

MINUTES

MEETING OF THE BOARD OF EXAMINERS

May 14, 2013

The Board of Examiners met on Tuesday, May 14, 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
Mike Torvinen

Others Present:

Richard Vinyard, Department of Education
Laurie Squartsoff, Division of Health Care Financing and Policy
Bruce Shively, Planning Budget Analysis
Leah Lamborn, Department of Health and Human Services
Mike Willden, Department of Health and Human Services
John Whaley, Division of Health Care, Financing and Policy
Steve Fisher, Division of Welfare and Supportive Services
Jack Zenteno, Division of Welfare and Supportive Services
Grant Neilson, Workforce Investments Support Services at DETR
Bill Anderson, DETR
Kim Perondi, Purchasing Division
Betsy Aiello, Division of Health Care, Financing and Policy
Sheila Lambert, Division of Health Care, Financing and Policy
Scott Fincher, Nevada Office of Veteran's Services
Heidi Gansert, UNR
Karlene Johnson, DETR
Pandora Lewis, Division of Welfare and Supportive Services
Katie Armstrong, Attorney General's Office
Samantha Pivetz,
Sue Smith, Division of Welfare and Supportive Services
Michael McMahon, Division of Welfare and Supportive Services
Alan Coyner, Department of Minerals
Clark Leslie, Attorney General's Office
Megan Sloan, Public Employee Benefit Program
Donna Lopez, Public Employee Benefit Program
Dana Edberg, University of Reno, Nevada
Joanne Wendell, University of Reno, Nevada
David Gustafson, EITS
Tamara Nash, Department of Employment, Training and Rehabilitation
Brandon Taylor, Department of Employment, Training and Rehabilitation
Dawn Rosenberg, Department of Corrections
June Hunter, Health Division

Kimberly Fahey, Health Division
Julie Kidd, Buildings and Grounds

1. PUBLIC COMMENTS

Comments:

Governor: Good morning, everyone. I'll call the Board of Examiners meeting to order. Can you hear us in Las Vegas?

Attorney General: Yes, we can.

Governor: Then we'll proceed with Item 1 of the Agenda, public comment. Is there any public comment here in Carson City? Any public comment in Southern Nevada?

Rebecca Salazar: No, sir.

Governor: All right.

*2. FOR POSSIBLE ACTION – APPROVAL OF THE MARCH 12, 2013 BOARD OF EXAMINERS' MEETING MINUTES

*3. FOR POSSIBLE ACTION – APPROVAL OF THE APRIL 9, 2013 BOARD OF EXAMINERS' MEETING MINUTES

Governor: We'll move on to Agenda Items 2 and 3, which is the approval of the March 12, 2013 and the April 9, 2013 Board of Examiners' Meeting Minutes. Board members, have you had an opportunity to review the minutes and are there any changes?

Secretary of State: No, Governor, I move for approval.

Attorney General: Second the motion.

Governor: The Secretary of State has moved for approval of Agenda Items 2 and 3. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. Motion passes three to zero.

*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.

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Nevada Office of Veteran's Affairs – Veteran's Gift Account	1	\$27,258
Total:	1	\$27,258

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We will move to Agenda Item No. 4, state vehicle purchase. Mr. Torvinen. Good morning.

Mike Torvinen: Thank you, Governor. For the record, Mike Torvinen. This is a request from the Nevada Office of Veteran's Affairs to purchase a 15-passenger van. It will replace the current vehicle they have, which includes a large pick-up truck and a trailer to go out into the rural areas of Nevada. They think this will be much a more cost-effective solution for them.

Governor: I have no questions regarding this Agenda item. Board members?

Attorney General: No.

Secretary of State: None.

Governor: The Chair will accept a motion.

Secretary of State: I move for approval.

Attorney General: I second the motion.

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

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. Motion passes three-zero.

***5. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A FORMER EMPLOYEE**

A. Department of Conservation and Natural Resources (DCNR) – Division of State Parks

Pursuant to Assembly Bill 240, Section 1 of the 2011 Legislature, the Division of State Parks requests authority to execute a revenue contract with a former employee to operate a “floating” food and beverage concessions operations at the Lahontan Recreation State Park.

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 5, authorization to contract with a former employee. Mr. Torvinen.

Mike Torvinen: Thank you, Governor. This is a request to contract through state parks, to contract with a former state employee. And the former state employee will operate a floating food and beverage concession operation at Lahontan Recreation State Park.

Governor: Floating?

Mike Torvinen: Floating.

Governor: Do we have the water to float it?

Mike Torvinen: I hope so. I hope so. Apparently, the reservoir is pretty low right now.

Governor: All right. I have no questions regarding this. Board members?

Secretary of State: No, Governor.

Governor: Sure.

Secretary of State: I move for approval.

Attorney General: Second the motion.

Governor: The Secretary of State has moved for approval of Agenda Item No. 5. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. Motion passes three-zero.

