation at no additional cost to ensure that data was available as soon as possible, so the 2017 Legislature could discuss the possibility of purchasing queuing systems for the three remaining DMV locations.

ASSEMBLYMAN EDWARDS MOVED TO APPROVE AGENDA ITEM F-25 AND REQUEST THE DEPARTMENT OF MOTOR VEHICLES TO EXPEDITE INSTALLATION OF QMATIC SOLO MACHINES IN MESQUITE, ELY AND YERINGTON, AND PROVIDE RESULTING DATA TO THE 2017 LEGISLATURE FOR DISCUSSION CONCERNING INSTALLATION OF QMATIC SOLO MACHINES AT THE DEPARTMENT OF MOTOR VEHICLE OFFICES IN LAUGHLIN, HAWTHORNE AND TONOPAH.

SENATOR GOICOECHEA SECONDED THE MOTION.

Assemblywoman Titus said that Yerington was an agricultural town that attracted a significant number of seasonal workers. She said certain times of the year there were as few as 5 customers at the DMV office, while other times there were as many as 100 due to the influx of seasonal workers. She thought the queuing system would capture that data and provide beneficial information for the DMV. Assemblywoman Titus thanked the department for bringing the matter forward.

Senator Goicoechea said he was concerned that without hard data all six rural locations may be impacted during the next budget cycle. He thought it was important to pursue the queuing systems, so that the remaining DMV offices in Hawthorne, Tonopah and Laughlin could be addressed during the 2017 Legislative Session.

THE MOTION PASSED. (Senator Ford, Senator Parks, Senator Woodhouse, Assemblywoman Benitez-Thompson, Assemblywoman Bustamante Adams, Assemblywoman Carlton, Assemblywoman Spiegel, Assemblyman Sprinkle and Assemblywoman Swank opposed the motion.)

- 26. Department of Public Safety - Highway Patrol - FY 2017** - Transfer of \$51,594 from the Reserve category to the Crash Fund category to fund the replacement of Nevada Highway Patrol vehicles lost due to vehicle collisions. Requires Interim Finance approval since the amount transferred to the Crash Fund category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36775**

Refer to motion for approval under Agenda Item F.

- 27. Department of Public Safety - Parole and Probation - FY 2017** - Addition of \$50,000 in federal Criminal Justice Operation Safer Street grant funds transferred from the Department of Public Safety, Office of Criminal Justice Assistance (OCJA), to support the Operation Safer Streets project. Requires Interim Finance approval since the amount added to the OCJA Grants category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36733**

Refer to motion for approval under Agenda Item F.

- 28. Department of Public Safety - Parole and Probation - FY 2017** - Transfer of \$108,950 from the Personnel Services category to the Operating category to cover increased lease costs for various Parole and Probation facilities throughout the state. Requires Interim Finance approval since the amount transferred to the Operating category exceeds \$75,000. **Work Program #C36830**

Refer to motion for approval under Agenda Item F.

- 29. Department of Public Safety - Emergency Management Division - FY 2017** - Addition of \$175,344 in federal Emergency Management Agency Pre-Disaster Mitigation grant funds transferred from the state Emergency Management Assistance Account to support disaster mitigation activities. Requires Interim Finance approval since the amount added to the Pre-Disaster Mitigation category exceeds \$75,000. **Work Program #C36331**

Refer to motion for approval under Agenda Item F.

- 30. Department of Public Safety - Fire Marshal - FY 2017** - Addition of \$48,000 in State Emergency Response Commission grant funds to coordinate and sponsor hazardous materials training during the 2016 Fire Shows West Conference and Expo. Requires Interim Finance approval since the amount added to the Rural Training category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36701**

Refer to motion for approval under Agenda Item F.

- 31. Department of Conservation and Natural Resources - State Historic Preservation Office - FY 2017** - Addition of \$40,000 in non-governmental grant funds to assist with the preparation of an Interpretive Plan for the Stewart Indian School Museum and Cultural Center. Requires Interim Finance approval since the amount added to the Cultural Resource Grant category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36633**

Refer to motion for approval under Agenda Item F.

- 32. Department of Conservation and Natural Resources - Water Resources - FY 2017** - Addition of \$43,504 in Federal Emergency Management Agency (FEMA) Community Assistance Program grant funds and \$60,619 in FEMA Dam Safety grant funds to provide ongoing community assistance for floodplain management and dam safety projects. Requires Interim Finance approval since the amount added to the FEMA Dam Safety category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C37292**

Refer to motion for approval under Agenda Item F.

- 33. Department of Conservation and Natural Resources - Forestry Division - Forest Fire Suppression - FY 2017** - Transfer of \$58,568 from the Prior Year Claims category to the Federal Emergency Management Agency (FEMA) Fire Assistance Grants category to pass through federal reimbursement to Clark County for the Carpenter Fire. Requires Interim Finance approval since the amount transferred to the FEMA Fire Assistance Grants category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C36844**

Refer to motion for approval under Agenda Item F.

- 34. Department of Conservation and Natural Resources - Forestry Division - Forest Fire Suppression - FY 2017** - Addition of \$230,520 in Fire Equipment Reimbursements and \$943,801 in Prior Year Refunds to continue fire suppression activities for the remainder of the fiscal year. Requires Interim Finance approval since the amount added to the Personnel Services category exceeds \$75,000. **Work Program #C37575**

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, directed the Committee to page 37 in Volume II of the meeting packet ([Exhibit B](#)). She noted that the amount for Category 1 decreased from \$785,346 to \$620,764, and Category 10 increased from \$388,975 to \$553,557.

Janet Murphy, Deputy Director, Governor's Finance Office, said that was correct. She added that Category 1 decreased by \$164,582 and Category 10 increased by the same amount.

Refer to motion for approval under Agenda Item F.

- 35. Department of Conservation and Natural Resources - Environmental Protection - Air Quality - FY 2017** - Addition of \$242,576 in Federal Environmental Protection Agency Clean Diesel grant program funds to replace diesel-powered vehicles with vehicles that meet emission standards for Municipal fleets. Requires Interim Finance approval since the amount added to the Clean Diesel Grant Program category exceeds \$75,000. **Work Program #C37937**

Refer to motion for approval under Agenda Item F.

- 36. Department of Conservation and Natural Resources - Environmental Protection - State Revolving Fund Administration - FY 2017** - Addition of \$20,042 in Federal Drinking Water State Revolving Fund grant funds and transfer of \$3,200 from the Drinking Water State Revolving Fund 10% Set Aside category to the Drinking Water State Revolving Fund 15% Set Aside category for a new Engineering Technician position in the Bureau of Safe Drinking Water. Requires Interim Finance approval since the cumulative amount added to the Drinking Water State Revolving Fund 10% Set Aside category exceeds \$75,000. **RELATES TO ITEM F 37. Work Program #C37031**

Refer to motion for approval under Agenda Item F.

- 37. Department of Conservation and Natural Resources - Environmental Protection - Safe Drinking Water Regulatory Program - FY 2017** - Addition of \$20,042 in the Transfer from the State Revolving Fund and transfer of \$25,035 from the Federal Drinking Water State Revolving Fund Grant category to the Personnel Services category for a new Engineering Technician position to assist engineers and environmental scientists with engineering, compliance and enforcement. Requires Interim Finance approval since the cumulative amount added to the Personnel Services category exceeds \$75,000. **RELATES TO ITEM F 36. Work Program #C37003**

Refer to motion for approval under Agenda Item F.

- 38. Department of Conservation and Natural Resources - Environmental Protection - Water Planning Capital Improvement - FY 2017** - Deletion of ~~\$103,392~~ **\$103,109** in Transfer from Municipal Bond Bank funds to eliminate a vacant Professional Engineer position due to limited debt capacity and bond revenue in the State Capital Improvement grants program. Requires Interim Finance approval since the amount deleted from the Personnel Services category exceeds \$75,000. **Work Program #C36736. REVISED 10-4-16.**

Refer to motion for approval under Agenda Item F.

- 39. Department of Wildlife - Operations - FY 2017** - Transfer of \$64,714 from the Personnel Services category to the Maintenance of Buildings and Grounds category to continue with temporary employment services to manage projects until mid-December 2016 when the Construction Project Coordinator 2 position is expected to be filled. Requires Interim Finance approval since the amount transferred to the Maintenance of Buildings and Grounds category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C37097**

Refer to motion for approval under Agenda Item F.

- 40. Department of Wildlife - Game Management - FY 2017** - Addition of \$36,750 in Federal Wildlife Restoration Program funds and \$12,250 in Transfer of Sportsmen Revenue funds for contract services to assess the status of the department's scientific data, articulate data needs, and make recommendations for infrastructure and development of a unified scientific database. Requires Interim Finance approval since the amount added to the Information Services category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C35484**

This item was discussed in conjunction with Agenda Item F-41. Refer to testimony and motion for approval under Agenda Item F-41.

- 41. Department of Wildlife - Game Management - FY 2017** - Addition of \$244,100 in Transfer of Predator Fees to fund predator management projects. Requires Interim Finance approval since the amount added to the Predator Management Projects category exceeds \$75,000. **Work Program #C36893**

Assemblywoman Titus noted that the Nevada Department of Wildlife (NDOW) was requesting funds to contract with an Information Technology (IT) consulting firm. She asked if the IT consulting firm would perform data analysis.

