
SENATE BILL NO. 56—COMMITTEE ON COMMERCE AND LABOR

PREFILED JANUARY 29, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Requires certain policies of health insurance that provide coverage for drugs approved by Food and Drug Administration for use in treatment of medical condition to include coverage for certain other uses of those drugs. (BDR 57-988)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: No.

~

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to health insurance; requiring certain policies of health insurance that provide coverage for drugs approved by the Food and Drug Administration for use in the treatment of a medical condition to include coverage for certain other uses of those drugs; providing a penalty; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 689A of NRS is hereby amended by adding thereto
2 a new section to read as follows:
3 ***1. No policy of health insurance that provides coverage for a drug***
4 ***approved by the Food and Drug Administration for use in the treatment***
5 ***of an illness, disease or other medical condition may be delivered or***
6 ***issued for delivery in this state unless the policy includes coverage for***
7 ***any other use of the drug for the treatment of an illness, disease or other***
8 ***medical condition, if that use is:***
9 ***(a) Approved by the state board of pharmacy; or***
10 ***(b) Specified in the most recent edition of or supplement to:***
11 ***(1) The United States Pharmacopoeia;***
12 ***(2) The American Hospital Formulary Service; or***
13 ***(3) Any publication of the American Medical Association that***
14 ***evaluates the use of the drug for the treatment of that illness, disease or***
15 ***other medical condition.***

1 **2. The coverage required pursuant to this section:**

2 **(a) Includes coverage for any medical services necessary to administer**
3 **the drug to the insured.**

4 **(b) Does not include coverage for any:**

5 **(1) Experimental drug used for the treatment of an illness, disease**
6 **or other medical condition, if that drug has not been approved by the**
7 **Food and Drug Administration; or**

8 **(2) Use of a drug that is contraindicated by the Food and Drug**
9 **Administration.**

10 **3. A policy of health insurance subject to the provisions of this**
11 **chapter that is delivered, issued for delivery or renewed on or after**
12 **October 1, 1999, has the legal effect of including the coverage required**
13 **by this section, and any provision of the policy that conflicts with the**
14 **provisions of this section is void.**

15 **Sec. 2.** NRS 689A.330 is hereby amended to read as follows:

16 689A.330 If any policy is issued by a domestic insurer for delivery to a
17 person residing in another state, and if the insurance commissioner or
18 corresponding public officer of that other state has informed the
19 commissioner that the policy is not subject to approval or disapproval by
20 that officer, the commissioner may by ruling require that the policy meet
21 the standards set forth in NRS 689A.030 to 689A.320, inclusive ~~and~~, **and**
22 **section 1 of this act.**

23 **Sec. 3.** Chapter 689B of NRS is hereby amended by adding thereto a
24 new section to read as follows:

25 **1. No group policy of health insurance that provides coverage for a**
26 **drug approved by the Food and Drug Administration for use in the**
27 **treatment of an illness, disease or other medical condition may be**
28 **delivered or issued for delivery in this state unless the policy includes**
29 **coverage for any other use of the drug for the treatment of an illness,**
30 **disease or other medical condition, if that use is:**

31 **(a) Approved by the state board of pharmacy; or**

32 **(b) Specified in the most recent edition of or supplement to:**

33 **(1) The United States Pharmacopoeia;**

34 **(2) The American Hospital Formulary Service; or**

35 **(3) Any publication of the American Medical Association that**
36 **evaluates the use of the drug for the treatment of that illness, disease or**
37 **other medical condition.**

38 **2. The coverage required pursuant to this section:**

39 **(a) Includes coverage for any medical services necessary to administer**
40 **the drug to the employee or member of the insured group.**

41 **(b) Does not include coverage for any:**

1 ***(1) Experimental drug used for the treatment of an illness, disease***
2 ***or other medical condition, if that drug has not been approved by the***
3 ***Food and Drug Administration; or***

4 ***(2) Use of a drug that is contraindicated by the Food and Drug***
5 ***Administration.***

6 ***3. A policy subject to the provisions of this chapter that is delivered,***
7 ***issued for delivery or renewed on or after October 1, 1999, has the legal***
8 ***effect of including the coverage required by this section, and any***
9 ***provision of the policy that conflicts with the provisions of this section is***
10 ***void.***

11 **Sec. 4.** Chapter 695B of NRS is hereby amended by adding thereto a
12 new section to read as follows:

13 ***1. No contract for hospital or medical services that provides coverage***
14 ***for a drug approved by the Food and Drug Administration for use in the***
15 ***treatment of an illness, disease or other medical condition may be***
16 ***delivered or issued for delivery in this state unless the contract includes***
17 ***coverage for any other use of the drug for the treatment of an illness,***
18 ***disease or other medical condition, if that use is:***

19 ***(a) Approved by the state board of pharmacy; or***

20 ***(b) Specified in the most recent edition of or supplement to:***

21 ***(1) The United States Pharmacopoeia;***

22 ***(2) The American Hospital Formulary Service; or***

23 ***(3) Any publication of the American Medical Association that***
24 ***evaluates the use of the drug for the treatment of that illness, disease or***
25 ***other medical condition.***

26 ***2. The coverage required pursuant to this section:***

27 ***(a) Includes coverage for any medical services necessary to administer***
28 ***the drug to a person covered under the contract.***

