



DEPARTMENT OF HUMAN RESOURCES
DIVISION OF HEALTH CARE FINANCING AND POLICY

August 4, 1998

Richard Fenton, Deputy Director
Division of Integrated Health Systems
Health Care Financing Administration
Mail Stop C3-20-07
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Dear Mr. Fenton,

In response to a further question from Jim Frizzera of HCFA, please accept this letter as a supplement to my letter dated July 27, 1998.

With regard to the funding of hospital districts, I confirm that none of the revenue collected by the hospital districts would be considered as a health care related tax as defined in United States Code of Federal Regulations 433.55. The revenues collected are from general property taxes, and in all cases, the burden of the tax on health care providers is less than 85% of the total revenue. In no case do health care items, services or providers have a different tax treatment than other individuals.

A copy of Nevada Revised Statutes, 450.550 – 450.750 as referenced in the letter dated July 27, 1998, is attached.

If you have any further questions, please call me at (702) 687-3893.

Sincerely,

Christopher Thompson, Administrator
Division of Health Care Financing and Policy

Attachment

CT/lmd

Hospitals 1 2 to 4.

WESTLAW Topic Nos. 104,204.

C.J.S. Counties §§ 31 to 33.

C.J.S.Hospitals §§ 4, 5, 9.

222 **NRS 450.550 Definitions.** As used in **NRS 450.550 to 450.750**, inclusive, unless the context otherwise requires:

223 1. "Board of trustees" means:

224 (a) A board of hospital trustees:

225 (1) Elected pursuant to **NRS 450.620**; or

226 (2) Appointed pursuant to **NRS 450.625**; or

227 (b) A board of county commissioners, if that board enacts an ordinance which provides that the board of county commissioners is, ex officio, the board of hospital trustees.

228 2. "District hospital" means a hospital constructed, maintained and governed pursuant to **NRS 450.550 to 450.750**, inclusive.

(Added to **NRS** by **1969, 1387**; A **1989, 1011; 1993, 1975; 1995, 793; 1997, 3100, 3135**)

229 **NRS 450.560 Establishment of district on motion of board of county commissioners.**

230 1. The board of county commissioners of any county may of its own motion establish a hospital district in the manner prescribed in **NRS 450.550 to 450.750**, inclusive. The establishment of a hospital district is in addition to any other powers granted to a board of county commissioners pursuant to **NRS 450.010 to 450.510**, inclusive.

231 2. Except as otherwise provided in this subsection, a hospital district specified in subsection 1 may include territory within more than one county. If the establishment of such a district is proposed by a board of county commissioners, the district may be established only if the board of county commissioners of each county included within the district, other than the county of the board of county commissioners that proposes to establish the district, adopts a resolution approving the establishment of the district.

(Added to **NRS** by **1969, 1387**; A **1997, 3100,3135**)

232 **NRS 450.570 Notice of intent to establish district: Contents; publication.** The notice of intent to establish a hospital district must:

233 1. State the name of the proposed district and the name of the county or counties in which the proposed district is located.

234 2. State the time and place fixed by the board of county commissioners for a hearing on the proposed establishment of the district.

235 3. Describe the territory or specify the exterior boundaries of the territory proposed to be included within the district, which boundaries, so far as practicable, must be the centerlines of highways.

236 4. Be published once a week for 2 successive weeks before the time fixed for the hearing in a newspaper designated by the board of county commissioners.

(Added to **NRS** by **1969, 1387**; A **1997, 3101, 3136**)

237 **NRS 450.580 Objections to formation of district; hearing.**

238 1. At or before the time fixed for the hearing of the proposed establishment of a hospital district, any person interested may file written objections to the establishment of the district with the clerk of the board of county commissioners that proposes to establish the district.

239 2. At the hearing, the board of county commissioners shall hear and consider any objections filed pursuant to subsection 1.

240 3. The board may:

241 (a) Sustain any objections filed pursuant to subsection 1;

242 (b) Change or alter the boundaries of the proposed district to conform to the requirements of the district; and

243 (c) Exclude from the district any land that will not be benefited by the establishment of the district.

(Added to NRS by 1969, 1387; A 1997, 3101, 3136)

244 NRS 450.590 Establishment of district: Petition of owners of property; adoption, contents and publication of resolution of intention to establish district; exception.

