

**SENATE COMMITTEE ON FINANCE AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**JOINT SUBCOMMITTEE ON HUMAN SERVICES
CLOSING REPORT**

**DIVISION OF PUBLIC AND BEHAVIORAL HEALTH,
PUBLIC HEALTH BUDGETS**

The Joint Subcommittee for Human Services has completed its review of the Department of Health and Human Services, Division of Public and Behavioral Health, Public Health budgets and has made the following recommendations for the division's 2015-17 biennium budget. The Subcommittee recommendations result in a General Fund increase of \$106,088 in FY 2016 and \$10,037 in FY 2017. The following comments describe the more significant recommendations of the Subcommittee:

Radiation Control (101-3101) PUBLIC HEALTH-20: As recommended by the Governor, the Subcommittee recommended the transfer of \$535,895 in Radioactive Material License fees in FY 2017 to fund a State Dental Health Officer and a State Public Health Dental Hygienist position in the Chronic Disease budget. The Subcommittee recommended approval of the remainder of the Radiation Control budget as recommended by the Governor.

Child Care Services (101-3149) PUBLIC HEALTH-28: The Subcommittee recommended elimination of General Fund appropriations of \$13,564, and approved additional Child Care Licensing Fees of \$60,014 and Investigation Fees of \$141,726 over the 2015-17 biennium. The Subcommittee approved the remainder of the Child Care Services budget as recommended by the Governor.

Immunization Program (101-3213) PUBLIC HEALTH-51: As requested by the division and the Executive Budget Office, the Subcommittee recommended eliminating the Governor's proposal to transfer General Fund appropriations of \$130,264 over the 2015-17 biennium from the Immunization Program to the Division of Health Care Finance and Policy, and continuing \$2.1 million transfers in Nevada Check-Up grant funds from the Division of Health Care Finance and Policy to the Immunization Program over the 2015-17 biennium to support the Nevada Check-Up Program. As recommended in The Executive Budget, the Subcommittee also recommended approval of a new classified Administrative Assistant position to support the Vaccines for Children Program and act as the Nevada State Immunization Program's liaison. The Subcommittee recommended approval of the remainder of the Immunization Program budget as recommended by the Governor.

Communicable Diseases (101-3215) PUBLIC HEALTH-63: As recommended by the Governor, the Subcommittee recommended approving a new classified Program Officer position and associated costs to act as the Health Insurance Specialist for the HIV/AIDS Drug Assistance

Program. The Subcommittee approved the remainder of the Communicable Diseases budget as recommended by the Governor.

Health Facilities Hospital Licensing (101-3216) PUBLIC HEALTH-69:

As recommended by the Governor, the Subcommittee recommended approval of two additional full-time Health Facility Inspector contract positions, two full-time Administrative Assistant contract positions and associated costs to address industry growth in medical laboratories and health facility licensing. The Subcommittee also recommended approval of an additional 0.40 full-time equivalent state position for music therapist and dietician regulation and licensing and converting the current 0.60 contract position into a state position, for a full-time equivalent of a 1.0 state position. The Subcommittee recommended approval of three new Administrative Assistant contract positions and associated costs to support the health facilities unit as recommended by the Governor. The Subcommittee also recommended approval of an additional contract Health Facility Inspector and one contract Psychiatrist, to provide technical assistance and assist with inspections of mental health facilities.

The Subcommittee recommended approval of \$19,140 over the 2015-17 biennium in new license fee revenue from the licensure of all facilities providing treatment for alcohol and drug abuse, contingent upon passage and approval of Senate Bill 500. The Subcommittee deferred action on the approval of a part-time Administrative Assistant and associated costs, and new license and fee revenue from the licensure of Community Health Workers, which implements the Health Facilities Hospital Licensing budget, contingent upon passage and approval of

Senate Bill 498. The Subcommittee also deferred action on the approval of new license and fee revenue from the licensure and certification of Peer Support Recovery Organizations, contingent upon passage and approval of Senate Bill 489. Senate Bill 489 also implements this budget. The Subcommittee recommended approval of the remainder of the Health Facilities Hospital Licensing budget as recommended by the Governor.

Public Health Preparedness Program (101-3218) PUBLIC HEALTH-82:

As recommended by the Governor, the Subcommittee recommended approval of license and fee revenues transferred from the Health Facilities Hospital Licensing budget of \$263,368 over the 2015-17 biennium to support a new classified Primary Care Workforce Development Manager and a new classified Management Analyst position to support primary care workforce professional development. The Subcommittee also recommended the issuance of a letter of intent directing the agency to explore an alternative funding source(s) and to report by February 2016 to the Interim Finance Committee. The Subcommittee recommended approval of the remainder of the Public Health Preparedness Program as recommended by the Governor, with minor technical adjustments.

Biostatistics and Epidemiology (101-3219) PUBLIC HEALTH-91:

The Subcommittee recommended approval of new fee revenue of \$78,405 over the 2015-17 biennium for data and statistical information queries as recommended by the Governor. As recommended in The Executive Budget, the Subcommittee also recommended approval of grant funds of \$58,448 and a transfer from the Communicable Disease budget of

\$59,030 over the 2015-17 biennium for a new classified Health Resource Analyst position and related costs for geographic information systems support. The Subcommittee recommended approval of the remainder of the Biostatistics and Epidemiology budget as recommended by the Governor, with minor technical adjustments.

Chronic Disease (101-3220) PUBLIC HEALTH-102: The Subcommittee recommended approval of a new State Dental Health Officer and a new State Public Health Dental Hygienist contract positions, contingent upon the passage and approval of Senate Bill (S.B.) 501. The Subcommittee also recommended retaining both positions in the unclassified service and Unclassified Pay Bill in the event that S.B. 501 did not pass. The Subcommittee recommended approval of the remainder of the Chronic Disease budget as recommended by the Governor.

Maternal Child Health Services (101-3222) PUBLIC-HEALTH-109: As recommended in The Executive Budget, the Subcommittee recommended approval of five new classified positions to replace five existing contract positions for the Nevada Home Visiting Program. The Subcommittee also recommended approval of the programmatic transfer of the Newborn Screening Program to the University of Nevada School of Medicine and School of Community Health Sciences, including the elimination of two positions, and the transfer of one part-time position to the Early Intervention Program as recommended by the Governor. The Subcommittee recommended approval of the remainder of the Maternal Child Health Services budget as recommended in The Executive Budget.

Office of Health Administration (101-3223) PUBLIC HEALTH-118: The Subcommittee recommended approval of the transfer of 41 administrative positions from various operating budgets as recommended by the Governor. The Subcommittee also recommended approval of the transfer of the Division Deputy Administrator for Clinical Services to the Behavioral Health Administration budget, including technical adjustments to add in-state travel costs. Additionally, the Subcommittee recommended approval of cost allocation reimbursements of \$6,539 and a reduction to reserve funding of \$337,499 over the 2015-17 biennium for the addition of three new Information Technology positions and related costs. The Subcommittee recommended approving the remainder of the Office of Health Administration budget as recommended by the Governor.

Marijuana Health Registry (101-4547) PUBLIC HEALTH-144: The Subcommittee recommended approval of the Marijuana Health Registry budget and the creation of a separate Medical Marijuana Establishments budget as recommended by Fiscal staff, with authority for Fiscal staff to make technical adjustments including finalized revenue projections, as needed.

DIVISION OF PUBLIC AND BEHAVIORAL HEALTH, PUBLIC HEALTH
General Fund Impacts of Subcommittee Closing

Page	Budget	Title	FY 2016	FY 2017
<u>AS CLOSED BY SUBCOMMITTEE:</u>				
DHHS-PUBLIC HEALTH-20	101-3101	*Radiation Control	-	-
DHHS-PUBLIC HEALTH-28	101-3149	*Child Care Services	-	-
DHHS-PUBLIC HEALTH-51	101-3213	Immunization Program	110,927	19,337
DHHS-PUBLIC HEALTH-63	101-3215	*Communicable Diseases	-	-
DHHS-PUBLIC HEALTH-69	101-3216	*Health Facilities Hospital Licensing	-	-
DHHS-PUBLIC HEALTH-82	101-3218	*Public Health Preparedness Program	-	-
DHHS-PUBLIC HEALTH-91	101-3219	Biostatistics and Epidemiology	(439)	(4,900)
DHHS-PUBLIC HEALTH-102	101-3220	*Chronic Disease	-	-
DHHS-PUBLIC HEALTH-109	101-3222	*Maternal Child Health Services	-	-
DHHS-PUBLIC HEALTH-118	101-3223	Office of Health Administration	(4,400)	(4,400)
DHHS-PUBLIC HEALTH-144	101-4547	*Marijuana Health Registry	-	-
			106,088	10,037
*No General Fund impact				

Title: HHS-DPBH - RADIATION CONTROL
 Account: 101 - 3101

Budget Page: DHHS - PUBLIC HEALTH-20, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(206,571)	1,828,223	(985.03)	1,761,118	(3.67)	1,752,889	(0.47)
FEDERAL FUND	240,000	215,000	(10.42)	280,000	30.23	280,000	
INTERAGENCY TRANSFER	23,543	139,951	494.45	67,518	(51.76)	67,551	0.05
OTHER FUND	2,617,434	2,402,527	(8.21)	2,632,426	9.57	2,632,426	
Total Revenues	2,674,406	4,585,701	71.47	4,741,062	3.39	4,732,866	(0.17)
Total FTE		22.00		22.00		22.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
Sub-total					
Line Item Changes to Revenues					

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
Sub-total					
Line Item Changes to Expenditures					
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Radiation Control Program (RCP) regulates and provides information on sources of ionizing radiation. The RCP licenses and inspects radioactive material users; registers and inspects radiation producing machines; inspects and issues certificates of authorization to operate mammography equipment; and educates the public on radon hazards. In addition, the program provides oversight of the closed low-level waste disposal site near Beatty, Nevada; coordinates with local entities to provide radon training; and conducts radiological emergency response activities as necessary. Funding sources for this budget include radioactive material license fees, mammography license fees, federal grants, and transfers from the Radioactive Material Disposal budget and from the Nevada Agency for Nuclear Project's Western Governors' Association Waste Isolation Pilot Plant (WIPP) funds.

Major Closing Issue

Funding Transfer to Chronic Disease for New State Dental Health Officer and Dental Hygienist Positions

Discussion of Major Closing Issue

Funding Transfer to Chronic Disease for New State Dental Health Officer and Dental Hygienist Positions (E-227, DHHS-PUBLIC HEALTH-23): The Executive Budget recommends transferring Radioactive Material License fees of \$535,895 in Fiscal Year 2017 to support two new Oral Health contract positions in

the Chronic Disease budget. Radioactive Material License fees are received from the registration of devices capable of producing radiation, such as mammography machines, x-ray machines for use in veterinary medicine, dentistry, industrial facilities, academic settings, accelerator machines for radiation therapy, and certain signage devices such as exit signs. The new Oral Health contract positions will be discussed more fully in the Chronic Disease budget closing. This recommendation utilizes approximately 22 percent of the Radiation Control program's annual fee revenue. The agency reports that radiation producing machines account for the majority of program registration types, and that dental facility devices account for approximately 37 percent of radiation producing machine registrations in the state.

As shown in Decision Unit E-226 on page DHHS-PUBLIC HEALTH-105, Volume II, the agency had requested these two positions be funded with General Fund appropriations. However, General Fund appropriations were not approved for the 2015-17 biennium, which required the agency to find an alternative funding source. Based upon the agency's testimony at their February 11, 2015, budget hearing and in their subsequent follow-up response to the Subcommittee's and staff's questions, it appears to staff that the sole rationale for funding these two positions with Radioactive Material License fees is that dental office devices account for approximately 37 percent of registered sources.

Fiscal staff would note that while licensing fees are commonly used to support the cost of positions, funded positions typically perform the required regulatory workload of inspecting/investigating and permitting associated with the fee revenue. This transfer to support the State Dental Health Officer and the Dental Hygienist would represent a departure from this practice.

Does the Subcommittee wish to approve the transfer of \$535,895 in Radioactive Material License fees in FY 2017 to fund a State Dental Health Officer and a State Public Health Dental Hygienist position in the Chronic Disease budget, as recommended in The Executive Budget?