Tony Wasley, Director, NDOW, said the department brought the Wildlife Data Management System project forward during the 2015 Legislative Session. He said Work Program C35484 requested \$49,000, which was appropriated during the 2015 Session.

Mr. Wasley said NDOW had been in existence for 70 years. He said during that time span and across the 892 species the agency was statutorily responsible for managing, there had been significant changes in the technology by which the department gathered data and the software by which the department summarized and processed that data. Mr. Wasley said the data storage currently in use by NDOW was in need of an upgrade. Although the department was skilled at collecting and summarizing data, it lacked the in-house capacity to design databases. He said NDOW intended to gather information from experts that specialized in database design, which would help the agency build a foundation into which all future data collection efforts would feed. As the department began hearing presentations from vendors, Mr. Wasley said it became apparent that the request would have been more appropriate for the second year of the biennium. Rather than carry the item forward, NDOW closed its books. Mr. Wasley said, although the item was previously approved by the Legislature, the department was advised to request authority to utilize the funds for the sake of transparency. He said NDOW underestimated the complexity of RFP development; however, the department was now prepared to move forward with the process.

Assemblywoman Titus thought the IT consultant may determine that the computers and software currently in use by NDOW would be inadequate to handle

a new database, which may cause the agency to request a large budget increase during the 2017 Legislative Session.

Mr. Wasley said he did not anticipate the need for a large budget increase. He said NDOW was modifying its methods of collecting data with the incorporation of iPads and smartphones. He said the department had much of the capacity to collect data in-house, but the data needed to be collected in a coordinated manner that would allow the department to utilize the data efficiently. Mr. Wasley said NDOW was obligated through the National Environmental Policy Act to provide input on wildlife-related matters to all of the land management agencies for the purposes of permitting projects on public lands. He said a database development consultant could assist the department in providing that information to the land management agencies in a more effective and efficient manner. Mr. Wasley said there may be implementation costs, but NDOW had higher priorities, such as facilities and maintenance costs.

Moving on to Agenda Item F-41, Assemblywoman Titus recalled that there had been multiple questions during the 2015 Legislative Session regarding predator control in the state. She noted that the agency was requesting to transfer funds to Game Management's Predator Management program for various projects. She asked how the money would be used specifically for predator control.

Mr. Wasley said there were a couple of concerns with regard to the 80 percent expenditure requirement in Assembly Bill (A.B.) 78 (2015). He said A.B. 78 required that 80 percent of NDOW's prior year revenue be used for the purposes of lethal management and control of predatory wildlife. He said a portion of Work Program C36893 spoke to the adjustment of the budget that was developed prior to the passage of A.B. 78. Secondly, the balance of the Predator Management Fee category had increased due to the fact that certain projects were weather dependent. For example, the protection of mule deer on winter ranges where weather conditions, such as snow, forced a high density of animals into an area where Predator Control could provide an immediate benefit to animals weakened by winter conditions or animals that could not move freely through deep snow. Without the presence of those conditions, certain projects may be deemed inefficient in terms of cost. Mr. Wasley said incomplete projects contributed to the increased balance of the Predator Management Fee category. He said the 80 percent requirement in A.B. 78 and the increased balance of the Predator Management Fee category contributed to the need for the transfer. Mr. Wasley said Brian Wakeling, Administrator, Game Management, NDOW, would provide information concerning specific Predator Control projects.

Mr. Wakeling said the specific predator control projects that were directed each year were handled through the NDOW Predation Management Plan. He said the Predation Management Plan was developed over a six-month period with the guidance of the Nevada Board of Wildlife Commission (Commission). He said A.B. 78 was adopted shortly after the FY 2017 Predation Management Plan was

adopted in May 2015. The plan included several projects designed to deal with predation on sage grouse by ravens. He said NDOW had a permit that allowed for the take of up to 2,500 sage grouse. The Predation Management Plan also included two projects concerning the lethal removal of coyotes, one of which focused on habitat work in Eureka. Mr. Wakeling said another project focused on pronghorn antelope recruitment in areas where the pronghorn population was below the objective. Lastly, the Predation Management Plan included a couple of projects tailored to deal with mountain lion predation, primarily when it developed an issue with bighorn sheep population objectives and recruitment.

In response to a question from Assemblywoman Titus, Mr. Wakeling said the annual plans were available on the NDOW website. He said the department prepared two separate documents each year: the annual report and supporting materials. NDOW was currently in the process of preparing its annual report, which would be presented to the Commission at its November 2016 meeting. Mr. Wakeling said the annual report and supporting materials would be available on the NDOW website in approximately two weeks. He explained that development of the annual plan began in January each year and included several revisions based on feedback by the Commission.

Mr. Wakeling said, with regard to the urban/rural interface, the primary source of funds used to implement the Predation Management Plan were predator fees. Each Big Game tag application was subject to a \$3 fee. He said the implementation of predator fee dollars was guided by the Commission. Mr. Wakeling said, because the funds were derived primarily through Sportsmen Revenue, both the Commission and sportsmen were reluctant to engage in interaction, especially on urban issues. However, NDOW used funds appropriated by the Legislature to address urban interface issues in cooperation with Wildlife Services on a case-by-case basis. In addition, the department had seasonal personnel to assist with urban interface matters.

Senator Goicoechea reiterated that NDOW was required to spend 80 percent of its prior year revenue for lethal predator control, and he thought it was a good program. He said the program needed additional time to show an impact, because A.B. 78 went into effect after NDOW's Predation Management Plan was in place.

Senator Goicoechea said it was common to see wildlife in rural towns in Nevada. He thought NDOW's predator control efforts were helping the urban/rural wildlife interface.

SENATOR GOICOECHEA MOVED TO APPROVE
AGENDA ITEMS F-40 AND F-41.

ASSEMBLYWOMAN TITUS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblyman Silberkraus was not present for the vote.)

Mr. Wasley noted that Mr. Wakeling inadvertently indicated that NDOW would be removing 2,500 sage grouse. He clarified that NDOW was working to remove 2,500 ravens for the protection of sage grouse.

- 42. Department of Wildlife - Game Management - FY 2017** - Addition of \$782,419 in U.S. Fish and Wildlife Service Wildlife Restoration grant funds and \$260,807 in Transfer of Sportsmen Revenue to fund predator management, veterinarian, big game, upland game, migratory bird and furbearer projects. Requires Interim Finance approval since the amount added to the Predator Management Projects category exceeds \$75,000. **Work Program #C36911**

Refer to motion for approval under Agenda Item F.

- 43. Department of Wildlife - Game Management - FY 2017** - Addition of \$271,500 in U.S. Fish and Wildlife Service grant funds and \$90,500 in Transfer of Sportsmen Revenue to fund the Sage Grouse Conservation program. Requires Interim Finance approval since the amount added to the Sage Grouse Conservation category exceeds \$75,000. **Work Program #C36963**

Refer to motion for approval under Agenda Item F.

- 44. Department of Wildlife - Habitat - FY 2017** - Addition of \$1,070,886 in U.S. Fish and Wildlife Service grant funds to acquire water rights at the Overton Wildlife Management Area. Requires Interim Finance approval since the amount added to the Wildlife Management Area System category exceeds \$75,000. **Work Program #C36770**

Refer to motion for approval under Agenda Item F.

- 45. Department of Wildlife - Habitat - FY 2017** - Addition of \$1,325,312 in Bureau of Land Management, Fish, Wildlife and Plant Conservation Resource Management grant funds for the continuation of habitat restoration projects. Requires Interim Finance approval since the amount added to the Nevada Partners for Conservation and Development Program category exceeds \$75,000. **Work Program #C37109**

Refer to motion for approval under Agenda Item F.

- 46. Department of Transportation - Bond Construction - FY 2017** - Addition of ~~\$35,000,000~~ **\$40,000,000** in Proceeds from Sale of Bonds to accept and expend proceeds for the Project NEON construction project. Requires Interim Finance approval since the amount added to the FY 2017 Bond Issue category exceeds \$75,000. **Work Program #C37404. REVISED 10-12-16.**

Refer to motion for approval under Agenda Item F.

- 47. Department of Transportation - Transportation Administration - FY 2017** - Addition of \$180,000 in Highway Fund Authorization to continue the Structural Design Division's out-of-state inspections for fabrication of structural steel. Requires Interim Finance approval since the amount added to the Out-of-State Inspections and Training Travel category exceeds \$75,000. **Work Program #C36967**

Refer to motion for approval under Agenda Item F.

- 48. Department of Transportation - Transportation Administration - FY 2017** - Addition of \$3,000,000 in Highway Fund Authorization for betterment supplies to maintain the safety and integrity of roads managed by NDOT, originally requested in Fiscal Year 2016 but not completed due to timing issues. Requires Interim Finance approval since the amount added to the Operating category exceeds \$75,000. **Work Program #C37766**

Refer to motion for approval under Agenda Item F.