245 1. Except as otherwise provided in subsection 3, if 25 percent or more of the holders of title or evidence of title to lands lying within the proposed district, whose names appear as such upon the last county assessment roll, present a petition to the board of county commissioners of the county in which the land lies, setting forth the exterior boundaries of the proposed district and asking that the district so described be established within a county hospital district pursuant to the provisions of NRS 450.550 to 450.750, inclusive, the board of county commissioners shall adopt a resolution declaring the intention of the board to include the territory within a county hospital district, naming the district and describing its exterior boundaries.

246 2. The resolution must:

247 (a) Fix a time and place for the hearing of the proposed establishment of the district not less than 30 days after its adoption.

248 (b) Direct the clerk of the board of county commissioners to publish:

249 (1) The notice of intention of the board of county commissioners to establish the county hospital district; and

250 (2) The time and place fixed for the hearing.

251 (c) Designate that the notice must be published in a newspaper of general circulation published in the county and circulated in the proposed county hospital district, or if there is no newspaper so published and circulated, then in a newspaper of general circulation circulated in the proposed district.

252 3. The provisions of this section do not apply to a proposed hospital district if it includes territory within more than one county.

(Added to NRS by 1969, 1388; A 1997, 3101, 3136)

253 NRS 450.600 **Hearing on petition.** Upon the hearing of the petition, the board of county commissioners shall determine whether or not the petition complies with the requirements and purposes of NRS 450.550 to 450.750, inclusive, and must hear all competent and relevant testimony offered in support or in objection thereto.

(Added to NRS by 1969, 1388)

254 NRS 450.610 **Resolution creating district.** If after a hearing, the board of county commissioners determines that the creation of the proposed hospital district is desirable, the board shall by resolution provide for the creation of such district, designating the name of the district and establishing the boundaries of the district.

(Added to NRS by 1969, 1388)

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255 **NRS** 450.620 Trustees: Number, terms and election governed by county ordinance.

256 1. Except as otherwise provided in subsection 2 and NRS 450.625, if a hospital district is created pursuant to NRS 450.550 to 450.750, inclusive, the board of county commissioners shall provide by ordinance for:

257 (a) The number of members of the board of trustees;

258 (b) The term of office of the trustees, which must not exceed 4 years; and

259 (c) The times and manner of the election of the trustees, which must be

nonpartisan.

260 2. If a hospital district specified in subsection 1 does not include territory within more than one county, the board of county commissioners may enact **an** ordinance providing that the board of county commissioners is, ex officio, the board of hospital trustees of the district hospital. If such an ordinance is enacted in a county:

261 (a) The county commissioners shall serve as the hospital trustees of the district hospital during their terms of office as county commissioners; and

262 (b) If hospital trustees have been elected pursuant to subsection 1, the term of office of each hospital trustee of the district hospital who is serving in that capacity on the effective date of the ordinance is terminated **as** of the effective date of the ordinance.

263 3. A board of county commissioners shall not enact an ordinance pursuant to subsection 2 unless it determines that:

264 (a) The county has fully funded its indigent care account created pursuant to NRS 428.010;

265 (b) The county has fulfilled its duty to reimburse the hospital for indigent care provided to qualified indigent patients; and

266 (c) During the previous calendar year:

267 (1) At least one of the hospital's accounts payable was more than 90 days in arrears;

268 (2) The hospital failed to fulfill its statutory financial obligations, including the payment of taxes, premiums for industrial insurance or contributions to the public employees' retirement system;

269 (3) One or more of the conditions relating to financial emergencies set forth in subsection 1 of NRS 354.685 existed at the hospital; or

270 (4) The hospital received notice from the Federal Government or the State of Nevada that the certification or license of the hospital was in imminent jeopardy of being revoked because the hospital had not carried out a previously established plan of action to correct previously noted deficiencies found by the regulatory body.

(Added to NRS by 1969, 1388; A 1995,793; 1997, 572, 3102, 3137)

271 **NRS** 450.625 Trustees **of** district that includes territory within more than one county.

272 1. If a hospital district created pursuant to NRS 450.550 to 450.750, inclusive, includes territory within more than one county, the board of trustees of the hospital district must consist of three members of the board of county commissioners that created the district and:

273 (a) Three members of the board of county commissioners of each county other than the county of the board of county commissioners that created the district, if the portion of the county included in the district is two-thirds or more of the total area of the county;

274 (b) Two members of the board of county commissioners **of** each county other than the county of the board of county commissioners that created the district, if the portion of the county included in the district is more than one-third of the

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total area of the county but less than two-thirds of the total area of the county; or

275 (c) One member of the board of county commissioners of each county other than the county of the board of county commissioners that created the district, if the portion of the county included in the district is one-third or less of the total amount of the area of the county.