***6. FOR POSSIBLE ACTION – AUTHORIZATION TO APPROVE PROVIDER AGREEMENTS**

A. Department of Health and Human Services – Division of Child and Family Services (DCFS)

The Division of Child and Family Services is requesting Board of Examiner approval of ten Rural Child Welfare provider agreement templates for the following services:

1. Child Abuse and Neglect Forensic Medical Consultation
2. Diagnostic Mental Health Assessment
3. Fetal Alcohol Spectrum Disorders Testing and Evaluation
4. Individual and Family Therapy
5. Neuropsychological Assessments
6. Parental Capacity Assessment
7. Psychiatric Consultation for Rural Region Children
8. Psychological Testing
9. Psychosexual Assessment
10. Substance Abuse Assessment

The Division of Child and Family Services is requesting Board of Examiner approval of two Youth Parole Bureau's and Juvenile Correctional Facilities' provider agreement templates for the following services:

1. Medication Management, Psychiatric and Psychological Evaluations
2. Youth Residential, Assessment, Rehabilitative, and Treatment Services

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Secretary of State

Vote: 3-0

Comments:

Governor: Agenda Item No. 6, authorization to approve provider agreements.

Mike Torvinen: Thank you, Governor. Item 6 is a request from the Department of Health and Human Services Division of Child and Family Services to enter into -- or for approval for 12 separate provider agreements. These are not new to the Board. They're agreements for professional services to clients that they serve. And it allows the agency to turn to these agreements quickly and provide the services whereas needed. And they're formatted in a way that seeks the Board's approval so that they can be entered into without getting the Board's approval every time they enter into a contract.

Governor: And thank you. And we have seen this before and it is an efficiency measure. And I don't know what the math is, but if we were to have to approve them on an individual basis, it would be numerous.

Mike Torvinen: There'd be a very large number of contracts coming before the Board.

Governor: Yeah. Board members, do you have any questions regarding this one?

Secretary of State: No.

Attorney General: No.

Governor: The Chair will accept a motion.

Attorney General: Move for approval.

Secretary of State: Second.

Governor: The Attorney General has moved for approval of Agenda Item No. 6 to approve the provider agreements described therein. The Secretary of State has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. Motion passes three to zero.

***7. FOR POSSIBLE ACTION – AUTHORITY TO PAY MINING CLAIM REFUNDS**

A. Department of Taxation – \$173,195

Pursuant to Senate Bill 493, Section 16.7 of the 2011 Legislature, the Department of Taxation must submit mining claim refund requests to the Board of Examiners for approval. The Department of Taxation is requesting authority to pay ten refund requests totaling \$173,195. This results in a remaining balance of \$537,348 in mining claim funds eligible for reimbursement.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: We'll move on to Agenda Item No. 7, authority to pay mining claim refunds.

Mike Torvinen: Thank you, Governor. I'm not sure if there's anybody here from the Department of Taxation, but these are ongoing refunds pursuant to Senate Bill 493 from the 2011 session. I believe the bill expires at the end of next month. And this is just the current installment. I believe there's about a little over half a million dollars remaining.

Governor: Thank you. And I had a conversation with Mr. Mohlenkamp. I think it's incumbent upon the state to send some type of one last notice to those that are eligible for these refunds, to let them know that June 30 is it. And so we have this \$537,348 that is outstanding. If those refunds aren't sought, will this money revert back to the general fund?

Mike Torvinen: I believe that's correct.

Governor: Board members, do you have any questions? So if we make sure that we get those notices out as soon as possible, that'd be great. If there are no further questions, the Chair will accept a motion for the refund of \$173,195.

Secretary of State: I move to approve the refund.

Attorney General: Second the motion.

Governor: The Secretary of State has moved to approve the refund. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. The motion passes three-zero.

***8. FOR POSSIBLE ACTION – VICTIMS OF CRIME 2013 3RD QUARTER REPORT AND FY 2013 4TH QUARTER RECOMMENDATION**

NRS 217.260 requires the Board of Examiners to estimate available revenue and anticipated claim costs each quarter. If revenues are insufficient to pay anticipated claims, the statute directs that claim payments must be reduced proportionately. The Victims of Crime Program Coordinator recommends paying the Priority 1 & 2 claims at 100% and Priority 3 claims at 100% of the approved amount for the 4th quarter of FY 2013.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: The next Agenda item is the Victims of Crime 2013 3rd Quarter Report and FY 2013 4th Quarter Recommendation.

Mike Torvinen: Thank you, Governor. Statute requires the Board of Examiners to estimate the available revenues and anticipated claim costs each quarter, and if revenues are insufficient the claims payments must be reduced proportionally. The Victims of Crime coordinator -- program coordinator recommends paying the Priority 1 and 2 claims at 100 percent and the Priority 3 claims at 100 percent of the approved amount for the 4th quarter of 2013. That recommendation is based on the fact that there's sufficient revenues to pay those claims at 100 percent.