- 49. Office of the Military - FY 2017** - Addition of \$51,435 in federal Department of Defense Master Cooperative Agreement funds to support the Electronic Security program. Requires Interim Finance approval since the amount added to the Electronic Security category exceeds 10 percent of the legislatively approved amount for that category. **Work Program #C37680**

Refer to motion for approval under Agenda Item F.

- 50. Office of the Military - FY 2017** - Addition of \$109,137 in federal Department of Defense Master Cooperative Agreement funds to align state and federal grant authority supporting the Army Security and Emergency Management programs. Requires Interim Finance approval since the amount added to the Army Security category exceeds \$75,000. **Work Program #C37705**

Refer to motion for approval under Agenda Item F.

- 51. Office of the Military - FY 2017** - Addition of \$942,081 in federal Department of Defense Master Cooperative Agreement funds to support the Telecommunication and Distributed Learning programs. Requires Interim Finance approval since the amount added to the Communications category exceeds \$75,000. **Work Program #C37721**

Refer to motion for approval under Agenda Item F.

- 52. Office of the Military - FY 2017** - Addition of \$243,253 in federal Department of Defense Master Cooperative Agreement funds to support the Environmental programs. Requires Interim Finance approval since the amount added to the Environment category exceeds \$75,000. **Work Program #C37733**

Refer to motion for approval under Agenda Item F.

- 53. Silver State Health Insurance Exchange - Silver State Health Insurance Exchange Administration - FY 2017** - Addition of \$4,042,199 in per member per month fees to allow the receipt of higher than anticipated enrollment and establish authority of \$2,656,733 to pay a required federal fee charged by the Centers for Medicare and Medicaid Services to state-based marketplaces utilizing the federal platform. Requires Interim Finance approval since the amount added to the Transfer to CMS category exceeds \$75,000. **Work Program #C36754**

Heather Korbolic, Executive Director, Silver State Health Insurance Exchange (SSHIX), said Agenda Item F-53 was a request to accept higher than anticipated enrollment revenue and establish authority to pay required fees for the utilization of the eligibility and enrollment platform, Healthcare.gov, for the last six months of FY 2017.

Assemblyman Armstrong said state-based marketplaces had not been charged in the past to utilize the federal exchange platform. He asked if the 1.5 percent user fee was a recent addition.

Ms. Korbolic said that was correct. She said there were no fees associated with the use of the federal platform when Nevada transitioned to Healthcare.gov in 2015. However, the 2017 Final Notice of Benefits and Payment Parameters (NBPP) now stated that state-based marketplaces utilizing the federal platform would be responsible for a 1.5 percent user fee for Plan Year (PY) 2017.

In answer to a question from Assemblyman Armstrong, Ms. Korbolic replied that the decision to institute a user fee was established primarily at the federal level, the state had little input on the matter.

Assemblyman Armstrong said he was concerned about the increased cost shift from the federal government to the states. In addition to increased costs at the state level, it was recently made known that individuals on the health care exchange would experience double-digit premium increases. He was hopeful the federal government would work to find a solution.

Senator Kieckhefer asked what percentage of premiums currently supported the SSHIX. Ms. Korbolic replied that there was a 3 percent per member per month (PMPM) fee collected from carriers in PY 2016. She said the fee would increase to 3.15 percent for PY 2017.

Senator Kieckhefer asked if the PMPM increase to 3.15 percent correlated with the 1.5 percent fee for utilizing the federal platform. Ms. Korbulic said that was correct, the increase correlated with the unanticipated user fee that would be charged to state-based marketplaces on the federal platform. She said the SSHIX was uncertain whether the user fee would increase for PY 2018, but the agency was hopeful it would remain at 1.5 percent.

In response to a question from Senator Kieckhefer, Ms. Korbulic said that in the NBPP for PY 2018 the Centers for Medicare and Medicaid Services (CMS) suggested and solicited feedback from exchanges about adding an additional year at 1.5 percent; therefore, she was relatively confident that the 1.5 percent user fee would remain in place for PY 2018.

Senator Kieckhefer indicated that the user fee for the federal platform would eventually increase to 3 percent, and Ms. Korbulic said that was correct.

Senator Kieckhefer asked what the cost would be to transition away from a state-based exchange to use the Federally-Facilitated Marketplace (FFM).

Ms. Korbulic said the cost on the FFM is currently 3.5 percent of premiums based on the rate set by the CMS for PY 2018. She said the CMS requested a waiver from the federal Office of Management and Budget, because CMS recognized that 3.5 percent would not fully meet the costs associated with running the federal exchange.

Senator Kieckhefer said the fee to use the federal exchange would ultimately increase if 3.5 percent did not adequately cover the costs to run the system, and Ms. Korbulic said that was correct.

Senator Kieckhefer asked what the implications would be for carriers in Nevada if the state transitioned to the FFM. Ms. Korbulic replied that carriers would probably institute higher premiums for consumers, because the cost to carriers would increase if the state transitioned to the FFM. She noted that carriers enjoyed their relationship with the state-based marketplace, because the state had more leverage to control the market and plans.

Senator Kieckhefer asked about the premium increases for PY 2017 on the state-based exchange, and how that related to the increase on the federal exchange.

Ms. Korbulic replied that the premium increase for on-exchange plans in Nevada was approximately 11.93 percent. She was unsure how that related to the increase on the federal exchange, but she had seen percentages up to 62 percent. Ms. Korbulic said she would obtain additional information and provide it to the Committee.

Senator Kieckhefer asked if those percentages were consistent for all the state-based exchanges as well as the federal exchange. Ms. Korbulic said plan increases varied drastically by state.

Senator Kieckhefer asked if the SSHIX was working to negotiate better health insurance options for Nevadans than what had been negotiated for participants on the federal exchange. Ms. Korbulic said the SSHIX was striving to provide better options for participants. At the request of Senator Kieckhefer, Ms. Korbulic said she would provide him with additional data.

Assemblywoman Titus indicated that carriers were leaving the SSHIX. She asked for data on the available plans on the SSHIX.

Ms. Korbulic said the same three carriers remained on the SSHIX, Anthem, HealthPlan of Nevada and Prominence. She said the SSHIX had 42 qualified health plans, for a total of 63 plans including those with dental plans.

Assemblywoman Titus asked if Anthem was committed to staying on the SSHIX. Ms. Korbulic replied that Anthem remained on the SSHIX for PY 2017, and discussions would soon begin for PY 2018.

Assemblywoman Titus remarked that the cost of premiums for individuals on the SSHIX was of significant concern due to the increase in premiums on the federal exchange.

Assemblyman Sprinkle asked if there was a ceiling on the user fee for Healthcare.gov to limit further increases.

Ms. Korbulic said the SSHIX existed as an economic benefit to Nevadans, because the cost was less than the cost on the federal platform; therefore, the ceiling for the SSHIX would always be less than the federal exchange. She said the current ceiling for the SSHIX was 3.5 percent. Ms. Korbulic said the SSHIX was working to negotiate consistent and long-term affordable rates with Healthcare.gov. The SSHIX was also researching alternative technology resources in existing states to move away from Healthcare.gov and becoming even more affordable.

Assemblyman Sprinkle asked if there was a trend of states returning to state-based only exchanges. He also asked if there were other alternatives, such as a west coast-based exchange, that would help Nevada reduce costs.

Ms. Korbulic replied that the SSHIX was exploring the option of establishing a regional or national exchange with other state-based marketplaces that had purchased and been successful with technology ventures. She said there were a limited number of new state-based marketplaces being established. The State of Arkansas recently transitioned to a state-based marketplace on the federal

platform, because the cost to consumers was less than the federal exchange, and it provided the state with more control over its market. Ms. Korbolic said, currently, there was not a trend toward states returning to fully state-based marketplaces; however, that could change if the federal government increased rates above 3.5 percent.

Assemblyman Sprinkle said the autonomy Nevada experienced as a state-based exchange was something to be proud of. He was interested to see if the trend of returning to state-based marketplaces continues. If so, he would support the SSHIX in that regard.

SENATOR KIECKHEFER MOVED TO APPROVE
AGENDA ITEM F-53.

ASSEMBLYWOMAN DICKMAN SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.

- 54. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2017 -** Transfer of \$5,961,547 from the Personal Services category to the Professional Services category to continue to meet the needs of the clients with the use of temporary and contracted staff. Requires Interim Finance approval since the amount transferred to the Professional Services category exceeds \$75,000. **Work Program #C37955. RECEIVED AFTER SUBMITTAL DEADLINE, 10-4-16.**

Refer to motion for approval under Agenda Item F.

- 55. Department of Health and Human Services - Public and Behavioral Health - Southern Nevada Adult Mental Health Services - FY 2017 -** Transfer of \$882,903 from the Personal Services category to the Mental Health Tech Services category to continue to offer services with the use of temporary and contracted staff. Requires Interim Finance approval since the amount transferred to the Mental Health Tech Services category exceeds \$75,000. **Work Program #C37956. RECEIVED AFTER SUBMITTAL DEADLINE, 10-4-16.**

Refer to motion for approval under Agenda Item F.

