MINUTES
MEETING OF THE BOARD OF EXAMINERS
April 13, 2010

The Board of Examiners met on April 13, 2010, in the Annex on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

Members:
Governor Jim Gibbons
Attorney General Catherine Cortez Masto
Clerk Andrew K. Clinger

Others Present:
Mike Willden, Department of Health and Human Services
Pete Anderson, Department of Conservation and Natural Resources, Forestry
Connie S. Bisbee, Department of Public Safety, Parole Board
Jason Holm, Department of Health and Human Services, Welfare and Supportive Services
Peggy Martin, Department of Health and Human Services, Health Care Financing and Policy
Steve Asher, Department of Public Safety, Nevada Threat Analysis Center
Joy Grimmer, Department of Business and Industry
Bill Mayer, Department of Business and Industry
Tom Orlech, Department of Business and Industry, Dairy Commission
Walter Cuneo, Department of Business and Industry, Dairy Commission
Megan Sloan, Public Employees Benefits Program
Kateri Caven, Public Employees Benefits Program
Kim Perondi, Department of Administration, Purchasing
Shannon Berry, Department of Administration, Purchasing
Bill Kirby, Department of Health and Human Services, Mental Health and Human Services
Susan McKinnish, Department of Health and Human Services, Mental Health and Human Services
Dawn Rosenberg, Department of Corrections
Martha Simas, Department of Corrections
Margaret Dillon
Nancy Bowman, Office of the Attorney General
John Michela, Office of the Attorney General
Jim Spencer, Office of the Attorney General
Charles Duarte, Department of Health and Human Services, Health Care Financing and Policy
Karen Daly, Department of Public Safety
Miles Celio, Office of the Military
Robert Kolvet, Nevada Army National Guard
Cindy Jones, Department of Employment Training and Rehabilitation
Catherine Gowen, Office of the Governor, Energy
Billie Tucker, Department of Employment Training and Rehabilitation

James Wells, Department of Education

Press
Cy Ryan, Las Vegas Sun
Geoff Dornan, Nevada Appeal
Ed Vogel, Las Vegas Review Journal
Sandy Cherub, Associated Press
Shaun Whaley, Nevada News Bureau

*1. APPROVAL OF THE MARCH 9, 2010 BOARD OF EXAMINERS' MEETING MINUTES

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General	**Seconded By: Governor**	**Vote: 2-0**

Comments:

Governor: Good morning everybody. The Board of Examiners' meeting scheduled for today, April 13, 2010, at 10:00 a.m. will come to order. Mr. Clerk please note for the record the presence of the Governor and the Attorney General, the Secretary of State is not present. We have a very short agenda today. We will begin with agenda item number 1 which is the approval of the March 9, 2010 Board of Examiners' meeting minutes.

Attorney General: I will make a motion to approve the minutes.

Governor: Mr. Clerk, the motion has been made and seconded all those in favor please signify by saying aye. Let the record reflect that the minutes have been approved.

*2. FURLOUGH EXCEPTIONS

Pursuant to Senate Bill 433, Section 5.2 (a) of the 2009 Legislative Session, the State Board of Examiners has previously determined positions within the Executive Branch of State Government that cannot be subject to furlough leave. Effective July 1, 2010 all prior Board of Examiners approved furlough exceptions will be terminated.

Office of the Military
Department of Conservation and Natural Resources
Department of Employment, Training and Rehabilitation

Clerk's Recommendation: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: We move to agenda item number 2 which is furlough exceptions, Mr. Clerk.

Clerk: Thank you Governor. Item number 2 on the agenda this morning is a request to resend the Board's previous action on furlough exceptions. The Board previously approved exceptions for the Office of the Military, Department of Conservation and Natural Resources, and the Department of Employment, Training and Rehabilitation, this is a request to resend those exceptions effective July 1, 2010. The administration feels that they can manage their staff without the furloughs, and meet the workload demands that they have in these offices.

Governor: Okay, and the other one is the Department of Corrections and they are date terminated, is my understanding?

Clerk: That is correct Governor. The Board had previously approved exceptions for the department; however those were set to expire June 30 of this fiscal year.

Governor: So all departments including the Military, Conservation and Natural Resources, DETR, are going to be required, even under today's circumstances, to manage their staff to manage within the budget requirements.

Clerk: That is correct, and under item 2A in your packets, you will see a list of all of the positions that have been previously approved for furlough exceptions and they do have effective dates on there, and the action that the Board is taking today is those that are extending past June 30, 2010. As I said, Corrections as an example, is already set to expire.

Governor: Okay, any questions?

Attorney General: I have a question Governor. With respect to, for example the Office of the Military, they have come previously for the furlough exceptions because of their need to be on call for fight. Am I correct in saying that their positions are funded by federal funds 100% so there is no general fund dollars even involved with the furlough exceptions so we are not having a savings to the general funds, is that correct?

Clerk: Attorney General, that is actually correct on all of the exceptions that are still in place. Office of the Military, the Forestry positions within Department of Conservation and Natural Resources, and the positions within DETR, all of those positions are either funded through federal funds or through fees, so none of those positions are funded with state dollars.

Attorney General: So the Office of the Military, for example, they are willing and able then to manage as they move forward with the furloughs in place for the case if there is a fire, or their other concerns previously as they came to us, they are willing to behave those concerns now?

Clerk: We would have to ask the Office of the Military on this. I believe there is a representative here from the Office of the Military.

Miles Celio: For the record, I am Miles Celio, the Administrative Officer for the Office of the Military. Yes mam, all those positions are in fact federally funded with 100% federal dollars, as we said earlier, when we asked for the exceptions we were short some people, and they looked to keep the staffing filled. We did add six additional security guards about two months ago, we did ask for furlough exceptions for those positions also. We are set to add another nine firefighters. These are all federal positions, all federally funded. Those nine positions we expect to hire by the first of June. So we are adding to the staff, if these exceptions are in fact revoked we believe we can, with that staff, man the operation. The general asked me to for the record, state, they are 100% federally funded positions; therefore, we are turning away federal dollars that could come to the state and be spent in the state by these employees assuming they had it as income. So we do not see the economic benefit from revoking the furloughs, but if they are revoked we believe we can function under that operative.

Attorney General: So just to clarify, with the new staffing you do not have concerns that you will not be able to staff twenty-four hours, typically during our fire season.

Miles Celio: We believe with the new staffing we can, however the firefighters that I am referring to mam, are firefighters with the Air National Guard base that respond to air crashes, they do not go out and fight wildfire for the state.

Attorney General: Okay, and then there was a comment that you made, particularly with the fire camping so that overtime is required anytime one of these positions are absent, so this isn't going to increase your overtime dollars?

Miles Celio: No mam, what will happen, as I was saying, we had eight firefighters at the International Guard base, we are adding nine more for a total of seventeen, so we are going to dramatically increase the number of personnel. If in fact we have to pay comp time, or earn comp time, or pay overtime, again that is all federally funded, 100% federal dollars go towards that. We are trying to keep the comp time and overtime down.

Attorney General: And by turning away those federal dollars, have you calculated how much you will be turning away?

Miles Celio: Approximately $780,000 of federal dollars in salaries for the firefighters. I would have to look again but, it is probably somewhere in the realm of $300,000 and something, federal dollars for the security guards.

Attorney General: I guess Andrew had asked you the reason then why we would want to not substitute furloughs if there wasn't an impact to the general fund, is there administrative concern?

Clerk: Madam Attorney General, the position of the administration is that this is an equity issue amongst employees and that is the main reason for requesting that these be rescinded.

Governor: One final question, by any of these changes if this request for furlough exception termination is passed by this Board, will there be a continuation or decrease in any of the health, safety, or welfare of anybody as a result of removing these furlough exceptions?

Miles Celio: Governor, due to the increase in manning we don't believe there will be. With the additional people we have we can in fact live without the furloughs. We understand that it is an equity issue among the employees, our employees in the National Guard are fully aware of the source of funds for each of their positions. Some are 100% federal, some are 100% state, and we have some that are 75%, 25%, 75% federal dollars. Our employees understand where there funding comes from to support their positions they too are confused as to why there are any general fund savings by making them take a furlough, but they will support it.
Governor: Any other questions?

Attorney General: I would like to ask DETR the same question as well.

Cindy Jones: Good morning my name is Cindy Jones, I serve as the Employment Security Division Administrator, for the Department of Employment, Training and Rehabilitation, and also as Deputy Director for the Department.

Attorney General: Okay, so Cindy I have the same questions the last time you came before us with the furlough exceptions, we were talking about federal dollars not general fund dollars and also a letter, I think from the Employment Security Division, federal level, saying that we would be turning back dollars, is that correct?

Cindy Jones: It is somewhat correct. There are two different areas for which the furlough exceptions would be removed. One would be for those positions that are within the Employment Security Division for Employment and Training and Services, and the Unemployment Insurance Program that are supported by the Department of Labor. The Department of Labor did submit a letter stating that if expected performance levels are not met as a result of a furlough situation, that there could be federal sanctions. The other area is the Bureau of Disability Adjudication in the Vocational Rehabilitation Division that is supported by Social Security Administration; they had submitted the letter that there could be some federal sanctions as a result of the furlough. Now that program runs a little bit different then the other ones within the Department's administration in that the federal government highly directs the expenditure of funds within that organization, they direct how much overtime shall be authorized, how much will be spent on personal services versus operating as opposed to where the ones that are under my review in the Employment Security Division we basically let any authorization that we can spend in the category so as we see fit. So there is really a risk of having funds go back is more in the Disability Adjudication side of the house.

Attorney General: So let me ask you in general, are you saving general fund dollars if we implement furloughs?

Cindy Jones: No we are not. None of these positions for which there are any furlough exceptions currently in place have any general fund dollars attached.

Attorney General: Okay, back to the equity question, is there concern with your staff because there is no equity, and there is a moral issue within these divisions?

Cindy Jones: Certainly there is a lot of confusion and concern. Within the Vocational Rehabilitation Division it's only the Bureau of Disability Adjudication staff that have received these furlough exceptions where the Vocational Rehabilitation staff that are partially state funded and partially federal funded didn't receive the furlough exceptions, so it does cause confusion and concern and some moral issues. Within the Employment Security Division and the programs under my purview the exceptions were more for the front of the house staff that were providing direct services as opposed to the back of the house staff, so there is some confusion within staff there as well.

Attorney General: Is there some concern by your department that you would not be implementing these furloughs that somehow that would give back negatively to the department, the relationship with the federal government returning these dollars back, is that any type of concern?

Cindy Jones: Well, there is the possibility from sanctions, but we work very closely with our federal partners and certainly we are not the only state that has done across the board furloughs, regardless of the funding, and the federal government is working with those states as well. They send the letters explaining their stance and their efforts to ensure the best possible frontline service available, but we certainly work close with our federal partners in these circumstances.

Attorney General: Okay, thank you.

Clerk: Madam Attorney General, if I may, in these cases where their funded with federal dollars or whether it is a workload issue, our recommendation would be that if they need additional staff they can use the savings from the furloughs to hire additional staff, they can go ahead and do that. In particular in the Employment section if they need additional staff from there, because they are taking furloughs let's add staff and those new staff that come on would also be subject to furloughs, so that would be alright to both unemployment, rehabilitation, as well as Office of the Military.

Attorney General: So, I guess I am confused, we are talking about the money that was funding these positions with federal funds and we were requiring them to go to furloughs. That is less federal dollars coming in, so that they can fund new positions, but you want to supplement them with positions paid by general fund?

Clerk: No, but what I am suggesting is that instead of turning those federal dollars back, lets take those federal dollars and hire more employees with them.

Attorney General: But isn't that essentially what were doing? I guess I am confused, so even though we are forcing these people that have federal funds to go on furloughs, you figured out a way that we can still keep the money and hire additional federal positions?

Clerk: Right, what I am suggesting is instead of saying we are going to turn back federal dollars let's take those federal dollars and hire more employees. Your talking about basically man hours, so if you can produce the same amount of man hours you had when you were not subject to furloughs by adding staff, then I think the coverage is the same.

Attorney General: So basically what your telling me, is you figured out a way so that we do not loose these federal funds and we can take advantage of the federal funds?

Clerk: I have not talked to Employment Security, nor have I talked to Office of the Military about this, so I would have to speak with them on whether this is a possibility, but certainly that would be our recommendation. If that can be done.

Attorney General: I would ask this, because I don't think anything has changed from the last time this item came to us. I completely understand what you are saying, but what I would ask is could we take this to the next Board of Examiners' so we can have the opportunity to talk with these departments? My concern would be are we reducing federal funds? Are we putting ourselves behind the eight ball just because we were looking at equity for these minor positions?

Governor: Well we also have the members here present if you want to ask questions you can get that very same information today from the departments? We have Allen Biaggi here from the Department of Conservation and Natural Resources, we have an individual here from the Military, if you wish to ask those questions today we can get that information before the Board and take action on this without having to wait.

Attorney General: That is up to Andrew, he is the one that needs to talk with them about the fiscal analysis.

Clerk: I guess I would turn to Cindy since she is sitting at the table and ask, particularly in the Rehabilitation Division, I know the Social Security Administration submitted a letter, is it possible instead of turning back those federal funds that we hired more disability adjudicators or whatever it is that would be needed if these others are subject to furlough.

Cindy Jones: Again for the record, my name is Cindy Jones with the Employment Security Division, and DETR. With the Bureau of Disability and Adjudication is something that we would definitely have to negotiate with our federal partners, I am sure they have the best of interest about leaving any money on the table either, and it would be something that we would have to work with them on, that in lieu of the overtime that we would be not incurred because of not accruing overtime during the same pay period as a furlough and by the furloughs themselves that we could hire more staff. I am hopeful that they would work with us on that. When it comes to our Department of Labor funds, again they don't prescribe exactly how many positions I have to have that are working this much overtime or whatever, we will find a way to ensure that we expend our federal dollars that support the Unemployment Insurance Program. Whether it is through investments in our system or staff expansions. What we do find right now in the Employment Security Division is pure physical space limitations, but we have added three additional offices within our frontier facility for additional staff. We are opening a new Appeals Office and if we have to expand more into other physical locations we will. One positive thing is by doing this, is that we have more people employed. Being the administrator over the unemployment system, I am happy to find any way to get more people back to work.

Attorney General: The only thing I would ask is, I have already changed my position on this, and the reason being, a couple of things, one if we don't want to put it off until the next Board of Examiners' I think we should have a special meeting for the Board of Examiners', would there be enough time to put this on a special if you had the opportunity to work with these departments on fiscal analysis?

Clerk: If this item is deferred today we could certainly put it on the meeting on the 26th.