Governor: I have no questions. Board members?

Attorney General: No.

Governor: All right. So do we need a motion to approve that? All right.

Attorney General: Yes.

Governor: Then the Chair will accept a motion.

Secretary of State: I'll move to approve the recommendations and report.

Attorney General: Second the motion.

Governor: The Secretary of State has moved to approve the recommendations and report as described in Agenda Item No. 8. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes three-zero.

***9. FOR POSSIBLE ACTION – SALARY ADJUSTMENTS**

The 2011 Legislative Session made appropriations from the General Fund and the Highway Fund to the Board of Examiners to meet certain salary deficiencies for fiscal year 2013 that might be created between the appropriated money of the respective departments, commissions, and agencies and the actual cost of the personnel of those departments, commissions, and agencies that are necessary to pay for salaries. Under this legislation, the following amounts from the General Fund and/or Highway Fund are recommended:

BA#	BUDGET ACCOUNT NAME	GENERAL FUND ADJUSTMENT	HWY FUND ADJUSTMENT
1005	High Level Nuclear Waste	\$2,296	
4171	DCNR – Division of Water Resources	\$24,532	
	Total	\$26,828	

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We'll move on to Agenda Item No. 9, salary adjustments.

Mike Torvinen: Thank you, Governor. In accordance with the appropriations made in the 2011 Legislative Session, two agencies have come forward seeking additional money to solve salary shortfalls. One is a high-level nuclear waste project or account for \$2,296, and the other is the Department of Conservation and Natural Resources Division of Water Resources for \$24,532. Budget office staff has reviewed these claims and feel their appropriate.

Governor: And these -- we'll be seeing the end of these next month as well?

Mike Torvinen: Should be -- we should be towards the end, yes.

Governor: I have no questions. Board members?

Secretary of State: Move to approve the two salary adjustments.

Attorney General: Second the motion.

Governor: The Secretary of State has moved to approve the salary adjustments described in Agenda Item 9. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes three-zero.

***10. FOR POSSIBLE ACTION – LEASES**

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

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We'll move on to Agenda Item No. 10, leases. Mr. Torvinen.

Mike Torvinen: Thank you, Governor. For the Board's consideration, there are four separate leases on the Agenda; a couple in Las Vegas, one in Fallon and one in Carson City.

Governor: And I just want to compliment, I believe, in the first lease there is a savings for the term of close to \$30,000, which is always very helpful. Other than that, I have no questions or comments. Board members?

Secretary of State: Move to approve the four leases as described in Agenda Item No. 10.

Attorney General: I'll second his motion.

Governor: The Secretary of State has moved to approve the leases described in Agenda Item No. 10. The Attorney General has seconded the motion. Any questions? All in favor, please say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes three-zero.

***11. FOR POSSIBLE ACTION – CONTRACTS**

Seventy-Six independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

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

Comments: Contract#53 pulled from Agenda.

Governor: We'll move on to Agenda Item No. 11, contracts. Mr. Torvinen.

Mike Torvinen: Thank you, Governor. For the Board's consideration today, there are 76 contracts. Subsequent -- after the Agenda was published, an agency requested that one of the contracts be pulled for the Agenda, and that would be Item No. 53, Colorado River Commission.

Governor: All right. I have asked that Contracts 29, 31, 32, 34, 35, 39, 43 and 59 be held out -- oh, no, 59, 64, 67 through 71, and 72. Did you catch all of that?

Mike Torvinen: Did you have Item 72 also, Governor?

Governor: Yes, 72. And Board members, do you have any other holdouts?

Secretary of State: No, Governor.

Attorney General: Ok.

Governor: Then we'll begin with 29, which is the Department of Education. The contractor is Measured Progress. Good morning.

Richard Vinyard: Good morning. For the record, my name is Richard Vinyard. I'm the Assistant Director for Assessment at the Department of Education.

Governor: And just two general questions. There is discussion over at the legislature to move away from the proficiency exam...

Richard Vinyard: Yes.

Governor: ...and whether if that bill were to go into law what effect would that have on this contract. And I was interested, there was a comment in the purpose of the contract which was to help identify schools that may have cheated on the 2012 CRT.

Richard Vinyard: Right.

Governor: And I was a little curious about that as well.

Richard Vinyard: Okay. Well, for the -- your first question, the bill before the legislature now would deal primarily with the high school proficiency exam. And this -- we are intending, if this is approved, to build this kind of detection analysis into our contract going forward in terms of being able to identify data anomalies that are not apparent from just looking at the data. Last year, we had a situation where a school performed at a much higher rate than they had ever performed before, and that raised questions of the district and we started looking into it. We have sort of exhausted our own level of expertise within the department, and we're asking our testing contractor to help us with some additional analyses, which is what this contract would be for.

Governor: So exclusively for this detection analysis?