RECLASSIFICATIONS

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Administration - Division of Human Resource Management	070/1363	0042	Personnel Analyst 2 Code: 07.521 Grade: 34/03 Employee/Employer Paid Retirement \$49,047.12	Supervisory Compliance Investigator Code: 11.354 Grade: 34/03 Employee/Employer Paid \$49,047.12
Department of Health and Human Services- Public and Behavioral Health	406/3153	0005	Administrative Assistant 3 Code: 02.211 Grade: 27/01 Employee/Employer Paid Retirement \$33,679.44	Cancer Registry Specialist 2 Code: 10.227 Grade: 32/01 Employee/Employer Paid Retirement \$41,321.52
Department of Employment, Training and Rehabilitation- Employment Security Division	902/4770	2032	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12	Business Process Analyst 2 Code: 07.656 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.17
Department of Employment, Training and Rehabilitation- Employment Security Division	902/4770	6920	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/04 Employee/Employer Paid Retirement \$55,833.12	Business Process Analyst 2 Code: 07.656 Grade: 36/04 Employee/Employer Paid Retirement \$55,833.12
Department of Employment, Training and Rehabilitation- Employment Security Division	902/4770	1158	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/03 Employer Paid Retirement \$46,875.60	Business Process Analyst 2 Code: 07.656 Grade: 36/03 Employer Paid Retirement \$46,875.60
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5220	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12	Business Process Analyst 2 Code: 07.656 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5058	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12	Business Process Analyst 2 Code: 07.656 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12
Department of Employment, Training and Rehabilitation- Security Division	902/4770	8129	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12	Business Process Analyst 2 Code: 07.656 Grade: 36/01 Employee/Employer Paid Retirement \$49,047.12
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5100	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/03 Employee/Employer Paid \$53,431.92	Business Process Analyst 2 Code: 07.656 Grade: 36/03 Employee/Employer Paid \$53,431.92

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Employment, Training and Rehabilitation- Security Division	902/4770	0002	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/10 Employer Paid Retirement \$63,997.20	Business Process Analyst 2 Code:07.656 Grade: 36/10 Employer Paid Retirement \$63,997.20
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5164	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/10 Employer Paid Retirement \$63,997.20	Business Process Analyst 2 Code:07.656 Grade: 36/10 Employer Paid Retirement \$63,997.20
Department of Employment, Training and Rehabilitation- Security Division	902/4770	6930	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/10 Employer Paid Retirement \$63,997.20	Business Process Analyst 2 Code:07.656 Grade: 36/10 Employer Paid Retirement \$63,997.20
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5047	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/03 Employee/Employer Paid Retirement \$53,431.92	Business Process Analyst 2 Code:07.656 Grade: 36/03 Employee/Employer Paid Retirement \$53,431.92
Department of Employment, Training and Rehabilitation- Security Division	902/4770	5054	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/10 Employer Paid Retirement \$63,997.20	Business Process Analyst 2 Code:07.656 Grade: 36/10 Employer Paid Retirement \$63,997.20
Department of Employment, Training and Rehabilitation- Vocational Rehabilitation	901/3265	0250	DETR Business Process Analyst 1 Code: 12.132 Grade: 36/07 Employer Paid Retirement \$56,000.16	Business Process Analyst 2 Code:07.656 Grade: 36/07 Employer Paid Retirement \$56,000.16
Department of Employment, Training and Rehabilitation- Vocational Rehabilitation/	902/4770	5051	DETR Business Process Analyst 2 Code: 12.133 Grade: 38/10 Employer Paid Retirement \$79,094.16	Business Process Analyst 3 Code:07.655 Grade: 38/10 Employer Paid Retirement \$79,094.16
Department of Employment, Training and Rehabilitation- Vocational Rehabilitation	901/3265	0001	DETR Business Process Analyst 2 Code: 12.133 Grade: 38/10 Employer Paid Retirement \$79,094.16	Business Process Analyst 3 Code:07.655 Grade: 38/10 Employer Paid Retirement \$79,094.16
Department of Employment, Training and Rehabilitation- Vocational Rehabilitation	902/4770	6932	DETR Business Process Analyst 2 Code: 12.133 Grade: 38/10 Employee/Employer Paid Retirement \$79,907.76	Business Process Analyst 3 Code:07.655 Grade: 38/10 Employee/Employer Paid Retirement \$79,907.76
Department of Employment, Training and Rehabilitation- Vocational Rehabilitation	902/4770	3182	DETR Business Process Analyst 2 Code: 12.133 Grade: 38/10 Employee/Employer Paid Retirement \$79,907.76	Business Process Analyst 3 Code:07.655 Grade: 38/10 Employee/Employer Paid Retirement \$79,907.76

Agency	Agency/ Account Number	Position Number	Present Class Title, Class Code, Grade and Salary	Proposed Class Title, Class Code, Grade and Salary
Department of Public Safety- Director's Office	654/3673	0018	Communications Systems Specialist 1 Code: 6.973 Grade: 33/01 Employee/Employer Paid Retirement \$43,179.84	Program Officer 2 Code: 7.647 Grade: 33/01 Employee/Employer Paid Retirement \$43,179.84
Department of Wildlife- Operations	702/4461	0009	Maintenance Repair Specialist 2 Code: 09.445 Grade: 31/01 Employee/Employer Paid Retirement \$39,672.00	Construction Project Coordinator 2 Code: 06.758 Grade: 35/01 Employee/Employer Paid Retirement \$46,938.24

Peter Long, Administrator, Division of Human Resource Management (DHRM), Department of Administration, said the position reclassification requests for the Department of Employment, Training and Rehabilitation (DETR) were initiated by the DHRM. He said approximately 16 to 18 years ago, DETR requested the creation of a position that combined the duties of program staff and IT staff, resulting in the DETR Business Process Analyst (BPA) class. Shortly thereafter, other departments expressed a similar need, so the DHRM established a generic BPA class. Mr. Long said during the division's recent biennial specification maintenance review process, it was determined that the DETR BPA could be rolled into the generic BPA class. He noted that there was no change in grade. Mr. Long said eliminating the DETR-specific BPA class would help with recruitment and retention by looking at more generic minimum qualifications and education experience.

Assemblywoman Carlton asked if the position reclassifications were limited to a change in title. Mr. Long replied that duties and structure of the positions at DETR had not changed. The DHRM would eliminate the DETR-specific BPA and transfer the existing DETR positions into the generic BPA class.

Assemblywoman Carlton said the DETR positions appeared to change from a BPA 1 to a BPA 2. She asked if the pay would remain the same for those positions.

Mr. Long said the grades would remain the same, because when the DETR-specific BPA was created it only had two position levels, journeyman and supervisor. He said the generic BPA class had three levels. The BPA 1 was an entry-level trainee position, followed by a BPA 2, which was a journeyman position, and a BPA 3, which was a supervisory position. Mr. Long said the existing positions at DETR would be performing the same duties, but the generic BPA class would allow DETR to hire staff at the trainee level.

In answer to a question from Assemblywoman Carlton, Mr. Long replied that the BPA 1 was a Grade 34; therefore, DETR could hire an employee as a trainee and then promote the employee to a BPA 2 after one year. He explained that the BPA 2 was equivalent to the DETR-specific BPA 1. Mr. Long said the position level numbers were different, but the grades were the same.

Assemblywoman Carlton asked for further clarification, because it sounded as though an employee hired as a BPA 1 would be earning the same amount as a BPA 2. Mr. Long replied that a DETR-specific BPA 1 was equivalent to a BPA 2 at all other agencies. He said the generic BPA class had three levels, with a BPA 1 being a trainee at a lower grade.

Assemblywoman Carlton asked if all DETR trainees would be hired at the lower grade. Mr. Long replied that DETR could choose that option. The current BPA positions at DETR were Grades 36 and 38. He said hiring staff at a lower grade would be a recruitment option for candidate with less experience who could eventually advance to the next grade without competition. Mr. Long said the position reclassifications would not be detrimental to the agency or existing employees.

Assemblywoman Carlton asked if future employees would be hired at a different level. Mr. Long replied that future employees could be hired at the lower level as a trainee, and advance to the level for which the position was allocated after one year. He said it would allow DETR to hire someone with less experience, such as a recent college graduate, rather than requiring agency-specific experience.

Assemblywoman Carlton said the state was establishing another class, and future employees would be paid less money at the trainee level. Mr. Long explained that DETR would have the option to hire a trainee who could be paid less because that employee would not have the training required for the existing DETR-specific BPA 1.

Assemblywoman Carlton said she wanted to ensure that the state was not deterring prospective employees, because it was difficult to hire employees without adequate pay. Mr. Long said transitioning DETR to the generic BPA class created a career path for future employees.

Chair Anderson said DETR did not currently have an entry-level position; therefore, the generic BPA class would allow candidates to be hired as trainees and gain agency-specific knowledge to qualify for higher level positions.

Assemblywoman Carlton said it was difficult to hire staff if the pay and benefits were limited. She thanked the agency for providing clarification.

ASSEMBLYWOMAN CARLTON MOVED TO APPROVE
THE POSITION RECLASSIFICATIONS FOR THE
DEPARTMENT OF EMPLOYMENT, TRAINING AND
REHABILITATION.

SENATOR PARKS SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

G. DEPARTMENT OF ADMINISTRATION – STATE PUBLIC WORKS DIVISION.

1. Request to modify the scope of CIP project 15-M22, Replace Chillers and Boilers, Supreme Court Building, to defer the replacement of the chillers and boilers, and complete the replacement of the existing cooler towers and related equipment, and relocate the existing emergency generator radiator.
2. Request to modify the scope of CIP project 15-M23, Replace Chiller and Boilers, Nevada Highway Patrol Reno Headquarters Building, to defer the replacement of the boilers and related equipment, and complete the replacement of the existing chiller, pumps and piping.
3. Information regarding the Project Exception Report pursuant to NRS 341.100(8)(g).

Agenda Items G-1 through G-3 were discussed in conjunction with Agenda Item F-5. Refer to testimony and motion for approval under Agenda Item F-5.

H. STATEMENT OF CONTINGENCY ACCOUNT BALANCE.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, LCB, said the unrestricted General Fund balance was \$12.3 million, and the Highway Fund balance was \$1.7 million. She noted that there were no Contingency Account requests before the Committee today.

I. STATE DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – DIVISION OF STATE LANDS – FUND TO PROTECT THE LAKE TAHOE BASIN - Request for approval to reduce bond proceeds authorized for forest restoration projects by \$500,000, and increase improvement of day and overnight recreational facilities by \$500,000 to complete facility improvements at Sand Harbor, Lake Tahoe Nevada State Park per Assembly Bill 18, Section 2, Subsection 2(b) (2009 Legislature).

Charlie Donohue, Administrator, Division of State Lands, Department of Conservation and Natural Resources, said the agency's request was for the transfer of \$500,000 from the Forest Restoration category to the Recreational Facilities category per Assembly Bill 18, Section 2 (2009).

There was no further discussion on this item.

SENATOR SETTELMAYER MOVED TO APPROVE
AGENDA ITEM I.

ASSEMBLYMAN SILBERKRAUS SECONDED THE
MOTION.

THE MOTION PASSED UNANIMOUSLY.
(Assemblyman Sprinkle was not present for the motion.)

- J. DEPARTMENT OF ADMINISTRATION – MERIT AWARD BOARD** – Request for approval to award \$11,573 to a state employee for an employee suggestion pursuant to NRS 285.070. **WITHDRAWN 10-7-16.**

K. INFORMATIONAL ITEMS.

The Committee expressed interest in hearing testimony on Agenda Items K-7, Department of Business and Industry; and K-13, Public Employees' Benefits Program.

Senator Kieckhefer requested further testimony on Agenda Item K-9b(5), Department of Health and Human Services, Division of Health Care Financing and Policy.

- 1. OFFICE OF THE GOVERNOR** – Office of Science, Innovation and Technology – Semiannual report on the award and outcomes of the STEM Challenge Grants and the broadband mapping contract for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 2. OFFICE OF THE ATTORNEY GENERAL** – Crime Prevention – Human Sex Trafficking Prosecutions Unit – Semiannual report on the number of human sex trafficking cases reported, investigated and prosecuted for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 3. DEPARTMENT OF ADMINISTRATION** – Victims of Crime Program – Biennial report on the amount of compensation awarded, number of applicants, number of applicants denied compensation, and average length of time to award compensation for Fiscal Year 2016 pursuant to NRS 217.250.

There was no discussion on this item.

- 4. DEPARTMENT OF TAXATION** – Progress report on the implementation of the Commerce Tax program.

There was no discussion on this item.

- 5. DEPARTMENT OF EDUCATION** – Douglas County School District – Performance Contract report pursuant to NRS 332.431.

There was no discussion on this item.

6. NEVADA SYSTEM OF HIGHER EDUCATION

- a) Quarterly report on the progress made by the School of Medicine in obtaining federal approval for the research program on the medical use of marijuana, as well as the status of activities and information received through the program, for the period ending June 30, 2016, pursuant to NRS 453A.600.
- b) Biannual report on Registration Fees and Non-Resident Tuition Fees pursuant to A.B. 490 (2015 Legislature) for the period ending June 30, 2016.
- c) Semiannual report on the accomplishments of the Nevada Center for Biomedical Research, previously known as the Whittemore Peterson Institute, for the period ending June 30, 2016 (letter of intent, 2015 Legislature).
- d) Semiannual report identifying the development efforts, progress made, and milestones established and achieved in the implementation of the new medical school at University of Nevada, Las Vegas for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on these items.

7. DEPARTMENT OF BUSINESS AND INDUSTRY – Semiannual report on the status of the Home Means Nevada program portfolio; neighborhood stabilization efforts; and the status of closing out the Home Means Nevada program for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

Bruce Breslow, Director, Department of Business and Industry (B&I), said the Home Means Nevada (HMN) program was part of the B&I Housing Division. He said C.J. Manthe, Administrator, Housing Division, B&I, was available to answer questions specific to the HMN program.

Senator Kieckhefer asked how the agency determined that \$9 million would revert to the Office of the Attorney General (OAG) rather than the General Fund.

Mr. Breslow said B&I intended to revert remaining HMN funds to the state per its business plan, which could be redistributed by the state as appropriate. According to the OAG, the National Mortgage Settlement agreement stated that unused mortgage settlement funds must revert to the OAG if the funds were not used for the intended purpose. He recalled that the Committee authorized the funds to be transferred to the OAG at a previous IFC meeting. Mr. Breslow said B&I and the OAG agreed that any funds that were not used to purchase notes should revert to the OAG.

In answer to a question from Senator Kieckhefer, Mr. Breslow said the mortgage settlement funds had been available since the inception of the HMN program. He said the purpose of the HMN program was to purchase notes at a discounted rate and rehabilitate homes.

Senator Kieckhefer asked when the division ceased purchasing notes. Ms. Manthe replied that the HMN program initially purchased notes in June 2014.

For the past two years the funds had been used to rehabilitate homes obtained through the foreclosure process.

Senator Kieckhefer asked if \$9 million was the amount of remaining mortgage settlement funds not utilized for the original purpose, and Ms. Manthe said that was correct.

In response to a question from Senator Kieckhefer, Mr. Breslow replied that B&I staff had submitted a work program for approval. The HMN Board had already voted to return the remaining funds to the state, which would occur when the work program is approved. He said the funds would revert to a new B&I general ledger account. From there, the Governor's Finance Office would advise B&I where to transfer the funds. Mr. Breslow said approximately \$35 million was available for transfer. Additionally, the Housing Division would wholesale any notes remaining in the HMN portfolio. He said B&I would transfer the funds from the sale of the remaining notes to the state. Mr. Breslow said the HMN program was scheduled to close in its entirety by December 2016.

Ms. Manthe added that the estimated reversion to the state was between \$45 million and \$47 million.

Senator Kieckhefer said approximately \$38 million would be reverted to the General Fund after \$9 million was reverted to the OAG, and Ms. Manthe said that was correct.

Senator Kieckhefer asked if the reversion would be done incrementally or all at once when the program ended.

Mr. Breslow said the funds would revert to the state based on direction from the Governor's Finance Office. He said B&I could revert \$35 million within a week. He said the remaining notes were going through a reconciliation settlement, bids had gone out, and the HMN program was in the process of closing the account.

In answer to a question from Senator Kieckhefer, Nick Trutanich, Chief of Staff, OAG, replied that the terms of the National Mortgage Settlement agreement clearly stated that the mortgage settlement funds must be spent to ameliorate the effects of the mortgage crisis. He said the funds that were initially transferred to B&I were provided for that purpose. Mr. Trutanich said the remaining \$9 million was not used for that purpose, therefore, the unexpended mortgage settlement funds must be spent in a manner deemed appropriate by the Attorney General and with legislative approval. Further, there was an agreement between B&I and the prior Attorney General that any unexpended mortgage settlement funds would revert to the OAG.

Mr. Breslow said there was correspondence by memo between the former B&I Director and former Attorney General Cortez-Masto indicating that

unexpended mortgage settlement funds would revert to the OAG. Following that, B&I developed a full memorandum of understanding stating that unexpended mortgage settlement funds would revert to the State General Fund per B&I's business plan that had been approved by the Legislature. Mr. Breslow said in later discussions with OAG, B&I learned that remaining mortgage settlement funds must revert to the OAG so the funds could be repurposed for the intent of the National Mortgage Settlement.

Mr. Trutanich added that the reversion of unused mortgage settlement funds to the OAG was consistent with confidential advice that the OAG provided the Governor as far back as the 2015 Legislative Session. The information was also consistent with discussions with the Governor's Finance Office about the rightful location of the funds.

Senator Kieckhefer thanked the agencies for providing testimony. Although Agenda Item K-7 was not a decision item, he wanted information on the record prior to the 2017 Legislative Session.

Assemblywoman Titus said a significant number of people were impacted by the mortgage crisis. She asked why the mortgage settlement funds were not fully expended.

Mr. Breslow said B&I was initially advised that more than 800 notes would be available for purchase through the U.S. Department of Housing and Urban Development (HUD). He said the cost to purchase those notes would have exceeded \$100 million; therefore, the HMN program obtained a loan from the Housing Division. Mr. Breslow said the notes were available for purchase through HUD at a discounted price; however, HUD withheld information for an extended period of time. He said, ultimately HUD offered 480 notes for sale to the state. Mr. Breslow said after the notes were "scrubbed" to check for existing issues such as Homeowner Association liens, there were approximately 200 notes worth purchasing. Mr. Breslow said overall, the experience with HUD had been very difficult. He said B&I made the best of the HMN pilot program by renegotiating with homeowners or arranging for a deed-in-lieu of foreclosure, and focusing on neighborhood stabilization efforts. He said the HMN program was helpful for many people, but the state would have risked losing money by purchasing additional notes at full cost.

Chair Anderson recalled that the Legislature delved into the HMN program during the 2013 Legislative Session and revisited it again during the 2015 Legislative Session. He said, for the purpose of clarification, \$49 million in mortgage settlement funds was provided in FY 2014, and there was discussion about the possibility of another \$100 million from the U.S. Department of Treasury. Chair Anderson said, after the \$9 million in unused mortgage settlement funds was returned to the OAG, approximately \$36 million to \$38 million would revert to the

General Fund. He noted that additional funds would be generated from the sale of the outstanding notes, which would also revert to the General Fund.

Ms. Manthe said there were several variables that would impact the total amount reverted to the General Fund. The HMN program was receiving bids on the distressed notes, which would give a better indication of the true return to state. Additionally, the HMN program was selling some of the remaining realtor-owned properties.

Chair Anderson asked if B&I anticipated that the initial \$49 million, at least, would be returned to the state, or if there were overhead costs that would affect the total.

Ms. Manthe replied that the anticipated reversion to the state was between \$46 million and \$47 million. She said the original business plan approved by the Legislature identified a 5 percent administrative overhead.

Senator Kieckhefer asked the agency to notify staff when the reversion occurred so the information could be recorded on the balance sheets for planning purposes, and Mr. Breslow agreed.

Assemblywoman Carlton asked how the agency planned to address the 73 existing notes in the HMN portfolio. Ms. Manthe replied that the number of existing notes had decreased to 47. She said the majority of those homeowners were paying on a timely basis and loan terms had already been modified. Ms. Manthe said 5 homeowners remained in the foreclosure process. She said the HMN program was working with those homeowners to pursue options other than foreclosure, such as deed-in-lieu of foreclosure or a short sale.

8. GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT – Semiannual report regarding the Battle Born Venture Fund for the period ending June 30, 2016.

There was no discussion on this item.

9. DEPARTMENT OF HEALTH AND HUMAN SERVICES

a) Aging and Disability Services Division – Quarterly report for the Senior Rx and Disability Rx Prescription Caseload Data for the period ending June 30, 2016, pursuant to NRS 439.630(1)(c).

There was no discussion on this item.

b) Division of Health Care Financing and Policy

1) Annual report on the division's operations and activities pertaining to the cost of health care for Calendar Year 2015 pursuant to NRS 449.520.

There was no discussion on this item.

- 2) Quarterly report on the Disproportionate Share Hospital Supplemental Payment Program for the period ending September 30, 2016, pursuant to NRS 422.390.

There was no discussion on this item.

- 3) Quarterly report on the coverage for applied behavior analysis services for children with Autism Spectrum Disorder for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 4) Quarterly report on the state's Title XXI allotment and related program expenditures for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- 5) Semiannual report on cost savings over the 2015-17 biennium related to the Health Care Guidance Program, basic skills training policy changes, personal care services policy changes, and the new electronic asset verification system for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

Marta Jensen, Administrator, Division of Health Care Financing and Policy (DHCFP), DHHS, said the division's latest report was submitted on July 27, 2016. She said the report covered four separate areas including the Health Care Guidance program, Personal Care Services program, Basic Skills Training program, and the Asset Verification System that was being implemented by the Division of Welfare and Supportive Services (DWSS).

Senator Kieckhefer recalled that the division's report indicated that initial first-year cost savings estimates for the Health Care Guidance Program (HCGP) would be available in early September 2016. He asked the agency to provide that information.

Ms. Jensen replied that the DHCFP had received the report from the actuary last week, and the results were still being validated. She said the report indicated a net savings, but the numbers had not been verified. Ms. Jensen said the estimated savings was between \$5 and \$10 million.

Senator Kieckhefer asked for the number of participants in the HCGP. Gloria Macdonald, Chief of Program Research and Development Unit, DHCFP, DHHS, replied that membership fluctuated month-to-month, but there was an average of 38,000 participants per month during the last six months.

Senator Kieckhefer asked if 38,000 participants was close to the allowable maximum, and Ms. Macdonald said that was correct.

Senator Kieckhefer asked if the division was tracking health care outcomes of the HCGP. Ms. Macdonald said health care outcomes were being tracked from the perspective of what transpired between the participant and their care manager. She said quality measures were being tracked and reported by the HCGP on a periodic basis. She said there was an oversight organization that followed health care outcomes at the participant level; therefore, the division was tracking the overall outcome of the HCGP.

In response to a question from Senator Kieckhefer, Ms. Macdonald replied that the total cost of the HCGP was approximately \$330 million for the period and the cost savings was estimated at 3 percent or less of that amount, which was the net amount of the fees paid to the HCGP vendor.

Senator Kieckhefer asked if that information was based on first-year data. Ms. Macdonald replied that the first program year was June 2014 through May 2015, with an additional 12 months of claims run-out incorporated into the reconciliation process.

Senator Kieckhefer said doctors and hospitals typically wanted payment for services rendered in a timely manner, and the state closed its books three months after the end of the fiscal year. He asked why there was a 12-month run-out. Ms. Macdonald replied that the 12-month run-out was part of the claims billing process, and based on historical experience with providers, including hospitals.

Ms. Jensen said claims were typically received quickly from providers. She said providers had 6 months from the date of service to bill for services rendered. If a third party or commercial payer were involved, providers would be allowed 12 months to bill for services rendered. She said the division used a 12-month timeframe to account for the lag period.

In answer to a question from Senator Kieckhefer, Ms. Jensen replied that the majority of claims were submitted promptly, because providers wanted to receive reimbursement as soon as possible.

Senator Kieckhefer said the HCGP was a demonstration project, and more than a year had passed since the first year of data. He said it would be helpful to have a better analysis of the program prior to the 2017 Legislative Session, and Ms. Jensen agreed. She said the division would ensure the information was prepared.

Turning to the Basic Skills Training program, Senator Kieckhefer said approximately \$69 million in savings had been realized since the

implementation of the policy change requiring the need to evaluate medical necessity before providing services.

Ms. Jensen said that was correct. She said the policy change required that Basic Skills Training be deemed medically necessary during the pre-authorization process for the services to be rendered; as a result there had been a significant savings. Ms. Jensen said there was a 20 percent reduction in behavioral health fee-for-service caseload, which meant the recipient base had decreased. However, she noted that the targeted case management area had increased, which was under investigation by the division to determine if the benefit had shifted and if utilization was appropriate.

Senator Kieckhefer asked if there were other program areas that could generate a cost savings by evaluating medical necessity before providing services. Ms. Jensen replied that the DHCFP was assessing all of its programs to determine if there was a way to streamline the process and ensure that utilization was appropriate.

In response to a question from Senator Kieckhefer, Ms. Jensen replied that the DHCFP would begin by assessing its programs internally. She explained that each subject-matter expert within the division would analyze their own program areas. The program areas would be examined from a national perspective, keeping in mind other ideas within the state and provider input. Ms. Jensen said the DHCFP would hold public workshops to allow input from stakeholders prior to the public hearing process.

Senator Kieckhefer requested that the division keep the Committee apprised of its progress. With the 2017 Legislative Session approaching, he said it would be helpful to establish other program areas that could require proof of medical necessity prior to services being rendered, especially if a cost savings could be generated.

Senator Kieckhefer said it was estimated that the electronic Asset Verification System (AVS) would save \$6 million in the 2015-17 biennium. He asked if there was a decision unit for savings continuing in the 2017-19 biennium included in the agency request budget, and Ms. Jensen said that was correct.

Ms. Jensen said implementation of the electronic AVS had been postponed until October 31, 2016. The pilot program would begin in the Elko district office with two specialty groups. Ms. Jensen said full implementation of the electronic AVS was expected to occur by the end of November 2016, with noticeable savings by January 2017.

Assemblywoman Benitez-Thompson said it appeared there was a new assessment tool for the Personal Care Services (PCS) program, which had caused a reduction in services.

Ms. Jensen replied that the new assessment tool for the PCS program was implemented in 2014. During the design and implementation process of the assessment tool the DHCFP placed a moratorium on reduction in services for the PCS program for a couple of years. She said there was an increased number of requests for hearings when the moratorium was lifted, but that issue had subsided. Ms. Jensen said the new assessment tool allowed the program to provide the appropriate number of hours to each individual.

In response to a question from Assemblywoman Benitez-Thompson, Ms. Jensen replied that the assessment tool was used by a physical therapist or occupational therapist to determine the level of care required for each individual. She said the assessment was more definitive now concerning the type of services required for each individual.