The Subcommittee recommended approving the transfer of \$535,895 in Radioactive Material License fees in FY 2017 to fund a State Dental Health Officer and a State Public Health Dental Hygienist position in the Chronic Disease budget, as recommended in The Executive Budget.

Other Closing Items

1. Replacement Equipment

- Computer Equipment (E-710, DHHS-PUBLIC HEALTH-23 and 24): The Governor recommends a reduction in reserves of \$28,130 over the 2015-17 biennium for the replacement of seven laptop computers with docking stations, four flat panel monitors, three Ethernet switches, seven surge protectors and associated software and maintenance. **This decision unit appears reasonable.**
- Radiation Response Kits (E-711, DHHS-PUBLIC HEALTH-24): The Governor recommends a reduction in reserves of \$32,768 over the 2015-17 biennium for the replacement of four radiation response kits and four gamma neutron personal radiation detection detectors. According to The Executive Budget, the equipment that would be replaced is no longer functional, the costs to repair the units are prohibitive, and new versions of the instruments have added capability and are more suitable for emergency response and regulatory work. **This decision unit appears reasonable.**
- Telephone System (E-712, DHHS-PUBLIC HEALTH-24): The Executive Budget recommends a reduction in reserves of \$17,500 in FY 2016 to replace the telephone system in the Las Vegas office located at 2080 E. Flamingo Road. The Governor's budget indicates the telephone system is antiquated, does not have caller ID capability or speaker phones, and has limited capability of transferring or linking calls. **This decision unit appears reasonable.**

2. New Equipment (E-720, DHHS-PUBLIC HEALTH-25): The Executive Budget recommends a reduction in reserves of \$32,625 in each year of the 2015-17 biennium to purchase a total of two new handheld Radiation Isotope Identifier Devices (RIID) to help determine the isotope and dose rate of radioactive material. According to The Executive Budget, the agency participates in several large scale events (e.g. Reno Air Races, Las Vegas Motor Speedway, New Year's Eve events) for radioactive detection and mitigation. Additionally, other agencies, such as the Federal Bureau of Investigations (FBI), Capitol Police, and Las Vegas Metropolitan Police have requested support during training exercises and when venues do not have a restricted entry point. The RIIDs would increase radiation detection and mitigation capability during major events and training exercises. **This decision unit appears reasonable.**
3. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-22 and 25): The Executive Budget recommends a reduction in reserves of \$23,001 over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. **These decision units appear reasonable.**

Technical Adjustments

Fiscal staff recommends that all Other Closing Items be closed as recommended by the Governor, and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with authority for Fiscal staff to make technical adjustments, as needed.

Legislation

Senate Bill 506, which requires the transfer of funds from various budgets to the General Fund for purposes of increasing the projected FY 2015 ending fund balance was heard in Senate Finance on Friday, March 27, 2015. Fiscal staff would note that the proposed transfer of \$750,000 from this budget may be removed from the bill, thereby eliminating concerns regarding this budget's FY 2016 and FY 2017 available reserves.

Title: HHS-DPBH - CHILD CARE SERVICES
 Account: 101 - 3149

Budget Page: DHHS - PUBLIC HEALTH-28, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD						24,662	
GENERAL FUND	26,111	49,639	90.11				
INTERAGENCY TRANSFER	1,109,364	1,471,402	32.63	1,471,402		1,471,402	
OTHER FUND	71,849	75,902	5.64	102,586	35.16	102,586	
REVERSIONS	(4,652)						
Total Revenues	1,202,672	1,596,943	32.78	1,573,988	(1.44)	1,598,650	1.57
Total FTE		20.29		17.80		17.80	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	00	2511	Adjust balance forward revenues to include fees from facilities with more than 200 children		30,007
E225	00	2511	Adjust balance forward to include background investigation fees		70,863
E225	00	3611	Adjust revenue to include fees from facilities with more than 200 children	30,007	30,007
E225	00	3704	Adjust revenue to Include background investigation fees	70,863	70,863
Sub-total				100,870	201,740
Line Item Changes to Revenues				100,870	201,740

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E225	86	9000	Adjust reserve to include background investigation fees	70,863	141,726
E225	86	9000	Adjust reserve to include fees from facilities with more than 200 children	30,007	60,014
Sub-total				100,870	201,740
Line Item Changes to Expenditures				100,870	201,740
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Child Care Licensing program is responsible for licensing, monitoring, and providing technical assistance to child care facilities caring for five or more children that are not licensed by local entities. The program investigates reports of unlicensed child care operations to bring those facilities into compliance with state laws by licensing or reducing the number of children in their care. The program also maintains a registry of complaints regarding child care providers. This budget is mainly funded through transfers from the Division of Welfare and Supportive Services for contracted services, as well as licensing fees and General Fund appropriations.

Major Closing Issue

General Fund Elimination and Substitution of Fee Support

Discussion of Major Closing Issue

General Fund Elimination and Substitution of Fee Support (E-225, DHHS-PUBLIC HEALTH-30): In response to a letter of intent issued by the 2011 Legislature as well as direction from the

2013 Legislature during budget closing, the agency has reviewed the cost of performing child care facility licensing duties and The Executive Budget recommends elimination of General Fund appropriations of \$13,564 over the 2015-17 biennium. Licensing fees are established in *Nevada Administrative Code* (NAC) 432A.200, and are required to be renewed annually.

In eliminating General Fund appropriations of \$13,564, The Executive Budget recommends that the agency revise its current regulation to increase fees. The proposed regulation includes a flat rate of \$111, with an additional \$2 fee per child for facilities providing care for 13 or more children. Child care facilities providing care for 12 children or fewer would not be subject to the proposed rate increase. The Executive Budget did not include fees for facilities providing care for more than 200 children. However, in response to Fiscal staff inquiries, the agency revised its projections and has included increased fee revenue projections from facilities with more than 200 children in its total budgeted licensing fees, which resulted in additional fee revenue of \$60,014 over the 2015-17 biennium. Fiscal staff has included the adjustment in this closing document, and with the adjustment, the revenue projections appear reasonable.

Additionally, existing law (NRS 432A.170) requires the agency to perform periodic background investigations on persons involved in the operations of a child care facility, and authorizes the agency to charge each person a reasonable cost for the investigation. The agency does not currently charge for conducting background investigations. However, the agency indicated it would start to charge for conducting background investigations in FY 2016, which it estimates at an additional \$70,863 per fiscal year. Fees for conducting background investigations were not included in The Executive Budget. Fiscal staff has worked with the Division of Public and Behavioral Health (DPBH), which agrees that Investigation Fees of \$141,726 should be included over the 2015-17 biennium. The additional Investigation Fees, which equate to approximately sixteen days of operating revenue for each year, were placed into the reserve category for use as start-up funding in a subsequent fiscal year.

Does the Subcommittee wish to eliminate General Fund appropriations of \$13,564 over the 2015-17 biennium, as recommended by the Governor, and approve additional Licensing Fees of \$60,014 and Investigation Fees of \$141,726 over the 2015-17 biennium, as adjusted?

The Subcommittee recommended elimination of General Fund appropriations of \$13,564 over the 2015-17 biennium, as recommended by the Governor, and approved additional Licensing Fees of \$60,014 and Investigation Fees of \$141,726 over the 2015-17 biennium, as adjusted by Fiscal staff.

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-31): The Governor recommends a reduction to general operating supplies of \$12,077 in FY 2017 to support the replacement of nine desktop computers and five flat panel monitors. **This decision unit appears reasonable.**
2. Cost Allocations (M-803, DHHS-PUBLIC HEALTH-30): The Executive Budget recommends a reduction of \$3,799 in operating expenses over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. Fiscal staff notes that since the cost allocation is funded through a reduction in operating expenses, The Executive Budget reflects \$0 in revenue and expenditures in this decision unit. **These decision units appear reasonable.**

Fiscal staff recommends that the Other Closing Items be closed as recommended by the Governor, and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with authority for Fiscal staff to make technical adjustments, as needed.

Title: HHS-DPBH - IMMUNIZATION PROGRAM
 Account: 101 - 3213

Budget Page: DHHS - PUBLIC HEALTH-51, Volume II

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	291,788	781,097	167.69				
FEDERAL FUND	4,685,337	5,186,899	10.70	3,228,692	(37.75)	3,046,405	(5.65)
GENERAL FUND	1,024,567	1,024,567		489,957	(52.18)	486,127	(0.78)
INTERAGENCY TRANSFER	1,608,610	1,862,048	15.76	435,315	(76.62)	339,747	(21.95)
OTHER FUND	56						
REVERSIONS	(145,547)						
Total Revenues	7,464,811	8,854,611	18.62	4,153,964	(53.09)	3,872,279	(6.78)
Total FTE		14.00		15.00		15.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E490	00	3827	Eliminate decision unit - refer to closing document	1,029,060	1,095,787
E913	00	2501	Eliminate decision unit - refer to closing document	110,927	19,337
Sub-total				1,139,987	1,115,124
Line Item Changes to Revenues				1,139,993	1,115,123

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E490	12	7000	Eliminate decision unit - refer to closing document	1,029,060	1,095,787
E913	12	7000	Eliminate decision unit - refer to closing document	110,927	19,337
Sub-total				1,139,987	1,115,124
Line Item Changes to Expenditures				1,139,993	1,115,123

Total				0	0
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Grand Total General Fund Impact of Closing Changes				110,927	19,337
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Overview

The purpose of the Immunization Program is to prevent the occurrence of vaccine-preventable diseases in Nevada by promoting immunizations and providing vaccines to prevent the transmission of diseases. The vaccines are purchased with federal vaccine funds that are made available and held by the Centers for Disease Control and Prevention (CDC). Vaccines are provided free of charge to all physicians, hospitals, and clinics, both public and private, that agree to meet the requirements of the program. This includes vaccines provided for the Vaccines for Children (VFC) program. The Immunization Program is responsible for supplying enrolled providers with vaccines for children who are eligible for the VFC Program. If children are eligible for the VFC program, they are entitled to receive all vaccines that are recommended by the CDC's Advisory Committee on Immunization Practices (ACIP). In addition, the Immunization Program supports an immunization registry, known as Nevada WebIZ, which tracks immunizations of patients, consolidates records, identifies underserved populations, and offers recommendations for future vaccinations.

Major Closing Issues

1. Transfer of Nevada Check-Up and General Fund Match
2. Support Position for the Vaccines for Children Program

Discussion of Major Closing Issues

1. Transfer of Nevada Check-Up and General Fund Match (E-490 and E-913, DHHS-PUBLIC HEALTH-54 & 55): The Governor's budget transfers General Fund appropriations of \$130,264 over the 2015-17 biennium from the Immunization Program to the Division of Health Care Finance and Policy (DHCFP) for the State Children's Health Insurance Program (Nevada Check-Up). Nevada Check-Up is an insurance program that provides affordable, comprehensive health care coverage to uninsured children of low-income families who are not covered by private insurance or Medicaid. Currently, the VFC program receives federal contract discounts to purchase childhood vaccinations and has historically extended the discounts to the Division of Health Care Finance and Policy (DHCFP) for the Nevada Check-Up program. The Check-Up program has transferred the federal portion of the total cost to immunization, and General Fund appropriations have paid for the non-federal match for the vaccine purchases.

According to the Governor's budget, federal requirements for ordering and purchasing vaccines have changed and as a result, The Executive Budget recommends that DHCFP directly purchase vaccines for Check-Up children beginning in FY 2016. Additionally, the Governor's budget recommends eliminating federal Nevada Check-Up grant funds that transfer from the DHCFP of \$2.1 million over the 2015-17 biennium to reimburse the Immunization Program for the purchase of vaccines on behalf of physicians that administer immunizations to Nevada Check-Up recipients. Currently, the Immunization Program coordinates the purchase and distribution of immunizations on behalf of the providers.

Fiscal staff was notified by the Budget Division on March 28, 2015, that due to recent developments, the DPBH, DHCPF, and the Budget Division recommended eliminating these decision units. According to DHCFP, an issue with that division's pricing methodology was identified. Reimbursement to the physicians that administer the immunizations to Nevada Check-Up recipients may not include the cost of the vaccine, which may discourage providers from vaccinating Nevada Check-Up children. Additionally, the DHCFP did not currently have a method to capture dose-level vaccine data, which is required by the CDC. According to the DPBH, elimination of these two decision units would allow for the reimbursement of costs to Nevada Check-Up providers. Fiscal staff notes that the elimination of the two decision units would not have a net impact to the General Fund.

Fiscal staff has reviewed the proposal and has determined that eliminating the E-490 and E-913 decision units would provide the physicians that administer immunizations to Nevada Check-Up recipients continuity of the program by maintaining the state immunization program as the purchaser and distributor of childhood vaccines for Nevada Check-Up children.

Does the Subcommittee wish to eliminate the transfer of General Fund appropriations of \$130,264 over the 2015-17 biennium from the Immunization Program to the Division of Health Care Finance and Policy, and continue the transfer of \$2.1 million in federal Nevada Check-Up grant funds from the Division of Health Care Finance and Policy to the Immunization Program over the 2015-17 biennium?

The Subcommittee recommended elimination of the transfer of General Fund appropriations of \$130,264 over the 2015-17 biennium from the Immunization Program to the Division of Health Care Finance and Policy, and continuation of \$2.1 million transfers in federal Nevada Check-Up grant funds from the Division of Health Care Finance and Policy to the Immunization Program over the 2015-17 biennium to support the Nevada Check-Up Program.

2. Support Position for the Vaccines for Children (VFC) Program (E-225, DHHS-PUBLIC HEALTH-53): The Executive Budget recommends the addition of a new Administrative Assistant position to support the VFC program and act as the Nevada State Immunization Program's liaison with the Bureau of Child, Family and Community Wellness within the DPBH. The VFC program is a federal entitlement program designed to improve vaccine availability to children through 18 years of age who are Medicaid eligible, American Indian, Alaskan Native, uninsured, or underinsured. For those children, vaccines are provided at no cost.

Currently, the agency contracts for general programmatic support for the VFC. According to the agency, a state full-time position would alleviate contractual staff turnover and maintain programmatic consistency for the VFC. The position would be responsible for general administrative support including document tracking, travel coordination for staff, staff education and training tracking, file retention, inventory control, telephone and mail distribution coordination, and maintenance of provider vaccine inventory. This recommendation is supported by a reduction to contract services of \$85,043 over the 2015-17 biennium.

Does the Subcommittee wish to approve a new Administrative Assistant position to support the Vaccines for Children Program and act as the Nevada State Immunization Program's liaison?

The Subcommittee recommended approval of a new Administrative Assistant position to support the Vaccines for Children Program and act as the Nevada State Immunization Program's liaison.

Other Closing Items

1. Vaccine Management, Storage and Handling Grant Expiration (E-491, DHHS-PUBLIC HEALTH-54): The Executive Budget recommends elimination of \$272,166 over the 2015-17 biennium in Center for Immunization and Respiratory Diseases federal grant funds to eliminate the costs associated with maintaining storage and handling of vaccines. This federal grant provided funding to monitor and install temperature-monitoring systems. **This recommendation appears reasonable.**
2. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-55): The Governor recommends \$9,260 in FY 2016 to replace four laptop computers, four laptop computer docking stations, surge protectors and associated software. The recommendation is funded with a reduction in operating costs within the VFC category, resulting in no net change to the category in the 2015-17 biennium. Therefore, The Executive Budget reflects \$0 in revenue and expenditures. **This recommendation appears reasonable.**
3. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-53 and 55): The Executive Budget recommends reductions totaling \$30,410 in General Fund appropriations and a reduction of \$84,303 in Nevada Check-Up funds over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. Fiscal staff notes that since M-803 is supported through a reduction to the VFC operating category, The Executive Budget reflects \$0 in revenue and expenditures. **These decision units appear reasonable.**

Fiscal staff recommends that all Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with authority for Fiscal staff to make technical adjustments, as needed.

Title: HHS-DPBH - COMMUNICABLE DISEASES
 Account: 101 - 3215

Budget Page: DHHS - PUBLIC HEALTH-63, Volume II

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(1,610,741)	1,610,742	(200.00)	7,146	(99.56)	7,146	
FEDERAL FUND	10,684,246	11,149,850	4.36	10,942,238	(1.86)	10,942,238	
GENERAL FUND	2,090,735	2,087,442	(0.16)	164,469	(92.12)	165,034	0.34
OTHER FUND	6,732,331	3,108,250	(53.83)	5,038,461	62.10	5,038,461	
REVERSIONS	(98,692)						
Total Revenues	17,797,879	17,956,284	0.89	16,152,314	(10.05)	16,152,879	0.00
Total FTE		10.00		11.00		11.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total 0 0

Grand Total General Fund Impact of Closing Changes 0 0

Overview

The major program goal of the Communicable Diseases budget is to reduce the incidence and prevalence of HIV/AIDS and other sexually transmitted diseases in Nevada. These program efforts are collectively known as the Ryan White program, named for the federal grant which provides funding support. The programs include the AIDS Drug Assistance Program (ADAP), the Health Insurance Continuation Program (HICP), the State Pharmacy Assistance Program (SPAP), and the Coordination of Benefits (COB) program. The HICP, SPAP and the COB program work to keep people on health insurance plans and/or cover the “donut hole”¹ in drug insurance plans. The ADAP is the medication payor of last resort for those who earn 400 percent or less of the Federal Poverty Level (FPL). Other program goals include the following: HIV prevention, planning and community organization for HIV care services, housing support, counseling, and other “wraparound” services. Most of the program efforts are supported by the federal Ryan White CARE Act Part B grant award and the federal HIV Prevention grant award. Also, the program receives federal 340B rebate revenue from pharmaceutical companies, federal Housing Opportunities for People with AIDS (HOPWA) grant funding, and State General Fund appropriations.

¹ The “donut hole” is the coverage gap between the initial coverage limit and the catastrophic coverage threshold on a prescription drug plan. The term is typically used in the context of Medicare Part D coverage.

The budget receives rebate revenue (shown in the table on the prior page as Other Fund) from drug companies participating in a 340B federal drug pricing program. The drug pricing program requires participating manufacturers to charge enrolled health care organizations/covered entities for outpatient drugs at significantly reduced prices. Participating drug companies utilize proprietary formularies to calculate the rebates. According to the agency, those formularies are not shared with the states, which makes it difficult to project revenues from year-to-year. While the budget was legislatively authorized for \$3.1 million in each year of the 2013-15 biennium, \$6.7 million was actually received in FY 2014, and as of this writing, the budget has received 85 percent of the authorized amount in FY 2015. Rebate funds received in one fiscal year may be carried forward to the subsequent fiscal year. However, federal guidelines require rebate funds received to be spent in the same grant year in which they are collected. Additionally, any rebate funds received must be spent prior to drawing grant funds.

Fiscal staff notes that the Governor's base budget incorporates the continuation of rebate funding using a three-year average with a corresponding reduction in General Fund appropriations of \$2.0 million each year of the 2015-17 biennium.

Major Closing Issue

New Health Insurance Specialist Position

Discussion of Major Closing Issue

New Health Insurance Specialist Position (E-276, DHHS-PUBLIC HEALTH-65 and 66): The Executive Budget recommends a new classified Program Officer position and associated costs supported with a reduction to Comprehensive Care grant operating expenses of \$98,852 over the 2015-17 biennium. In response to the Affordable Care Act (ACA), the Health Resources and Services Administration (HRSA) has directed a shift in the program from medication monitoring to health insurance cost-sharing activities. The program would realign program infrastructure to expand health insurance premium assistance for clients rather than solely pay for HIV/AIDS medications. The new Program Officer would research insurance plans to ensure HRSA criteria are met; track and resolve client copay and premium payment issues; track client insurance enrollment; and serve as the backup to the ADAP Coordinator. To implement health insurance cost sharing activities, the agency added a contract position in FY 2015 until a permanent position could be approved. This new classified Program Officer position would replace the existing contract position.

Does the Subcommittee wish to approve a new classified Program Officer position and associated costs to act as the Health Insurance Specialist for the HIV/AIDS Drug Assistance Program?

<p>The Subcommittee recommended approval of a new classified Program Officer position and associated costs to act as the Health Insurance Specialist for the HIV/AIDS Drug Assistance Program.</p>

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-66): The Governor recommends \$6,300 to replace four laptop computers over the 2015-17 biennium. The recommendation is supported with a reduction in operating costs of \$4,725 within the AIDS Education/Risk Reduction category and a reduction in operating costs of \$1,575 in the Comprehensive Care category, resulting in no net change to either category in the 2015-17 biennium. Therefore, The Executive Budget reflects \$0 in revenue and expenditures. **This decision unit appears reasonable.**

2. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-65 and 67): The Executive Budget recommends General Fund appropriations of \$6,038 over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. **These decision units appear reasonable.**

Fiscal staff recommends that the Other Closing Items be closed as recommended by the Governor, and requests authority to make technical adjustments, as needed.

<p>The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with authority for Fiscal staff to make technical adjustments, as needed.</p>

Title: HHS-DPBH - HEALTH FACILITIES HOSPITAL LICENSING Budget Page: DHHS - PUBLIC HEALTH-69, Volume II
 Account: 101 - 3216

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
BALANCE FORWARD	(1,367,499)	7,307,396	(634.36)	7,270,413	(0.51)	6,795,712	(6.53)
FEDERAL FUND	1,945,721	2,557,488	31.44	2,176,912	(14.88)	1,977,797	(9.15)
INTERAGENCY TRANSFER	1,369,963	1,070,938	(21.83)	980,488	(8.45)	975,058	(0.55)
OTHER FUND	6,966,182	6,087,752	(12.61)	7,347,773	20.70	7,347,773	
Total Revenues	8,914,367	17,023,574	90.97	17,775,586	4.42	17,096,340	(3.82)
Total FTE		92.02		92.52		92.52	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2511	Increase the balance forward of base license and fee revenues to align with revenue projections. Base incorrectly reduced by license and fee amounts projected in E-229.		8,000
B000	00	3601	Increase base license and fee revenues to align with revenue projections. Base incorrectly reduced by license and fee amounts projected in E-229.	8,000	10,000
E492	00	2511	Transfer reserve funding to support an Ombudsman position in the Consumer Health Assistance budget.		(120,000)
Sub-total				8,000	(102,000)
Line Item Changes to Revenues				8,000	(108,085)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	86	9000	Increase base license and fee reserves to align with reserve projections. Base incorrectly reduced by license and fee amounts projected in E-229.	8,000	18,000
E492	57	9000	Transfer funding to support an Ombudsman position in the Consumer Health Assistance budget.	120,000	120,000
E492	86	9000	Transfer funding to support an Ombudsman position in the Consumer Health Assistance budget.	(120,000)	(240,000)
Sub-total				8,000	(102,000)
Line Item Changes to Expenditures				8,000	(108,085)

Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Bureau of Health Care Quality and Compliance (Bureau) licenses and regulates medical and health facilities in accordance with *Nevada Revised Statutes* (NRS) 449. The Bureau also evaluates the quality of health care provided by medical facilities and laboratories and facilities for the dependent. Evaluations are done through onsite observations, documentation review, interviews, and attestations. The Bureau investigates complaints, and when necessary, intervenes administratively to immediately protect patients' health and safety. Additionally, the Bureau issues licenses to certain health professionals, such as medical laboratory personnel (NRS 652), dietitians (NRS 640E), and music therapists (NRS 640D). The Health Facilities section has an agreement with the federal Centers for Medicare and Medicaid Services (CMS) to certify medical facilities and laboratories for compliance with the Clinical Laboratory Improvement Amendments (CLIA). The Bureau also has the responsibility for the dissemination of health facility

regulation information and education. This budget account is funded through revenues from license and certification fees, federal grants, Medicaid reimbursements, and transfers from other budgets within the division for costs associated with the comprehensive regulatory and licensing application.

Major Closing Issues

1. New Contract Positions
2. Addition of License Types and Associated Fee Revenues

Discussion of Major Closing Issues

1. New Contract Positions: In response to what the agency identifies, as industry needs, The Executive Budget recommends a total of 9.6 full-time equivalent new contract positions and one new part-time state position. The table below summarizes the new positions and the industries or programs they would support.

