

**BOARD OF TRUSTEES OF THE FUND FOR HOSPITAL CARE FOR
INDIGENT PERSONS (IAF BOARD)
Nevada Revised Statute (NRS) 428.195**

February 7, 2020, 2:00 p.m.

**Nevada Association of Counties
304 South Minnesota Street
Carson City, NV 89703**

ADOPTED MINUTES

Attendance: Chairman French, Pershing County Commissioner Shank and NACO Staff (Dagny Stapleton, Vinson Guthreau and Amanda Evans)

Remote Attendance: Vice Chairman Sharkozy, Clark County Commissioner Jones and Clark County Human Services Administrator Burch

The meeting was called to order at 2:00 P.M.

1. **Public Comment.** None was given.
2. **Approval of Agenda.** The agenda was approved on a motion by Commissioner Shank with second by Vice Chair Sharkozy.
3. **Approval of Minutes for the October 10, 2019 Meeting of the Board.** The agenda was approved on a motion by Commissioner Shank with second by Vice Chair Sharkozy.
4. **Update on the Status of the Fund for Hospital Care for Indigent Persons (IAF Fund) and Presentation of the Projected Sources and Uses of the Fund for 2020, Sarah Lamb, Nevada Division of Health Care Financing and Policy.** Ms. Lamb gave the Board a line item update on the document included in the agenda packet. Specifically noting the FY20 & FY21 projections based on the collection of dollars associated with the unmet Free Care Obligation.
5. **Review and Possible Approval of Claims from Hospitals for Reimbursement from the IAF Fund for Unpaid Charges for Hospital Care for Indigent Persons Injured in a Motor Vehicle Accident (NRS 428.245).** Dagny gave the Board an overview of the claims received and referenced the spreadsheet included in the agenda packet. She also noted that of the four claims received that three of the patients were deceased but that all components of those claims except for the required signatures were intact. Chair French reminded the Board that it was the policy of the Board that claims for deceased individuals that were otherwise

complete were eligible for consideration. Commissioner Jones inquired as to why all the claims were from Washoe County and Dagny clarified that the application process had been announced through the hospital association and that only Renown had submitted claims. Commissioner Shank requested clarification on the total amount subject to approval and it was noted that the total amount for consideration of approval was \$340,349.78 because urban hospitals are only eligible for 85% reimbursement of their total claim submitted. The claims were approved as presented on a motion by Commissioner Shank with second by Vice Chair Sharkozy.

6. **Discussion of the County Proposal Regarding the Use of the 1.5 Cent County Ad Valorem Tax Revenue in the IAF Fund.** Dagny referred to the slides and white paper included in the agenda packet and informed the Board that the proposal is to increase the amount that comes from the Fund to help counties pay their Long Term Care Medicaid Match assessments that they receive from the State. She reminded the Board that the assessments provide the state match requirement so that Medicaid patients can receive long term care either in a skilled nursing facility or at home under a community based waiver, noting that without this program Nevada's most vulnerable populations would either be hospitalized at much higher rates or receive no care at all. She also informed the Board that the program is voluntary, but requires all 17 counties to participate, which they do. She informed the Board that the proposal is to increase the funds available to reimburse counties for those assessments from the currently set aside \$2 million, closer to the roughly \$14 million collected from the 1.5 cent property tax levy that each county contributes to the fund. She also informed the Board that increasing the amount available to counties would also leverage an approximately \$30 million in additional federal funds to the program. Dagny also informed the Board that the increase would not come close to covering the amount counties are assessed from the State, or even the increases in the assessments from the last biennium budget, but it would help. Dagny directed the Boards attention to the slides in the packet noting that they FY21 total assessments to counties are estimated at \$41 million and when those funds are federalized it equates to approximately \$119 million for the program. She also noted that the assessments doubled over the course of the biennium, mostly due to the removal of the cap on the assessments in FY20 which had provided protections to counties. Dagny informed the group that increase in the cost of the Long-Term Care program was largely due to the expansion of the eligible population and increases in healthcare costs. She also discussed the slide that showed the trend of revenue into the account which echo's the Sources and Uses document provided by the State and reviewed under agenda item 4. The final slide shows the growth in the supplemental payments made to hospitals from the fund and noted the growth in the payments of approximately 250% since the inception of the program in 2014; the projected 2021 decrease shown on the slide is based on information received from the State and should be \$84,862,109. She also discussed the amount that hospitals would receive if the Board voted to make the proposed change, noting that the amount of \$65,103,227 is still a 118% increase from 2014. Chairman French noted that as a Commissioner and past member of the Nevada Hospital Association he recognizes hospitals as partners and said that all came to the table to work toward a solution to

the increased costs to counties. He informed the group that meetings and discussions were held on the proposal and as a result he suggested a compromise proposal to adjust the amount returned to counties down to \$6 million for 2020, to phase in the proposal. He informed the Board that the Sources and Uses would change so that the HIF/IAF non-federal share transfer would change from \$30 million to \$26,782,907 and allow for \$73.8 million for distribution to hospitals, a decrease of only \$10.8 million overall in 2021. Then, going forward, the majority of the available property tax dollars would be available to reimburse the counties for a part of their long-term care costs. Commissioner Sharkozy noted that should changes be made at the legislative level that the program could be changed again by action of the Board. Bill Welch of the Nevada Hospital Association informed the Board that they appreciate the negotiations and communication regarding the proposal and that they would still like to continue the discussion and hopefully find other avenues for finding funds to make both parties somewhat more whole. He also noted that the proposal is required to go before the Interim Finance Committee and that it needs to be noticed within two weeks, driving the need to decide on the proposal. He also acknowledged the partnership between the hospitals and counties and the creation of the fund to address indigent care and provide relief to both groups. He addressed the sweeping of funds in 2011 (FY12 & FY13) and that the hospitals still submitted claims to the fund, knowing that they would receive no funds and be forced to write off those amounts, in support of the long term partnership between the hospitals, counties and the Fund. He noted that in that spirit that they would like to continue working on a solution to the burden placed on counties. Mr. Welch informed the Board that the Affordable Care Act and the expansion of the eligible Medicaid population actually placed an additional burden on hospitals as well, as they are only reimbursed at 53% of the actual cost of care for those patients. He referenced the additional documents distributed that morning. The first slide he shared explains the Medicaid 'story' and how the use of the program has increased over time while reimbursement rates have remained flat, specifically that costs have increased approximately 43% over the past 13 years. He also noted that Nevada's hospital costs are lower than the national average and that even with all of the programs available to them they are still only reimbursed at roughly 60% of actual costs of care and were forced to write off approximately \$544 million in 2017. Mr. Welch also noted that the CMS is looking at changing regulations that govern UPL and provider fee programs that would further disrupt the system. He informed the Board that the worst-case scenario would result in the removal of approximately \$225 million in payments to hospitals, which could result in service closures. He again noted that they would like to continue to work toward a balanced solution to the challenges both groups face in finding alternative funding strategies. Mr. Welch stressed that hospitals are the true safety net for indigent health care. He thanked Chairman French for proposing the phase in of the proposal and again stressed that they would like to continue working together to aggressively find alternative solutions. Commissioner Shank thanked Mr. Welch for his candor and willingness to work with the Board on the issue. Chairman French also thanked Mr. Welch for his time and efforts but noted that the counties are having to reduce and/or eliminate services as well, and that collaboration at the Legislature would be

important going forward, to which Mr. Welch agreed. Chris Bosse from Renown Health thanked the Board for the consideration of the revised proposal and encouraged the groups to continue working together, in partnership, to find alternative solutions. She noted that under the original proposal that Washoe Medical Center would be impacted approximately \$5 million and that they currently provide approximately \$90 million/year in uncompensated services, and they would have to look at cutting staff. Chairman French noted that they understand and share the same concerns. Kevin Schiller, Assistant Clark County Manager informed the group that Clark County also remains committed to further collaboration on the issue but that they are in support of the motion, noting that there are deficits on both sides and the program is important to support our most vulnerable populations. Washoe County Human Services Director, Amber Howell supported the motion as well noting that it is unfortunate that the conversation even needs to be had. Todd Sklamborg from Sunrise Hospital addressed the Board, thanking them for working on the issue. He informed the Board that impact to his hospital would be over \$6 million and urged the Board to continue to work toward alternative solutions. Chairman French thanked Mr. Sklamborg for taking the time to travel for the meeting. Churchill County Human Services Director Shannon Ernst also expressed support for the motion. She noted that while she values her partnerships with the hospital association, she too has had to reduce and eliminate programming. Chairman French again noted that the compromise in the motion on the proposal will lessen the initial impacts and allow for continued collaboration. The compromise proposal was unanimously passed on the following motion by Chairman French with second by Commissioner Shank.

For FY21, to approve \$6 million dollars of IAF funds to be distributed to counties to offset their long-term care match assessments, and in 2022, approve a policy that the total remaining revenue generated by the 1.5 cent ad valorem IAF contribution by counties be paid to counties to offset their long term care match assessments. The amount that would come to the counties in future years would be calculated based on what was remaining after ensuring that the hospitals receive the full amount of the free care dollars, and other fund expenses are paid. The \$6 million approved for 2021 does not include the \$2 million that has traditionally been allocated to counties, and that the Board may approve for the following item, #7

7. **Review and Possible Approval of Requests from Counties for Reimbursement from the Fund to Satisfy a Portion of the Counties' Obligation to Pay the Nonfederal Share of Expenditures for Long-Term Care Pursuant to the State Plan for Medicaid (NRS 428.206).** This item was not heard due to the action taken under item 6. No action was taken.
8. **Discussion of Future Agenda Items and Future IAF Meeting Dates.** The Board was informed that a Doodle Poll would be circulated to determine the next meeting date.

9. Public Comment. None was given.

The meeting was adjourned at 2:53 P.M.