Richard Vinyard: Yeah, basically it's looking at a higher level of resolution for erasures and also being able to determine whether students are changing their answers from incorrect to correct, correct to incorrect, or incorrect to incorrect at a higher rate than we would normally see

in the population. So that's what that part of it is for. And I don't see that the current bill would impact that part of the contract.

Governor: Okay. Understood. Board members, do you have any further questions?

Secretary of State: No, Governor.

Governor: Thank you very much.

Richard Vinyard: You're welcome.

Governor: All right. Contract 31, which is DHHS and the Board of Regents. Good morning.

Laurie Squartsoff: Good morning.

Governor: Okay. My question here is it's not with regard to the policy of the -- of this contract. It's the amount of the administrative fee that is loaded into that, and I believe it's at...

Secretary of State: Forty-one percent.

Governor: ...41 percent. And there are other contracts that -- with the university that have an administrative fee in single digits. And I was curious about the discrepancy and what 41 percent includes.

Laurie Squartsoff: Governor, for the record, Laurie Squartsoff, Administrator for Division of Health Care Financing and Policy. The current contract that -- this contract that's before BOE includes a 41 percent administrative fee that has been approved in the past through Department of Health and Human Services with CMS. So that's the basis for that 41 percent that's in this current contract. We have recently come to find about -- to learn about these other changes. And so as part of our responsibility with -- we'll continue those conversations with the university.

Governor: So then I guess a little more specifically, what does that mean then?

Laurie Squartsoff: Okay. Well, the 41 percent was what we have in the current contracts. The specifics of how that 41 percent was derived...

Laurie Squartsoff: ...we can certainly -- we have someone from the university to answer that.

Governor: Okay.

Bruce Shively: Governor Sandoval, my name is Bruce Shively, and I'm the Associate Vice President, Planning Budget and Analysis at the university. And I'm actually standing in for our director of sponsored projects who is the subject matter expert on this. But in -- a long time ago, I was in the office of sponsored projects, so I think I can speak relatively knowledgeably to this. Indirect cost rate is a process that we go through in extensive negotiation and audit. It's

approximately about a two-year period that we engage in to develop a negotiated rate with the federal government. And what we do is -- the whole purpose of indirect cost is to identify those costs associated on your campus that relate to hosting that grant on your campus. And it involves a wide range of activities that include research materials in the library, O&M expenses associated with heating and lighting the laboratories. It's your purchasing costs, your payroll costs, all of those types of things including boards that are established and regulatory operations that we need to maintain to comply with federal regulations with regard to human subjects, animal subjects, hazardous waste. And this rate, this 41 percent, I need to -- I need to emphasize this. We're on the low end of what public universities in terms of negotiated rates; we're at 41 percent for this particular contract. Our recently negotiate rate with DHHS, who is I believe the sponsoring agency for this contract, is now 43 ½ percent. And if you look across our public institutions you'll find that that 41 percent is really on the low end. So it's to provide the administrative expenses that we incur as a -- as a result of hosting the grant on our campus.

Governor: No, and, you know, I understand about labs and those types of things, but this is for a contract to provide an assessment of the effective incentives received by Medicaid beneficiaries participating in the incentive research study, et cetera. So it doesn't really involve those things. And I don't know if it's this across the board 41 percent, but that seems high.

Bruce Shively: Governor, you're exactly right. That 41 percent is a composite rate. And we -- when we submit the proposal, we go in at a higher rate because of the research components, and that's negotiated down and is intended to cover a wide range of the types of activities that we fund on our campus. And this is, again, we apply these to federal funds and this has gone to DHHS. They have looked at that and they felt that it was appropriate.

Governor: Okay. I just -- and I think we have a contract later...

Bruce Shively: Yeah, I'm aware of that one and I don't know...

Governor: It's 59 and that one's at 8 percent.

Bruce Shively: I don't know where that one came from.

Governor: The 5 percent?

Bruce Shively: Yeah, I have no idea where that came from. We're going to be talking.

Governor: So we want to negotiate you to 5 percent.

Bruce Shively: Well, you know, I think you really want to keep it at the 41 percent because, you know, what we do with that money is, you know, about a decade ago the State of Nevada made what I think is a very wise decision. They allowed the institutions to retain their indirect costs so that we could reinvest that money for -- to stimulate additional research. And I'm sure you're aware that, you know, we -- our research enterprises \$100 million activity on our campus. It's coming largely from outside the state.

Governor: Oh, and I saw, I think it was on the news this morning or last night, that you just -- the university system got \$20 million for renewable energy research...

Bruce Shively: Yeah.

Governor: ...which is a great thing. But...

Bruce Shively: No, I understand. I do

Governor: So I wanted to bring that up today only because I'm concerned about it, I'm curious about it because of the discrepancy between the two. And, you know, what happens to that money if, let's say, you were -- that administrative fee was half of that. It was 20 ½ percent or 20 percent. Would that extra money revert back to the federal government or would it be more money that would be retained by DHHS? I'm just kind of curious about that.

Leah Lamborn: Good morning. This is Leah Lamborn, for the record. We would not retain the funds. It would revert back to the federal government.

Governor: Okay. All right. Board members, do you have any further questions?

Secretary of State: No.

Governor: All right. Thank you very much.

Leah Lamborn: Okay.

Governor: The next contract is 32, and primarily because of the amounts involved -- we're talking about a \$90 million contract that we'd like to get some testimony on.

Leah Lamborn: I should have just stayed.

Governor: Yes. Good morning again.

Leah Lamborn: Good morning again. Again, for the record, this is Leah Lamborn, Chief Financial Officer for Medicaid. This contract is between the Division of Health Care Financing and Policy and our sister agency, the Welfare Division. It's for administrative services and it's all done -- it's salary and it's all done through a cost allocation plan. This contract, I'd like to note, is at the regular 50/50 administrative match. It does not incorporate the new approved agreement -- a newly approved agreement that we have with CMS, which was approved March 29 for us to receive -- or for the Welfare Division to receive the 75 percent match. So the contract will be amended in the future.

Governor: So will we draw back some of that money that...

Leah Lamborn: We will. The savings to state general fund is a result of that negotiation, is approximately \$6 million to the Welfare Division for '14 -- state fiscal year '14, and \$10 million for state fiscal year '15 of state general fund savings.

Governor: We like when that happens, so congratulations on that -- in that to 75 to the 25.

Leah Lamborn: Thank you.

Governor: All right. That's all I have. Thank you. And we'll call up 34 and 35 separately, but these are billion-and-a-half dollar contracts that I certainly would like to get some testimony on. So is there somebody from DHHS, excuse me? Good morning, Mr. Willden -- or Director Willden.

Mike Willden: Good morning, Governor, members of the Board. I'm Mike Willden, Director of Health and Human Services. 34 and 35 together or separate?

Governor: Let's take them together.

Mike Willden: Okay. So these are both managed care contracts. The Board may know that Medicaid delivers services two ways; medical service or through managed care organizations. We've had contracts in place with these two organizations for at least the past four years. They have been our previous managed care vendors/contractors. And so these are the contracts going forward for the next four years. We just did an RFP contract process. Very large contracts, one and a half billion dollars each. So the Board would know about -- I think today we're sitting at -- Mr. Whaley can correct me, we're sitting at about 61 percent, I think, of our Medicaid recipients get their care through managed care organizations with the Affordable Care Act and the new eligibles that are coming onboard. That percentage is expected to increase over the next couple of years to the 80 to 85 percent range; more people going into managed care/care management, less in fee-for-service, more in managed care. So in short, these are the two organizations that won the bid, won the RFP, and will be delivering services to 80, 85 percent of our Medicaid recipients.

Governor: And given that they are the incumbents, their performance has been good?

John Whaley: For the record, John Whaley, Chief of Business Lines for the Division of Health Care Financing and Policy. It has been very good, yes, sir.

Governor: Good.

John Whaley: We have done different studies by independent contractors and by the University of Nevada that has shown that managed care is better than unmanaged care, and the proof of that is in reduced costs overall and in improved health outcomes and quality of life outcomes. And both of these MCOs have been responsible for that. They also provide a lot of extras that Medicaid couldn't provide otherwise and it does not come out of any Medicaid or State of Nevada funding. It comes out of their profits; things like memberships to the Boys and Girls Club for all children that are in their plan. They have asthma camps, camps for obesity,

childhood obesity, and different things like that, that overall by doing that it ends up saving everyone money, but it's just an added bonus that they provide at no charge to us.

Governor: And can you quantify a little more the savings to the state as a result of going to managed care?

John Whaley: I believe that it was about 14 percent that would go -- the cost of the medical care itself would probably be about 14 percent higher. It's difficult to do, and even the University of Nevada has said that it's very difficult to compare this, you know, apples to apples because the way this is, is in the two urban areas, Washoe and Clark County, is where managed care is. The rest of the state is unmanaged care. We do know some things, for instance, low birth weight and premature babies are 40 percent lower among those women whose care is managed as opposed to those women that are in fee-for-service. And we do have a lot of anecdotal things like that.

Governor: And would that -- so would that, the remaining 15 percent that we don't manage, are those the patients or clients that are in the rural areas that are not managed?

John Whaley: It is the aged, blind and disabled population...

Governor: The ABD population?

John Whaley: ...and the rurals also. Some of the TANF are the young mothers and their children in the rural areas are not managed, but for the most part it is the aged, blind and disabled.

Mike Willden: But, Governor...

Governor: I'm so sorry. Go ahead.

Mike Willden: ...as you know, we've been working now for six months or so on -- well, six months in the final stages of approval, but more than six months on the 1115 waiver.