Assemblywoman Benitez-Thompson said many people qualified for PCS and it was difficult to capture in writing the number of personal care hours necessary per week for each individual. Although there was a budget difference, she asked if there was also a qualitative difference between 10 and 15 hours as far as the level of benefit being provided to a recipient. Assemblywoman Benitez-Thompson said a reduction in PCS hours was usually traumatizing to a recipient who was used to a certain level of care.

Assemblywoman Benitez-Thompson said she was impressed with the number of people who had requested hearings, because it was a cumbersome process, especially for an individual in a compromised state. She wanted to ensure that the cost savings were not the result of removing people from the PCS program or substantially reducing their personal care hours.

Ms. Jensen said the assessment tool used by a physical or occupational therapist did not dictate the number of personal care hours, just the level of care. She noted that the PCS program experienced a small decrease in the number of recipients and average cost of care, but program enrollment had increased. Ms. Jensen said, overall, the assessment tool was used to determine that the number of personal care hours provided to each individual was appropriate for their level of need.

- c) Division of Welfare and Supportive Services – Semiannual report on the progress of meeting Nevada’s Supplemental Nutrition Assistance Program timeliness and quality standards for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

- d) Division of Child and Family Services
 - 1) Semiannual report on the progress of reopening and management of the Summit View Youth Correctional Center for the period ending June 30, 2016 (letter of intent, 2015 Legislature).
 - 2) Annual report on expenditures relating to the placement of children in Specialized Foster Care/Advanced Family Foster Care programs statewide for the period ending June 30, 2016, pursuant to NRS 424.041(2).
 - 3) Notice to consolidate two 0.51 FTE positions to one 1.00 FTE position.

There was no discussion on these items.

10. DEPARTMENT OF MOTOR VEHICLES

- a) System Modernization – Semiannual report on the status of the system modernization project for the period of April 2016 through October 2016 (letter of intent, 2015 Legislature).
- b) Fiscal Year 2016 report on the use of funds received by each local air pollution control agency from the quarterly and annual distribution from the Pollution Control Account, pursuant to NRS 445B.830.
 - 1) Clark County Department of Air Quality.
 - 2) Washoe County Health District, Air Quality Management Division.

There was no discussion on these items.

11. NEVADA DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES – Nevada Division of Environmental Protection – Semiannual report on the implementation of the new Bureau of Industrial Site Cleanup budget and oversight of the Nevada Environmental Response Trust for the period ending June 30, 2016 (letter of intent, 2015 Legislature).

There was no discussion on this item.

There was no discussion on this item.

12. DEPARTMENT OF TRANSPORTATION

- a) Report on the activities of the Advisory Committee on Transportational Storm Water Management and the implementation and efficacy of the department's storm water program pursuant to S.B. 324, Section 10.3 (2015 Legislature).
- b) District II - Notice to increase an Administrative Aid from a 0.51 FTE position to a 1.0 FTE position to meet workload demands.
- c) Traffic Operations – Notice to increase an Administrative Assistant from 0.51 FTE position to 1.0 FTE position due to increased workload.

There was no discussion on these items.

13. PUBLIC EMPLOYEES' BENEFITS PROGRAM – Report on the benefits plan design and associated funding plan anticipated for FY 2018 and FY 2019 (letter of intent, 2015 Legislature).

Damon Haycock, Executive Officer, Public Employees' Benefits Program (PEBP), said PEBP's response to the 2015 letter of intent (LOI) on September 1, 2016, described the background and process by which PEBP finalized its rates, which then determined how much employers, including state agencies and non-state entities, and employees and retirees would subsidize. He said in November of each year the PEBP Board traditionally selected and approved the preliminary plan benefit design for the Consumer Driven Health Plan (CDHP), and discussed prospective changes to the Health Maintenance Organization (HMO) plans. Mr. Haycock noted that the plan year ran from July 1 through June 30, which mirrored the state fiscal year. In January of the following year, the plan benefit design selections made by the Board were analyzed by the actuarial consultant and compared with the experience of plan participants and the types of utilization that were seen in a 24-month period to estimate future trends for medical inflation. Mr. Haycock said the information became more accurate in subsequent months and indicated if there were ebbs and flows in the types of claims, which provided a better projection for rates. He said in March or April of each year the PEBP Board (Board) approved premium rates and proceeded with the plan benefit design. Open enrollment was available from May 1 through May 31 for the new plan year beginning in July. Mr. Haycock said changes to the master plan document were made available to assist participants in selecting the appropriate plan to meet their needs. He said in even-numbered years agency request budgets were due by September 1, which created the need for PEBP to submit various budget amendments throughout the legislative session as new information became available.

Mr. Haycock said at the September 22, 2016, PEBP Board meeting the Board directed PEBP to develop detailed recommendations for Plan Year (PY) 2018 prior to the Board's meeting on November 17, 2016. He said the analysis was not complete, but he could provide the Committee with details concerning PEBP's recommendations and the reasoning for those recommendations.

Mr. Haycock said, attached to PEBP's LOI response letter was a draft report that provided information and recommendations on the CDHP benefit design opportunities for PY 2018. He said the draft report had been altered to discuss the types of plan benefit designs, and it was provided to the Board as an opportunity to review and provide feedback to the agency.

Mr. Haycock said PEBP had accumulated a significant amount of excess reserves over the past few plan years. In each of those years the total amount of money collected had been higher than what was required to ensure the plan was solvent, and provide for the one-year lag in payment for claims that was incurred but not reported, and for catastrophic reserves. Over the last three plan years, excess

reserves had been used to increase the richness of the plan benefit design, lower deductibles, increase coinsurance, provide additional Health Savings Account (HSA) and Health Reimbursement Arrangement (HRA) funding, and increase life insurance. Mr. Haycock said excess reserves had also been used to assist retirees enrolled in the CDHP with their Medicare Part B premiums. He said Medicare Part B was considered primary insurance, therefore; it was beneficial to the state and retiree to assist with first dollar coverage.

Mr. Haycock said PEBP, along with all state agencies, was asked to build a flat budget for the 2017-19 biennium and include a 5 percent cut. He said PEBP did not draw directly from the General Fund, so the 5 percent cut would have to be applied to the state subsidy, or equivalently, to non-state employers that supported non-state employees and retirees on the state's plan. As a result, PEBP would be required to reduce benefits, raise premiums, or both, which would have a negative impact on state employees, retirees and their families. Mr. Haycock said PEBP had been working diligently to determine the best way to preserve as many of the current benefits as possible. He said, at the September 2016 PEBP Board meeting, the Board requested that PEBP provide analysis on reducing some of the enhancements based on available funding. Instead of eliminating the enhancements completely, PEBP was considering methods to incrementally reduce the benefits to mitigate the amount of change for participants over the next two years.

Mr. Haycock said PEBP was still finalizing its analysis of the current excess reserves. He said that last year the premium rates were built on an anticipated medical trend of 6 percent; however, the actual medical trend was approximately 1 percent. He said the reason for the lower than expected medical trend was unknown. The cause may have been related to an overall decreased need for medical care, hesitancy in seeking medical care, or PEBP's more aggressive approach with vendors, partners and the provider community. Mr. Haycock said it appeared there would be more excess reserves than expected, which meant less of a reduction to the enhanced benefits.

Mr. Haycock said PEBP recently conducted a participant survey concerning plan benefits. Although most people did not want to choose between three difficult and potentially unfair scenarios, PEBP wanted to receive input and feedback from participants prior to the plan benefit discussion. He said the results of the survey were interesting in that, when faced with three difficult decisions, participants valued their current benefits enough to pay higher premiums. Mr. Haycock said PEBP was cognizant of the fact that participants did not want to pay more than necessary for health care. He said PEBP also understood that an increase in rates may also be seen as a pay cut unless there was a corresponding pay increase. He said PEBP respected the fact that health care benefits were part of the overall state compensation package. Mr. Haycock said at the time PEBP submitted its LOI response letter it was anticipated that almost all of the enhanced benefits would be reduced or eliminated; however, it appeared there may be fewer

changes to the enhancements than initially anticipated. He said PEBP intended to apply the excess reserves to the plan over the course of the 2017-19 biennium to avoid a significant reduction in benefits at one time.

Assemblyman Kirner said he was familiar with the issue of health benefits and the potential impact on participants. He noted that the non-state retiree group was gradually decreasing in numbers, and he asked for an update.