276 2. Each member of the board of trustees appointed pursuant to this section must be appointed by the board of county commissioners of which he is a member.

277 3. The term of office of the members of the board of trustees is 3 years.

278 4. A member who ceases to be a member of the board of county commissioners that appointed him ceases to be a member of the board of trustees.

279 5. Any vacancy must be filled for the unexpired term by the board of county commissioners that appointed the member who created the vacancy.

(Added to NRS by **1997, 3099**; A **1997, 3134**)

280 NRS 450.630 General powers and duties of board of trustees; rules and regulations. The board of trustees shall:

281 1. Carry out the spirit and intent of NRS **450.550 to 450.750**, inclusive, in establishing and maintaining a hospital in each district created pursuant to NRS **450.550 to 450.750**, inclusive.

282 2. Make and adopt bylaws, rules and regulations:

283 (a) For its own guidance and the government of any such hospital; and

284 (b) Fixing the charges for treatment of patients.

(Added to NRS by **1969, 1388**; A **1987, 390**)

285 NRS 450.640 Employees and staff of hospital: Appointment; compensation; removal. The board of trustees may:

286 1. Appoint a chief executive officer and necessary assistants for each hospital, and fix the compensations of such persons.

287 2. Employ physicians, surgeons and interns, as the board determines necessary, and fix their compensation.

288 3. Remove such appointees and employees.

289 4. Control the admission of physicians, surgeons and interns to the staff by promulgating rules, regulations and standards governing such appointments.

(Added to NRS by **1969, 1389**; A **1987, 390**)

290 NRS 450.650 Budgets. The board of trustees of each county hospital district shall prepare annual budgets in accordance with NRS **354.470 to 354.626**, inclusive.

(Added to NRS by **1969, 1389**)

NRS CROSS REFERENCES.

Local Government Budget Act, NRS 354.470-354.626

291 NRS 450.660 Tax levies; disposition of proceeds.

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292 1. At the time of making the levy of county taxes for that year, each board of trustees shall levy a tax sufficient, together with the revenue which will result from application of the rate to the net proceeds of minerals, to raise the amount so budgeted upon any real and personal property that is subject to taxation within the boundaries of the district. Any tax levied on interstate or intercounty telephone lines, power lines and other public utility lines pursuant to this section must be based upon valuations as established by the Nevada tax commission pursuant to the provisions of NRS 361.315 to 361.330, inclusive.

293 2. When levied, the tax must be:

294 (a) Entered upon the assessment rolls of each county that is included within the district; **and**

295 (b) Collected in the same manner as state and county taxes.

296 3. When the tax is collected it must be:

297 (a) Placed in the treasury of the county in which the district hospital is located;

298 (b) Credited to the current expense fund **of** the district; and

299 (c) Used only for the purpose for which it was raised.

(Added to **NRS** by 1969, 1389; A 1989, 49; 1993, 1976; 1997, 3103, 3138)

300 NRS 450.665 Powers of board of trustees: Borrowing of money and incurrence or assumption of indebtedness; limitations and conditions.

301 1. The board of trustees may borrow money and incur or assume indebtedness on behalf **of** the county hospital district if the total amount of the indebtedness, excluding revenue bonds and other securities constituting special obligations which are not debts, does not exceed an amount equal to 10 percent of the total of the last assessed valuation of taxable property, excluding motor vehicles, located within the district.

302 **2.** The board of trustees shall not borrow money or issue securities to evidence such borrowing until the board has obtained the approval of the:

303 (a) Debt management commission; and

304 (b) Board of county commissioners,

305 of each county in which the hospital district is located.

(Added to NRS by 1989, 1011; A 1995, 774; 1997, 3103, 3138)

306 NRS 450.670 Powers of board of trustees: Issuance and sale of bonds for certain purposes. The board of trustees may issue and sell, **for** each district in its jurisdiction:

307 1. General obligation bonds, payable from taxes;

308 2. General obligation bonds, payment of which is additionally secured by a pledge of gross or net revenues derived from the operation of hospital facilities; and

309 3. Special obligation bonds, payable solely from gross or net revenues derived from the operation of hospital facilities,

310 for the purpose of providing funds for the purchase of hospital equipment, the acquisition of property, the construction of buildings and improvement of property owned by the district for use in any one county hospital district.