John Whaley: Yes.

Mike Willden: And so today we're talking about our formal managed care contracts, the HMOs, but we also have initiatives for care management concepts for our high utilizers. And we intend to roll out some more of those kinds of things. You know, we've been working on those with the feds now, in the final stages of getting that 1115 waiver approved. It's supposed to be approved January 1. I think I reported to the Board a couple times ago. Now the date is July 1.

Governor: Is it July 1 now?

Mike Willden: In federal terms...

Governor: Okay.

Mike Willden: In federal terms, soon.

Governor: All right. Because that -- and you anticipated my next question, is that obviously I'd been notified, as well, that that waiver was going to happen at the early part of this year, and then again assured that it was going to happen sometime in the spring, and now it's getting pushed to July. And I was curious to see if you've had any more indications from CMS with regard to the (inaudible).

Mike Willden: Laurie can explain. I know there's a weekly conference call, and we're in the final stages of the terms and conditions. But I've heard that now for 60 days, so we must be in the final-final terms and conditions.

Laurie Squartsoff: I think so, Governor. The most recent date that we have that's come from CMS, and as Mike said with the weekly conversations that we have with CMS, is that we're looking at July 1. And we've had some reasonable assurance that July 1 is our target date.

Governor: Okay. Because I want to hold their feet to the fire.

Mike Willden: We're trying hard.

Governor: Yeah. And what will that do to this 80 to 85 percent? I know managed care and care management are different, but that will -- we will be managing what -- if this -- if this waiver is approved, we will be managing what percent of the Medicaid population?

Mike Willden: I don't know that I know that percentage. Maybe Laurie can jump in. But, again, we would have 80, 85 percent informal, you know, HMO's managed care and then the waiver would allow us to, you know, pull out additional ABD clients, aged, blind and disabled clients, and provide care management overlays over there. They're not going to be in a formal HMO. They're in a care management/case manager/care management concept. And so my guess is going to be pretty much everybody can be touched except for probably those in long-term care that are in a facility, you know, those kinds of things. I mean, there can be care management principles pretty much across the board.

Governor: And that hopefully would be a win-win in terms of this care management or this waiver, is that it will improve outcomes, improve care and also save the state some money.

Mike Willden: That is the goal.

Governor: Yeah. Okay. I have no further questions. Board members, do you have any questions?

Secretary of State: No, Governor.

Governor: Very well then. Thank you.

Mike Willden: Thank you.

Governor: The next was Contract 39, DHHS and Branagh, I think that's how you pronounce that, Information Group. Good morning.

Steve Fisher: For the record, Steve Fisher, Deputy Administrator of the Division of Welfare, and I have with me Jack Zenteno, who is the Chief of the Childcare Program. And the contract you have before you is a contract with Branagh Information Group. And let me back up a little bit. Four percent of our child block grant is to be used for quality improvement of the program. So one way in doing that is we're creating a quality grading improvement system very similar to the hotel industry, a star rating. So you look at a childcare provider, and as a child provider gets better at doing childcare, their star rating would obviously increase. So it's an opportunity for parents to be able to go out there and look at.

Governor: No. And that's what caught my eye, is that it also not only aligns with restaurants, but it aligns with our K through 12 system, because we're going to a star rating on that as well. So what -- how would I know as a parent how many stars this daycare facility has?

Jack Zenteno: Again, for the record, my name is Jack Zenteno with the Division of Welfare. Essentially, we're going to set up a website that will be able to -- parents will be through our CCR&R program that's a resource and referral agency that we can use for parents, parents can use the CCR&R resource and they can direct them to the website, and the website will provide a list of childcare agencies that are in the region or in the state and will direct them to appropriate care based on their needs and star ranking and all of those things that go along with it.

Governor: And do you know off the top of your head what some of the metrics will be in terms of how you determine what -- how many stars one of those facilities are?

Jack Zenteno: Again, Jack Zenteno, for the record. There are a number of things that are based on, for example, staffing ratios. They come in and they look at the environment of the facility and to see, essentially, that the facilities are facilitated correctly. They look at the nutrition plan that they have for the agency and make sure that the children are receiving appropriate nutrition. There's a number of factors related to early childhood kinds of issues.

Governor: Okay. I have no further questions. Board members?

Attorney General: A quick question. So based on that star rating that goes to a provider, somebody's looking on the website to see how well the provider has satisfied those criteria. Are they going to be able to see the criteria themselves to know what it is that the providers are falling deficient on or not?

Steve Fisher: Good question.

Jack Zenteno: Yeah, absolutely. Jack Zenteno, for the record. Absolutely, they'll be able to see what is behind the rankings and all the facilities, when they go through the process of getting their star system, they are told the criteria that they're looking for, and they can pass that

information on to the parents. So it'll be shown on the website and then the agencies essentially can use it as kind of a flag to throw up to the parents to say that we can do all of these wonderful activities for you. So the intent is to market these kinds of -- these specific activities related to children to the parents.

Attorney General: And are all the criteria objective or any of them subjective determinations?

Jack Zenteno: The intent is to make them as quantifiable as possible. There are raters that have to go to a specific center and be qualified to be a rater and they have to achieve I believe it's a 95 percent threshold consistently to say that if one rater goes in, the next rater is going to come in and give exactly the same or pretty close to exactly the same rating to a center so that they are consistent not only within an agency but statewide.

Attorney General: And the provider will have an opportunity to improve?

Jack Zenteno: Absolutely, yeah. They go through an initial round of coaching. They get their initial star ranking and then they can continue on the coaching process and continue -- as long as they can meet those specific criteria, they can continue to improve as fast as they would like to.

Attorney General: Thank you.

Governor: I have one. The Attorney General prompted a question for me. So as a parent, how would I know where to go to look to see what the star rating is for a specific daycare facility?

Jack Zenteno: Again, Jack Zenteno. The intent is to do some advertising, is to get into the communities as best we can to go to those places where parents would be. We're going to do some flyers, handouts. We're going through our CCR&R program that's through the Children's Cabinet. The intent is to -- whenever a parent would go through the welfare system, land in the CCR&R system looking for a provider, they'll automatically be referred into the welfare system.

Governor: Okay. And I hate to ask this question, but will there be an app for that? I mean...

Jack Zenteno: That was one -- the part of this proposal was that the agency needed to have something that was a phone app and they did pass that criteria. So, yeah, absolutely.

Governor: So there will be?

Jack Zenteno: There will be an app for that system.

Governor: All right. And I have no further questions. Board members?

Secretary of State: No.

Governor: All right. Thank you.

Jack Zenteno: Thank you.

Governor: All right. The next is 43, Department of Corrections and High Sierra Trees and Landscaping. And, you know, I have no questions regarding the -- just pure curiosity with regard to where that manure goes. Just for everyone's benefit, this is a contract between Corrections and High Sierra Trees and Landscaping whereby High Sierra Trees and Landscaping will move 10,000 tons of excess manure to a company here in Douglas County for I'm not sure what. That was my question, a compost yard. But Mr. Torvinen.

Mike Torvinen: Thank you, Governor. I actually have some personal experience with where it's going. I own horses and I take advantage of their free dumping there also. There's a very large commercial composting process going on out there, and they take this and grass clippings during the summer and scrap wood and they chop it all up, mix it up and make it into organic compost.

Governor: That works well for us. I don't know what else we'd do with it. So anyway, that's all I have. We'll move on to -- this was that other university contract, Contract 59.

Mike Torvinen: I'm not sure -- this, Governor, is a contract to -- I'm not sure why there's no representative here. It's a contract with the Board of Regions between Conservation and Natural Resources and they're measuring air quality throughout the state. I think last meeting we had a couple of measuring stations on the -- on the Agenda that were approved. This contract is where they take all the data and evaluate and analyze the data.

Governor: And I'm not questioning the contract itself, just the discrepancy in the administrative fee, which was 5 percent in this one and...

Mike Torvinen: This one is -- this one's actually just under 14 percent.

Governor: Okay.

Mike Torvinen: The childcare rating contract was 5 percent, and in the study of the medicating centers was 41 percent.

Governor: Right. So we'll follow up with them.

Mike Torvinen: And we've got arrangements -- I've made arrangements with the university to do some follow up probably in July.

Governor: Okay. Thank you. Did I say 64? You could perhaps answer this question. It's just to -- was to confirm that DOT is responsible to conduct airport pavement condition surveys, which...

Mike Torvinen: Yes, Governor, thank you. That is our understanding.

Governor: So that was confirmed?

Mike Torvinen: Mm-hmm.

Governor: And for 67 through 71, DETR and Nevadaworks and Workforce Connections. Good morning.

Grant Neilson: Good morning. Grant Neilson, Chief of Workforce Investments Support Services at DETR.

Governor: And I'm not questioning, just a little bit more background in terms of what we're accomplishing here.

Grant Neilson: For 67 through 70, the state is allowed to reserve up to 25 percent of the Dislocated Worker Funds from the Workforce Investment Act contracts for rapid response activities. And these are activities to workers -- to assist workers who have been part of a mass layoff or a large layoff event. We reserve those funds. And now that the PY 11 funds, these have a three-year life, because they are coming close to the life, we revert that back to Dislocated Worker Funds. It starts out as Dislocated Workers, we reserve it as rapid response funds, and then it needs to go back in order -- in order to be expended so it's not recaptured by the fed.

Governor: So there's a bit of a silver lining here because we didn't use them all...

Grant Neilson: Correct.

Governor: ...for rapid response?

Grant Neilson: That's correct.

Governor: And my recollection of one specific was the solar manufacturer in North Las Vegas where the rapid response team...

Grant Neilson: Yeah.

Governor: ...came in. So how it works is if there's a mass layoff, you send the team in...

Grant Neilson: Correct.

Governor: ...and hopefully are able to find other employment opportunities...

Grant Neilson: Correct.

Governor: ...for the affected employees.

Grant Neilson: And the use of those funds are very limited in the rapid response area. But we want to -- we make full use of that -- of those fundings, so we wanted to put them out before they expire, back out to the -- to the boards.

Governor: So it frees it up from the rapid response and makes it available to...

Grant Neilson: Correct.

Governor: ...to Nevadaworks and Workforce Connections to continue their mission?

Grant Neilson: Correct.

Governor: All right. That's all I have.

Grant Neilson: Okay.

Governor: Questions, Board members?

Attorney General: No.

Secretary of State: No.

Governor: Thank you. And then last but not least was this Contract 72 with Oregon State. And just a simple question, is it that University UNR/UNLV isn't capable? Bill, good morning.

Bill Anderson: Good morning, Governor, members of the Board. For the record, Bill Anderson, Chief Economist with DETR. We are part of a 21-state consortium of states that have career information systems. In Nevada, we're known by -- as NCIS, the Nevada Career Information System. That offers a significant economies of scale on a number of different fronts in terms of hosting a website, in terms of content development, in terms of sharing information. If a student or an out-of-work adult is interested, just to give you one example, and going to work in Pennsylvania to take advantage of some of their emerging energy opportunities, they can get on our web -- our system and hook into Pennsylvania's and see what opportunities there are there. So in a nutshell, it just provides -- being a member of this 21-state consortium simply provides significant economies of scale on a number of different fronts.

Governor: And that's good, but why is it that it has to be Oregon State?

Bill Anderson: It's the University of Oregon, Governor.

Governor: Oregon.

Bill Anderson: And, again, for the record, Bill Anderson.

Governor: Ducks, beavers, one of the same. Same difference.

Bill Anderson: They became involved in 1971 with a grant from the U.S. Department of Labor. We have been part of the consortium since -- for the past 26 years. So they just have significant expertise in that area. I can tell you that many institutions within our higher ed system are our clients. They partner up, they use the system, so on and so forth.

Governor: Understood. Thank you very much.

Bill Anderson: Thank you.

Governor: Board members, do you have any questions? All right. All right. Before I take a motion, Board members, do you have any questions with regard to Contracts 1 through 76 with Contract 53 being excluded?

Secretary of State: No, Governor. I move for approval of the 76 contracts except Contract 53 as described in Agenda Item No. 11.

Governor: The Secretary of State has moved for approval of Contracts 1 through 76 with the exception of 53 as described in Agenda Item No. 11. Is there a second?

Attorney General: I second the motion.

Governor: The Attorney General has seconded the motion. Any questions or further discussion? All in favor, please say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. The motion passes three to zero.

***12. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENTS**

Eleven 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'll move on to Agenda Item No. 12, master service agreements. Mr. Torvinen.

Mike Torvinen: Thank you, Governor. For the Board's consideration today are 11 separate master service agreements consisting of agreements for office furniture, court reporting and some wireless auditing -- wireless cell phone auditing service audits.

Governor: I have no questions. Board members?

Attorney General: No. Move for approval.

Secretary of State: Second.

Governor: The Attorney General has moved for approval of the master service agreements as described in Agenda Item No. 12. The Secretary of State has seconded the motion. Any questions? All in favor, please say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. The motion passes three to zero.

13. 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. The agency reports there were no transfers of lands or interests in lands during the quarter. However, a revenue generating interlocal agreement was approved at the March Board of Examiners meeting allowing the Division of State Lands to transfer land coverage owned by the Incline Village General Improvement District for projects in Incline Village. 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 December 31, 2012 (reference NRS 321.5954).

Governor: We'll move on to Agenda Item No. 13, Division of State Lands Report.

Mike Torvinen: Thank you, Governor. Item 13 is an information item, and the agency reports there were no transfers of lands or interest in lands during the quarter.

14. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Governor: All right. We'll move on to 14. Is there any -- are there any Board member comments?

Secretary of State: No, Governor.

Attorney General: No.

Governor: Is there any public comment here in Carson City? Is there any public comment in Southern Nevada?

***15. FOR POSSIBLE ACTION – ADJOURNMENT**

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: We'll move on to Agenda Item No. 15, adjournment. Is there a motion for adjournment?

Secretary of State: Move to adjourn.

Attorney General: Second the motion.

Governor: The Secretary of State has moved for adjournment. The Attorney General has seconded the motion. All in favor, please say aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Aye. The motion passes three to zero. This meeting is adjourned. Thank you, ladies and gentlemen.

Attorney General: Thank you.

Respectfully submitted,

JEFF MOHLENKAMP, CLERK

APPROVED:

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER