

# **MINUTES**

## **MEETING OF THE BOARD OF EXAMINERS**

November 12, 2013

The Board of Examiners met on Tuesday, November 12, 2013, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

### **Members:**

Governor Brian Sandoval  
Attorney General Catherine Cortez Masto  
Secretary of State Ross Miller

### **Others Present:**

Stephanie Day, Department of Administration  
Tracey Green MD, Division of Public and Behavioral Health  
Carrie Parker, Attorney General's Office  
Keyna Jones, Division of Human Resource Management  
Robin Sweet, Administrative Office of the Courts  
Kat Miller, Nevada Office of Veterans Services  
Leah Lamborn, Division of Health Care Financing and Policy  
John Whaley, Division of Health Care Financing and Policy  
Jon Hager, Silver State Health Insurance Exchange  
Mike Willden, Department of Health and Human Services  
Devon Brooks, Medicaid Provider  
Clark Leslie, Attorney General's Office  
Scott Sisco, Department of Corrections  
Kristen Kolbe, Legislative Counsel Bureau Fiscal  
Lori Goulout, Aging and Disability Services  
LeeAnn Easton, Department of Human Resource Management  
Julie Kidd, Buildings and Grounds  
Teri Preston, Buildings and Grounds  
Ryan High, Secretary of State  
Tracy Palmer, Division of Health Care Financing and Policy  
Jennifer Bonk, Division of Health Care Financing and Policy  
Ellen Crecelius, Department of Health and Human Services  
Mary Woods, Department of Health and Human Services  
Marta Adams, Attorney General's Office  
Curtis Palmer, Department of Public Safety  
LT. James Richardson, Department of Public Safety  
CPT. Dwight Gover, Department of Public Safety  
Robin Hager, Department of Public Safety  
Jennifer Bauer, Department of Public Safety  
Kimberly Vidoni, Department of Education  
Robert Pawley, Department of Education  
Richard Vineyard, Department of Education

Steven Aldinger, Real Estate Division  
Chad Westom, Public and Behavioral Health  
Jaime Tuddao, Department of Transportation  
Lesley Henrie, Department of Administration  
Steve Fisher, Department of Welfare and Supportive Services  
Michael McMahon, Department of Welfare and Supportive Services  
Kimberlee Tarter, Purchasing  
Susan Lynch, Agency for Nuclear Projects



evaluation, medication prescriptions and management, triage, follow-along telephone consultation and adjunctive staff training, as necessary. The former employee left state services May 7, 2013, June 3, 2013 and August 1, 2013. The department indicates this individual's familiarity with the operations, reasonable rate of pay, and the existing shortage of doctors in southern Nevada makes contracting this service a beneficial solution for SNAMHS.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

---

**Comments:**

**Governor:** We'll move on to Agenda Item No. 3, authorization to contract with a former employee, DHHS. Ms. Day.

**Stephanie Day:** Thank you, Governor. The Department of Health and Human Services, Division of Public and Behavioral Health, Southern Nevada Adult Mental Health Services is requesting authority to contract with three former employees for psychiatric services pursuant to NRS 284.1729. The services will include direct client care, psychiatric evaluation, medication prescriptions and management triage, follow along telephone consultation and adjunctive staff training as necessary. The former three employees left state service on May 7, 2013, June 3, 2013 and August 3, 2013. The Department indicates the individual's familiarity with the operation's reasonable rate of pay and the existing shortage of doctors in Southern Nevada makes contracting this service a beneficial solution for the Southern Nevada Adult Mental Health Services.

**Governor:** Thank you. Good morning, Dr. Green.

**Dr. Tracey Green:** Good morning. For the record, Dr. Tracey Green. I serve as Chief Medical Officer for the Division of Public and Behavioral Health. So this is actually the first step in a contract that we had initiated approximately four months ago as an emergency contract. These three physicians were previous physicians in our facility less than two years ago, so this is the first step. What they're providing for us is actually direct admissions from the emergency rooms to our inpatient units directly, avoiding the psychiatric observation unit, giving us a new opportunity to bring people from the emergency rooms. And in addition to that, they are covering three of the emergency rooms, assessing our clients and discharging when appropriate.

**Governor:** So let me -- series of questions. First, none of these doctors had anything to do with the issues associated with what we're going through right now with the south?

**Dr. Tracey Green:** Correct. Absolutely not.

**Governor:** Okay. And then, second, you said these three are currently in the emergency rooms of respective hospitals in Southern Nevada?

**Dr. Tracey Green:** Correct. They're doing currently two emergency rooms, and they are open to expanding to additional emergency rooms in the future.

**Governor:** Okay. And so what does that mean? I know what that means, but if you could go into a little bit more detail with regard to some of the issues with psychiatric patients queuing in the respective hospitals.

**Dr. Tracey Green:** Right. So currently the way the process works is that many of the clients are needing medical clearance, meaning that they have been either found by law enforcement or by a community mental health provider who has determined that they are at risk to themselves or others, meaning that they require a hold, we call a Legal 2000. And so they get to the emergency room for the medical clearance process. Once they've been medically cleared, assuring that there's no medical condition causing their psychiatric problem, they can then be assessed by a psychiatrist or a psychologist in the emergency room, and their disposition can be determined. So this is allowing for us to now have a group of physicians that are working directly in the emergency rooms. If we don't have physicians in the emergency rooms, then what happens is they wait until they can get to our facility directly. And as you know, we have over 100 people waiting at any point to come to Rawson-Neal, and we're running full every single day.

So this gives us an opportunity to have on the site evaluation. Some of the patients that are in the emergency room, when they arrive, they're either intoxicated or on medications or on drugs, and so within a couple of days they can be cleared and not require admission to our facility. But currently only psychiatrists or physicians can make that determination. So this is an expansion.

**Governor:** So under the current system, it's possible that people that don't even need psychiatric services are having to come over to Rawson-Neal because they're not having that evaluation in the emergency room.

**Dr. Tracey Green:** That's exactly right. Over 50 percent of the individuals that arrive at Rawson-Neal within a 24 to 72 hour evaluation, it's determined that they don't require or meet the criteria for inpatient in the hospital admission.

**Governor:** And will these doctors be at University Medical Center?

**Dr. Tracey Green:** They will not. The University Medical Center actually has a contract with the School of Medicine, so they do a similar type role. We do have a licensed clinical psychologist that works with the School of Medicine at UMC.

**Governor:** So we -- 'cause previously didn't we have somebody over there to help alleviate the backup?

**Dr. Tracey Green:** Correct. Dr. Walter is the psychologist who's at UMC, and she continues to be there on a daily basis.

**Governor:** And will you provide a little bit more detail with regard to how this improves patient care?

**Dr. Tracey Green:** Right. Well, I think there's really a couple of different ways that this improves patient care. Number one, it will decrease the length of time they're waiting

unnecessarily in the emergency room which is critically important. But second and even more important is these psychiatrists also take care of the clients in the hospital. So what we have is a continuity of care. They're evaluated by the psychiatrists in the emergency room, and that same team of psychiatrists cares for them when they're actually inpatient in the hospital. So the continuity of care exists for these individuals as well.

And also this creates a new type of unit for Rawson-Neal. It's a unit where you can direct admit from the emergency room. And so what we have now is the ability to assess acuity of the client and see them in the hospital. So really this provides continuity of care, streamlining of care and hopefully we'll reduce the time in the emergency room.

**Governor:** Board members, do you have any questions?

**Attorney General:** Just a follow up. So the positions that they left in the state employ, are those positions going to be filled, and have they been filled yet?

**Dr. Tracey Green:** They were actually contract psychiatrists.

**Attorney General:** So they were not state employees, they were already contracts?

**Dr. Tracey Green:** I'm sorry. Originally they were state employees, now they're contract, so they're state positions, the dollars are likely to have been put into a contract category.

**Attorney General:** So the FTEs that they left as state employees will not be filled?

**Dr. Tracey Green:** Correct.

**Attorney General:** Okay.

**Governor:** And is the reason the left state employee appointment in the first place a salary issue?

**Dr. Tracey Green:** For at least one, yes. One, Dr. Wirjo was a resident at the time, and so he worked as a state employee for a very brief time before he put together this group. And for the third one I do believe it was a salary related issue. Not specifically to coming back to work under a different salary, but he wanted to be a part of this group that's providing group services.

**Governor:** And I guess how long will this agreement be for?

**Dr. Tracey Green:** The contract will be I believe a two year contract. This piece of it -- we will be back for the actual contract, but this piece is just for previous state employees.

**Governor:** Okay.

**Attorney General:** And do we save money by contracting with them now instead of having them in state employ?

**Dr. Tracey Green:** I don't know the answer to that, but I can get that for you.

**Attorney General:** Thank you.

**Governor:** And with regard to staffing, does this -- where does this bring us then?

**Dr. Tracey Green:** Well, for the record, Dr. Tracey Green, I'm excited to say that we have almost filled all of our psychiatry positions with both state employees and contract employees. Currently we have just over two positions. We have a 2 and a .49 position available. So we are building a great stable psychiatric staff at Rawson-Neal. Very exciting.

**Governor:** Wasn't it last -- I believe it was last month for this very Board that we approved an agreement with the Medical School or somebody to provide medical students going over there as well. And I know we have something for North today.

**Dr. Tracey Green:** Right, right. That is correct. We have expanded our residency opportunities, not just at Rawson-Neal, but as you'll hear today at both Lakes and SNAMHS. And in addition to that, we got our three J1 visas who will be here for extended period of time as state physicians, so we're very excited about that.

**Governor:** All right. Any other questions...

**Secretary of State:** No, Governor.

**Governor:** ...from Board members?

**Attorney General:** No.

**Governor:** Thank you, Dr. Green. If there are no further questions, the Chair will accept a motion to approve the authorization to contract with I guess former employees as described in Agenda Item No. 3.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval for of Agenda Item No. 3. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye. Aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Opposed no? Motion passes 3 to 0.

**\*4. FOR POSSIBLE ACTION – STATE VEHICLE PURCHASE**

Pursuant to NRS 334.010, no automobile may be purchased by any department, office, bureau, officer or employee of the State without prior written consent of the State Board of Examiners.

| <b>AGENCY NAME</b>  | <b># OF VEHICLES</b> | <b>NOT TO EXCEED:</b> |
|---|----------------------|-----------------------|
| Department of Agriculture – Rangeland Grasshopper Mormon Cricket Program                                | 1                    | \$23,366              |
| Department Agriculture – Food & Nutrition   | 1                    | \$42,129              |
| Department Conservation and Natural Resources – Division of Environmental Protection – Air Quality Unit | 1                    | \$29,177              |
| Department of Conservation and Natural Resources – Division of State Parks                              | 1                    | \$25,031              |
| Department of Public Safety – Parole and Probation/Fallon Office  | 1                    | \$2,944               |
| Department of Public Safety – Parole and Probation/Tonopah Office                                       | 1                    | \$3,338               |
| <b>Total:</b>   | <b>6</b>             | <b>\$125,985</b>      |

**Clerk’s Recommendation: I recommend approval.**

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

**Comments:**

**Governor:** We will move on to Agenda Item No. 4, state vehicle purchase. Ms. Day.

**Stephanie Day:** Thank you, Governor. Pursuant to NRS 334.010, no automobile may be purchased by any department, office, bureau, officer or employee of the state without prior written consent of the Board of Examiners. There are a total of six vehicles in front of you today for three different departments. Two vehicles each for the Department of Agriculture, Department of Conservation and Natural Resources, and the Department of Public Safety.

**Governor:** It’s pretty straight forward. I have no questions. Questions from Board members?

**Secretary of State:** No, Governor.

**Attorney General:** No, Governor.

**Governor:** Okay. The Chair will accept a motion for approval of Agenda Item No. 4.

**Attorney General:** Move for approval.



**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval of Agenda Item No. 4, state vehicle purchase. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0.