New Position Title	Number of Contract Positions	State Position FTE	Program or Area	DHHS-PUBLIC HEALTH Page	Decision Unit
Health Facility Inspector	2		Medical laboratories	72	E-225
Administrative Assistant	1		Medical laboratories	72	E-225
Administrative Assistant	1		Medical laboratories and health facility licensing	72	E-225
Administrative Assistant	0.6		Dietitians and music therapists	72	E-225
Administrative Assistant	3		Health Facilities	73	E-226
Psychiatrist	1		Psychiatric hospitals and skilled nursing facilities	73	E-227
Health Facility Inspector	1		Psychiatric hospitals and skilled nursing facilities	73	E-227
Administrative Assistant		0.5	Community Health Workers	74	E-229
Total New Positions:	9.6	0.5			

- A. Medical Laboratory and Health Facility Inspection/Administrative Support Contract Positions (E-225, DHHS-PUBLIC HEALTH-72): The Governor recommends a reduction in reserve funding of \$431,174 over the 2015-17 biennium for the addition of four full-time and one part-time contract positions and associated costs. To address industry growth in medical laboratories, two Health Facility Inspectors and one Administrative Assistant would support increased medical laboratory licensing workload. A second Administrative Assistant would support increased medical laboratory licensing and health facility licensing, allowing inspectors more time to conduct on-site inspections. Currently, ten positions, including two Administrative Assistant state positions; two Administrative Assistant contract positions; four Health Facility Inspector state positions; and two Health Facility Inspector contract positions are assigned to process medical laboratory personnel and medical laboratory facility licensing applications, for a total of four contract positions and six state positions. The Executive Budget recommends a total of 13.5 full-time equivalent positions assigned to the medical laboratory industry (one Administrative Assistant position would be assigned part-time to health facility licensing).

Medical Laboratories

The Executive Budget indicates that the number of laboratories, medical laboratory personnel, and health facilities has grown, which has resulted in an increase to fees received. In FY 2014, this budget was legislatively authorized to receive \$6.1 million in Health Facility Licenses and Fees and Medical Laboratory Certification Fees. However, the budget actually received \$7.0 million, or an unanticipated increase of \$878,430. As of this writing, this budget has received \$5.9 million of the legislatively approved amount of \$6.1 million, or 97 percent for FY 2015. Due to the growth, the agency indicated it has not been able to keep current with the licensing, inspection, and certification processes. As of March 5, 2015, the agency reported an outstanding backlog of 577 entities (both medical laboratories and health facilities) needing inspections and 111 applications pending

licensure or informational licensure changes. Fiscal staff notes that of the 66 Health Facility Inspector state positions, 14 are currently vacant, or 21 percent. Three of those positions have been vacant in excess of one year and two have been vacant for over three years. The agency currently utilizes contract positions to complete the medical laboratory licensing workload.

Nevada Administrative Code (NAC) 652.320 requires inspections to be conducted on the premises of the laboratory. To improve the timeliness of inspections, the agency implemented self-attestations in FY 2010 and performed on-site validation inspections. However, the agency testified, it subsequently determined that self-attestations were not an effective method to ensure regulatory compliance since inspectors cited deficiencies for laboratories that previously indicated regulatory compliance through the self-attestation process. Although NRS 449.132 permits the DPBH to inspect a facility as often as necessary, by policy, medical laboratories are inspected every 18 months. According to the agency, the additional staff would reduce the current backlog and meet the 18-month periodicity schedule.

Does the Subcommittee wish to approve the addition of two full-time Health Facility Inspector contract positions, two full-time Administrative Assistant contract positions and associated costs to address industry growth for medical laboratories and health facility licensing?

The Subcommittee recommended approval of two additional full-time Health Facility Inspector contract positions, two full-time Administrative Assistant contract positions and associated costs to address industry growth for medical laboratories and health facility licensing.

Music Therapists/Dietitians

Nevada Revised Statutes 640D.090 requires the State Board of Health to license and regulate music therapists and NRS 640E.150 requires the State Board of Health to license and regulate dietitians. According to the agency, a part-time contract person (0.60 FTE) has been fulfilling these statutory requirements. The agency requested the conversion of the part-time contract position to a part-time state position citing the licensing and regulation of music therapists and dieticians as permanent. However, The Executive Budget recommends an additional part-time Administrative contract position to support the music therapist and dietician regulation and licensing for a total full-time equivalent (FTE) of 1.2 contract positions. In response to Fiscal staff inquiries, the agency provided workload statistics, which demonstrates a need of one full-time position, regardless of whether a state position or a contract position. Staff concurs that the statistics provided by the agency demonstrate the workload of a 1.0 FTE.

The Subcommittee may wish to consider the following options:

- 1. Approve the addition of a 0.60 full-time equivalent contract position for music therapist and dietician regulation and licensing for a total contract full-time equivalent of 1.2, as recommended by the Governor.**
- 2. Approve the addition of a 0.40 full-time equivalent contract position for music therapist and dietician regulation and licensing for a total full-time equivalent of 1.0 contractor position.**
- 3. Approve the addition of a 0.40 full-time equivalent state position for music therapist and dietician regulation and licensing for a total full-time equivalent of 1.0 state position. This option would require the Subcommittee to make the current 0.60 contract position a state position.**

The Subcommittee recommended approval of an additional 0.40 full-time equivalent state position for music therapist and dietician regulation and licensing for a total full-time equivalent of 1.0 state position, which included converting the current 0.60 contract position into a state position.

- B. Health Facility Administrative Support Contract Positions (E-226, DHHS-PUBLIC HEALTH-73): The Executive Budget recommends a reduction in reserve funding of \$250,586 over the 2015-17 biennium for the addition of three Administrative Assistant contract positions and associated costs to complete administrative workload caused by industry growth in health facilities.

According to agency, the number of health facilities has grown by 50 percent in the last five years, and health facility inspectors are now spending an average of 30 percent of their time on administrative or clerical activities, increasing overtime costs and reducing their availability to conduct survey work. Also, the agency indicated there is no dedicated position or established process to collect and analyze the health facilities data as it relates to licensing and complaint billing. To increase health facility inspector field time, reduce overtime costs, and collect and analyze health facility licensing data at regular intervals, the three new contract positions are recommended in this decision unit to alleviate clerical and administrative duties of health facility inspection staff.

Does the Subcommittee wish to approve the addition of three Administrative Assistant contract positions and associated costs to support the health facilities unit?

The Subcommittee recommended approval of three additional Administrative Assistant contract positions and associated costs to support the health facilities unit.

- C. Psychiatric Hospital and Skilled Nursing Facility Inspection Contract Positions (E-227, DHHS-PUBLIC HEALTH-73): The Governor recommends a reduction in reserve funding of \$69,090 and fees and CMS grant funding of \$212,576 over the 2015-17 biennium for the addition of two contract positions, one Health Facility Inspector and one Psychiatrist, to provide technical assistance to medical facility staff of psychiatric hospitals and skilled nursing facilities. The positions would also assist with the backlog of inspections for mental health facilities. The Executive Budget provides the following justifications:

- An increase in Nevada psychiatric hospitals and skilled nursing facilities, increasing inspection time for psychiatric hospitals by 34 percent and skilled nursing facilities by 23 percent.
- The DPBH has issued a high percentage of citations to skilled nursing facilities for inappropriate actions or treatment of patients with mental and/or psychosocial difficulties.
- The agency reports that in the past 12 months there has been a significant increase in problems related to appropriate care and follow-up for Nevada residents who require intervention for crises and continuing care for psychiatric conditions.
- As new providers emerge as a result of the Affordable Care Act (ACA), there is a need for an educated workforce to enforce the regulations for these facility types.
- The agency reports that the Bureau of Health Care Quality and Compliance (HCQC) lacks the expertise in psychiatric facility inspection processes and personnel to consistently identify problems related to the use of antipsychotic medications and mental health needs of the patients residing in both skilled nursing facilities and psychiatric facilities.

Recent efforts to recruit permanent, full-time health facility inspectors with psychiatric training have resulted in no candidates being identified. According to the agency, these new contract positions would provide a team dedicated to improving the safety and quality of care for residents in both

psychiatric hospitals and skilled nursing facilities by providing training and technical assistance to medical facility staff.

Does the Subcommittee wish to approve the addition of one contract Health Facility Inspector and one contract Psychiatrist, to provide technical assistance and assist with inspections of mental health facilities?

The Subcommittee recommended approval of an additional contract Health Facility Inspector and one contract Psychiatrist, to provide technical assistance and assist with inspections of mental health facilities.

2. Addition of License Types and Associated Fee Revenues: The Executive Budget recommends adding the following three new fees: alcohol and drug abuse facility fees; Community Health Worker certification fees; and Peer Support Recovery Organization fees.

A. Administration of Alcohol and Drug Abuse Facilities (E-228, DHHS-PUBLIC HEALTH-74): To require for the licensure of all facilities providing treatment for alcohol and drug abuse, The Executive Budget recommends new license and fee revenue of \$19,140 over the 2015-17 biennium and amending NRS and regulation to support this recommendation. Currently, the HCQC is authorized to license only facilities providing treatment for alcohol and drug abuse that are funded by the Substance Abuse Prevention and Treatment Agency (SAPTA) within the DPBH. The new license and fee revenue is predicated on the licensing of an additional ten facilities, averaging 26 beds. The DPBH indicates existing staff would absorb the additional workload since the agency does not have an accurate assessment of the number of otherwise unlicensed facilities operating without certification by SAPTA that would substantiate additional positions. Senate Bill 500, which implements this budget recommendation, was re-referred to the Senate Committee on Finance on April 10, 2015.

Does the Subcommittee wish to approve \$19,140 over the 2015-17 biennium in new license and fee revenue from the licensure of all facilities providing treatment for alcohol and drug abuse, contingent upon passage and approval of Senate Bill 500?

The Subcommittee recommended approval of \$19,140 over the 2015-17 biennium in new license and fee revenue from the licensure of all facilities providing treatment for alcohol and drug abuse, contingent upon passage and approval of Senate Bill 500.

B. New Community Health Worker Certification Fees (E-229, DHHS-PUBLIC HEALTH-74): To establish fees for the certification of Community Health Workers (CHW), the Governor recommends license and fee revenue of \$18,000 and a reduction in reserves of \$33,625 over the 2015-17 biennium. The new revenue, predicated on licensing and certifying 40 CHWs in FY 2016 and an additional 10 in FY 2017, would support a part-time Administrative Assistant and associated costs to provide administrative and licensing support for the new Community Health Workers. According to the agency, several state-specific barriers impede access to healthcare, including costs associated with care, geographic disparities, health professional shortages, and social determinants, such as language barriers, lower educational attainment and lower income status. CHWs are considered an evidence-based model to improve access to health care, increase education and awareness, prevent disease and improve select health outcomes for the populations in which they reside. CHWs are seen as a way to strengthen the states' health and workforce, and better coordinate approaches to delivering preventative services, health education and promotion. The Centers for Medicare and Medicaid Services (CMS) recognize CHWs as Medicaid provider

types. However, CHWs must be certified by the state to receive Medicaid reimbursement by the CMS.

Unlike other types of health workers that require advanced education, CHWs are not licensed professionals, typically have at least a high school diploma, and must complete only a brief period of training. Additionally, CHWs are a first-line caregiver providing educational opportunities to the communities in which they reside. CHWs may administer health screening tests, which is completed using a checklist to identify disease risks. However, CHWs do not perform physical examinations. Fiscal Staff worked with the agency, which agreed that *The Executive Budget* understated License and Fee revenues by \$18,000 over the 2015-17 biennium. The adjustments are reflected on the first page of this closing document.

Senate Bill 498, was re-referred to the Senate Committee on Finance on April 10, 2015. Fiscal staff notes that S.B.498 contemplates licensure of community health worker pools. However, S.B.498 does not include licensure of community health workers as necessary to implement *The Executive Budget*. The agency indicates it intends to reconcile the intent of the bill to *The Executive Budget* through the bill amendment process.

Does the Subcommittee wish to approve a part-time Administrative Assistant and associated costs, and new license and fee revenue, which implements this budget recommendation, from the licensure of Community Health Workers, contingent upon passage and approval of Senate Bill 498?

The Subcommittee deferred action on the approval of a part-time Administrative Assistant and associated costs, and new license and fee revenue from the licensure of Community Health Workers, which implements this budget, contingent upon passage and approval of Senate Bill 498.

- C. New Peer Support License Fees (E-230, DHHS-PUBLIC HEALTH-75): The Governor recommends establishing license and fee revenue of \$16,680 over the 2015-17 biennium and amending NRS to provide for the licensure and certification of Peer Support Recovery Organizations in order that Medicaid can be billed. According to *The Executive Budget*, the DPBH received a federal award to develop a mental health, addictions and co-occurring Peer Support Specialist Program and Initiative, which developed a statewide strategic plan and a training curriculum. Peer Support Recovery Organizations and Peer Supporters focus on persons having mental illness, addictions or co-occurring disorders in Nevada. The agency anticipates ten Peer Support Recovery Organizations will apply for licensing during the 2015-17 biennium. The additional workload would be managed by an existing Health Facilities Inspection Manager. The DPBH indicates the projected revenues do not include fees for the licensure and certification of Peer Supporters because the goal is to license the organization, not the individuals providing peer support. Senate Bill 489, which implements this budget, was re-referred to the Senate Committee on Finance on April 10, 2015.

Does the Subcommittee wish to approve new license and fee revenue from the licensure and certification of Peer Support Recovery Organizations, contingent upon passage and approval of Senate Bill 489?

The Subcommittee deferred action on the approval of new license and fee revenue from the licensure and certification of Peer Support Recovery Organizations, which implements this budget, contingent upon passage and approval of Senate Bill 489.

Other Closing Items

1. **Primary Care Planning Office Funding Support (E-232, DHHS-PUBLIC HEALTH-75):** The Governor recommends a transfer of reserves of \$263,368 to the Public Health Preparedness (PHP) budget to support a new Primary Care Workforce Development Manager and a new Management Analyst position for Primary Care. The new Primary Care Planning Office positions are more fully discussed in the Public Health Preparedness budget. Fiscal staff notes the narrative in *The Executive Budget* associated with this decision unit erroneously references a Radiation Control Manager. **The Subcommittee directed staff to ensure the transfer of funding to the Public Health Preparedness budget to support the new positions was consistent with the Health Facilities Hospital Licensing budget.**
2. **Federal Background Check Grant Expiration (E-490, DHHS-PUBLIC HEALTH-75 and 76):** The Executive Budget recommends a net reduction of \$62,467 over the 2015-17 biennium in federal Background Data Utilization grant funds since the grant expires September 2015 (FY 2016). Grant funds, awarded in FY 2012, provided for the purchase of hardware and software to make the results of a criminal history background check more accessible to providers of long-term care. *Nevada Revised Statutes* 439.942 (Senate Bill 502, 2013) authorized the DPBH to establish a secure website, the Nevada Automated Background Check System (NABS), to enable medical facilities, hospitals, and certain agencies, programs or homes to conduct background investigations. With the NABS now in operation, the DPBH transfers funding to the Criminal History Repository, within the Department of Public Safety, to extract and enter background information from the NABS into a criminal history system. In addition to the purchase of hardware and software, the grant funds supported a Management Analyst position to plan, coordinate and direct a comprehensive background check program. The Management Analyst position is not eliminated in E-490. Instead, The Executive Budget recommends continuation and support of the position with Health Facility License and Fee revenues in the base budget. **This decision unit appears reasonable.**
3. **Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-76):** The Executive Budget recommends a reduction in reserves of \$73,785 over the 2015-17 biennium for the replacement of 18 desktop computers, 18 laptop computers and docking stations, 9 flat panel monitors, 4 Ethernet port switches, and associated maintenance costs. **This decision unit appears reasonable.**
4. **Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-71, 72 and 77):** The Executive Budget recommends reductions in reserves of \$42,947, a reduction in federal Data Utilization grant funds of \$7,246 and adjustments to various expenditure categories over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. **These decision units appear reasonable.**
5. **Ombudsman Positions, Technical Adjustment:** The Fiscal Analysis Division was notified by the Budget Division on February 10, 2015, of a technical adjustment necessary to fund one Ombudsman position and related costs in the DHHS Director's Office's Consumer Health Assistance (CHA) budget. While an annual transfer-in of \$120,000 in fee revenue was included in the CHA budget (E-492, DHHS-DIRECTOR-38) the corresponding transfer-out from this budget was inadvertently excluded from The Executive Budget. The technical adjustment corrects the budget. According to the DPBH, the Ombudsman would be responsible for receiving initial quality and safety issue complaints in hospitals and would refer a caller to the Bureau of Health Care Quality and Compliance (HCQC) within the DPBH. The Ombudsman would work as a liaison between consumers and the HCQC in filing complaints and providing follow up once an investigation has been completed and assure consumers' concerns are addressed. The DPBH indicates funding to support the Ombudsman positions in the CHA budget could extend beyond the 2015-17 biennium. However, the DPBH understands that a study is currently being conducted as part of a Certified Public Manager Program Capstone Project that is researching other viable funding sources. The study should be completed in October of 2015.

Fiscal staff has included the technical adjustment on the first page of this closing document.
This recommendation appears reasonable.

Fiscal staff recommends that all Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as needed.

<p>The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with technical adjustments, and authority for Fiscal staff to make other technical adjustments, as needed.</p>
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Title: HHS-DPBH - PUBLIC HEALTH PREPAREDNESS PROGRAM Budget Page: DHHS - PUBLIC HEALTH-82, Volume II
 Account: 101 - 3218

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	(1,515)	1,516	(200.07)				
FEDERAL FUND	12,032,306	12,802,198	6.40	9,998,963	(21.90)	9,998,963	
INTERAGENCY TRANSFER	15,107	15,927	5.43	157,199	887.00	189,233	20.38
OTHER FUND	11,500	11,499	(0.01)	11,500	0.01	11,500	
Total Revenues	12,057,398	12,831,140	6.42	10,167,662	(20.76)	10,199,696	0.32
Total FTE		21.00		20.00		20.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E490	00	3520	Eliminate funding associated with expiring grant		(47,696)
Sub-total				0	(47,696)
Line Item Changes to Revenues				0	(47,696)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E490	21	7000	Eliminate funding associated with expiring grant		(47,696)
Sub-total				0	(47,696)
Line Item Changes to Expenditures				0	(47,696)

Total				0	0
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Grand Total General Fund Impact of Closing Changes				0	0
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Overview

The Public Health Preparedness Program (PHP) is supported largely with federal grant funds. The majority of the federal grant revenue in this budget is received from the federal Centers for Disease Control and Prevention (CDC), the Office of the Assistant Secretary for Preparedness and Response (ASPR), and the Department of Homeland Security to support the Public Health Emergency Preparedness (PHEP), Hospital and Health Care Preparedness, and Public Health Infrastructure programs. Grant funds also support the following: emergency preparedness/bioterrorism, to improve the state's ability to respond to a public health emergency at the state, local or rural level; and hospital preparedness, to improve hospitals' event response infrastructure within the state, including collaboration with entities in the ability to respond to mass public health events. The budget also receives assistance from the Health Resources and Services Administration (HRSA), which provides funding for the Primary Care Office program that aims to improve Nevadans' access to primary health care services and increase the primary care workforce. This budget also receives fees pursuant to *Nevada Revised Statute* (NRS) 439A.170 to provide oversight of employers and J-1 Visa physicians in Nevada. Additionally, this budget receives transfers from the Maternal Child Health budget for grant management, and beginning Fiscal Year 2015, transfers from the Health Facilities Hospital Licensing budget for conducting site inspections of facilities.

Major Closing Issue

New Primary Care Workforce Positions

Discussion of Major Closing Issue

New Primary Care Workforce Positions (E-232, DHHS-PUBLIC HEALTH-86): The Governor recommends a transfer of license and fee revenues from the Health Facilities Hospital Licensing budget of \$263,368 over the 2015-17 biennium to support a new classified Primary Care Workforce Development Manager and a new classified Management Analyst position to support primary care workforce professional development within the Primary Care Office (PCO). The PCO is currently staffed by two Health Resource Analyst positions, which develop health professional shortage area designations and support recruitment and retention of health care professionals. These functions are supportive of workforce development, but do not encompass broader outreach to coordinate recruitment and retention with professional education and training, licensure and certification, Medicaid and Medicare reimbursement, and scope of practice requirements.

The new positions, building on a federal liaison model, would coordinate the recruitment and retention of behavioral health professionals, including psychiatrists, psychologists, advanced practice registered nurses, psychiatric nurse practitioners, marriage and family therapist and counselors, alcohol and drug counselors, and licensed clinical social workers. Additionally, the two new positions would coordinate health professional shortages, provide long-range, broad-based planning and policy development. Fiscal staff notes that *The Executive Budget* incorrectly identifies the Primary Care Workforce Development Manager position as a Radiation Control Manager position.

Does the Subcommittee wish to approve license and fee revenues transferred from the Health Facilities Hospital Licensing budget of \$263,368 over the 2015-17 biennium to support a new classified Primary Care Workforce Development Manager and a new classified Management Analyst position to support primary care workforce professional development?

The Subcommittee recommended approval of license and fee revenues transferred from the Health Facilities Hospital Licensing budget of \$263,368 over the 2015-17 biennium to support a new classified Primary Care Workforce Development Manager and a new classified Management Analyst position to support primary care workforce professional development.

The Subcommittee also recommended the issuance of a letter of intent directing the agency to explore an alternative funding source(s) and report February 2016 to the Interim Finance Committee.

Other Closing Items

- Standby Pay (E-226, DHHS-PUBLIC HEALTH-85 and 86):** The Executive Budget recommends \$9,055 in Fiscal Year 2016 and \$9,468 in Fiscal Year 2017 to support standby pay for three existing positions. This recommendation is supported with equal reductions in operating costs from the Public Health Emergency Preparedness and Hospital and Health Care Preparedness grant. Three staff currently take turns answering public calls for concerns or emergencies 24 hours per day, 7 days per week. Each day, one position is responsible to answer the emergency cellular telephone line. Callers are dealt with directly or guided to an appropriate person, program or agency. Fiscal staff notes that since the standby pay is funded through reductions to expenditures, The Executive Budget reflects \$0 in revenue and expenditures in this decision unit. Additionally, Fiscal staff notes actual standby pay in FY 2014 was \$9,050. This budget has not previously been legislatively approved for standby pay. **This decision unit appears reasonable.**
- Grant Expiration (E-490, DHHS-PUBLIC HEALTH-86 and 87):** The Executive Budget eliminates \$369,676 in Public Health Infrastructure grant funds since the grant expires September 2015 (FY 2016). This decision unit also eliminates a Quality Assurance Specialist position. This position was approved to lead the quality improvement and strategic planning activities to increase

Nevada's capacity and ability to meet national public health standards, including accreditation through the Public Health Accreditation Board. The agency reports the loss of these grants funds will lengthen the time necessary for the DPBH to apply for accreditation. Fiscal staff notes that the Quality Assurance Specialist position is currently filled, but the Governor's recommended budget does not include terminal leave payout costs. In response to Fiscal staff inquiries, the agency indicates the incumbent would transfer to another position to remain in state service. Fiscal staff made a technical adjustment to eliminate residual grant funding and expenditures in FY 2017 that were inadvertently left in *The Executive Budget*. **With the technical adjustment, this decision unit appears reasonable.**

3. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-87 and 88): The Governor recommends \$23,037 to replace 1 desktop computer, 11 laptop computers and docking stations, and 4 computer monitors. This recommendation is supported with equal reductions in operating costs from the CDC Bioterrorism category and the HRSA Hospital Preparedness category in the 2015-17 biennium. **This decision unit appears reasonable.**
4. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-85 and 88): The Executive Budget recommends a net reduction of \$149 in Maternal Child and Health (MCH) block grant funds and adjustments to various operating categories to recognize a net decrease in cost allocation changes of \$37,636 over the 2015-17 biennium. **These decision units appear reasonable.**
5. Positions Transfer Out (E-909, DHHS-PUBLIC HEALTH-88): The Governor recommends the transfer of \$358,985 in Public Health Emergency Preparedness grant funds to the Office of Health Administration in the DPBH to transfer two information technology positions and related costs. The 2013 Legislature approved a reorganization of the Health Division with the Mental Health portion of the Division of Mental Health and Developmental Services to form a new Division of Public and Behavioral Health. Although the reorganization included the transfer of information technology positions to the Office of Health Administration, these positions were not included. This transfer eliminates all information technology positions from the PHP budget. Additional discussion regarding the reorganization and additional transfers is included in the Office of Health Administration budget. **This decision unit appears reasonable.**

Fiscal staff recommends that all Other Closing Items be closed as recommended by the Governor, with technical adjustments by staff. Fiscal staff requests authority to make additional technical adjustments, as needed.