29 ***(b) Does not include coverage for any:***

30 ***(1) Experimental drug used for the treatment of an illness, disease***
31 ***or other medical condition, if that drug has not been approved by the***
32 ***Food and Drug Administration; or***

33 ***(2) Use of a drug that is contraindicated by the Food and Drug***
34 ***Administration.***

35 ***3. A contract for hospital or medical services subject to the***
36 ***provisions of this chapter that is delivered, issued for delivery or renewed***
37 ***on or after October 1, 1999, has the legal effect of including the coverage***
38 ***required by this section, and any provision of the contract that conflicts***
39 ***with the provisions of this section is void.***

40 **Sec. 5.** Chapter 695C of NRS is hereby amended by adding thereto a
41 new section to read as follows:

42 ***1. No evidence of coverage that provides coverage for a drug***
43 ***approved by the Food and Drug Administration for use in the treatment***

1 *of an illness, disease or other medical condition may be delivered or*
2 *issued for delivery in this state unless the evidence of coverage includes*
3 *coverage for any other use of the drug for the treatment of an illness,*
4 *disease or other medical condition, if that use is:*

5 *(a) Approved by the state board of pharmacy; or*

6 *(b) Specified in the most recent edition of or supplement to:*

7 *(1) The United States Pharmacopoeia;*

8 *(2) The American Hospital Formulary Service; or*

9 *(3) Any publication of the American Medical Association that*
10 *evaluates the use of the drug for the treatment of that illness, disease or*
11 *other medical condition.*

12 *2. The coverage required pursuant to this section:*

13 *(a) Includes coverage for any medical services necessary to administer*
14 *the drug to the enrollee.*

15 *(b) Does not include coverage for any:*

16 *(1) Experimental drug used for the treatment of an illness, disease*
17 *or other medical condition, if that drug has not been approved by the*
18 *Food and Drug Administration; or*

19 *(2) Use of a drug that is contraindicated by the Food and Drug*
20 *Administration.*

21 *3. Any evidence of coverage subject to the provisions of this chapter*
22 *that is delivered, issued for delivery or renewed on or after October 1,*
23 *1999, has the legal effect of including the coverage required by this*
24 *section, and any provision of the evidence of coverage that conflicts with*
25 *the provisions of this section is void.*

26 **Sec. 6.** NRS 695C.330 is hereby amended to read as follows:

27 695C.330 1. The commissioner may suspend or revoke any
28 certificate of authority issued to a health maintenance organization pursuant
29 to the provisions of this chapter if he finds that any of the following
30 conditions exist:

31 (a) The health maintenance organization is operating significantly in
32 contravention of its basic organizational document, its health care plan or in
33 a manner contrary to that described in and reasonably inferred from any
34 other information submitted pursuant to NRS 695C.060, 695C.070 and
35 695C.140, unless any amendments to those submissions have been filed
36 with and approved by the commissioner;

37 (b) The health maintenance organization issues evidence of coverage or
38 uses a schedule of charges for health care services which do not comply
39 with the requirements of NRS 695C.170 to 695C.200, inclusive, **and**
40 **section 5 of this act**, or 695C.207;

41 (c) The health care plan does not furnish comprehensive health care
42 services as provided for in NRS 695C.060;

43 (d) The state board of health certifies to the commissioner that ~~it~~

1 — ~~(1) The~~ **the** health maintenance organization ~~{does}~~ :

2 **(1) Does** not meet the requirements of subsection 2 of NRS
3 695C.080; or

4 ~~(2) {The health maintenance organization is}~~ **Is** unable to fulfill its
5 obligations to furnish health care services as required under its health care
6 plan;

7 (e) The health maintenance organization is no longer financially
8 responsible and may reasonably be expected to be unable to meet its
9 obligations to enrollees or prospective enrollees;

10 (f) The health maintenance organization has failed to put into effect a
11 mechanism affording the enrollees an opportunity to participate in matters
12 relating to the content of programs pursuant to NRS 695C.110;

13 (g) The health maintenance organization has failed to put into effect the
14 system for complaints required by NRS 695C.260 in a manner reasonably
15 to dispose of valid complaints;

16 (h) The health maintenance organization or any person on its behalf has
17 advertised or merchandised its services in an untrue, misrepresentative,
18 misleading, deceptive or unfair manner;

19 (i) The continued operation of the health maintenance organization
20 would be hazardous to its enrollees; or

21 (j) The health maintenance organization has otherwise failed to comply
22 substantially with the provisions of this chapter.

23 2. A certificate of authority must be suspended or revoked only after
24 compliance with the requirements of NRS 695C.340.

25 3. If the certificate of authority of a health maintenance organization is
26 suspended, the health maintenance organization shall not, during the period
27 of that suspension, enroll any additional groups or new individual contracts,
28 unless those groups or persons were contracted for before the date of
29 suspension.

30 4. If the certificate of authority of a health maintenance organization is
31 revoked, the organization shall proceed, immediately following the
32 effective date of the order of revocation, to wind up its affairs and shall
33 conduct no further business except as may be essential to the orderly
34 conclusion of the affairs of the organization. It shall engage in no further
35 advertising or solicitation of any kind. The commissioner may by written
36 order permit such further operation of the organization as he may find to be
37 in the best interest of enrollees to the end that enrollees are afforded the
38 greatest practical opportunity to obtain continuing coverage for health care.

39 **Sec. 7.** The amendatory provisions of this act do not apply to offenses
40 that are committed before October 1, 1999.