**\*5. FOR POSSIBLE ACTION – REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE CONTINGENCY FUND**

**A. Approval of a Settlement Agreement with the Internal Revenue Service**

Pursuant to Article 5, Section 21 of the Nevada Constitution, the Department of Administration is requesting approval of a settlement agreement with the Internal Revenue Service (IRS) for Board of Examiners' approval. The settlement, totaling \$1,695,276.44 provides for payment of Medicare withholding taxes for certain employees for calendar years 2010, 2011, 2012 and the first half of 2013. One half of this amount is a direct state liability and the other half is being paid on behalf of employees. The employee portion will be paid back to the state using a repayment structure.

**B. Judicial Branch – \$92,174**

Pursuant to NRS 353.268, the Judicial Branch is requesting an allocation of \$92,174 from the Interim Finance Committee's (IFC) Contingency Fund to fund the state's share of Medicare tax withholding owed for fiscal years 2010, 2011 and 2012:

|               |                                  |           |
|---------------|----------------------------------|-----------|
| BA 1490       | State Judicial Elected Officials | \$ 45,783 |
| BA 1494       | Supreme Court                    | \$ 9,969  |
| BA 1496       | Senior Judge Program             | \$ 36,422 |
| Total Request |                                  | \$ 92,174 |

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

**Comments:**

**Governor:** We'll move on to Agenda Item No. 5, request for General Fund allocation from IFC Contingency Fund with regard to the Internal Revenue Service. Ms. Day.

**Stephanie Day:** Thank you, Governor. This item is actually in two parts. Part A is the approval of a settlement agreement with the Internal Revenue Service. And this is a -- I want to give a

little bit of background on this item so it will be a longer item. Pursuant to Article 5, Section 21 of the Nevada Constitution, the Department of Administration is requesting approval of a settlement agreement the Internal Revenue Service for Board of Examiners approval. The settlement totaling \$1,695,276.44 provides for payment of Medicare withholding taxes for certain current and former employees for calendar years 2010, 2011, 2012 and the first half of 2013. One half of this amount is a direct state liability, and the other half is being paid on behalf of employees per the agreement with the IRS. The state's portion will be paid with \$267,517 in current year funds, \$487,947 in stale claims, which are funds reverted from the respective agency accounts and the respective fiscal years, and that account has a current balance of \$3.6 million. And there's a request of \$92,174 in front of you today as a request for an allocation from the Interim Finance Contingency Fund, which currently has a balance of approximately \$12 million.

The employee portion totaling \$847,638.22 will be paid from the State Employee Trust Fund and will be paid back to the trust fund using a repayment structure over a maximum of three years depending on the amount of the claim. The federal government began requiring state and local governments to pay into Medicare in 1986. Central payroll discovered that Medicare was not paid for this group of employees, but clear documentation on why this group was not included is not available, and there is no clear documented evidence that this group of employees was ever examined during the years that followed.

The Department of Administration researched the issue working with the Attorney General's Office and notified the IRS. Under IRS regulations, the state and employees are only liable for the past three tax years. The IRS cannot pursue collection of withholding prior to that period. In the settlement agreement, the IRS allows the state and employees to avoid payment of penalties and interest which could exceed 20 percent of that amount -- of the amount owed. Of the 527 employees, 389 owe less than \$200.

**Governor:** All right. Thank you, Ms. Day. And a few questions. So the IRS didn't come knocking on our door and say you owe us money, we self reported this, correct?

**Stephanie Day:** Yes. We found it and we reported it.

**Governor:** And this is something that's been going on for 27 years?

**Stephanie Day:** Yes.

**Governor:** And this is limited to the judiciary, correct?

**Stephanie Day:** There are also Board and Commission members...

**Governor:** Board and Commission.

**Stephanie Day:** ...that are included, and the judicial branch.

**Governor:** So how did that universe become boards and commissions and judiciary? I know -- or I've been told that a few years ago the constitutional officers hadn't been paying that portion

of the tax and there was a recommendation that the constitutional officers pay that. How did that happen, but the judiciary and the boards and commissions weren't part of that?

**Stephanie Day:** We have not been able to find any clear documented evidence that that group of employees, that anything was requested, that we looked into anything for those employees, even when the constitutional officers started paying.

**Governor:** So we have an offer -- I mean, we've got an agreement in writing and it's subject to the approval of the Board today?

**Stephanie Day:** It's subject to the approval of the Board of Examiners and the Interim Finance Committee because of the IFC Contingency Fund allocation that will be required, which is the \$92,174.

**Governor:** Okay. And assuming that happens, this agreement can't be unwound in any way?

**Stephanie Day:** Correct.

**Governor:** So then I can ask this question. This is a really good deal for the state.

**Stephanie Day:** This is a wonderful deal for both the state and the impacted employees.

**Governor:** Because essentially 24 years will remain unpaid or uncollected?

**Stephanie Day:** Correct.

**Governor:** And how is the state going to recoup the money that's been paid for the state employees and the former state employees who haven't paid this?

**Stephanie Day:** Thank you, Governor. We are going to work with the employees and come up with some -- what the repayment structure, it will be a maximum of three years that the employees have to pay for the repayment. If it's a very small amount, we are going to request a single payment. And then there are -- if they are current employees, it will be a payroll deduction. And for former employees, they will have to write a check to the state to be credited to the Payroll Trust Fund.

**Governor:** And when would that begin, the first of the year?

**Stephanie Day:** It will begin as soon as the IFC has approved the IFC Contingency Fund allocation. Then we will work with the IRS to put the settlement in place, and the state will pay the IRS the entire amount. And that's part of the settlement that we have to pay both sides. And then we will instantly start working with the employees on a reimbursement schedule.

**Governor:** And do you have any objections from any of the affected parties with the way that you've reached this agreement with the IRS and the proposed payment plan?

**Stephanie Day:** I would like to defer to the Attorney General's Office on that item.

**Governor:** Okay.

**Attorney General:** And then just a follow up, Governor, my understanding is the IRS as part of this also agreed to waive any penalties and interest as well, correct?

**Stephanie Day:** Thank you, Madam Attorney General. Yes, that is correct.

**Attorney General:** Okay. And that would've been what, 20 -- about 20 percent of the...

**Stephanie Day:** It is 20 percent in penalties, and then the interest is the short-term rate plus 3 percent.

**Attorney General:** Okay. Thank you.

**Governor:** So that could've been 300 and something thousand dollars that those individuals -- and the state...

**Stephanie Day:** And the state.

**Governor:** ...would've been responsible for?

**Stephanie Day:** Yes, sir.

**Governor:** So that's why I said I don't know if there's an IRS (inaudible) here, but I want to thank them because it is a good deal. But if you'd please identify yourself for the record, yeah.

**Carrie Parker:** Good morning, Board of Examiners. My name is Carrie Parker. I'm a Deputy Attorney General. I represent the Division of Human Resource Management, Central Payroll. So I worked with them when this issue was discovered. And I believe your question was whether we had received any objections from any of the affected employees. I have not received any formal objections. There were some questions when this issue was first brought to the employees, and those questions were received by us through the Administrative Office of the Courts. And we have worked with the Administrative Office of the Courts and tried to address those issues, so I'm not aware of any remaining objections.

**Governor:** All right. Thank you. And have all the affected employees been notified?

**Stephanie Day:** I would like to defer to the Division of Human Resource Management. I'm not sure if they've been in...

**Keyna Jones:** Good morning, Keyna Jones for the record. I'm with the Division of Human Resource Management. The Board and Commission members were each sent a addressed letter advising them of this. And a memo went from Director Mohlenkamp to the Administrative Office of the Courts.

**Governor:** So it would've been up to the Administrative Office of the Courts to notify the affected judicial employees?

**Keyna Jones:** If they chose to do so, yes, sir.

**Governor:** Well, they need to know. I mean, this -- oh, here we are.

**Stephanie Day:** Apologies.

**Robin Sweet:** Robin Sweet, Director of the Administrative Office of the Courts and State Court Administrator. We did notify all the current sitting judges and the senior judges of this situation.

**Governor:** Okay.

**Robin Sweet:** We've been in regular communication with them as we've worked through this problem with Department of Administration and the Attorney General's Office.

**Governor:** Yeah. And not the most pleasant of letters to receive, but I think it's important that everybody be aware of where they stand and they know what the amount of the remittance will be.

**Robin Sweet:** We sent them the draft amount that was shared with us, and so that they would have the opportunity to start thinking about how that might be repaid.

**Governor:** Okay. Thank you very much. And then I guess back to payroll, but, you know, I got to ask this question because I'm curious. I mean, it went on for 27 years and then suddenly somebody said, "Oh, maybe we should be collecting this portion of the tax." What was the genesis of the discovery of that issue?

**Robin Sweet:** It was an audit done by Central Payroll that revealed this group of employees had not been having Medicare tax withheld. And upon researching it, that's when I deferred to my administrator and the AG's Office for assistance to determine if that was accurate or inaccurate.

**Governor:** Yeah. And, you know, I don't want anybody to interpret this, that anybody was aware that they didn't have to pay this tax, this was purely something that had been under the radar for almost two -- over two and a half decades. And it was discovered and we immediately reported it to the IRS. It's a very narrow population of state employees that this affected. We've reached a very -- as I said, a very generous and I think good agreement with the IRS. And we have a proposed agreement with the former employees to recoup that amount. And the state is going to step forward and pay, which is what's on our Agenda today, its portion of the tax. Questions from Board members?

**Secretary of State:** What is the state's recourse if the affected employee fails to repay the state?

**Carrie Parker:** Deputy Attorney General Carrie Parke for the record. So I think that the employees will be treated as any other employee who owes back for an overpayment, so eventually after certain efforts are made, it's my understanding they're referred to the Controller's Office for debt collection.

**Secretary of State:** Okay. And have we determined an appropriate repayment timeline for the affected employees?

**Stephanie Day:** Yes, for the record Stephanie Day. For an individual that owes under \$10, we're writing it off. It will cost more taxpayer dollars to collect that amount. From \$10 to \$1,000, they have one year to repay. From \$1,001 to \$2,500, two years. And over \$2,501 they have up to three years to repay.

**Secretary of State:** Okay. And if they fail to repay within that timeline, they would just be sent to the Controller's Office?

**Stephanie Day:** Correct.

**Secretary of State:** Okay. Thank you.

**Stephanie Day:** There's a process that we follow.

**Governor:** And is there a proposed contract between the state and the employees?

**Stephanie Day:** Yes, there will be.

**Attorney General:** And then finally one thing, if we are unable to collect and there is a sizeable amount that the employees owes, that's also considered income to them, is that not correct, for IRS purposes?

**Carrie Parker:** Yes, ma'am, it is.

**Attorney General:** Okay. Thank you.

**Governor:** Any further questions? Okay. Thank you very much.

**Stephanie Day:** Governor, this item is actually two pieces. A is to approve the settlement agreement with the Internal Revenue Service, and B is pursuant to NRS 353.268. We are requesting an allocation from the IFC Contingency Fund in the amount of 92,174 to fund the state share of the Medicare tax withholding owed for fiscal years 2010, '11 and '12.

**Governor:** We don't approve, for example, the payment out of the stale claim fund?

**Stephanie Day:** The settlement agreement which is A covers the full amount. The state is able to cover all but the 92,174 out of the stale claim account. And current year funds, the stale claim

account per statute is approved by the Department of Administration Budget Division. And it's through the Board of Examiners that has been delegated to the clerk.

**Governor:** All right. Any questions? If there are no questions, the Chair will accept a motion for approval of the settlement agreement with the Internal Revenue Service.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval of the settlement agreement with the Internal Revenue Service as described in Agenda Item No. 5. Secretary of State has seconded the motion. All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0. Second the Chair will accept a motion for the approval of \$92,174 -- which, again, where would that money come from, Ms. Day?

