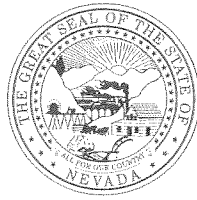


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Office of the Governor

June 16, 2017

The Honorable Barbara Cegavske
Nevada Secretary of State
101 North Carson Street
Carson City, NV 89701

RE: Assembly Bill 408 of the 79th Legislative Session

Dear Secretary of State Cegavske:

I am herewith forwarding to you, for filing within the constitutional time limit and without my approval, Assembly Bill 408 ("AB 408"), which is entitled:

AN ACT relating to health care; requiring the State Plan for Medicaid to cover certain preventive health care services and maternity and newborn care; revising provisions relating to the dispensing of contraceptives; requiring insurers to offer health insurance coverage regardless of the health status of a person; requiring insurers to allow the covered adult child of an insured to remain covered by the health insurance of the insured until 26 years of age; requiring insurers to provide coverage for certain family planning services and supplies and preventive health care services for women, adults and children at no cost; requiring insurers to provide coverage for maternity and newborn care; prohibiting providers of health care and insurers from discriminating against a person on certain grounds; and providing other matters properly relating thereto.

AB 408 has merit. It seeks to align Nevada's health care laws with those included in the Federal Patient Protection and Affordable Care Act (ACA). Among other things, AB 408 would extend coverage to children until age 26, prohibits insurance denials based on health status, ensures that preventive health care services are available, provides for family planning (contraception), and bans discrimination based on race, color, national origin, sex, age or disability.

I share these goals. Ensuring greater access to affordable health care was one of the reasons I expanded the Medicaid and Child Health Insurance Programs to thousands of Nevadans. We

also implemented a State-based health insurance exchange to offer affordable health plans to families and individuals not eligible for Medicaid or CHIP.

I remain committed to defending those portions of the ACA that have improved the lives of Nevadans. AB 408, however, goes too far. It locks into state law requirements that may be unnecessary, imprudent, or simply unaffordable in the years to come, tying the hands of future lawmakers, and hindering future endeavors to craft healthcare policy in real time, subject to immediate circumstances, needs, and available resources.

If AB 408 is approved, health care plans, including Medicaid and the Public Employee Benefits Programs (partially funded with State dollars), will have less flexibility to create and design insurance plans, possibly (and dramatically) raising costs for both consumers and the State. For instance, it outlines when health insurance policies must offer things like aspirin and vitamins, frustrating the type of consumer-first plan design that could lower costs and provide greater customer satisfaction and choice.

Furthermore, the country is currently involved in a national conversation about the future of health care at the federal level. The American Health Care Act (AHCA) recently passed by the House of Representatives contains substantial changes to the ACA. Federal subsidies for low-income insurance customers, cost sharing, and the federal matching programs for State Medicaid plans are other topics likely subject to revision should federal law change.

Nevada and the federal government maintain a “contract” between them for the operation of Medicaid and CHIP. This “contract” is the State Plan, and it is regularly amended as circumstances demand. Enshrining certain provisions of health coverage into state law will hinder this amendment process, and diminish the State’s ability to remain flexible should federal laws change in a way that is detrimental to the State. The ACA’s coverage requirements were just one part of a large, complex system of interrelated benefits and burdens spread out across the nation’s entire healthcare system. Locking in benefits now, as AB 408 purports to do, without knowing how those benefits will or even can be offered in a post-ACA world, would be unwise.

Finally, it bears mentioning that some of the ACA’s benefits have already been established under state law. Senate Bill 233 and Assembly Bill 249 of the 2017 Legislative Session, which I supported, lock in protections for certain preventive health services for women, including access to contraception. AB 408, though, extends far beyond the targeted reach of those bills, and exposes the State to significant financial liability for actions beyond the control of state law and state lawmakers.

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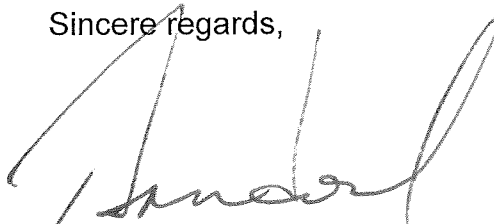
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For these reasons, I veto Assembly Bill 408 and return it without my signature or approval.

Sincere regards,

A handwritten signature in black ink, appearing to read 'B. Sandoval', written over a horizontal line.

BRIAN SANDOVAL
Governor

Enclosure

cc: *The Honorable Mark Hutchison, President of the Senate (without enclosure)*
 The Honorable Jason Frierson, Speaker of the Assembly (without enclosure)
 The Honorable Aaron Ford, Senate Majority Leader (without enclosure)
 Claire J. Clift, Secretary of the Senate (without enclosure)
 Susan Furlong, Chief Clerk of the Assembly (without enclosure)
 Brenda Erdoes, Esq., Legislative Counsel (without enclosure)