Mr. Haycock confirmed that the number of non-state retirees had decreased. He said the number of non-state retirees enrolled in the CDHP in October 2016 was 1,027, and they were supported by 4 non-state employees who were also enrolled in the CDHP. He said there was a total of 791 non-state retirees enrolled in the HMO plans, and they were supported by 3 non-state employees also enrolled in the HMO plans. Overall, there were approximately 1,800 non-state retirees who could not transition to the Medicare Exchange, because they had not earned enough quarters to qualify for the program. Mr. Haycock said there were a total of 7 non-state employees supporting the non-state retiree group, and rates would continue to increase as indicated in PEBP's agency request budget. He said the non-state retirees required health care as much as anyone else, and they were equally valuable plan participants. Mr. Haycock said there were several options to consider to address the non-state retiree group and the increasing cost of premium rates:

1. Commingle non-state retirees into the state pool – Current state law prohibited commingling of the claims experience of non-state retirees with other groups when setting insurance rates; therefore, the claims and costs of non-state retirees were not absorbed by a larger pool of participants as with typical group insurance. If the law was changed to allow commingling, state employees and retirees would incur higher rates to cover a higher cost group. The state subsidy may also increase as a result of commingling. Ultimately, the state, taxpayers and participants may be required to absorb higher costs for a group that had not paid into the state's plan during its active working years.
2. Require non-state employers to pay a higher subsidy percentage for non-state retirees – Current state law required equal subsidization of state and non-state participants.
3. Increase state funding to offset the high cost of non-state retiree premiums.
4. Transfer non-state retirees to the state-based health care exchange – Many retirees would qualify for federal subsidies; however, additional PEBP benefits such as dental coverage and life insurance may not be available.

Mr. Haycock said, ultimately, the state could forgo any changes concerning the non-state retiree group. He said one particular non-state retiree who Mr. Haycock had spoken with on a number of occasions thought the state should not be

required to address the matter, because those retirees could have continued working to earn enough quarters to qualify for the Medicare Exchange. Mr. Haycock said there was not an easy solution to the non-state retiree issue, but PEBP hoped to find an answer.

Assemblyman Kirner said a solution concerning the non-state retiree group had not been reached over the last two legislative sessions; therefore, it was incumbent upon the Board to finally come to a decision. With the recent addition of several new members, he hoped the Board could come to an agreement and present it to the 2017 Legislature.

Assemblywoman Carlton thanked Mr. Haycock for meeting with her offline. She noted that the reserves were comprised of state and employee contributions for the purpose of health care benefits. She said the forecasts had been exceedingly inaccurate every year since 2012. Although the funds had been put to good use, the state and its employees had been consistently overpaying. Assemblywoman Carlton said the actuaries were regularly missing the mark, and she thought it was time to examine how the numbers were being derived. She said the state and its employees should be contributing the necessary amount to cover the cost of health care and life insurance benefits. She thought the matter of the excess reserves was the major underlying problem. Assemblywoman Carlton said the excess state funds which contributed to PEBP's excess reserves could have been used to address other state matters during the recession.

Assemblywoman Carlton said she was troubled that PEBP's proposal reverted to the 2012 plan model, because she recalled that many employees had significant concerns about the out-of-pocket costs they were required to pay during that plan year. With the exception of the cost of living increases during the 2015-17 biennium, state employees had not experienced pay increases over the past several years; therefore, health care utilization may be effected if PEBP reverted to the 2012 plan model. She said people may wait until a visit to urgent care or the emergency room is unavoidable rather than addressing the issue earlier with their doctor. Assemblywoman Carlton said the potential revisions for the CDHP included a deductible increase to \$1,900 for individuals, and \$3,800 for families, yet the HSA/HRA contributions would be reduced to \$700. She said those recommendations would cause participants additional out-of-pocket costs of approximately \$100 per month, which was a considerable amount of money for individuals in lower pay grades. She knew the Board would give the proposal serious consideration, but Assemblywoman Carlton wanted to avoid drastic changes for participants. She thought it was a good idea to incorporate the plan changes incrementally over the 2017-19 biennium. She said it was important to accurately determine medical trend and adjust the plan accordingly to provide consistency.

Assemblywoman Carlton said the changes to the amount of Basic Life Insurance coverage was problematic for people, especially those near retirement who had

made decisions based on a life insurance benefit of \$25,000. She thought reducing the benefit from \$25,000 to \$10,000 may encourage people to retire before the reduced amount when into effect. Assemblywoman Carlton added that insurance companies would be hesitant to sell life insurance to individuals close to retirement, so it would be difficult for employees nearing retirement to make up the difference by purchasing another policy.

Assemblywoman Carlton said she appreciated that the HMO plans would remain fairly consistent. She reiterated her concerns regarding the prospective changes to the CDHP and the inconsistency of the plan over the past several years. She stressed that it was important for the Board to manage the inaccuracies of the medical trend provided by the actuaries, because accumulating reserves and deciding how to spend those funds at a later date was not sensible. Assemblywoman Carlton said PEBP needed to determine the appropriate contribution rate based on the plan benefit design. She asked the agency to address the medical trend issue.

Mr. Haycock clarified that the state contributions, and employee and retiree premiums were placed in separate categories, and the money was used to pay claims. When there was a surplus in state contributions in one year, PEBP reduced its need for state funds in the next year, and vice versa. He recalled that the state needed to find additional funding near the end of the 2015 Legislative Session, and PEBP had available contributions from the state that it could draw and return to the state. Mr. Haycock said it was his understanding that PEBP squared the state contributions on a year-to-year basis. He said unused employee and retiree premiums caused excess reserves.

Turning to the issue of the medical trend, Mr. Haycock said PEBP had made changes to the CDHP every year since its inception. For example, HSA/HRA contributions had fluctuated, and benefits had been added and/or increased. He said frequent changes to the CDHP made it difficult for the actuaries to predict the trend; however, the plan had remained the same for the past three years. Mr. Haycock said the volatility that currently existed in the plan was related to pharmacy costs. He said pharmacy costs fluctuated dramatically from year to year. For example, when the Hepatitis C drug was released it was difficult to determine how many people would require the medication. He said the cost of the drug, which was a cure rather than treatment, varied between \$60,000 and \$100,000 per person. Mr. Haycock said a significant amount of the “baby boomer” population was thought to be infected with Hepatitis C, but asymptomatic. He said due to the volatility of pharmacy costs, the actuaries were more conservative in some years compared to other years. Mr. Haycock said PEBP and the actuaries were becoming more aggressive about predicting the trend to avoid overpayment by participants. He said PEBP was striving to set rates based on the experience and needs of the plan. He said PEBP was currently reviewing assumptions and continuing to work with the Governor’s Finance Office to adjust PEBP’s budget to provide the most up-to-date information to the 2017 Legislature.

Mr. Haycock said out-of-pocket costs for the CDHP were expected to increase for PY 2018 due to reduced HSA/HRA contributions and increased deductibles; however, PEBP was considering ways to offset those costs. At the November 2016 PEBP Board meeting, he would present the option of utilizing the preventive drug list (PDL). He explained that the PDL was a list of common drugs used to treat diseases such as diabetes, hypertension, and asthma, which was approved by the Internal Revenue Service. Utilizing medications included on the PDL would bypass the high deductible and go right into coinsurance cost sharing. For example, a generic drug that cost \$10 could cost as little as \$2 if the drug were included on the PDL. He said one of the most common complaints about the CDHP was the requirement to satisfy the deductible prior to receiving maintenance drugs, and the PDL may be a solution to that problem. Mr. Haycock said he recommended the use of PEBP's reserves to fund the PDL.

Mr. Haycock agreed with Assemblywoman Carlton that people typically built their retirement plan around their life insurance benefit. He noted that participants could purchase supplementary life insurance through PEBP for an additional cost.

Assemblywoman Carlton noted that state employees and retirees were also tax payers, so they were helping to pay for their own health insurance in addition to paying their own monthly premium. She said a decent benefit package helped retain employees even when there was a lack of pay.

Assemblywoman Carlton recalled that she had shared her concerns about the survey with Mr. Haycock. She thought it was inappropriate that participants were given "Hobson's choice" on the matter of their health benefits. Going forward, she hoped the Board would consider all of the issues discussed at the meeting today. Assemblywoman Carlton said the state found it difficult to hire qualified employees, and it would be more difficult without a competitive benefit package.

Assemblywoman Carlton said the CDHP had not functioned well since its inception. She said participants had been asked to pay more for health insurance in spite of pay cuts, and families should not have to choose whether to pay a medical bill or utility bill. Assemblywoman Carlton said the state needed to reevaluate the effectiveness of the CDHP and determine how to correct the problem to give people the health care they deserved. She said the move to the CDHP had been based on a manufactured crisis, but now there was a legitimate crisis.

Assemblywoman Spiegel asked for the number of employees who chose to opt out of PEBP coverage, and what the trend had been over time. Mr. Haycock said he would obtain the information and provide it to the Committee.

14. DEPARTMENT OF VETERANS SERVICES

- a) Annual report detailing the expenditures made from gift funds for the Veterans Home in Southern Nevada and Northern Nevada for the Fiscal Year 2016 pursuant to NRS 417.145(9).
- b) Annual reports detailing the expenditures made from the Gift Account for Veterans for Fiscal Years 2015 and 2016 pursuant to NRS 417.115(6).
- c) Notice to increase three 0.51 FTE position to 1.0 FTE position to meet critical health care needs of residents and operations.

There was no discussion on this item.

L. PUBLIC COMMENT.

There was no public comment.

Assemblyman Kirner was recognized for his work with the Legislature.

M. ADJOURNMENT.

Chair Anderson adjourned the meeting at 1:08 p.m.

Assemblyman Paul Anderson, Chairman
Interim Finance Committee

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