(Added to NRS by 1969, 1389; A 1989, 1011)

311 **NRS 450.675 Powers of board of trustees: Mortgage or pledge of personal property and acquisition of real property.** The board of trustees, with the approval of the board of county commissioners, if the board of county commissioners is not the board of hospital trustees, or, if the district in which the hospital is

located includes territory within more than one county, with the approval of the board of county commissioners of each of those counties, may, by resolution:

312 1. Mortgage or pledge the personal property of the hospital, including accounts receivable, and enter into agreements for the sale and leasing back to the hospital of its personal property to provide security for acquiring money for the operation of the hospital; and

313 2. Acquire real property for the expansion of the hospital by entering into a contract for purchase of a type and duration and on such terms as the governing body determines, including a contract secured by a mortgage or other security interest in the real property.

(Added to **NRS** by 1997, 3100)

314 **NRS 450.680 Election concerning issuance of bonds; applicability of Local Government Securities Law.**

315 1. If a board of trustees desires to avail itself of the power conferred by **NRS 450.670** and submission to the voters is required by the provisions of **NRS 350.020** to **350.070**, inclusive, the board shall submit the question of issuing the bonds to the registered voters of the district in accordance with those provisions.

316 2. The provisions of the Local Government Securities Law apply to any bonds authorized to be issued pursuant to **NRS 450.670**, except to the extent those provisions are inconsistent with the provisions of **NRS 450.550** to **450.750**, inclusive.

(Added to **NRS** by 1969, 1389; A 1981, 964; 1989, 1012)

317 **NRS 450.690 Donations.** Any person, ~~firm~~, organization, corporation or society desiring to make donations of money, personal property or real property for the benefit of any district hospital may make such donations to the district. Any such donation is effective when accepted by the board of trustees according to the terms of the deed, gift, devise or bequest of such property.

(Added to **NRS** by 1969, 1389)

318 **NRS 450.700 Board of trustees to determine status of patient and fix charges.**

319 1. The board of trustees may determine whether patients presented to the district hospital for treatment are subjects of charity. Except as otherwise provided in **NRS 439B.330**, the board of trustees shall establish the criteria and procedures to be used in the determination of eligibility for medical care as medical indigents or subjects of charity.

320 2. The board of trustees shall fix the charges for treatment of those persons who are able to pay for the treatment. The receipts for those charges must be paid to the county treasurer of the county in which the district hospital is located and credited by him to the fund for the district.

(Added to **NRS** by 1969, 1389; A 1987, 390, 881; 1997, 3104, 3138)

321 **NRS 450.750 Board of county commissioners in certain districts deemed local government responsible for transferring certain payments of money.** [Effective until June 30, 1999.] For the purposes of **NRS 422.382**, if a hospital district created pursuant to **NRS 450.550** to **450.750**, inclusive, includes territory within more than one county, the board of county commissioners of the county in which the hospital is located shall be deemed to be the local government responsible for transferring payments of money to the division of health care financing and policy for treatment of medically indigent patients pursuant to the provisions of that section.

(Added to **NRS** by 1997, 3099)

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325 NRS 450.750 Board of county commissioners in certain districts deemed local government responsible for transferring certain payments of money. [Effective June 30, 1999.] For the purposes of NRS 422.382, if a hospital district created pursuant to NRS 450.550 to 450.750, inclusive, includes territory within more than one county, the board of county commissioners of the county in which the hospital is located shall be deemed to be the local government responsible for transferring payments of money to the department of human resources for treatment of medically indigent patients pursuant to the provisions of that section.

(Added to NRS by 1997, 3099, effective June 30, 1999)

MISCELLANEOUS PROVISIONS

326 NRS 450.800 County or district hospital may contract for services.

327 1. In addition to having the powers conferred under chapter 277 of NRS, a county or district hospital may contract with a private hospital or other organization for emergency medical services, including the transportation of patients, or any other services performed in connection with or related to the operation of a hospital. The services may be performed by the parties to the contract or the parties may establish a separate organization for that purpose.

328 2. A county or district hospital may enter into a contract to provide services:

329 (a) For persons, whether or not admitted to the hospital, if those services are performed in connection with or related to the operation of the hospital.

330 (b) Necessary for the health and welfare of the general public.

(Added to NRS by 1981, 511; A 1987, 391)

NRS CROSS REFERENCES.

Cooperative agreements, NRS ch. 277

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