**Stephanie Day:** The Interim Finance Contingency Fund.

**Governor:** Okay. From the Interim Finance Contingency Fund.

**Attorney General:** I'll move for approval.

**Secretary of State:** Second.

**Governor:** Thank you. Attorney General has moved for approval. The Secretary of State has seconded the motion. Any questions or discussion on the motion? All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0. Thank you.

**\*6. FOR POSSIBLE ACTION – LEASES**

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

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

---

**Comments:**

**Governor:** We will move on to Agenda Item No. 6, leases. Ms. Day.

**Stephanie Day:** Thank you. This morning you have nine leases in front of you for approval -- review and approval. We have had an agency request that Lease No. 6 for the Department of Health and Human Services, Division of Public Health -- Public and Behavioral Health be withdrawn from the Agenda.

**Governor:** All right. I have no questions with regard to Agenda No. 6. Board members?

**Attorney General:** No, Governor.

**Governor:** If there are none, the Chair will accept a motion for approval of Leases 1 through 5 and 7 through 9.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval. Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Opposed no? Motion passes unanimously.

**\*7. FOR POSSIBLE ACTION – CONTRACTS**

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

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

---

**Comments:**

**Governor:** Agenda Item No. 7, contracts. Ms. Day.

**Stephanie Day:** Thank you, Governor. This morning there are 54 independent contracts that have been submitted for Board review and approval. And we do have some individuals from the agencies in attendance if there are any specific questions.

**Governor:** I've asked for Agenda Item No. 7, 20, 21, and that's all. Board members, do you have any other holdouts?

**Secretary of State:** No, Governor.



**Governor:** All right. Thank you. Let's proceed with Agenda Item No. 7 -- or, excuse me, Contract No. 7. And that is State Public Works Division the architects, I see Ms. Miller down there. I asked for this to be held out because this is the first step in the construction of the Northern Nevada Veterans Home. Ms. Miller.

**Kat Miller:** Good morning, Governor. For the record, this is Kat Miller, Director of Nevada Department of Veteran Services. The contract today is a \$1.84 million contract. It is the new contract to provide advanced planning for the Northern Nevada Veterans Home. This veterans' home would give us a 90 bed facility in Northern Nevada. Previous needs assessments have shown that there is a veterans' population that would benefit from such a home. We have conducted obviously the first stage where we've selected an architect. And I stand ready for any questions you have, sir.

**Governor:** Where will the -- where is the proposed location for the veterans' home?

**Kat Miller:** We are looking at putting it on the campus of Dini-Townsend, Northern Nevada on Galletti Road. There are ten acres there right now that DHHS -- we have an MOU with DHHS. And there is more than sufficient acreage. It's also a great location because it's close to the interstate and very easy access to the VA hospital there, which is a major consideration on the placement of this veterans' home.

**Governor:** All right. And when do you expect all of these plans to be completed, at least this first step?

**Kat Miller:** Sir, I'm not sure exactly how long it will take. I know that we did ask to see the first -- we have a meeting in three months with the architects to see their initial ideas. We've provided them with guidance from the U.S. Department of Veterans Affairs on what the standards must be for such a home. So in three months we're going to have our first interim progress review where we'll sit down with them, bringing them subject matter experts. We do have a subject matter expert in Oregon who oversaw the development of their five veterans' homes. They recently just cut the ribbons on a new one. We're very impressed with the work that was done there, so excited about this meeting in three months where we can take a look and make sure we're on the right track.

**Governor:** I wasn't aware that that had happened up in Oregon, but certainly we want to take advantage of best practices when it comes to the construction of the home.

**Kat Miller:** Yes, sir. And I apologize. I did not mean Oregon, I meant Utah.

**Governor:** Oh, okay.

**Kat Miller:** And, in fact, we have a visit planned with the architect and with our team to go down to St. George to take a look at this new facility, to make sure that we get the best information we have as we go forward.

**Governor:** Thank you. Questions from Board members?

**Secretary of State:** No, Governor.

**Governor:** All right. Thank you, Director Miller.

**Kat Miller:** Yes, sir.

**Governor:** Let's move on to Contract No. 20, which is DHHS Health Care, Financing and Policy and McKesson Health Solutions.

**Leah Lamborn:** Good morning. My name is Leah Lamborn. I am the Administrative Services Officer for the Division of Health Care Financing and Policy. And with me I have John Whaley, the Chief of Business Lines. And I'm going to let him explain the contract to you all. This contract is a result of the 1115 waiver that you had worked with personally with the Secretary for approval back in November of 2012.

**Governor:** Okay. Please proceed.

**John Whaley:** Good morning, Governor, members of the Board. For there record, my name is John Whaley, and I serve as the Chief of Business Lines for the Division of Health Care Financing and Policy. The care management organization is a method of providing care management for those fee-for-service Medicaid recipients who do not otherwise get it. Currently we have managed care that oversees with their two HMOs, Amerigroup and Health Plan of Nevada, that oversee the health care of about 59 percent of the people. We have some other people who have some small amount of care management through targeted case management, but this will take care of those people who need it the most, those with comorbidities and chronic conditions and who currently are not having their care managed. This company, McKesson, will come in and work directly with them, work with physicians, provide an exchange of information back and forth, and provide that care coordination that they've been needing for a long while.

The success of it will be measured in two ways. One, in improved health outcomes, and we have a contract currently with our external quality review organization, Health Services Advisory Group, and they will look into quality to make sure that any monetary savings don't come at the cost of good health care. Then the other thing, we have our external actuary, Milliman USA, and they will look at cost savings. They'll be looking at a baseline as close to the actual beginning date of operations as possible and seeing did they save money through reduced health care. That'll be improved health outcomes, will result in fewer hospitalizations, fewer emergencies, and will in turn result in dollar savings.

**Governor:** Will you briefly talk about the distinction between care management and case management for managed care?

**John Whaley:** Oh, and managed care.

**Governor:** Yeah.

**John Whaley:** Okay. It largely is a payment model. They will be doing the same thing. With our managed care organizations, they negotiate rates with providers for us. And then often they pay a much lower rate than the current fee-for-service Medicaid rate. They do that by promising volume. They also have been able to bring new providers into the Medicaid network because of the strength of their commercial lines. You know how UnitedHealthcare, for instance, who owns Health Plan of Nevada is able to go out and say to all of their providers, "If you want our very lucrative commercial business, then you must also take our Medicaid business as well." None of that happens with the care management organization.

The similarity between those two organizations is just in the care coordination. They will, for instance, check pharmacy claims from the prior month and see if a diabetic has gotten their insulin filled. And if they have, fine. And if they have not, then they will contact them. And they will also contact whatever specialist is in charge of their care or their primary care physician and let them know what's going on, that there's a problem with that. Likewise, they will have access to records from their eye doctor. And if it turns out that they've had their prescription changed six times during the last year, the primary care doctor should know that, but he might now know that. And so this care management organization will let them know that also.

The big differences between the two is the CMO, the care management organization, won't have any utilization management at all. They won't be able to prior authorize treatments or say, yes, you can -- we will pay for this service or not the way the MCOs do. And the payment will be strictly fee-for-service. There won't be any negotiating of rates. They'll bill fee-for-service. The providers will bill fee-for-service the same as they always have.

**Governor:** And how are we managing this care currently?

**John Whaley:** Currently we are not.

**Governor:** Mm-hmm.

**John Whaley:** We are with the MCOs, the managed care organizations. Like, I see 59 percent of those people, they are largely the healthier Medicaid population, the moms and the children for the most part. This population will be the aged, blind and disabled who don't qualify for managed care otherwise, and they will now be able to have their care managed and coordinated.

**Governor:** Yeah, so this is for the -- primarily for the ABD population, and at the end of the day, what we hope to accomplish is better care for them at less expense to the state.

**John Whaley:** Yes, sir. The contract itself is designed to be budget neutral to the state with the possibility of savings to the state.

**Governor:** But worse case scenario is these clients get better care as you say.

**John Whaley:** Worse case scenario they get better care, yes, sir.

**Governor:** And do you know off the top of your head what percentage of our Medicaid population is now having their care managed or be -- or have...

**John Whaley:** 59 percent of them are currently -- and it bounces between 58 and 60 percent. But about 59 percent, the most recent numbers, are in managed care. Then there is the targeted case management where they will look at a specific condition and manage for that particular condition, but not their overall health care. And there's another 16 percent of the Medicaid population that's receiving that service.

**Governor:** And I think it needs a little clarification because I did ask you the question what's happening now, and your response is nothing in terms of this care management. But we had to go to CMS to get permission to do this, correct?

**John Whaley:** it was a hard fought battle that we would not have won had you not gone to Secretary Sebelius and...

**Governor:** Well, I'm not looking for any credit, but...

**John Whaley:** It's true. Yes, sir.

**Governor:** Because it begs a question, why didn't we do this sooner? And we've been trying to do this, but we couldn't do it until we got permission from Health and Human Services to do so.

**John Whaley:** That's correct. We had to get a demonstration waiver, and that is also why we're restricted to only 40,000 as a ceiling, because CMS would not allow us to just offer it up to everyone. It is also the reason why the newly eligible population, those people who are childless adults, won't be part of this because CMS, the federal funding authority would not allow that.

**Governor:** Okay. And I think we've been working on this since 2011.

**John Whaley:** Yes, sir.

**Governor:** Yeah. Any other comments that you wanted to make?

**John Whaley:** No.

**Governor:** Okay. Questions from Board members?

**Secretary of State:** No, Governor.

**Governor:** Okay. Thank you very much. Next is Contract 21, DHHS and University of Nevada School of Medicine. Dr. Green.

**Dr. Tracey Green:** For the record, Dr. Tracey Green. This is actually a continuation of a retroactive contract or request. It's a contract for psychiatry services in conjunction with the University of Nevada School of Medicine. This really is moving in the direction of workforce

enhancement. We have developed a new residency arm for the residents at the School of Medicine in forensic psychiatry. And this contract would allow for us to work with forensically trained psychiatrists at the School of Medicine. Specifically the residence is at Lakes Crossing, our forensic facility, but because we also have additional units at SNAMHS, there may be some crossover for some of this staff at Dini-Townsend as well.

**Governor:** All right. I have no questions, but I just think it's important to continue this discussion of what we're doing both north and south. You covered actually most of my questions when you were up here before, but this is a great plus for Lakes Crossing.

**Dr. Tracey Green:** Absolutely. This will not only provide staff, but we're hoping when we get our new Lakes Crossing facility opened some time after 2015, that some of the residents in this program will actually stay with us and work in our facilities.

**Governor:** Questions?

**Secretary of State:** No, Governor.

**Governor:** All right. Thank you, Dr. Green. I have no further questions on Agenda Item No. 7. And if Board members, if you have no questions, the Chair will accept a motion for approval of Contracts 1 through 54.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval of Contracts 1 through 54. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. Opposed no? Motion passes unanimously.

## **\*8. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENTS**

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

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

---

**Comments:**

**Governor:** We will move on to Agenda Item No. 8, master service agreements. Ms. Day.

**Stephanie Day:** Thank you, Governor. This morning there are 13 master service agreements on the Agenda for the Board’s review and approval.

**Governor:** I have no questions regarding these. Board members? The Chair will accept a motion for approval.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval of the master service agreements 1 through 13 as described in Agenda Item No. 8. Secretary of State has seconded the motion. All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0.

**9. INFORMATIONAL ITEM**

Pursuant to AB 41 of the 2013 Legislative Session, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Below is a list of all applicable approvals for contracts and amendments approved for the month of October.

| <b>CONTRACT #</b>            | <b>STATE AGENCY</b>  | <b>CONTRACTOR</b>         | <b>CONTRACT/ AMENDMENT</b> | <b>AMOUNT</b> |
|------------------------------|--|---------------------------|----------------------------|---------------|
| 14999                        | Department of Health and Human Services – Division of Child and Family Services  | Anytime Plumbing, Inc.    | Contract                   | \$24,000      |
| <b>Contract Description:</b> | This is a new contract to provide plumbing services on an as needed basis for Summit View Youth Correctional Center.   |                           |                            |               |
| 12169                        | Department of Administration – Buildings and Grounds Division  | Aqua-Serv Engineers, Inc. | Amend #1                   | \$5,487       |
| <b>Contract Description:</b> | This is the first amendment to the original contract, which continues ongoing water treatment maintenance and services of building mechanical systems for multiple State buildings located in the Las Vegas area. This amendment increases the maximum amount from \$27,369.48 to \$35,855.98 due to adding new HVAC equipment at the DMV Henderson that requires chemical treatment at \$198.65 per month for the remainder of the contract and adding \$3,500 in extra service money to be used for emergencies. |                           |                            |               |
| 14991                        | Department of Business & Industry – Insurance Division   | Sircon Corporation        | Amend#1                    | \$0           |
| <b>Contract Description:</b> | This is the first amendment to the original contract, which provided continued support and maintenance for the regulatory management software platform. Purchasing has approved the Division of Insurance to extend the contract 2 years beyond the original 4 year period.  |                           |                            |               |

| <b>CONTRACT #</b>            | <b>STATE AGENCY</b>  | <b>CONTRACTOR</b>                          | <b>CONTRACT/ AMENDMENT</b> | <b>AMOUNT</b> |
|------------------------------|--|--|----------------------------|---------------|
| 15007                        | Department of Health and Human Services – Division of Child and Family Services  | Gen-Tech of Nevada, Inc.                   | Contract                   | \$10,000      |
| <b>Contract Description:</b> | This is a new contract to provide generator service and repair on an as needed basis for Summit View Youth Correctional Center.  |  |                            |               |
| 11987                        | Department of Conservation and Natural Resources – Environmental Protection  | Eurofins/Frontier Global Sciences, Inc.    | Amend#2                    | \$45,000      |
| <b>Contract Description:</b> | Amendment #1 extended the termination date from April 30, 2013 to October 31, 2013. This amendment is to extend the termination date from October 31, 2013 to June 30, 2015 and increase the not to exceed amount to \$105,000.  |  |                            |               |
| 15044                        | State Public Charter School Authority  | Act, Inc.                                  | Contract                   | \$33,865      |
| <b>Contract Description:</b> | This is a new contract for testing systems that will allow the charter schools to track their students' academic growth and proficiency for national norms toward college and career readiness. ACT offers a comprehensive testing program starting with EXPLORE program for 8 <sup>th</sup> and 9 <sup>th</sup> grade, the PLAN program for 10 <sup>th</sup> grade, and the ACT for 11 <sup>th</sup> and 12 <sup>th</sup> grade with nationally recognized standards and bench marks.   |  |                            |               |
| 15011                        | Office of Veteran's Services   | Fielden and Partners                       | Contract                   | \$44,100      |
| <b>Contract Description:</b> | This is a new contract to provide design services to the Nevada State Veterans Home (NSVH) for the remodel of the Home canteen area. The remodel will provide better utilization of space for residents and staff.   |  |                            |               |
| 15051                        | BDC Licensing Boards and Commissions   | Forte, LLP.                                | Contract                   | \$38,750      |
| <b>Contract Description:</b> | This is a new contract for government affairs and lobbying services for the Board for the 2014 legislative interim and through the end of the 2015 legislative session.  |  |                            |               |
| CONV4605                     | Department of Motor Vehicles   | Burgarello Alarm, Inc.                     | Amend#4                    | \$0           |
| <b>Contract Description:</b> | This is the fourth amendment to the original contract, which provides for the monitoring of the security service for the DMV offices located in Elko, Winnemucca, Fallon, Yerington, Hawthorne, and Ely. This amendment extends the termination date from October 31, 2013 to December 31, 2013. State Purchasing recently conducted a Good of the State RFP for security services for state buildings, the additional two months will allow for the transition of services once the contract has been awarded and approved.   |  |                            |               |
| 15052                        | Department of Administration – State Public Works Division   | Ray Crook dba RPC Roof Consulting Services | Contract                   | \$16,950      |
| <b>Contract Description:</b> | This is a new contract to provide professional architectural/engineering services for the roof replacement at the Lovelock Correctional Center, Housing Unit 4, Lovelock, Nevada: Project No. 13-S01(6); Contract No. 85577.   |  |                            |               |
| 14752                        | Department of Public Safety – Highway Patrol   | Las Vegas Metropolitan Police Dept.        | Contract                   | \$29,670      |
| <b>Contract Description:</b> | This is a new interlocal agreement that continues ongoing services with the Las Vegas Metropolitan Police Department (LVMPD) to provide repair and maintenance on the Nevada Highway Patrol motorcycles in the southern command.   |  |                            |               |
| 15064                        | Department of Administration – State Public Works Division   | TJ Krob Consulting Engineers, Inc.         | Contract                   | \$28,800      |
| <b>Contract Description:</b> | This is a new contract to provide professional architectural/engineering services for the electrical power upgrade at the Henderson Armory, Project No. 13-M25, Contract No. 86718.  |  |                            |               |
| 12119                        | Commission on Tourism  | TNS Custom Research, Inc.                  | Amend#2                    | \$19,000      |
| <b>Contract Description:</b> | This is the second amendment to the original contract, which measures the effectiveness of the Nevada Commission on Tourism's domestic advertising and marketing campaigns. The contractor will develop questionnaires, field the questionnaire, analyze the responses, and prepare a report for the commission on its findings. This amendment increases the maximum amount from \$607,250 to \$626,250 for the purchase of K-Tags, a tag that is primarily an invisible tracking device, which allows research suppliers to understand whether ads are effective by tracking expenses. |  |                            |               |

| <b>CONTRACT #</b>            | <b>STATE AGENCY</b>  | <b>CONTRACTOR</b>                                     | <b>CONTRACT/ AMENDMENT</b> | <b>AMOUNT</b> |
|------------------------------|--|---|----------------------------|---------------|
| 15063                        | Department of Health and Human Services – Public and Behavioral Health   | Texas A&M Engineering Ext. Services                   | Contract                   | \$17,403      |
| <b>Contract Description:</b> | This is a new contract to provide “Train-the-Trainer” training, to prepare participants to deliver readiness for National Incident Management Systems (NIMS), National Response Framework (NRF), and Advanced Incident Command System (ICS), to ensure Division preparedness in case of a national or statewide emergency.   |   |                            |               |
| 15067                        | Department of Administration – State Public Works Division   | Penta Building Group, LLC.                            | Contract                   | \$35,180      |
| <b>Contract Description:</b> | This is a new contract to provide Owner-CMAR Pre-Construction services to renovate Building #3, Southern Nevada Adult Mental Health Services; Project No. 13-C08; Contract No. 86750.  |   |                            |               |
| 15069                        | Department of Agriculture  | Newmatic Engineering                                  | Contract                   | \$5,500       |
| <b>Contract Description:</b> | This is a new contract to perform a review of the operation of laboratory and fume hood controls and document performance with a lab verification report. Six months (6) after the initial review the vendor will conduct a follow-up diagnostic of the facility to ensure safety and energy efficiency.   |   |                            |               |
| 15056                        | Secretary of State   | Paul Chalekian dba POSDCORB, LC                       | Contract                   | \$24,900      |
| <b>Contract Description:</b> | This is a new contract to engage with one or more agencies on gathering business requirements regarding the processing of business registrations, licensing and/or permitting in compliance with state and local laws in order to determine how SilverFlume (Nevada’s Business Portal) can be used to streamline the business customer’s experience while powering the business requirements.                  |   |                            |               |
| 15073                        | Department of Administration – State Public Works Division   | Lumos & Associates                                    | Contract                   | \$28,300      |
| <b>Contract Description:</b> | This is a new contract to provide architectural/engineering services for Civil Engineering for the Stead Asphalt Paving Project; Project No. 13-A027-19; Contract No. 85601.   |   |                            |               |
| 11432                        | Adjutant General & National Guard  | AMEC Earth & Environmental, Inc.                      | Amend#3                    | \$11,136      |
| <b>Contract Description:</b> | This is the third amendment to the original contract, which provides geographic information system (GIS) services and database support. This amendment extends the termination date from December 30, 2013 to December 31, 2014 and increases the maximum amount from \$114,227 to \$125,363 due to a continued need for GIS support, staff training, augmentation, databases support and on-site GIS support. |   |                            |               |
| 15080                        | Department of Administration – State Public Works Division   | Farr West Engineering                                 | Contract                   | \$13,400      |
| <b>Contract Description:</b> | This is a new contract to provide professional architectural/engineering services for the Marlette Water System Air Box Rehabilitation; Project No. 1366-14-10-002.  |   |                            |               |
| 14715                        | Department of Employment, Training and Rehabilitation – Rehabilitation Division  | Canyon Electric Co., Inc.                             | Contract                   | \$30,000      |
| <b>Contract Description:</b> | This is a new contract to provide regular and emergency electrical installations, repairs and maintenance services for all needed projects for the Bureau of Services to the Blind and Visually Impaired/Business Enterprise of Nevada facilities located in Southern Nevada; including 3 sites at the Hoover Dam.   |   |                            |               |
| 15054                        | Department of Administration – State Public Works Division   | Reno Tahoe Franchising, Inc.                          | Contract                   | \$46,016      |
| <b>Contract Description:</b> | This is a new contract that continues ongoing janitorial services for the Stewart Facility, Building #107, located at 5500 Snyder, Carson City, Nevada.  |   |                            |               |
| 15071                        | Nevada Department of Education   | The National Center for the Improvement of Education. | Contract                   | \$28,000      |
| <b>Contract Description:</b> | This is a new contract to update the Nevada Growth Model (NGM) Website to incorporate new releases from the vendor. Load 2012-2013 student growth data into the School View product and expand parameters to include 12-13 options.  |   |                            |               |



| <b>CONTRACT #</b>            | <b>STATE AGENCY</b>  | <b>CONTRACTOR</b>                                      | <b>CONTRACT/ AMENDMENT</b> | <b>AMOUNT</b> |
|------------------------------|--|--|----------------------------|---------------|
| 15058                        | Department of Health and Human Services – Division of Child and Family Services  | ABM Building Services, LLC.                            | Contract                   | \$24,000      |
| <b>Contract Description:</b> | This is a new to provide HVAC repairs on an as needed basis for Summit View Youth Correctional Center.   |  |                            |               |
| 15057                        | Department of Health and Human Services – Division of Child and Family Services  | Intermountain Lock and Security Supply                 | Contract                   | \$24,000      |
| <b>Contract Description:</b> | This is a new contract that continues ongoing janitorial services for the Stewart Facility, Building #107, located at 5500 Snyder, Carson City, Nevada.  |  |                            |               |
| 11752                        | Department of Education  | Imobersteg, Gail Anne dba Special Education Law Assoc. | Amend #2                   | \$49,000      |
| <b>Contract Description:</b> | This is the second amendment to the original contract to which the contractor provides assistance to the Nevada Department of Education in the implementation of the Special Education alternative dispute resolution system in accordance with the federal and state law and regulation. This second amendment increases the total contract amount to \$549,000, which is due to the unexpected increase of state special education complaints and special education due process complaints.  |  |                            |               |
| 15089                        | Division of Conservation and Natural Resources – Parks Division  | The Dube Group, Inc.                                   | Contract                   | \$28,443      |
| <b>Contract Description:</b> | This is a new contract with Dube Group to engage professional services for the preparation of Historic Structures Report, Preservation Plan and Construction Documents for stabilization of the Red House in the Spooner Backcountry of Lake Tahoe Nevada State Park.  |  |                            |               |
| 14993                        | Department of Administration – State Public Works Division   | Blue Locker Commercial Diving Services                 | Contract                   | \$45,000      |
| <b>Contract Description:</b> | This is a new contract to provide full inspections, repairs, and replacement, and cleanup of pipelines, potable water tanks and intakes for the Marlette Hobart water systems, Lakeview and Stewart Facility.  |  |                            |               |
| 13610                        | Department of Health and Human Services – Welfare and Supportive Services  | Food Bank of Northern Nevada                           | Amend #2                   | \$29,003      |
| <b>Contract Description:</b> | This is the second amendment to the original contract, which continues the ongoing Supplemental Nutrition Assistance Program (SNAP) Community Partner Interviewers Demonstration Project. Through waiver from the U.S. Department of Agriculture (USDA), certain community partners can conduct initial SNAP interviewers, which allows DWSS to reach populations that would otherwise be difficult to reach and saves State time and resources. This amendment increases the maximum amount from \$225,330 due to an increase in funding from the USDA. |  |                            |               |
| 15096                        | Adjutant General & National Guard  | Fire Protection Service dba Mountain Alarm             | Contract                   | \$26,733      |
| <b>Contract Description:</b> | The original contract with this vendor expired amid several staffing changes and mail delays and this vendor was permitted to continue services. This contract will provide continued excellent service from this vendor.  |  |                            |               |
| 12786                        | Department of Employment, Training and Rehabilitation  | Department of Motor Vehicles                           | Amend#1                    | \$14,400      |
| <b>Contract Description:</b> | This is the first amendment to the original interlocal agreement, which continues to provide computerized information to the department. The information is cross matched against that on file with the Department of Motor Vehicles to determine inaccuracies or inconsistencies in the unemployment claimant's information. This amendment extends the termination date from October 31, 2013 to October 31, 2015 and increases the maximum amount from \$7,200 to \$14,400 due to the extended contract term and continued need for these services.   |  |                            |               |
| 11588                        | Department of Administration - Buildings and Grounds   | Kane Bruce   | Amend#2                    | \$25,000      |
| <b>Contract Description:</b> | This is the second amendment to the original contract, which provides carpet cleaning services to the various state buildings in Carson City and Reno, on as-needed basis and at the written request and approval of a Building and Grounds designee. This amendment increases the maximum amount from \$49,950 to \$74,950 due to an increases need for carpet cleaning.  |  |                            |               |

| <b>CONTRACT #</b>            | <b>STATE AGENCY</b>   | <b>CONTRACTOR</b>                                       | <b>CONTRACT/ AMENDMENT</b> | <b>AMOUNT</b> |
|------------------------------|---|---|----------------------------|---------------|
| 15104                        | Department of Administration – State Public Works Division  | Frame Architecture, Inc.                                | Contract                   | \$23,000      |
| <b>Contract Description:</b> | This is a new contract to provide professional architecture/engineering services for the roof replacement at the Lost City Museum: project No. 13-501(8); Contract No. 82252.   |   |                            |               |
| 11941                        | Division of Conservation and Natural Resources - Parks Division   | William Michael Urrutia dba Urrutia Ranch, Mike Urrutia | Amend#3                    | \$28,175      |
| <b>Contract Description:</b> | This is the third amendment to the original contract, which provides grazing on 1,570 acres of designated pasture at North Ghigilia Ranch in Lyon County. The contract increases revenue by \$28,175 for another year for a total of \$112,700. The amendment is to extend the contract for one year to expire 12/31/14.  |   |                            |               |
| 15010                        | Public and Behavioral Health  | Housing Authority, City of Reno                         | Contract                   | \$15,000      |
| <b>Contract Description:</b> | This is a new contract to conduct housing quality inspections (initial move-in, annual and re-inspections) as required by HUD regulations for the Shelter Plus Care Program.  |   |                            |               |
| 14942                        | Silver State Health Exchange  | National Academy for State Health Policy                | Contract                   | \$30,000      |
| <b>Contract Description:</b> | This is a new contract to receive services to facilitate peer learning and sharing among state exchange leaders and staff under The State Health Exchange Leadership Network. Services provided will include: Maintain an Exchange Listserv, Produce Conference Calls and Webinar, Facilitate Federal/State Communications, Provide Minor Technical Assistance or Research. |   |                            |               |

**Governor:** Agenda Item No. 9, informational item. Ms. Day.

**Stephanie Day:** Thank you. Agenda No. 9 is for informational -- informational item only. Pursuant to AB41 of the 2013 legislative session, the Clerk may approve all contracts transactions for amounts less than \$50,000. The list in front of you today is for contracts with the new threshold between \$10,000 and \$49,999. And these are the contracts that were approved by the clerk on behalf of the Board for the month of October.

**Governor:** Board members, any questions?

**\*10. INFORMATIONAL ITEM**

**A. Department of Conservation and Natural Resources – Division of State Lands**

Pursuant to NRS Chapters 111, Statutes of the Nevada, 1989 at page 263, the Division of State Lands is required to provide the Board of Examiners quarterly reports regarding lands or interests in lands transferred, sold, exchanged, or leased under the Tahoe Basin Act program. Also, pursuant to Chapter 355, Statutes of Nevada, 1993, at page 1153, the agency is to report quarterly on the status of real property or interests in real property transferred under the Lake Tahoe Mitigation Program. This submittal reports on program activities for the fiscal quarter ending September 30, 2013 (reference NRS 321.5954).

## **Brief description**

- **1989 Tahoe Basin Act**
  - The agency reports there were no transfers of lands or interests in lands during the quarter
  - There were no acquisitions of lands or interests in lands during the quarter.
- **Lake Tahoe Mitigation Program**
  - There were no transfers of lands or interests in lands during this quarter. However, a transaction is pending to acquire over 37,000 square feet of environmentally sensitive land coverage from a private homeowner in the Cave Rock area of Douglas County. The agency notes that this will be the first time that the Nevada Land Bank has had the opportunity to purchase land coverage in this area of the Lake Tahoe Basin.

**Governor:** Move on to Agenda No. 10, notification of intent to file for a grant or loan from the Disaster Relief Accounts.

**Stephanie Day:** Governor, Item No. 10 is actually agendized. It should only say informational item. It should not say notification of intent to file for grant or loan from the Disaster Relief Account.

**Governor:** It's a typo. Yeah.

**Stephanie Day:** I apologize. Item No. 10 is actually for the Department of Conservation and Natural Resources, Division of State Lands. They are required to provide quarterly reports. The first one is on the lands or interest in lands transferred, sold, exchanged or leased under the Tahoe Basin Act Program pursuant to NRS Chapters 111. There have been no transfers of land or interest in lands during the quarter ending September 30. And there was also no acquisition of lands.

The second item is related to the Tahoe Mitigation Program. There has been no transfer of lands or interest in lands of real property or interest in real property transferred under the Lake Tahoe Mitigation Program. But there is a transaction pending to acquire over 37,000 square feet of environmentally sensitive land coverage from a private homeowner in the Cave Rock of Douglas County. The agency notes that this will be the first time that the Nevada Land Bank has had the opportunity to purchase land coverage in this area of the Lake Tahoe Basin.

**Governor:** Do you have any idea when that land -- that pending transaction will close?

**Stephanie Day:** No, I do not, and I do not see State Lands here.

**Governor:** And it's fine. I mean, I guess we'll see it on Agenda at some...

**Stephanie Day:** Yes.

**Governor:** Any questions with regard to Agenda No. 10?

**Secretary of State:** No, Governor.

**Governor:** Okay.

## **11. INFORMATIONAL ITEM – UPDATE ON CONTRACT EXPENDITURES AND STATUS OF EXCHANGE OPERATIONS**

### **A. Silver State Health Exchange**

**Governor:** We'll move on to Agenda No. 11, which is an update on contract expenditures and the status of Nevada Health Link. And I know we have some representatives here. I've asked for this item to be put on the Agenda. This is something that we've been talking about for quite some time. And, Mr. Hager, I appreciate your being here today. I guess historically to catch everybody up, the Affordable Care Act was something that was approved by the Congress and signed by the President. It was something historically that I have opposed, but the Supreme Court made its decision. Justice Roberts upheld the constitutionality of the law, including the individual mandate. As part of that law, it gave states a choice, a mandate that you either have a state based exchange or you have a federally run exchange. I thought the prudent course, and I still believe the prudent course is for the state to run its own exchange. I believe, and, Mr. Hager, correct if I'm wrong, there are only 13 state based exchanges.

**Jon Hager:** There are 15 state based exchanges that are actually operational with their own IT systems.

**Governor:** All right. So 15 that are running right now. I think there's been some confusion out there whether this state had, I guess, the discretion whether to have an exchange or not. And there is no discretion. It is a mandate that you have either a federal run exchanged or a state run exchange. There have been a lot of different reporting with regard to what's happening with the state based exchange and Nevada Health Link that we have here in our state. Mr. Hager, I want to personally thank you for all the time and effort that you've put into this, and to your team. I had the opportunity to visit the call center in Henderson. And, you know, I was really impressed with particularly the employees there and their commitment and the amount of training that we received. We knew when this went live on October 1 there were going to be some technical issues. Some or most of that has something to do, you know, with the federal hub and the changing of the federal requirements for our exchange almost up until the last minute. And we have a very strong and aggressive technical team that seeks to fix those issues.

What I'd like you today is kind of take us from cradle, and I'm not going to say grave because we're still going, but where we were, where we are and where we're going. What were some of those issues that -- or challenges that we had, how we've addressed those. I just read a report this morning, or last night that kind of -- I don't know if you've seen this report, but talks about

some of the various state based exchanges and how many individual looks or whatever the terminology is at the site, how many folks that we've enrolled, how we compare to other states. I'd also like to get from you, and I know it puts you in a bit of an awkward position, but how we're doing versus some -- versus the federal run exchanges as well as some these other state based exchanges.

**Jon Hager:** Sure.

**Governor:** So with that, introduction, Mr. Hager, if you'd please proceed.

**Jon Hager:** Thank you, Governor, Madam Attorney General and Secretary of State. Thank you for placing me on the Agenda today. There has been a lot of confusion and misinformation about the Affordable Care Act, otherwise known as the ACA or Obamacare, and more specifically about the differences between Nevada Health Link and the federal exchange. I wanted to take this opportunity to ensure that this Board has the correct information and to provide a status report.

First, nevadahealthlink.com is and has been open for business. Most of the stories or problems reported here in Nevada have been one offs or based on the feds problems. Opinions expressed by individuals, opinions, not facts, show that there is a lot of confusion out there about the ACA. So first a few facts. The Affordable Care Act became law in 2010. This federal law was challenged by 26 states including Nevada. But in 2012 the U.S. Supreme Court upheld the law. The Affordable Care Act remains federal law. This means that every American must have health insurance or pay a federal tax penalty. The federal law also requires each state set up and operate a state based health insurance exchange, a marketplace that Americans can use to purchase health insurance. If we don't do this, the feds would come in and run it for us.

So let me restate that, this is a federal mandate, not a state requirement. Every state must have an operational exchange. The exchange can be operated by the state or the federal government. There has never been an option to not have an exchange, to not comply with the ACA. It is federal law. The only option was whether the insurance exchange would be operated by the state or a federal government located 2,600 miles away.

Governor Sandoval and a unanimous state legislature agreed that it would be much better if we were in control of our own destiny. It would be much better if the jobs associates with the exchange be located in Nevada, better if Nevadans had a say on how the exchange was constructed, better if we could control costs, help our citizens and do it the Nevada way. Nevada Health Link has proven to be the right choice.

Nevada Health Link provides a way for Nevadans to purchase health insurance at low cost. Keep in mind there is absolutely no requirement that anyone use Nevada Health Link to purchase health insurance. The federal requirement is that everyone have health insurance. The health insurance can be purchased through other options, but the purchaser will only receive a subsidy if the health insurance is purchased through Nevada Health Link. I'll say that again. The purchaser can only receive a subsidy if the health insurance is purchased through Nevada Health Link.

As of yesterday morning, Nevada Health Link has found nearly 26,000 Nevadans eligible for federal tax credits, Medicaid or CHIP. That's 26,000 Nevadans that did so without the challenges of the federal exchange, without long waits on the web portal, without long waits on the phone, without poor communications, without a whole lot of frustration that has caused many people in other states to simply give up and pay the federal penalty for not having insurance.

Because Nevada's operating Nevada Health Link, the fees charged to those who purchase insurance Nevada Health Link are lower by approximately \$2 million to \$3 million per year than those charged by healthcare.gov. Because Nevada is operating Nevada Health Link, Nevadans can browse for plans without creating an account. The federal exchange requires an individual enter personal information prior to reviewing the plans available.

Because Nevada is operating Nevada Health Link, 50 call center jobs are located in Henderson, Nevada instead of in Virginia, 13 state jobs are located here in Carson City, Nevada, jobs that would be federal jobs in Washington, D.C., and 30 outreach and advertising jobs are located in Reno, Las Vegas and other parts of Nevada that would otherwise be located in another state.

Because Nevada is operating Nevada Health Link, 125 navigators who help with enrollment must go through a background check, whereas the federal exchange does not require a background check. In fact, in Nevada navigators must pass a test with an 80 percent passing score, one of the most stringent passing scores in the country, to ensure they know exactly what they are doing when helping individuals enroll in health insurance.

Now let me address the problems discussed in the media about the federal exchange. There's been a lot of news about the federal exchange, healthcare.gov, which is operating in 36 states. It has operated poorly and people have had difficulties trying to enroll in health insurance. These stories are not talking about nevadahealthlink.com. Sure we've had challenges, but generally Nevadans have been able to apply select plans, enroll and pay for their insurance. We had individuals who went through the entire process and even paid for plans on October 1.

As of yesterday morning, we have had 513 people pay for or schedule payments for their plans. Those are actual enrollments. The numbers reported by other states and the feds are pending enrollments. When you include the additional 1,484 individuals who have confirmed their enrollments and will shortly be receiving bills in the mail, Nevada has 1,997 individuals who have selected an insurance plan.

We have also had 4,405 people that have selected affordable dental plans. Yes, that's more people enrolled in dental plans than our medical plans because Nevada Health Link provides an easy place for applicants, even those enrolling in Medicare, to purchase dental coverage. This is a really good news story. People are recognizing the importance of dental health to their overall health and are willing to pay for dental coverage no matter their income. I don't think this option is available to those who live in states that must use the federal exchange.

Finally, let me address a few opinions that were reported in various papers as news. These are opinions, not facts. First, Nevada Health Link is not plagued with problems. We are working

fairly smoothly despite the federal government's last minute publication of regulations. And, Governor, if you'll recall, you sent a letter to HHS in May indicating that additional regulations would be difficult if not impossible to implement by October 1. Since then there have been 11 federal regulations published, two of which were published in October. We are working fairly smoothly despite thousands of pages of federal regulations that were required to be included in our calculations. Literally thousands of pages. Yet despite the complexity, Nevada has created a combined commercial health plan tax credit Medicaid and CHIP eligibility system.

It is true the broker navigator portal was not available for a couple of weeks. The issues with the broker navigator portal have almost entirely been addressed, and brokers and navigators are enrolling people. In fact, we have some broker organizations that are enrolling as many as 50 people per day. And the system continues to improve each day.

Second, Nevada's information is secure. There was an incorrect news story that stated personal data entered into nevadahealthlink.com is at risk. That article is based on shoddy reporting that linked a report about security risks on healthcare.gov with Nevada Health Link. We are not associated with the federal exchange. We do not link to it -- we do not link to it to enroll Nevadans in health insurance. We link to the federal data services hub to verify information. The hub has been thoroughly tested and follows industry security standards and requirements as does Nevada Health Link. We go to extraordinary lengths to eliminate security risks. We actively monitor for cyber attacks. We require identity proofing prior to accessing the online application. There has never been a risk to our users' data.

Third, there have been reports that said that other state based exchanges have enrolled tens of thousands of individuals while Nevada Health Link has enrolled less than 2,000 people. That story, again, is the result of shoddy reporting of other studies without really understanding the numbers. Those that were reported with inflated numbers included either the completion of the single streamline application or included those who have been enrolled in Medicaid. If we were to use these counting methods, we could report 26,000 people as well. When you look at all of the statistics, Nevada is in line with other states.

To date, of the 83.8 million in federal grant awards, we have spent 33.1 million. \$15.6 million has been spent on improving Nevada's Welfare and Medicaid eligibility processes. And \$10.1 million was spent on the technical creation of nevadahealthlink.com. I wanted to repeat that. We have been leveraging federal dollars to improve current state systems. We have spent more on improving state systems than we have on the creation of Nevada Health Link itself.

Every day the process gets a little bit better, a little faster and easier to use. It has been impressive how many different combinations of family situations there are out there. It has been almost impossible to test -- almost, almost impossible to test for all of the different situations due to the complexity of the federal regulations. As brokers, navigators and individuals bring up issues, we review the issues and correct the system if appropriate.

At nevadahealthlink.com you can create an account, apply for federal tax credits or Medicaid, select a health insurance plan and pay of it, all in one sitting. Every week we add additional tools to improve the user experience. Filter and sort options have been improved. Our Spanish

portal will be available next week. And plan displays are improving. State General Fund dollars are not being used to support the exchange. Our data is secure. Those that help you are certified and have had background checks.

I want to thank all of our partners in this extraordinarily complicated endeavor, the brokers, carriers, the Division of Insurance, DHHS and each of you for your assistance and support over the past two years. This has been a collaborative effort and is proving to be a wise decision of the Governor and legislature. If we didn't do it, our citizens would be stuck with the feds problems and mandates that would be difficult to comply with. Again, nevadahealthlink.com is open for business. Thank you.

**Governor:** Thank you, Mr. Hager. When you say what if -- where would we be if we said, no, we want the federal exchange?

**Jon Hager:** For the record, Jon Hager. If we were -- if we did not do this, the feds would come in and run it for us, so our citizens would be experiencing the long wait times of healthcare.gov, they'd be dealing with those issues. Throughout the process of implementing, I think we had in a year and a half, 2 years, we had 61 publicly noticed meetings to create the exchange. So we put all of our documentation out on the web for people to see, use, critique, trash, whatever they wanted to do with it. We took their criticisms and improved the process. And it was an iterative process. Every time that we got input, we would try and make it a little bit better.

And so we've got a system that is built for Nevadans really by Nevadans. It has been a collaborative effort, like we said. And if we didn't do that, we would be subject to the federal exchange. And they've been trying hard, but it's a big, you know, big effort to create an exchange for 35, 36 states, and so we'd be just mashed in with the rest of them, and it wouldn't be the best experience for Nevadans.

**Governor:** If I was Medicaid eligible and I went to a federal exchange, would that system have the ability to refer me straight over to DHHS?

**Jon Hager:** My understanding is for those states that are operating in a federal exchange environment, the system sends the application over to the Medicaid entity. I'm not sure exactly how that happens, but there's certainly a delay in that process. It depends on each state and how their systems can interact. My understanding is it's more a manual process at this point. Right now we send all of our transactions that occur through Nevada Health Link, if they're a Medicaid person, we send them straight through to the Medicaid systems. So we get a real-time predetermination and then Medicaid has a chance to do some person identification. They need to make sure the person's not already in their system. But generally that process, once everything is running exactly as we envision it, it should take a matter of days, even less than that potentially. So I think we've got a very good set-up, ready to go. And we've got the opportunity to really have a real-time system for everybody.

**Governor:** Okay. And let's be fair on some of our issues or challenges. I mean, there are some Nevadans that have had to wait on the phone.



**Jon Hager:** Sure.

**Governor:** And what was the primary reason for them having to wait?

**Jon Hager:** Well, there's a lot of different things. So first of all, the website itself -- I mean, so there's website wait times and then there are call wait times. On the website it could be any number of things. There have been errors. And, again, we've been improving it every day, and so it goes -- it's been getting better. And I don't think that the errors at this point are a factor really much at all. Part of the issue that we've been running into, not so much this last week, but toward the end of October there were some issues with the federal data services hub, and it -- downtime, response time. Although I will say this weekend the IRS data service was down for almost the entire weekend. So when that happens, it makes it difficult for applicants to complete the process. You have to get this data verified and you have to go through the process. So there are issues on the IT side. On the...

**Governor:** Before you leave that, I mean, because I think that's an important point, and not to make excuses 'cause we have to take responsibility for ours, but there's this mother ship of information that you have to exchange with, and when it goes down, you're basically in a dead calm in terms of not being able to do anything until it goes back up.

**Jon Hager:** Yes, sir. And it depends on the data call. So for a check against your Social Security -- to check your Social Security Number, let's say, that data if it doesn't come back, then we just say, "You know what, we'll come back to it later." We move on. The person may have to provide a copy of their Social Security card. But we can go through the application process, but then that person has to provide a paper documentation backup, which is the not the most user friendly. The place where people get stuck, literally stuck is the identity proofing. We are not allowed to allow an applicant through the process to touch -- to do the application process that accesses the IRS data in the hub unless they've been identity proofed. The identity proofing process goes through the hub, so if the hub is down, we can't allow them to continue the application until that process comes back up.

**Governor:** So if I'm at home on my computer, I don't know that. I just know I have to wait. And I get this -- what does the message say when I'm on my computer and that happens?

**Jon Hager:** You know what, Governor, it depends on the situation. On the data call for the ID proofing, very often somebody that's under age 18 or not in the system, they don't have any credit, it goes and says, "I can't identity proof you," and it bounces back. But there could be -- you know, they entered the information incorrectly or it could be the hub is down. It's difficult to identify each of those different scenarios, so we have a standard message for all of it. We're actually improving that message so that people understand, hey, you know, if you're 18 or you don't have any credit history, you probably won't get through the process. You need to either do a paper application or go to a navigator or a broker. If you think you've got a credit history, you know, try it one more time, and maybe you entered it incorrectly. We provide Experian's number. Experian has a contract with CMS. The problem that we've found is most of the time when you go to Experian, they refer you to cms.gov, who refers you back to Nevada Health Link. So those processes are improving, and we've told the feds that, hey, you know, we need to

clear this up a little bit. And so, again, we're improving that process, not just us, but the feds as well. It has been a bit of a challenge though.

**Governor:** Okay. And then I interrupted. You were going to go to a second point.

**Jon Hager:** The other issue are the wait times on the phones. We have a service level agreement that requires that phones be answered on -- phone calls be answered on average within 60 seconds, and so that has been a challenge, mostly due to the large volume of people coming to the exchange and trying to get access to it. Additionally, the Medicaid applicants who have not had an enrollment vehicle, they have typically enrolled through paper application or online. And Mr. Willden I think is in the audience. If I mess this up, you can come up and correct me. But there hasn't been a means of -- a place to enroll in Medicaid. Again, they've got their call center. That mostly deals with complaints and issues about Medicaid, SNAP, TANF and those things. But now we've got this new system where you could enroll in health insurance or Medicaid, and you've got navigators now that are helping people that really have not been there in the past. There have been partners, Medicaid partners, but not with this much publicity.

And so our call center has had a lot of folks come to them that are Medicaid applicants trying to get enrolled. We try to get them through the process through the phone as well. We try not to turn anybody away. So, you know, we're getting through the process. But it has been surprisingly -- we knew that we would have this ratio of, you know, three-quarter Medicaid enrollees to qualified health plan enrollees or so. It was surprising how many would need assistance through a call center or through a navigator. So we're working on those issues. But if anything, that would be part of the reason for some of the delays.

**Governor:** And will you break down that 26,000 number that you talked about? You said had we bundled our Medicaid and our insurers and one other group, we would be able to report 26,000 Nevadans who were signed up.

**Jon Hager:** Yes, sir. So about 9,200 people have been found APTC eligible, that's tax credit eligible. And about 16,600 have been predetermined for Medicaid and CHIP.

**Governor:** And so what you said is happening perhaps in some other states, and not to suggest anything pejorative, but some of the states are using that number to show how many people they've signed up?

**Jon Hager:** You know, I don't think it's actually the state doing that. I think it's somebody looking at the numbers reported by the state and misreporting it, either in the studies or by the reporters. I don't know which one happened. From what I've seen, the numbers in the tens of thousands were not the numbers reported by those states to cms.gov. We have the glimpses of the enrollments for each of the states on a monthly basis. And so the numbers that I see reported by the states to CMS are not the numbers that are reported necessarily in the media. And so I don't -- I mean, I think the state -- the individual states know what's going on, they know their numbers. I think we know our numbers. And they've got smart people working on the processes and on the reporting of their numbers. I think it's confusion about what those numbers actually represent.

**Governor:** Okay. And then you were tweeting how many visits. What are our current numbers right now? You may have said that already, but...

**Jon Hager:** I did not. So about 2.8 million web visits, 310,000 unique visitors to our website.

**Attorney General:** What's a -- define a unique visitor.

**Jon Hager:** Madam Attorney General, so when we have somebody come to our website, we'll track the IP address, so that when that person comes back from the IP address, we don't count them again. It allows us to have a better understanding of who's coming, rather than say, well, we've had 2.8 million people come to our website. That's more than there are Nevadans, right? So we want to make sure that we're not counting -- so of the 300,000 people that have come to our website, they have come to our website multiple times or have hit multiple pages.

**Governor:** Okay. And then you covered the other statistics. Now, we've got some important deadlines coming up, so I would expect there's going to be some higher volume coming up. Will you get into that a little bit?

**Jon Hager:** Yes, sir. So the deadline to have coverage by January 1 is December 15. So you need to enroll and pay for your coverage by December 15 to be enrolled on January 1. If you don't do it by -- if you do it on December 16, you won't have your coverage start until February 1. So that's really important for folks to understand. And as we get closer to this date, you're going to see a lot of attention, a lot of advertising, not just with Nevada Health Link, but also cms.gov and what they're doing, which again creates some confusion, so we're trying to sort out that message to Nevadans and make sure Nevadans understand that they need to go to Nevada Health Link. If you go to cms.gov, fortunately one of the first questions that you have at cms.gov -- healthcare.gov is what state do you live in, you select Nevada, and it sends you right to us. So at least you don't have to wait through that process. But there will be a lot of confusion and a lot of hype coming up to December 15. And we hope there is. We want people to get enrolled in coverage by January 1.

The next deadline is March 31. March 31 is the end of open enrollment. If you don't enroll by March 31 for an effective coverage date of May 1, then you will be subject to the federal tax fine, the fine for not having health coverage. So you need to do that by March 31. The other thing that happens is if you don't enroll by March 31, then you cannot enroll until the next open enrollment, which starts on October 15 of this near year, unless you have a qualifying life event such as a birth or death or marriage, divorce, something like that. So you can't enroll then until October 15 through December 7 of 2014 for an effective date of coverage of January 1, 2015. So that March 31 deadline is very important.

**Governor:** And I don't know if it's well known out there about these deadlines. So do we have a responsibility to get the message out there?

**Jon Hager:** Yes, sir. And our advertising talks about enroll by December 15, that's the deadline to enroll, so that's our first set of messaging that's out there right now. And...

**Governor:** I never watch TV, so maybe it's out there and I didn't see anything.

**Jon Hager:** I have seen our commercial I think once or twice because I don't watch it very often either. But, yeah, so it's out there for, you know, enroll by December 15. Once we get past December 15, then the message will change to, hey, you need to start -- you need to enroll by March 31. You need to get coverage now.

**Governor:** And do we get that message out besides TV, radio, social media, those types of things?

**Jon Hager:** Yes, sir. We have a very extensive digital campaign, and so -- and that is of course a digital campaign more targeted toward the young invincibles, the 20s and 30 somethings. Although I would imagine most of us here use digital quite a lot. And we have print advertisements mostly in rural areas, but certainly a lot of print out there, and then the radio as well.

**Governor:** And then backing up a little bit. You know, I'm aware of some reporting of frustration by brokers. And was -- you know, as I read that, there were some issues associated with wait times and those types of things, and you've responded to that, but some of that also had to do with individuals that would come to them that were actually Medicaid eligible. And under the law the state has no ability to reward them for enrolling them in Medicaid; is that right?

**Jon Hager:** My understanding -- and this I may need Director Willden's help on. My understanding is that a broker is not compensated for enrollment in a Medicaid MCO. So it has been difficult for brokers who have received Medicaid applicants. On the one hand they might end up with a client later on if that person's income increases. The difficulty -- it was interesting, the -- we spoke about the broker portal not being up for the first two weeks. And because it wasn't up, the broker look up function wasn't up for the first two weeks. It's combined. So we were getting brokers that were saying, "Get the broker portal up, get the web look up function up," so we got it up. And as soon as we got it up, people would go online to Nevada Health Link to enroll in commercial coverage or Medicaid, and they would hit the find assistance button and find a broker. Oh, the broker's right around the corner. I'll go to my broker to get assistance enrolling in Medicaid. And so now we're hearing brokers say, you know, "Take it down, take it down." So we're working on that balancing act and trying to figure out how to make that appropriate, so we're working on a few potential ways to re-message the find assistance button a little bit. But that is a concern from the broker community.

**Governor:** Okay. And today is, it was interesting, 11/12/13, November 12, 2013. What -- and I've asked this already, but I really want to make it clear. What should we expect for the next -- through the end of the year from Nevada Health Link?

**Jon Hager:** So right now the system is operating, like I said, fairly well. You can go through the process. You may encounter an occasional error. And typically either hitting back and forward again or logging off and logging back on will clear you through that error. If not, you

can call the call center and we'll work through it. But generally people can get through the entire process.

We've been getting more and more emails over the last couple of weeks about people that are pleased with the process. I had one employer who has employees in multiple states tell us that we were one of the best exchanges that he's used so far. And I don't know what the other states are yet. I'm anxious to find out. But he was very pleased with the information that was available, the ability to log in, enroll in coverage. So that was good to hear. We also had a couple of -- just today a couple of individuals that said, "Hey, I've been able to get through the process. The coverage is inexpensive. First time I've been able to have health insurance." And so they're happy as well. Again, we've got those broker entities that are enrolling 50 people a day, so that's good to hear.

So what you would expect from us in general, the macro picture, is enrollments will continue to accelerate to December 15. We won't meet our 118,000 enrollment target by December 15. That target is for the end of open enrollment, for March 31. So we'll continue to inch toward that target as we go through the process over the next several months.

**Governor:** So you said we're at 2,000...

**Jon Hager:** Mm-hmm.

**Governor:** ...right now and we need to -- the goal is 118,000?

**Jon Hager:** Yes, sir. Now, keep in mind, people are shopping. They are going through the process. They're looking at Nevada Health Link. Does that make sense? Or does this insurance out here make sense? And we encourage them to do so. We don't want them to say, hey, you know, boom, done with Nevada Health Link, it must be the cheapest place and move on. Now, I will say that the plans that are offered on Nevada Health Link in our urban areas are the cheapest plans in the state, both inside and outside the exchange, unsubsidized. When you add the subsidies, no matter where you live in the state, they are the cheapest plans that you can get depending on your income.

So people are taking their time. They're doing their due diligence just like we do when we consider contracts here. They're doing their due diligence before they sign the contract. And they're waiting to pay. They are looking at the plans that are available, and we expect the number of payments and scheduled payments to increase as we get into December. You know, from my perspective, why would I pay \$100 for a plan now if I can wait until December to pay for it? There's no reason to use that money now. I want the cash on hand, just like we talk about -- talked about at the Board of Finance earlier, you want that liquidity.

So people are taking their time and considering all their options before they go on. We've known all along that October would be a low enrollment month because people want to make sure that they know what they're doing.

**Governor:** And when -- if and when this large volume comes, we have the personnel and we're all equipped to handle that?

**Jon Hager:** Yes, sir, we do. And so our call center, we talked a little bit about some of the wait times at the call center. Those wait times have been improving. They've been getting lower as the call center staff understands what's going on a little bit better. I mean, they were all trained and certified as navigators so they understood it, but there's nothing like real world experience to really jolt you to, you know, understanding what's going on and understanding the questions. One of the most difficult things for a call center rep to do is to not answer the question that was asked, but answer the question that the person intended to ask, and make sure you ask the right questions to get to the right spot and help that person. So they're learning that process right now.

And we have a backup call center that takes overload calls. And that system has improved so that it is seamless. If you call and all of our representatives are busy, it will immediately go to that backup call center and make sure that your call is answered in the appropriate amount of time.

**Governor:** And then I didn't write the number down, you -- we've approved as a Board \$88 million in funding. Is that the right number? What did you say? And we've spent 20 some million of it.

**Jon Hager:** Yes, sir.

**Governor:** Where's that other 60 million?

**Jon Hager:** Sure. So there are -- so the \$83 whatever million in grants that were awarded by the feds were approved through IFC. This Board has approved the contracts associated with Nevada Health Link and the eligibility engine with Welfare. So about 25 million has been spent on the IT. There are additional chunks of money that will be provided to the vendors once they pass additional wickets, if you will. There has been money spent on state personnel, consulting, our marketing and advertising budget as well. And then a big chunk of those federal grant awards are used in year one, so starting in 2014 for the implementation year, if you will, to make sure that we can get our feet off the ground. We can establish a reserve through the lower fees that we're charging to the carriers and make sure that we have funds to get through 2014. So part of it is implementation prior to October. And the remainder of it for the most part will be the operational implementation year.

**Governor:** Okay. I know I've asked a lot of questions, but, Board members, do you have any questions?

**Secretary of State:** Maybe more appropriate, I guess, for the Division of Insurance, but do we know how many Nevadans have received notification of insurance cancellation?

**Jon Hager:** I do not know that number. No, sir.

**Secretary of State:** Okay. Is there any effort being made to engage with that universe of people?

**Jon Hager:** Not on behalf of the exchange. It probably makes sense the difficulty is knowing who they are and whether it is appropriate -- legally appropriate for us to market, if you will, to that audience.

**Secretary of State:** I see. Okay. But presumably that would be a large universe of people that would now need additional coverage and we would want to try to solicit.

**Jon Hager:** Yes, sir. Now, I will say that my understanding is the individual market comprises of about 80,000 to 90,000 people, so we would expect as they get those letters, they would be shopping and checking out Nevada Health Link, depending on whether they know about us or not. There was a requirement that every employer in the country send a notice by October 1 indicating the availability of their state's exchange, so the employees are aware of it. And so many employees out there that don't have insurance, they're part-time employees that don't have insurance, a lot of our individual market is made up of employees of employers that don't offer insurance. So they should have all received some kind of notice at this point. And so there was a place in the notice to say, "Go to nevadahealthlink.com. Here's the toll-free number." So they should be -- if they didn't throw that notice away, they should be aware of it.

**Attorney General:** And then, Governor, just to follow up I read an article over the weekend, I think it was in The New York Times, talking about fraud associated with the exchanges and the new procedures getting rolled out. What are you doing, if anything, to address any potential fraud? And I know there was concern about maybe fraud associated with navigators or brokers or just individuals trying to get onto the exchange and kind of being scammed by folks. Have you seen any of that, number one? And then what are you doing to address it?

**Jon Hager:** Madam Attorney General, at this point we have not specifically seen instances of fraud. There are a number of ways that are potential fraud points of access, if you will. So first of all, a person that pretends to be somebody else so that they can apply for health insurance. And for that, we mitigate that by the identity proofing requirement. There are, you know individuals who are licensed brokers or certified navigators who could take information potentially. And so the mitigating action that we've taken is that we've required them all to have background checks, and we've required thorough training. So 20 hours of classroom training with the DOI's approved training courses, and then another 4 hours that were put on specifically by the exchange.

The things that are more difficult to control are people that are posing as navigators or brokers that come door to door to help, you know, get your -- you know, "I'll help you enroll in insurance, just give me your Social Security Number," right? And so we -- so our navigators and brokers, anybody that is allowed to enroll through nevadahealthlink.com has a badge with the Nevada Health Link logo on it, and their picture on it, so hopefully that mitigates that a little bit.

Additionally I've seen a lot of messaging out there. I've seen articles with you and Commissioner Kipper out there, and warnings about fraud in general. And I believe that the

Division of Insurance has a public service announcement campaign that's been out there about fraud as well. So it's kind of a joint effort between our various entities. If we hear about fraud or detect some kind of fraud, we send it both to our Deputy Attorney General and to the Division of Insurance to make sure that they coordinate and put it in the right place. Sometimes it's difficult to -- from my perspective, it's difficult to say, yeah, that's an insurance issue, that has to go to the DOI, and that's something that has to go to your office, but it's generally what we're doing to try to mitigate fraud as best we can.

**Attorney General:** Thank you.

**Governor:** Further questions? Okay. Thank you, Mr. Hager. Appreciate it.

**Jon Hager:** Yes, sir.

**Governor:** Keep up the good work and we'll probably keep -- we, as this Board, will follow up after the first of the year to see how we're doing after that deadline.

**Jon Hager:** Absolutely. Thank you, Governor.

**Governor:** Mr. Willden, I see you're here. I don't know if there was anything that you wanted to add or perspective that you wanted to give.

**Mike Willden:** If you want me to...

**Governor:** Pardon?

**Governor:** Sure.

**Jon Hager:** I just wanted to show, we were talking about it being complex...

**Governor:** Oh. This is what I asked for. I had asked for a fishbone chart because of all these explanations that I was getting on what's going on. And you might want to provide them with one. Maybe get one...

**Governor:** Yeah, it's even worse 'cause we can't read the letters. If you have a clearer copy of that, it would be helpful.

**Jon Hager:** We can get a copy.

**Attorney General:** I thought it was just my glasses.

**Governor:** Yeah.

**Mike Willden:** Governor, yeah, Mike Willden for the record. Governor and members of the Board, I'll just be brief. I would just echo and confirm what Mr. Hager said. From Medicaid's perspective, our focus has been on working with the exchange, obviously, in getting the



applications that people go online and go through the Nevada Health Link and then pass those over to the Welfare Division to be processed. That is working fairly well. I mean, we had some hiccups to begin with and will continue to have hiccups, but we are getting applications through the exchange. We continue to refine the processes in our lobby so that we're making it as easy as we can for Medicaid recipients, both online and the paper process. Don't have the final details on October volumes yet, on improving our speed. We do have a goal to be able to process cases in three to five days. We have offices that we have piloted different things in. Particularly our Nellis office in Las Vegas has particularly good speed. They were a demonstration project on a new process, and we're rolling that out in other offices that has been funded through the Silver State Health Insurance Exchange.

Just to give you Medicaid eligibles, when we started this fiscal year, we were at about 320,000 Medicaid eligibles. Again, we believe that through the Medicaid expansion, the exchange efforts that we would grow to around 500,000 through this biennium. In the two months before October 1 we were averaging about 1,800 to 2,000 new recipients a month. In October we increased just under 4,000 recipients for the month of October. So we went from 330,000 recipients in September to 334,000 plus in October. So the volume is increasing clearly, and we would expect that during November and December that will, if you will, amp up even more. We are working with our county partners, that they have a number of low income families that they are transitioning, that the county will no longer be providing general medical assistance to those families, 'cause they meet the Medicaid standards now. And so we are working with Clark and Washoe County and others to go through that transition. I would expect that November, December will be higher volume months than October would be.

The last comment I would indicate is that, you know, for the new eligibles, the childless adults that Mr. Hager mentioned, where people get confused with childless adults, they think that means I could never have had a child in my life. Really adults without dependent children as they sit today, we really were discouraging them from application in October 'cause the way our system is designed with what we call footer months, that we can't look out far enough to see whether they could be eligible and establish eligibility for January. That was a little bit problematic in October. November and December we can process those 'cause we can reach the January eligibility, so that childless adult volume will pick up even more. And so we're adding people to the Medicaid roles and we are getting electronic applications and we are continuing to work out our paper processes.

**Governor:** How about the CHIP part? 'Cause I know that's been under-utilized.

**Mike Willden:** I think CHIP is -- Nevada Check Up as we call it here in Nevada, I think it's too early to make any definite pronouncements about CHIP because there's a lot of things going on and people moving between Medicaid and Nevada Check Up eligibility. When we converted from a net income test to the federally mandated modified adjusted gross income test, people are falling into different eligibility categories. And so there's a lot of dynamics going on where children are moving around from what was on Nevada Check Up to they may now be in Nevada Medicaid. And that's good for those families because they don't have to pay the quarterly premium to be enrolled in Nevada Check Up. They now would be in Nevada Medicaid, those children. So I think it's too early to do that. We're still hovering around 21,000, 22,000 Nevada

Check Up folks, but we'd expect that would grow also once people stop moving between the different eligibility categories.

**Governor:** Okay. Any questions? Thank you, Director Willden.

**Mike Willden:** Thank you.

**Governor:** And before I move on to the next Agenda item, any further questions with regard to Agenda Item No. 11.

**Secretary of State:** No, Governor.

**Governor:** All right.

## 12. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

**Governor:** Public comment, is there any public comment from here in Carson City? I don't see anyone in the -- oh, yes, sir.

**Devon Brooks:** How you doing?

**Governor:** Good.

**Devon Brooks:** My name is Devon Brooks.

**Governor:** Why don't you have a seat, sir.

**Devon Brooks:** My name is Devon Brooks. I'm currently a Medicaid provider for Medicaid for fee-for-service recipients. The reason why I came out here is I had an opportunity to speak with Jon in regards to the contract that's about to take place with the care management. Just kind of giving you guys a little bit of update, seeing all kind of sides. Coming from some humble beginning myself and hearing you guys talk about some of these patients, there's a -- you're missing a part there. Sorry, I'm a little nervous. I'm trying to...

**Governor:** You're fine. Take your time.

**Devon Brooks:** ...get myself together to talk about these things. We talk about managed care which I'm a little confused about. These are tax people's dollars; poor, rich, Republican, Democrats. At the same time as a Medicaid recipient you come in, you got 30 days to choose whether if you want to be part of Amerigroup or Health Plan of Nevada, which was put into state law probably back in '80s sometime, before I was even born. My issue that I have is with the Medicaid patients that I'm providing services for, Amerigroup or Health Plan of Nevada does not allow me to be part of your network, along with several other providers, which almost kind of eliminates us from participating in the process of being able to provide services to Medicaid recipients. Within that first 30 day period they're supposed to be receiving a letter to inform them that they're going to be -- that they're going to be switched over to an HMO, managed care.

That process has failed tremendously. These Medicaid patients do not understand what you guys are giving them. Half the time they're moving around from state to state, place to place, home to home. A lot of times they're illiterate. They can't understand what it is that they're reading. For me from a business aspect, I'm a little afraid because I listen to you guys talk about simple things such as contracts, and I don't even know how much you guys realize how much that's eliminating other people who are providing these services.

Amerigroup, Health Plan of Nevada, I definitely see where managed care can definitely help out tremendously, and if I can be part of the solution on that. But there's an issue when you're using tax dollars and telling recipients that they have the choice to choose who they would like their providers to be, and then 30 days later tell them that it's mandatory for them to be participating in an HMO. A lot of times the recipients don't understand the process. A lot of time they just take it as, okay, well, I'm getting switched to an HMO. But for those providers who provide services for them, and for me being a young business owner, it eliminates us out of the process to be able to possibly be able to grow. Along with that, one of my other concerns is dealing with the exchange. Hopefully I can speak to some other people from the exchange.

When you have a Medicaid -- okay. Let's start from the beginning. You have the right choose, whether if you want to be on the federal or if we going through Nevada Links, you get the right to choose who you want your insurance to be. But that's not necessarily true if you're a Medicaid recipient. Whether if we go through the exchange or whatever the process may be, if I'm still a Medicaid recipient and I'm still going to get switched to an HMO no matter what, nonetheless I'm in foster care or if I go through the SED or SMI process, you're still in a position where it's being mandated to you what type of services you receive.

I do understand that this is a situation to where Amerigroup and Health Plan of Nevada have the two largest contracts in the state, more than any 15 freeway or anything like that. So I totally understand. It's a business component that comes along with it, along with finances. But there's a component that's truly missing between the people from my sight and what I see, the people here who make the decision on what the laws going to be, to the people who have to provide those services, which I saw some people get some contracts for some psychiatrists and psychologist who I have on staff as well, to the people who are actually receiving the service. I don't know how this can be solved or if there's a resolution that can be there.

But I just wanted to bring it to your attention, Governor, that there's a missing component there. And I'm not saying I have the answer. I'm not going to sit here and say that I do, but at the same time I just want you to know from someone who comes from Las Vegas who's in the trenches every single day who've come from humble beginning themselves who know what it's like, it's just kind of interesting to sit here and hear people talk about these. And I'm like, wow, they don't even understand. Well, I can't say that. I'm assuming. But from my sight and what I see, from the parents who I have calling me right now asking me about housing and, you know, so forth of why they can't stick with the same therapist or, you know, the rehabilitative services that I provide I can no longer provide because I'm no longer part of this network. Just like you said with Nevada Links, you can get on a computer, but they don't understand what's going on on the other end. They're just stuck confused and frustrated that in order for them to get the services that they need, they have to go all the way across town to another place, or a lot of times those

providers won't let certain people into those networks due to reasons why I'm still trying to figure out myself.

But nevertheless, I just wanted to leave my public comment to let it be known that there is an issue there. I came all the way to Las Vegas to let you know. Thank you so much for your time.

**Governor:** Thank you. And what I would suggest is you've got the Director of Health and Human Services right here in the room.

**Devon Brooks:** I'm so excited. You know I'll be meeting with you. He's my next point of contact as soon as I get done.

**Governor:** Yeah, so a great opportunity to sit with him and talk a little bit more in detail. And Director Willden will hopefully I'm sure be able to respond to your questions and concerns.

**Devon Brooks:** No problem. Thank you so much.

**Governor:** Thank you for being here today. Is there any further public comment here in Carson City? And although I can't see anyone in Las Vegas, is there any public comment from Las Vegas? Any Board member comments?

**Attorney General:** No.

**Secretary of State:** No, Governor.

**\*13. FOR POSSIBLE ACTION – ADJOURNMENT**

**Clerk's Recommendation:** I recommend approval.

**Motion By: Attorney General                      Seconded By: Secretary of State                      Vote: 3-0**

---

**Comments:**

**Governor:** The Chair will accept a motion for adjournment?

**Attorney General:** Move for adjournment.

**Secretary of State:** Second.

**Governor:** All in favor say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. This meeting is adjourned. Thank you, ladies and gentlemen.

**Respectfully submitted,**

---

JEFF MOHLENKAMP, CLERK

**APPROVED:**

---

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

---

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

---

SECRETARY OF STATE ROSS MILLER