<p>The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with technical adjustments noted by Fiscal staff, and authority for Fiscal staff to make other technical adjustments, as needed.</p>
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Title: HHS-DPBH - BIOSTATISTICS AND EPIDEMIOLOGY
 Account: 101 - 3219

Budget Page: DHHS - PUBLIC HEALTH-91, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	4,056,790	3,523,878	(13.14)	3,610,668	2.46	3,610,668	
GENERAL FUND	317,118	317,183	0.02	441,368	39.15	460,727	4.39
INTERAGENCY TRANSFER	579,382	585,916	1.13	901,343	53.83	925,064	2.63
OTHER FUND	4,650	30,480	555.48	49,458	62.26	49,458	
REVERSIONS	(20,138)						
Total Revenues	4,937,802	4,457,457	(9.73)	5,002,837	12.24	5,045,917	0.86
Total FTE		24.00		25.00		25.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	00	2501	Align General Fund appropriations for salary and benefit costs of PCN 3219-0014.	(439)	(4,900)
B000	00	4670	Align salary and benefit costs of PCN 3219-0014, funding transferred from the Health Statistics and Planning budget.	10,958	9,934
Sub-total				10,519	5,034
Line Item Changes to Revenues				10,519	5,034

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
B000	04	7000	Provide operating costs for PCN 3219-0014.	5,899	334
B000	82	7000	Provide cost allocation costs related to PCN 3219-0014.	4,620	4,700
Sub-total				10,519	5,034
Line Item Changes to Expenditures				10,519	5,034

Total				0	0
Grand Total General Fund Impact of Closing Changes				(439)	(4,900)

Overview

This budget contains the Office of Epidemiology and the Office of Health Statistics and Surveillance. The collective program efforts, known as the Office of Public Health Informatics and Epidemiology (OPHIE), centralizes most data analysis personnel in one budget, and allows the division to maintain several public health core data sets. This budget is primarily funded with federal grant funds, transfers from several operating budgets within the DPBH, and General Fund appropriations.

Major Closing Issues

1. New Data Querying Fee Revenue
2. New Health Resource Analyst

Discussion of Major Closing Issues

1. New Data Querying Fee Revenue (E-225, DHHS-PUBLIC HEALTH-96): The Governor recommends a new fee revenue of \$78,405 over the 2015-17 biennium for various data and statistical information queries. A proposed fee schedule accounts for the nature, complexity, and time and effort needed to fulfill the requests by the agency's web query system. The Executive Budget recommends the new fees would be used to enhance performance of the existing query system. Additionally, the agency indicates that the fees collected could be utilized to develop features and offerings of the system requested by the users to better provide statistical information. Currently, a contracted position maintains the web data query system. Pursuant to *Nevada Revised Statutes* (NRS) 239.055, enacted

in 1997, an agency is permitted to charge a fee for the extraordinary use of personnel or technology resources.

Does the Subcommittee wish to approve new fee revenue of \$78,405 over the 2015-17 biennium for data and statistical information queries, as recommended by the Governor?

The Subcommittee recommended approval of new fee revenue of \$78,405 over the 2015-17 biennium for data and statistical information queries, as recommended by the Governor.

2. New Health Resource Analyst (E-226, DHHS-PUBLIC HEALTH-96): The Executive Budget recommends federal Sexually Transmitted Screening (STD) grant funds of \$58,448 and a transfer from the Communicable Disease account of \$59,030 over the 2015-17 biennium for a new classified Health Resource Analyst position and related costs for geographical information systems (GIS) support. Currently, the agency utilizes contractors to perform GIS functions. The new position would be responsible for geospatial analysis of the communicable diseases in Nevada, specifically HIV/AIDS and sexually transmitted diseases. According to the Governor's budget, this type of analysis allows for more targeted prevention and intervention efforts. The position would serve as the GIS expert and would provide training to division staff. Since GIS is a rapidly changing field, which requires specialized training, the agency would recruit for an individual with prior GIS experience.

Does the Subcommittee wish to approve grant funds of \$58,448 and a transfer from the Communicable Disease budget of \$59,030 over the 2015-17 biennium for a new classified Health Resource Analyst position and related costs for geographical information systems support?

The Subcommittee recommended approval of grant funds of \$58,448 and a transfer from the Communicable Diseases budget of \$59,030 over the 2015-17 biennium for a new classified Health Resource Analyst position and related costs for geographical information systems support.

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-98): The Executive Budget recommends a General Fund appropriations, federal grant funds, and a transfer from the Maternal Child Health Services account totaling \$18,594 over the 2015-17 biennium for the replacement of 11 desktop computers, 6 flat-panel monitors, 2 laptop computers and docking stations. **This decision unit appears reasonable.**
2. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-95, 98 and 99): The Executive Budget recommends General Fund appropriations of \$17,114, a net increase in federal funds of \$6,422, and a net reduction in transfers from other operating budgets of \$4,784 to support the division's federal indirect rate agreement cost over the 2015-17 biennium. **These decision units appear reasonable.**
3. Technical Adjustment (Base, DHHS-PUBLIC HEALTH-91 and 92): This budget receives transfers from the Health Statistics and Planning budget in support the Vital Records program. The Executive Budget inadvertently excluded transfer funds of \$20,892 and reductions of \$5,339 General Fund appropriations over the 2015-17 biennium. Fiscal staff made technical adjustments to reflect increased transfer funding and reduced General Fund appropriations as provided on the first page of this closing document.

Fiscal staff recommends approval of the Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with technical adjustments noted by Fiscal staff, and authority for Fiscal staff to make other technical adjustments, as needed.

Title: HHS-DPBH - CHRONIC DISEASE
 Account: 101 - 3220

Budget Page: DHHS - PUBLIC HEALTH-102, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	4,981,675	7,117,557	42.87	5,748,757	(19.23)	5,748,757	
INTERAGENCY TRANSFER	365,089	464,024	27.10	474,985	2.36	1,017,198	114.15
OTHER FUND	960,314	1,100,000	14.55	1,100,000		1,100,000	
Total Revenues	6,307,078	8,681,581	37.65	7,323,742	(15.64)	7,865,955	7.40

Total FTE		21.00		21.00		21.00	
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Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total				0	0
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Grand Total General Fund Impact of Closing Changes				0	0
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Overview

The Chronic Disease budget contains various grant programs that work to control, prevent, and track the incidence and prevalence of communicable and chronic disease among Nevadans. These programs include Women’s Health Connection (Breast and Cervical Cancer Early Detection Program); Tuberculosis Elimination; Tobacco Prevention and Education; Comprehensive Cancer Control; Diabetes; Colorectal Cancer Screening; Preventive Health and Human Services block grant; and Chronic Disease Prevention. Additionally, the 2013 Legislature approved the transfer of the Oral Health Program to the Chronic Disease budget from the Maternal Child Health budget.

Major Closing Issue

New State Dental Health Officer and Dental Hygienist Contract Positions

Discussion of Major Closing Issue

New State Dental Health Officer and Dental Hygienist Contract Positions (E-226, DHHS-PUBLIC HEALTH-105): To implement and oversee various oral health activities in Nevada, the Governor recommends a transfer of \$535,895 in Radioactive Material License fees from the Radiation Control budget in FY 2017 to support two new contract positions, one State Dental Health Officer (Officer) and one State Public Health Dental Hygienist (Hygienist). Senate Bill 208 (2001) created a State Dental Health Officer and a State Public Health Dental Hygienist, both in the unclassified service of the state. Chapter 439 of the *Nevada Revised Statutes* (NRS) requires the DPBH to appoint, with the consent of the Director, a State Dental Health Officer (NRS 439.272) and a State Public Health Dental Hygienist (NRS 439.279) to determine and make recommendations to the DPBH and the Advisory Committee on the State Program for Oral Health, to reduce the incidence of oral diseases, reduce access-to-care issues, and

support and replicate practices proven to prevent oral diseases. Both positions would be located in the School of Dental Medicine, University of Nevada, Las Vegas.

According to the DPBH, the current national ratio is one dentist for every 1,700 people. However, in Nevada, the ratio is one dentist to every 2,717 residents, which results in 15 of the 17 counties designated as Dental Health Professional Shortage Areas. In response to oral health needs, the new oral health positions would create infrastructure to address access to care needs. A classified Oral Health Program Manager (Manager) is currently dedicated to oral health activities and is funded through a Maternal and Child Health (MCH) block grant. The Manager is a public health specialist, required to have a background in policy development, health assessment, program planning, implementation and evaluation. The Manager would provide technical assistance to the Officer pertaining to policy development, rule-making, and day-to-day processes. Additionally, the Manager would coordinate public health education, perform surveillance activities, and foster collaboration between the dental community, Medicaid, Maternal and Child Health program, and local community health coalitions.

According to the agency, the Officer would provide leadership and expertise in the advances of dental medicine, governing regulations, health insurance intricacies, and financial options. The Officer would also monitor and evaluate access to care plans for the state; formulate and foster statewide policies, protocols and procedures; develop and implement a plan to address Medicaid concerns from the public and providers to increase access to oral health services. Further, the Officer would coordinate with the State Dental School within the Nevada System of Higher Education to promote an oral health workforce.

The Hygienist would serve as the statewide coordinator of dental health programs, which includes fluoridation, oral health education, and sealant programs. Additionally, the Hygienist would work under the guidance of the Officer to coordinate and implement a statewide survey, and provide direct assistance to the coalitions. Finally, the DPBH indicated it would conduct a time accounting, which would determine future funding. Fiscal staff notes Senate Bill 501, which implement *The Executive Budget*, authorizes the State Dental Health Officer and State Public Health Dental Hygienist to either be in the unclassified service of the state or serve as contracted positions. Senate Bill 501 was referred to the Senate Committee on Health and Human Services on March 26, 2015.

Based on the decision of the Subcommittee to transfer the use of Radioactive Materials Licensing fees from the Radiation Control budget, the Subcommittee may wish to consider the following options:

- A. If the Subcommittee approved the transfer of funding from the Radiation Control budget:**
 - 1. Approve the new State Dental Health Officer and State Public Health Dental Hygienist contract positions, as recommended by the Governor, contingent upon passage and approval of Senate Bill 501.**
 - 2. Approve the new State Dental Health Officer and State Public Health Dental Hygienist positions as unclassified state positions, which can occur regardless of whether Senate Bill 501 is passed and approved.**
- B. If the Subcommittee did not approve the transfer of funding from the Radiation Control budget:**
 - 1. Do not approve the recommended positions and associated operating costs.**
 - 2. Approve the positions and associated operating costs contingent upon the agency and the Executive Budget Office identifying a funding source(s) reflective of the functions/activities these positions would perform.**

The Subcommittee recommended approval of a new State Dental Health Officer and State Public Health Dental Hygienist contract positions, as recommended by the Governor. The Subcommittee also recommended the positions be included in the Unclassified Pay Bill, which would allow the agency to fill the new Oral Health positions in the unclassified service if Senate Bill 501 was not approved.

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-106): The Executive Budget recommends \$18,673 for the replacement of nine desktop computers, a desktop CADD workstation, and related software. The recommendation is supported with reductions to the Tobacco Grant expenditures (\$1,588), Colorectal Cancer expenditures (\$7,940), and Screening Planning Grant expenditures (\$9,145) over the 2015-17 biennium. This recommendation results in no net change to these grant-funded expenditure categories. **This decision unit appears reasonable.**
2. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-105 and 106): The Executive Budget recommends expenditure reductions totaling \$38,918 over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. Fiscal staff notes that since the cost allocation is funded through reduced operating expenses The Executive Budget reflects \$0 in revenue and expenditures in these decision units. **These decision units appear reasonable.**

Fiscal staff recommends that the Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, with technical adjustments, and authority for Fiscal staff to make technical adjustments, as needed.

Title: HHS-DPBH - MATERNAL CHILD HEALTH SERVICES
 Account: 101 - 3222

Budget Page: DHHS - PUBLIC HEALTH-109, Volume II

Revenues	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
FEDERAL FUND	4,392,009	5,796,981	31.99	6,459,173	11.42	6,459,173	
GENERAL FUND	1,069,203	1,066,952	(0.21)	1,196,527	12.14	1,203,661	0.60
INTERAGENCY TRANSFER	420,446	560,382	33.28	460,382	(17.84)	460,382	
OTHER FUND	2,559,542	3,526,098	37.76	250	(99.99)	300	20.00
REVERSIONS	(1,197)						
Total Revenues	8,440,003	10,950,413	29.74	8,116,332	(25.88)	8,123,516	0.09
Total FTE		18.51		21.00		21.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0

Total	0	0
Grand Total General Fund Impact of Closing Changes	0	0

Overview

The Maternal Child Health (MCH) program works to improve the health of at-risk families, pregnant and postpartum women, infants, children, adolescents, and children with special healthcare needs. The program is funded through metabolic screening fees; a variety of federal grants, the largest of which is the Maternal Child Health block grant; and General Fund appropriations. General Fund appropriations partially serve as maintenance of effort (MOE) for the MCH block grant. General Fund appropriations also support contracts with community providers, such as the district health departments, University Medical Center, and the University of Nevada School of Medicine (UNSOM) to provide pre- and post-natal care, education, and treatment of children with metabolic disorders, fetal alcohol syndrome and craniofacial abnormalities.

Major Closing Issues

1. New Home Visiting Program Positions
2. Newborn Screening Program Transfers

Discussion of Major Closing Issues

1. New Home Visiting Program Positions (E-275, DHHS-PUBLIC HEALTH-113): The Executive Budget recommends program expenditures of \$534,594 over the 2015-17 biennium to support five new classified positions for the federal grant funded Nevada Home Visiting Program (NHVP). The

recommendation is supported with reductions to Home Visiting contract expenses totaling \$476,749 over the 2015-17 biennium and additional federal Home Visiting Program grant funds of \$57,845 in FY 2017. The NHVP promotes support of positive parenting, developing nurturing homes, and promoting healthy child development through regular home visits. Families who are expecting or have children up to age 5 may request free in-home services. The NHVP supports agencies and organizations that administer home visiting services to improve maternal and newborn health, improve school readiness, and reduce child injuries, neglect, and abuse. According to the agency, the use of contract positions since 2010 has contributed to significant turnover in program staff, which has negatively impacted the development of the program. To address staff turnover, The Executive Budget recommends five new permanent state positions. Their respective duties are as follows:

Position Title	Responsibilities	FTE
Health Program Specialist	Program manager	1
Health Program Specialist	Program coordinator; lead for continuous quality improvement initiatives; training coordinator for staff and public	1
Health Resource Analyst	Manage and analyze program data and statistics; designs data collection instruments and databases	1
Management Analyst	Manage grant-related fiscal support; monitor and audit service providers for grant compliance	1
Administrative Assistant	Administrative support	1
Total Positions:		5

Does the Subcommittee wish to approve five new classified positions to replace five existing contract positions for the Nevada Home Visiting Program, as recommended by the Governor?

The Subcommittee recommended approval of five new classified positions to replace five existing contract positions for the Nevada Home Visiting Program, as recommended by the Governor.

2. Newborn Screening Program Transfers (E-225, E-226 and E-937, DHHS-PUBLIC HEALTH-112, 113 and 115): The Executive Budget recommends transferring the programmatic responsibility of the Newborn Screening (NBS) program from the Maternal Child Health Services budget to the University of Nevada, School of Medicine (UNSOM) and School of Community Health Sciences. The NBS provides early detection of congenital or inherited disorders, including hearing issues.

The Executive Budget transfers Metabolic Screening fees and costs associated with the NBS program, totaling \$5.7 million over the 2015-17 biennium, to the UNSOM. The recommendation also adds General Fund appropriations of \$15,041 over the 2015-17 biennium to support expenditures related to office rent, occupied by MCH staff. According to the agency, a bill draft request (BDR) is not necessary to effectuate this programmatic transfer, and any changes to the Nevada Administrative Code (NAC) would be the responsibility of the UNSOM.

Nevada Revised Statutes (NRS) 442.009 requires the Division of Public and Behavioral Health (DPBH) to give priority to state public health laboratories and in-state laboratories before a laboratory located outside the state. Historically, newborn screening samples were sent to the Oregon Health Sciences University (OHSU). However, in 2014, the UNSOM acquired the necessary equipment and trained personnel to conduct the newborn screening analyses. Subsequently, the NBS entered into an interlocal agreement with UNSOM to conduct the newborn screening testing. The agency previously indicated that typical newborn screening programs function seamlessly by placing all activities under one organization, minimizing fragmentation and duplications of effort.

Two of the three state positions (2.51 FTE), which currently operate the NBS, a Health Program Manager and an Administrative Assistant, are vacant. These two vacant positions would be eliminated and would not transfer to the UNSOM. The Governor's budget recommends the filled part-time Health Program Specialist position, currently assigned to the NBS, transfer to the Early Intervention Services (EIS) budget within the Aging and Disability Services Division (ADSD). This part-time position is currently working with EIS and provides support to infants and toddlers with serious or life-threatening metabolic conditions. As a result, no existing NBS positions would transfer to UNSOM.

Does the Subcommittee wish to approve the programmatic transfer of the Newborn Screening program to the University of Nevada School of Medicine and School of Community Health Sciences, including the elimination of two positions, and the transfer of one part-time position to the Early Intervention program, as recommended by the Governor?

The Subcommittee recommended approval of the programmatic transfer of the Newborn Screening Program to the University of Nevada School of Medicine and School of Community Health Sciences, including the elimination of two positions, and the transfer of one part-time position to the Early Intervention Program, as recommended by the Governor.

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-114): The Governor recommends the replacement of five desktop computers, five laptop computers and seven docking stations, and associated software. This decision unit, totaling \$20,905 over the 2015-17 biennium, is supported by General Fund appropriations of \$7,688 and reductions to various program categories totaling \$13,217. **This decision unit appears reasonable.**
2. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-112 and 115): The Executive Budget recommends a reduction to General Fund appropriations of \$18,638 and a reduction to various operating categories totaling \$224 over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. **These decision units appear reasonable.**

Fiscal staff recommends approval of the Other Closing Items be closed as recommended by the Governor, and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, and authority for Fiscal staff to make technical adjustments, as needed.

Title: HHS-DPBH - OFFICE OF HEALTH ADMINISTRATION
 Account: 101 - 3223

Budget Page: DHHS - PUBLIC HEALTH-118, Volume II

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	232,726	1,705,922	633.02	1,544,087	(9.49)	1,739,680	12.67
FEDERAL FUND							
GENERAL FUND	944,844	931,233	(1.44)	4,205,581	351.61	4,198,397	(0.17)
INTERAGENCY TRANSFER	3,306,486	3,439,425	4.02	4,335,420	26.05	4,402,578	1.55
REVERSIONS	(32,222)						
Total Revenues	4,451,834	6,076,580	36.50	10,085,088	65.97	10,340,655	2.53
Total FTE		46.00		89.00		89.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16	2016-17
E907	00	2501	Adjust General Fund appropriations to include in-state travel with transfers to the Behavioral Health Administration budget	(4,400)	(4,400)
Sub-total				(4,400)	(4,400)
Line Item Changes to Revenues				(4,400)	(4,400)

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16	2016-17
E907	03	6000	Include in-state travel with transfers to the Behavioral Health Administration budget	(4,400)	(4,400)
Sub-total				(4,400)	(4,400)
Line Item Changes to Expenditures				(4,400)	(4,400)

Total				0	0
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Grand Total General Fund Impact of Closing Changes				(4,400)	(4,400)
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Overview

The Office of Health Administration provides support services to program areas within the division and for the State Board of Health, including administrative and fiscal oversight, information technology support, human resources management, and public information officer support. This budget is primarily funded through indirect cost revenues and General Fund appropriations. The 2013 Legislature approved a reorganization of the Health Division, with the Mental Health portion of the Division of Mental Health and Developmental Services to form a new Division of Public and Behavioral Health (DPBH).

Major Closing Issues

1. Position Transfers
2. New Information Technology Positions

Discussion of Major Closing Issues

1. Position Transfers

- A. Position Transfers In (E-502/E-902, E-503/E-903, E-504/E904, E-505/E-905, E-506/E-906, E-509/E909, E-939, DHHS-PUBLIC HEALTH-120-128): As noted above, the 2013 Legislature approved a reorganization of the Health Division, with the Mental Health portion of Mental Health and Developmental Services to form a new Division of Public and Behavioral Health (DPBH). After the 2013 Legislative Session, the DPBH identified needs and disparities created by the

reorganization. The division testified during the January 21, 2015, Legislative Commission's Budget Subcommittee hearing that the division initiated the 2013 reorganization, aligning direct service positions with the new agency's needs, and that the additional transfers would align administrative positions with the agency's needs. Further, the division indicated that the full integration of direct and administrative staff would maximize federal funding through the division's cost allocation and indirect rate agreement. The Executive Budget recommends 41 positions and associated costs transfers to address the identified organizational needs. Combined, these decision units transfer total funding of \$7.5 million to support the position transfers. In addition, The Executive Budget recommends a transfer of one position from this budget (E-907). The net position increase to this budget is 40 positions as reflected on the last page of this closing document.

The majority of the increase to General Fund appropriations and interagency transfer (cost allocation) revenues, as compared to the prior biennium, are attributable to the transfer of positions. A table providing the position transfers and net increase to General Fund appropriations of \$72,637, as a result of all these recommended transfers, is included on the last page of this closing document.

Fiscal staff has reviewed the transfer proposals and has determined the recommendations consistently align with the duties and functions performed in this budget.

Does the Subcommittee wish to approve the transfer of 41 administrative positions from various operating budgets as recommended by the Governor and authorize Fiscal staff to make any necessary technical adjustments?

The Subcommittee recommended approval of the transfer of 41 administrative positions from various operating budgets as recommended by the Governor and authorized Fiscal staff to make necessary technical adjustments.

B. Position Transfer Out (E-907, DHHS-PUBLIC HEALTH-126 and 127): The Executive Budget recommends to transfer General Fund appropriations of \$270,771 over the 2015-17 biennium to the Behavioral Health Administration budget in support of transferring the Division Deputy Administrator for Clinical Services. This transfer would consistently place the division deputy administrators (four total) with the programs they serve. In response to Fiscal staff questions, the DPBH and the Budget Division have confirmed in-state travel costs totaling \$4,400 each year of the 2015-17 biennium should have been included in this decision unit. The technical adjustments to include an additional General Fund appropriation transfer of \$4,400 in each year of the 2015-17 biennium have been incorporated into this closing document.

Does the Subcommittee wish to approve the transfer of the Division Deputy Administrator for Clinical Services to the Behavioral Health Administration budget as recommended by the Governor, including the technical adjustments recommended by Fiscal staff to add in-state travel costs?

The Subcommittee recommended approval of the transfer of the Division Deputy Administrator for Clinical Services to the Behavioral Health Administration budget as recommended by the Governor, including the technical adjustments recommended by Fiscal staff to add in-state travel costs.

2. New Information Technology Positions (E-225, DHHS-PUBLIC HEALTH-120): The Executive Budget recommends cost allocation reimbursements of \$6,539 and a reduction to reserve funding of \$337,499 over the 2015-17 biennium to add one new IT Professional position and two new

IT Technician positions. As a result of the reorganization approved by the 2013 Legislature, the DPBH has 1,696 state employees plus contractors located throughout the state. The Field Services and Help Desk Unit is charged with the improvement of information technology conditions for the DPBH. The agency reports that management duties have been split between the northern and southern regions, which has resulted in slow response times and services and staff downtime. According to The Executive Budget, the additional IT positions would promote efficiencies and proactively manage security risks. The IT Professional position would coordinate over 800 mobile devices, which include smart phones, tablets and laptops. The IT Technician positions would provide desktop computer support, Help Desk support, and application support.

Fiscal staff notes the DPBH currently has 29 IT positions, or approximately one IT position to every 58 employees. For comparison, the Department of Motor Vehicles, with 1,172.51 positions, has 64 IT positions, or approximately one IT position for every 18 employees. Further, the Division of Welfare and Support Services, with 2,031.51 positions, has 90 IT positions, or approximately one IT position for every 23 positions. Fiscal staff acknowledges each agency's IT needs are unique, making a true comparison of IT ratios difficult. Nonetheless, this rudimentary comparison provides an awareness of the IT staff to employee ratio for other similarly sized agencies.

Does the Subcommittee wish to approve cost allocation reimbursements of \$6,539 and a reduction to reserve funding of \$337,499 over the 2015-17 biennium for the addition of three new Information Technology positions and related costs?

The Subcommittee recommended approval of cost allocation reimbursements of \$6,539 and a reduction to reserve funding of \$337,499 over the 2015-17 biennium for the addition of three new Information Technology positions and related costs.

Other Closing Item

Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-123): The Executive Budget recommends replacement of 11 desktop computers, 6 flat panel monitors, 2 laptop computers and docking stations, and 11 surge protectors. This recommendation is supported through cost allocation reimbursements of \$286 and a reduction to reserve of \$18,968 in FY 2017. **This decision unit appears reasonable.**

Fiscal staff recommends that the Other Closing Item be closed as recommended by the Governor and requests authority to make technical adjustments, as needed.

The Subcommittee recommended approval of the Other Closing Item in this budget as recommended by the Governor, and authority for Fiscal staff to make technical adjustments, as needed.

ATTACHMENT (1 PAGE)

Transferring Budget Account	Position Title	Number of Positions	Net Funding 2015-17 Biennium	General Fund Biennial Impact (Savings)
Behavioral Health Information Systems (BA 3164), DHHS-PUBLIC HEALTH-120 & 124				
	IT Manager I	1		
	IT Professional III	3		
	IT Professional II	2		
	Business Process Analyst II	1		
	IT Technician VI	3		
	IT Technician V	3		
	IT Technician III	2		
	IT Technician II	1		
	FTE Sub-Total E-502/E-902:	16	\$ 3,009,814	\$ 7,380
Substance Abuse Prevention and Treatment (BA 3170), DHHS-PUBLIC HEALTH-121 & 124				
	Management Analyst II	1		
	Management Analyst I	1		
	Accounting Assistant III	1		
	FTE Sub-Total E-503/E-903:	3	\$ 431,330	\$ (6,712)
Behavioral Health Administration (BA 3168), DHHS-PUBLIC HEALTH-121 & 125				
	Accountant Technician II	1		
	Accounting Assistant III	1		
	Administrative Assistant II	1		
	Administrative Assistant III	2		
	Administrative Services Ofcr II	1		
	Chief Medical Officer	1		
	Division Administrator	1		
	Management Analyst III	3		
	Management Analyst IV	1		
	Personnel Officer III	1		
	Personnel Technician III	1		
	FTE Sub-Total E-504/E-904:	14	\$ 2,774,172	\$ 86,755
Rural Clinics (BA 3648), DHHS-PUBLIC HEALTH-122 & 125				
	Accounting Assistant III	2		
	Administrative Services Ofcr III	1		
	Management Analyst III	1		
	Personnel Analyst I	1		
	FTE Sub-Total E-505/E-905:	5	\$ 811,217	\$ (12,623)
Southern Nevada Adult Mental Health (BA 3168), DHHS-PUBLIC HEALTH-122 & 126				
	Management Analyst II	1		
	FTE Sub-Total E-506/E-906:	1	\$ 139,012	\$ (2,163)
Public Health Preparedness Program (BA 3218), DHHS-PUBLIC HEALTH-122 & 127				
	IT Professional II	1		
	IT Professional III	1		
	FTE Sub-Total E-509/E-909:	2	\$ 358,985	
	Total Position Transfers In:	41	\$ 7,524,530	\$ 72,637
Transfer to Behavioral Health Administration (BA 3168), DHHS-PUBLIC HEALTH-126				
	Deputy Division Administrator	-1	\$ (270,771)	
	FTE Total E-907:	-1	\$ (270,771)	\$ (12,815)
	Total Position Transfers Out:	-1		
	Net Total Position Transfers:	40	\$ 7,253,759	\$ 59,822

Title: HHS-DPBH - MARIJUANA HEALTH REGISTRY
 Account: 101 - 4547

Budget Page: DHHS - PUBLIC HEALTH-144, Volume II

	2013-14 Actual	2014-15 WP	% Chg	2015-16 GOV REC	% Chg	2016-17 GOV REC	% Chg
Revenues							
BALANCE FORWARD	145,892	507,936	248.16	729,358	43.59	1,318,684	80.80
GENERAL FUND							
OTHER FUND	1,000,631	5,174,373	417.11	2,975,529	(42.49)	3,485,216	17.13
Total Revenues	1,146,523	5,682,309	395.61	3,704,887	(34.80)	4,803,900	29.66
Total FTE		16.00		16.00		16.00	

Adjustments to Revenue

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Revenues				0	0

Adjustments to Expenditures

Dec Unit	Cat	GL	Description	2015-16 Gov Rec	2016-17 Gov Rec
Sub-total				0	0
Line Item Changes to Expenditures				0	0
Total				0	0
Grand Total General Fund Impact of Closing Changes				0	0

Overview

The Medical Marijuana Patient Registry (MMR) program administers the provisions of the medical marijuana registry, NRS 453A.210, which authorizes patients with chronic or debilitating medical conditions, or their caregivers, to possess or cultivate marijuana for medical use. The Division of Public and Behavioral Health (DPBH) administers the application and eligibility process, as well as the annual renewals of eligibility. The MMR is supported with patient application and renewal license fees. The application fee is \$25, and the fee for processing and issuing a registry identification card is \$75.

Senate Bill 374 (2013) approved the registration of medical marijuana establishments authorized to cultivate or dispense marijuana, or manufacture edible marijuana products or marijuana-infused products for sale to persons authorized to engage in the medical use of marijuana, and the registration of agents who are employed by or volunteer at medical marijuana establishments. The Medical Marijuana Establishment (MME) program regulates the operations of medical marijuana laboratories, cultivators, dispensaries, and production facilities. The program also evaluates new applications for medical marijuana establishments annually, licenses medical marijuana establishment agents who work in or volunteer for a MME, and inspects facilities for compliance with NRS 453A and NAC 453A. The MME is supported with establishment and agent application licenses and fees.

Major Closing Issue

Medical Marijuana Establishment Program

Discussion of Major Closing Issue

Medical Marijuana Establishments Program (DHHS-PUBLIC HEALTH-144 through 149): As mentioned in the Overview, S.B. 374 (2013) statutorily established the regulatory framework for the licensing and regulation of medical marijuana establishments authorized to cultivate or dispense medical marijuana, or manufacture edible marijuana products or marijuana-infused products for sale to persons authorized to engage in the medical use of marijuana. Senate Bill 374 also provided for the licensing and regulation of laboratories and the registration of agents who are employed by or volunteer at medical marijuana establishments.

Each MME must register with the DPBH and is subject to an annual license renewal. Registration and license renewal fees are based on the following types of MMEs: dispensary; cultivation facility; facility for the production of edible marijuana products or marijuana-infused products; or testing laboratory. Each applicant for a MME registration must pay a one-time nonrefundable application fee of \$5,000. Agents or volunteers of a MME must register through the DPBH and pay an annual renewal fee. Additionally, the costs incurred by the DPBH for processing the applications, including background investigations, must be paid by each applicant for a MME registration certificate. Revenues generated from the fees imposed must be expended first to pay the costs of the DPBH for the MME program. Any revenue remaining must be distributed to the State Distributive School Account (DSA).

Senate Bill 374 also imposed an excise tax of 2 percent on each wholesale sale by a cultivation facility to another MME; each wholesale sale of edible marijuana products or marijuana-infused products by a facility for the production of edible marijuana products or marijuana-infused products to another MME; and each retail sale of marijuana, edible marijuana products or marijuana-infused products by a MME. Revenues collected from the excise tax must be distributed 75 percent to the DSA and 25 percent to the DPBH. The bill also requires each MME, in consultation with the agency, to develop and maintain an electronic database to track patients, patient purchases, and product inventory data in real time. The agency is not required to establish, develop or maintain an electronic database to track patient and inventory control. The law only specifies that the agency must have access to the medical marijuana facilities' systems. However, at its June 19, 2014, meeting, the Interim Finance Committee (IFC) approved the development and integration of database systems for reporting and real time tracking for the MME program. Additionally, the IFC approved an in-house agent and volunteer card printing system.

In contrast, the MMR program administers the application, eligibility process, and renewal of patients with chronic or debilitating medical conditions and their caregivers. Revenues collected by this program do not revert to the General Fund and are not subject to distribution to the DSA. The MMR program retains its license and fee revenues for use in a subsequent year. In FY 2014, the MME received a temporary advance from the General Fund of \$623,324 pursuant to Section 25.5(1) of S.B. 374. Due to insufficient funding, the MME program was unable to repay the General Fund advance as required. Instead, the agency repaid the temporary advance with licenses and fees from the MMR program. The MMR program was subsequently reimbursed with MME program funds.

Based on the complexity of the MME program and lack of transparency in *The Executive Budget*, the Fiscal Analysis Division, with agreement from the DPBH, recommends to separate the programs and to create a new budget account for the Medical Marijuana Establishment program.

To establish the new Medical Marijuana Establishments budget in FY 2016, the DPBH projects approximately \$516,000 in Medical Marijuana Establishment reserves would remain at the end of FY 2015. Of that amount, the DPBH anticipates approximately \$424,000 would be used for cash flow purposes until

fees are collected. The remaining fees approximating \$92,000 would be available for transfer to the DSA. Fiscal staff, the DPBH, the Department of Taxation, and the Budget Division will meet jointly prior to the close of the 2015 Legislative Session to finalize revenue projections and transfers to the DSA.

The Marijuana Health Registry would be supported by application, and renewal fees, as well as Treasurer's Interest distributions. The new Medical Marijuana Establishment budget would be supported by Excise Tax receipts, establishment licenses and fees, as well as Treasurer's Interest. Of the 16 existing state positions in this budget, 4 positions would remain to support the Marijuana Health Registry program, and 12 positions would transfer to support the new Medical Marijuana Establishment program.

Does the Subcommittee wish to approve the Marijuana Health Registry budget and the creation of the Medical Marijuana Establishments budget as recommended by Fiscal staff, with authority for Fiscal staff to make technical adjustments including finalized revenue projections, as necessary?

The Subcommittee recommended approval of the Marijuana Health Registry budget and the creation of the Medical Marijuana Establishments budget as recommended by Fiscal staff, with authority for Fiscal staff to make technical adjustments including finalized revenue projections, as necessary.

Other Closing Items

1. Replacement Equipment (E-710, DHHS-PUBLIC HEALTH-147): The Executive Budget recommends the replacement of four desktop computers, two flat panel computer monitors, four surge protectors, and associated software. This decision unit is supported with a reduction in reserves of \$6,894 in FY 2017. **This decision unit appears reasonable.**
2. Cost Allocations (M-803 and E-803, DHHS-PUBLIC HEALTH-146 and 147): The Executive Budget recommends net reductions in reserves of \$1,045 and Transfers to School Fund expenditure category of \$3,297, and an increase in Excise Taxes of \$279 over the 2015-17 biennium to support the division's federal indirect rate agreement cost allocation. **These decision units appear reasonable.**

Fiscal staff recommends that the Other Closing Items be closed as recommended by the Governor and requests authority to make technical adjustments, as necessary.

The Subcommittee recommended approval of the Other Closing Items in this budget as recommended by the Governor, and authority for Fiscal staff to make technical adjustments, as needed.

Legislation

As part of the recommended solution for the statewide FY 2015 General Fund shortfall, the Governor recommends a transfer of licenses and fees revenues of \$500,000 from this budget's reserve to the General Fund. Medical Health Registry (MMR) reserve funding would be used to transfer to the General Fund. **It is uncertain as to whether this transfer will go forward as part of Senate Bill 506. However, if it did, it appears the budget would have sufficient reserves remaining to adequately fund operating cash flow needs.**