Attorney General: The next question I have by deferring it does that somehow impact the concerns of this motion if done today as opposed to then because I think the report has July 1, as the effective date.

Clerk: The effective date as posted on the agenda was July 1, and certainly the Board has the option to accelerate that or push it further out as posted on the agenda for July 1.

Attorney General: I would ask that we do that, only because this is, again, it gives them the opportunity to meet with Andrew, figure this out with fiscal, they have to talk to their federal counterparts. But at least they have the opportunity to go back and get this information, but more importantly we are not putting them on the spot in front of the Governor, the Attorney General, the press and everybody here, to make a decision right now based on an issue that we need to take a look at. So I would just ask, if we can't put it on the next Board of Examiners' that we put on the next special meeting of the Board of Examiners' to give everybody an opportunity.

Governor: Let's defer this until the April 26, meeting. Andrew, if you cannot get the information that you need at that point in time will then send it to the next official main Board.

*3. CONTRACT SUMMARY FORM

Modify the Contract Summary form to document the agency verified the vendor has a Nevada business license and is in good standing in all areas of the Secretary of State's business requirements. This form will be generated using the data input into the Contract Entry and Tracking System (CETS). The modified form will be required for all contracts presented for the Board of Examiner's June meeting and all Clerk of the Board requests presented to the Budget Office after April 16, 2010.

Clerk's Recommendation: I recommend approval.

Motion By: **Seconded By:** **Vote:**

Comments:

Governor: We move on to agenda item number 3 which is the contract summary form, Mr. Clerk.

Clerk: Thank you Governor, this is a request to the Board to modify the contract summary form; this is the form that you see in your packets for each contract. The handout that I provided to the Board members, the highlighted areas on that handout represent the areas where we are making changes to the contract summary form. Now these changes are based on the Secretary of State's request at the last Board meeting that we and agencies look at and verify that vendors are, that they have a valid Nevada business license and that they are, if required, registered with the Secretary of State's Office as either a corporation, a foreign corporation, a nonprofit corporation, LLC, LP, and so on, so that the form asks the agencies to answer various questions in that regard to go through the process in verifying that vendors are in fact compliant with all of these provisions. So the request today is just for the Board to approve the changes to the contract summary form. Item number 4 is related to this item and these are changes that are being requested in the State Administrative Manual, and what those changes request is in the independent contract review section of the State Administrative Manual we have added language in there that basically states, agencies must verify, again the same information, that the vendor has a Nevada business license or is registered with the Secretary of States Office. So basically, two items on the agenda that relate to the Secretary of States request.

Governor: Have you run these by the Secretary of State?

Clerk: We have, we worked with Nicole Lamboley at the Secretary of State's Office, on both the contract summary form and the State Administrative Manual changes. To my knowledge, they are…

Governor: Any other comments or questions?

Attorney General: I move for approval.

Governor: Moved for approval, seconded, all those in favor please signify by saying aye. Let the record reflect that agenda item number 3 passed unanimously.

*4. STATE ADMINISTRATIVE MANUAL REVISIONS

The State Administrative Manual (SAM) is being submitted to the Board of Examiners' for approval of revisions in the following Chapters: **Cooperative Agreements and Contracts – Chapter 0300.**

The proposed chapter is being revised to ensure that the agency verifies the vendor has a Nevada business license and is in good standing in all areas of the Secretary of State's business requirements.

Clerk's Recommendation: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: Move on now to agenda item number 4 which is the State Administrative Manual revisions pertaining to agreements and contracts which we just discussed. Mr. Clerk is that correct?

Clerk: That is correct Governor.

Governor: Any questions on agenda item number 4?

Attorney General: Move for approval.

Governor: Moved for approval, seconded. All those in favor signify by saying aye. Let the record reflect agenda item number 4 has been approved.

*5. REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND

A. Department of Health and Human Services – Division of Health Care Financing and Policy – $279,119.00

The Division of Health Care Financing and Policy (DHCFP) requests an allocation of $279,119 from the Interim Finance Committee (IFC) Contingency Fund to establish a planning and implementation team for health care reform.

Clerk's Recommendation: I recommend approval.

Motion By:	Seconded By:	Vote:

Comments:

Governor: Move on to agenda item number 5 which is request for general fund allocation from the IFC Contingency Fund. Mr. Clerk there are four, should we take them individually?

Clerk: I think it would be better to take them individually in this case today Governor. Item 5A is a request from the Department of Health and Human Services, the Division of Health Care Financing and Policy; they are requesting an allocation from the IFC Contingency fund in the amount of $279,119. This is a request to establish a planning and implementation team for health care reform. They have identified several areas that need to be addressed and feel these funds are necessary for that process. Those are in your packet, I will highlight some of them. They feel like they need some project management on this, Medicaid Medical Program and Policy Development, Medicaid eligibility policies, IT development, interaction between public and private insurance options including a plan for a private insurance exchange and private insurance compliance oversight as well as fiscal and contract management. We do have Director Willden here if there are questions from the Board members on this item.

Governor: Any questions from a member of the Board with regard to agenda item number 5A? Well then let me add my two cents into this part of it, because I fundamentally and philosophically disagree with the federal legislation and it has created the need for the Department of Health and Human Services to be before this Board requesting money for planning. However, that being said, the law is the law, it is a federal law and it is before us and I will not put the people in the employment of the State of Nevada in direct violation of resisting federal law. While I may not support the idea or the concept I will not put the employees in a situation where they are violating said law. I think this is just but the view of the tip of the iceberg that is coming with regard to expenses that this law is going to cost the State of Nevada. You can see today they are asking for $279,000 to begin the planning phase. The planning process can always be terminated as we move down the road as we go through this if our lawsuit is successful, but we cannot wait because of the timelines required by the federal law the requirements to begin this process are necessary and there is a 90 day window for us to have this, I presume, high risk holing agreement run by the state and that clock is ticking. I think our implementation efforts to pass this, to move it to IFC is necessary and with that said, I will move forward with this request to the Interim Finance Committee for their review and approval, and I move for approval.

Attorney General: Based on your comments Governor, I just have a couple questions for Mr. Willden if he is here.

Mike Willden: For the record I am Mike Willden and I serve as the Director of the Department of Health and Human Services.

Attorney General: Mike, thank you. So you are looking to fill two positions and one of them is a position that really is going to be the project management, and let me just clarify what you mean by that. I know with the new health care reform act there are implementation timelines, is this person that you are looking to hire going to be an expert on the health care reform law and understanding and with respecting your division what needs to be done along those implementation timelines, and what we are talking about is them starting in 2010 all the way up to 2019. Is that what this position is going to be doing?

Mike Willden: Yes, thank you for the question. Let me explain a little bit about the organizational structure and the request. First, the Governor has requested that I lead Nevada's effort in implementing health care reform. As you know there has been two pieces of legislation passed and so we are in the process now of evaluating all those aspects. The team that we have created to do the overall implementation analysis is my office, the Director's Office, the Medicaid Office, the Division of Health Care Financing and Policy, we have four staff assigned from the Insurance Commissioner's Office, we have staff from the Public Employee Benefit Program helping with the analysis and we have staff from State Risk Management on the team. So that's the team that has been established and is meeting periodically, our first meeting was actually yesterday face to face, we have been emailing stuff back and forth and collecting various documents, analysis prepared by many of the associations that we belong to and this request specifically is for the Medicaid planning piece. It is a request for a Administrative Services Officer which would be the project manager for the Medicaid implementation and then a first level program specialist, that person that is going to be an expert in Medicaid policy. The important thing I think to look at is there is deadlines everyday, or every month I should say, in health care reform. In fact, some of them are retroactive. Staff are already working on the drug rebate policies that are retroactive to this past January. As the Governor indicated we are looking at the high risk pool and the decision has to be made by the end of April. Whether we are going to be operating a high risk pool, whether we are going to join some other high risk pool, or are we going to let that default to the federal government. There are timelines from now to 2014 and beyond in implementing this thing. This specific request really looks at what we have to do in Medicaid by 2014. There are a lot of decisions that we have to sort out today and by 2014. There are long lead times on some of these issues and I know I have got several e-mails and conversations going and people think it is too early to plan, it is not too early to plan. We need automated systems, we have to do the type of analysis that Mr. Clinger explained, the gap analysis, requirements, documents, hire contractors in, rewrite automated systems, test those systems and be ready for implementation come 2014. We estimate right now that we probably are going to enroll 150,000 new people in Medicaid, we are at 260,000 now, our systems can't handle that growth and that is by design.

Attorney General: They would be enrolled in what year?

Mike Willden: 2014, mandatory, there are several options we can do things earlier, but 2014 is mandatory enrollment for new eligibles.

Attorney General: Let me just ask you this, is it a fair statement to say that it sounds like you have your team together and you are looking at how the impact of health care reform is going to impact our state, but you are still going through the bill itself and learning what the impact would be to the state, so you don't have an answer today on all of the impacts, that is the purpose of this plan to you is to prepare as you uncover each impact to the state, is that correct?

Mike Willden: That is correct. There's a whole lot of "don't knows" is what we say right now. We are on calls everyday, for the last two weeks and there is conferences and calls scheduled forward and there is not a lot of answers yet. More people are even asking what are your questions, so that we can get federal teams together to answer those questions. There are just a ton of unknowns.

Attorney General: And how regularly is this planning team meeting?

Mike Willden: We are planning to meet weekly until we size up things, and then we will decide whether we need to move to every two weeks or monthly. But, as I said we have a team of about a dozen people working, we are going through the bill, we are looking at every section, trying to identify the policy decisions that we will need to bring forward to the Governor to make decisions or other decision makers that need to make those decisions, and then again, to identify the lead time that we need once decisions are made, how we need to change our business practices. We have a lot of policy changes to deal with and frankly, a whole bunch of automation issues.

Attorney General: So I would ask you and the Governor if there is any opposition of my office participating on this to be aware in essence, to the process and learning the impacts on the state, we need to be aware of those issues as well.

Governor: I would love your support in this, I think we could use your offices help.

Attorney General: So Mike, what I will do, we will be in touch with respect to that issue. Thank you. One last question, the 90 day high risk pooling, does that involve Medicaid?

Mike Willden: The high risk pool doesn't involve Medicaid directly. Obviously, the high risk pool is for that group of Nevadans who have not been able to obtain health care coverage. The requirement that were looking at now, the Governor must decide by the end of this month whether to send a letter to the Secretary of Health and Human Services, whether the state opts to run a high risk pool, where as I understand it from the Insurance Commissioner's Office we are one of fourteen states that don't currently run a high risk pool. So we have to make a decision, do we run one, do we join somebody else's club, or do we just tell the fed's no, you implement the high risk pool in Nevada. Indirectly, it will have an impact on the Medicaid program because there is people who come out of the uninsured pool into the high risk pool, that can effect our disproportionate hospital program and those kinds of things. We are trying to stay closely connected in that team so that we understand, when I say that team I mean the health care planning team, so that we make sure that the decisions made by the Insurance Commissioner's Office, or PEBP, or Medicaid, or Nevada checkup that we understand how those decisions effect one another.

Governor: Mike, I know there is a tremendous amount of unknown information required in your department right now and the implementation is long. Because of that, there is a complete unknown quantity in the decision about how much it is going to cost just planning things, let along the implementation and execution phase. What would be your estimate of just the planning costs going to the state?

Mike Willden: Governor, again for the record Mike Willden, I don't have one right now but I can tell you that it will be large. I can give you a couple of place holders that we have in place. I think it is pretty much public knowledge office right now, but at least my office and the Medicaid office has estimated that health care reform between now and 2019 will cost Nevada taxpayers somewhere around $575,000, 000 is our current estimate. That is basically four components, new eligible's that come on the rolls and for the first three years of health care reform when they come on, that is a hundred percent federal finance but then has a declining percentage after the first three years that the state will have to chip in dollars. There is something that we call the wood work factor, which is, there are a lot of people in Nevada and in this nation that are currently Medicaid or Nevada checkup eligible and for whatever reason they haven't come in and made application to us. Under the health care reform law they must have coverage come 2014 so those people who have not yet sought our assistance, or sought enrolling, seek to enroll in Medicaid or checkup are going to need to enroll if they are eligible whether they come to us directly or are referred from one of these health care exchanges that have to be created. The other issue, two issues in that things, information technology, we have a current estimate that is probably somewhere around 37 or 38 million dollars. That is simply a placeholder at this point in time. Looking at what we no across the nation is going on and what we have experienced in our past efforts that included our automated systems. Our Welfare eligibility system is going to have to be overhauled because there is a two track eligibility system in health care reform. We are going to have to build interfaces to these exchanges or the exchange, so there will be a significant automation impact. Then the other thing is the administrative cost, is simply how do you manage, if we are going to go from 260,000 Medicaid eligibles in Nevada to 400,000-500,000. We will have to have people to manage that growth, and so all of those things will cost the state money because administrative costs are funded 50/50 there is no 100% federal dollars for administrative costs, its state and federal share.

Governor: It did say on the Medicaid for new enrolling, there is a decreasing federal participation.

Mike Willden: For new enrollees the first three years at 2014, 2015, 2016, it is 100% paid for by the federal government for new enrollees. What new enrollees are, are those people who are not currently Medicaid eligible but will become eligible because there is now going to be a higher standard. The standard is 133% of poverty plus there is an income disregard so it is probably about 138% of poverty, so people that are going to be Medicaid eligible in this new tier of eligibility, when they come in they will be paid 100% by the federal government for three years, then there is a declining federal matching percentage starting in 2017 and it declines over time. So the states will have to start putting in money starting in 2017 for new enrollees, but again the state is on the hook for what we call the woodwork factor immediately.

Attorney General: So Mike, are those people that are now under the new health care reform that will become eligible, what are they doing now, they don't have insurance now, or where are they getting their health care needs satisfied?

Mike Willden: Well I would assume, we tell these stories all the time, I shouldn't assume, but if you have a health care problem you are going to show up in an emergency room and you are going to, under EMLTA laws, the Emergency Medical Labor and Treatment Act, a hospital in an emergency room is going to have to serve you.

Attorney General: So that would be like the county hospitals, a university center?

Mike Willden: Any hospital. They will incur costs for indigent care, uncompensated care, and then we run a program where we try to match in federal dollars and bring in what we call Disproportionate Share Hospital Dollars to help those hospitals cover their indigent care, uncompensated care, costs, but hospitals eat a lot of those costs.

Attorney General: In the end, the State of Nevada based on your experience, is that cost shared by all of the hospitals or is there just a particular hospital that bears the front of those costs?

Mike Willden: I can provide you with that data, we collect that. There are three or so hospitals that are more severely impacted than the others, but they all have uncompensated care costs. UMC is obviously, University Medical Center in Las Vegas, Clark County is the leader of the pack with uncompensated care.

Attorney General: So is it a fair statement that those that aren't insured now that may become eligible, when they do seek health care needs they are seeking those health care needs and the providers are paying for it by taxpayer dollars already?

Mike Willden: I guess indirectly in a couple ways through disproportionate share programs through the county, indigent care programs, and through cost shifting to our own health care policies. That is the dynamic that is going to on over a number of years. Again, it is pretty overwhelming in my mind. Depending on whose numbers you want to look at, 19% is the number I am currently using, 19% of Nevadans have no health care insurance, that is about 525,000 Nevadans that between now and 2014, 2015, all have to be in the health care plan. Whether it is through their employment, through Medicaid expansion, or through these exchanges that are going to be created to basically sell insurance products to these people who will be mandated to have coverage, with or without subsidies from the government.

Attorney General: But, the point is that those 19% that don't have it now, when they do seek health care needs they have to go to some sort of hospital to get that health care and that health care that they are getting is still paid by, usually, taxpayer dollars.

Mike Willden: Taxpayer dollars, or shifts to our premiums. Federal law does not allow a hospital to provide care.

Governor: If there are no further questions, there is a motion to move this request to the Interim Finance Committee.

Attorney General: I will second.

Governor: There is a second, all those in favor signify by saying aye.

B. Department of Health and Human Services – Division of Child and Family Services – $1,572.00

The Division of Child and Family Services requests an allocation of $1,572 from the Interim Finance Committee (IFC) Contingency Fund to cover a technical error in adoption subsidy payments.

Clerk's Recommendation: I recommend approval.

Motion By: **Seconded By:** **Vote:**

Comments:

Governor: Move to agenda item 5B, Mr. Clerk.

Clerk: Thank you Governor, item 5B is a request for $1,572.00 from the IFC Contingency Fund. This is for the Division of Child and Family Services; this is related to a technical error made on Washoe County adoption subsidy payment. The error was actually made back in 1997. The Board of Examiners' has previously approved a request for this item back in September of 2009. This will clean up the final amount of this to get it paid.

Governor: Any questions with regard to agenda item 5B?

Attorney General: I will move to approve.

Governor: Seconded. Any comments or questions with regard to the motion? Hearing none, all those in favor signify by saying aye. Let the record reflect that agenda item 5B has been passed.

C. Department of Education – Career and Technical Education - $12,130.00

Pursuant to NRS 353.268, the Department of Education is requesting an allocation of $12,130.00 from the Interim Finance Contingency Fund to meet the minimum required Maintenance of Effort for the Carl D. Perkins Vocational and Technical Education Grant.

<u>Clerk's Recommendation</u>: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: Move on now to agenda item 5C which is the Department of Education, Career and Technical Education, for a request of $12,130.00 Mr. Clerk.

Clerk: Thank you Governor, this a request again from the Contingency Fund in the amount stated. This request is to meet the Maintenance of Effort requirements for the Carl D. Perkins Vocational and Technical Education Grant. The Maintenance of Effort level is based on the prior year levels. The MOE in 2009 was $488,232.50 and in fiscal year 10' the amount available was $476,103.00. In prior years the department utilized general funds from the education support services budget account to meet Maintenance of Effort requirements, but those amounts have been eliminated. Without this request we would loose an equivalent amount of federal dollars for this grant.

Governor: Comments or questions?

Attorney General: I move for approval.

Governor: It has been moved for approval and seconded. All those in favor signify by saying aye. Agenda item 5C has passed.

D. Department of Conservation and Natural Resources – Division of Conservation Districts – $10,229.00

Pursuant to NRS 353.268, the Nevada Division of Conservation Districts (NDCD) requests an allocation of $10,229.00 from the Interim Finance Committee Contingency Fund to cover the unbudgeted portion of its Attorney General's liability and vehicle coverage costs for fiscal year 2010.

<u>Clerk's Recommendation</u>: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: We move on now to 5D which is the Department of Conservation and Natural Resources, Mr. Clerk.

Clerk: Thank you Governor, this is a request again from the Interim Finance Contingency Fund in the amount of $10,229.00. This request covers the unbudgeted portion of the Attorney General's liability and the vehicle coverage costs for fiscal year 2010. The Nevada Division of Conservation Districts not only pays coverage for state employees, but the agency also must provide coverage to the 220 water district supervisors. This was not included in the budget due to an error in the process.

Attorney General: I will make a motion for approval.

Governor: It has been moved for approval, seconded. Any comments or questions? Hearing none, all those in favor signify by saying aye. Item 5D has passed.

*6. REQUEST FOR HIGHWAY FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND

A. Department of Motor Vehicles – Division of Administrative Services - $476,765.00

Pursuant to NRS 353.268, agencies may request funding from the Highway Fund portion of the Interim Finance Committee Contingency Fund during the biennium to cover unanticipated expenditures. The Department of Motor Vehicles, Administrative Services Division, is requesting an allocation of Highway funds from the Interim Finance Committee Contingency Fund in the amount of $476,765.00 due to a projected shortfall of merchant services fees.

Clerk's Recommendation: I recommend approval.

Motion By: **Seconded By:** **Vote:**

Comments:

Governor: We move on to agenda item 6, request for highway fund allocation from the Interim Finance Committee Contingency Fund. 6A is for the Department of Motor Vehicles, Division of Administrative Services, for $476,765.00, Mr. Clerk.

Clerk: Thank you Governor, this is a request to cover an unanticipated shortfall in merchant services fees for the Department of Motor Vehicles. The number of customers utilizing electronic payments continues to grow causing the fees associated with the transactions to increase. The fees from the vendors for electronic transactions have also been increasing. The current projections through the remainder of the fiscal year indicate and estimated shortfall of $627,765.00, however the agency is using savings in other categories to partially reduce their request to the amount of $476,765.00.

Governor: Questions?

Attorney General: I make a motion for approval.

Governor: It has been moved for approval, seconded. Any comments or questions? All those in favor signify by saying aye. Agenda item 6 has passed.

*7. TORT CLAIM

Approval of tort claim pursuant to NRS 41.037

A. James Grosjean – TC14338
Amount of Claim – $65,000.00

Discussion: The following report of investigation and subsequent recommendation from Stan Miller, Claims Manager for the Attorney General, has been approved by Keith Munroe, Assistant Attorney General. Mr. Miller's report dated March 18, 2010 states:

The claimant alleges he was illegally detained without cause. The investigation reveals two state employees had instructed the casino to hold the claimant as a person of interest without probable cause. It also appears they may have misrepresented themselves in order to gain more information.

Recommendation: The report recommended that the claim be paid in the amount of $65,000.00.

Motion By: **Seconded By:** **Vote:**

Comments:

Governor: We move to agenda item 7 which is tort claim, approval of a tort claim through James Grosjean, Mr. Clerk.

Clerk: Thank you Governor, item 7A is a tort claim. This is a case where the claimant alleges he was illegally detained without cause. The investigation reveals two state employees had instructed the casino to hold the claimant as a person of interest without probable cause. It has recommended that the Attorney General's Office be granted the ability to settle this up to the amount of $65,000.00.

Governor: Questions?

Attorney General: I move for approval.

Governor: Moved for approval, seconded. No questions, all those in favor signify by saying aye.

*8. LEASES

Six statewide leases were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: Move on to agenda item number 8 which are state leases, Mr. Clerk.

Clerk: Thank you Governor, there are six statewide leases submitted to the Board for their review and approval.

Governor: Any comments or questions with regard to any of the six leases before the Board at this time?

Attorney General: I move for approval.

Governor: Moved for approval, seconded. No questions, all those in favor signify by saying aye.

*9. CONTRACTS

Sixty independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By:	**Seconded By:**	**Vote:**

Comments:

Governor: Move on now to agenda item number 9 which are contracts, Mr. Clerk.

Clerk: Thank you Governor, there are sixty items on the agenda this morning that have been submitted for the Board to review and approval. I will note that we request that contract number 2 be deferred until the next regularly scheduled Board of Examiners' meeting. I will also note that we have reviewed these contracts to ensure that the vendors are in compliance with the Nevada Business License requirement as well as the registration with the Secretary of State's Office. There is one contract, actually contract number 1 on the agenda, where they are still in the process and we have noted that on the agenda, that this approval is contingent on them completing that process and successfully getting a Nevada business license.

Governor: So contract number 2 has been withdrawn?

Clerk: That is correct.

Governor: Fifty-nine contracts before the Board at this time.

Attorney General: I will make a motion for approval of the fifty-nine contracts.

Governor: It has been moved for approval, second. Any questions? All those in favor signify by saying aye. Let the record reflect the fifty-nine contracts were approved by the Board.

*10. MASTER SERVICE AGREEMENTS

Five master service agreements were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: **Seconded By:** **Vote:**

Comments:

Governor: Number 10 on the agenda is master service agreements. Mr. Clerk there appears to be five master service agreements before us, your statements.

Clerk: Thank you Governor, these five master service agreements are submitted for the Board's approval.

Governor: Questions?

Attorney General: I will make a motion for approval.

Governor: It has been moved for approval, there is a second. Any questions? All those in favor signify by saying aye. We are down to agenda item number 11, which are comments. Any member of the Board wishing at this time to make a comment? None, we move to the public comment portion. Any member of the public present today wishing to make a comment before the Board? Seeing none, hearing none, we move to the final item on the agenda, item 12 which is adjournment.

Attorney General: I move to adjourn.

Governor: It has been moved and seconded by the Governor for adjournment. All those in favor signify by saying aye. We are adjourned.

11. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT

*12. ADJOURNMENT

Motion By: **Seconded By:** **Vote:**

Respectfully submitted,

ANDREW K. CLINGER, CLERK

APPROVED:

GOVERNOR JIM GIBBONS, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER