

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.

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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 cancer, if that use is:***
8 ***(a) Specified in the most recent edition of or supplement to:***
9 ***(1) The United States Pharmacopoeia Drug Information; or***
10 ***(2) The American Hospital Formulary Service Drug Information;***
11 ***or***
12 ***(b) Supported by at least two articles reporting the results of scientific***
13 ***studies that are published in scientific or medical journals, as defined in***
14 ***21 C.F.R. § 99.3.***
15 ***2. The coverage required pursuant to this section:***

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

3 (b) Does not include coverage for any:

4 (1) Experimental drug used for the treatment of cancer, if that drug
5 has not been approved by the Food and Drug Administration; or

6 (2) Use of a drug that is contraindicated by the Food and Drug
7 Administration.

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

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

14 689A.330 If any policy is issued by a domestic insurer for delivery to a
15 person residing in another state, and if the insurance commissioner or
16 corresponding public officer of that other state has informed the
17 commissioner that the policy is not subject to approval or disapproval by
18 that officer, the commissioner may by ruling require that the policy meet
19 the standards set forth in NRS 689A.030 to 689A.320, inclusive ~~H~~, and
20 section 1 of this act.

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

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

29 (a) Specified in the most recent edition of or supplement to:

30 (1) The United States Pharmacopoeia Drug Information; or

31 (2) The American Hospital Formulary Service Drug Information;

32 or

33 (b) Supported by at least two articles reporting the results of scientific
34 studies that are published in scientific or medical journals, as defined in
35 21 C.F.R. § 99.3.

36 2. The coverage required pursuant to this section:

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

39 (b) Does not include coverage for any:

40 (1) Experimental drug used for the treatment of cancer, if that drug
41 has not been approved by the Food and Drug Administration; or

42 (2) Use of a drug that is contraindicated by the Food and Drug
43 Administration.

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

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

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

(a) Specified in the most recent edition of or supplement to:

(1) The United States Pharmacopoeia Drug Information; or

(2) The American Hospital Formulary Service Drug Information;

or

(b) Supported by at least two articles reporting the results of scientific studies that are published in scientific or medical journals, as defined in 21 C.F.R. § 99.3.

2. The coverage required pursuant to this section:

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

(b) Does not include coverage for any:

(1) Experimental drug used for the treatment of cancer, if that drug has not been approved by the Food and Drug Administration; or

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

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

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

1. No evidence of coverage that provides coverage for a drug approved by the Food and Drug Administration for use in the treatment of an illness, disease or other medical condition may be delivered or issued for delivery in this state unless the evidence of coverage includes coverage for any other use of the drug for the treatment of cancer, if that use is:

(a) Specified in the most recent edition of or supplement to:

(1) The United States Pharmacopoeia Drug Information; or

(2) The American Hospital Formulary Service Drug Information;
or

(b) Supported by at least two articles reporting the results of scientific studies that are published in scientific or medical journals, as defined in 21 C.F.R. § 99.3.

2. The coverage required pursuant to this section:

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

(b) Does not include coverage for any:

(1) Experimental drug used for the treatment of cancer, if that drug has not been approved by the Food and Drug Administration; or

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

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

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

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

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

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

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

(d) The state board of health certifies to the commissioner that ~~the~~ **the** health maintenance organization ~~does~~ **does** :

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

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

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

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

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

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

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

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

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

19 3. If the certificate of authority of a health maintenance organization is
20 suspended, the health maintenance organization shall not, during the period
21 of that suspension, enroll any additional groups or new individual contracts,
22 unless those groups or persons were contracted for before the date of
23 suspension.

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

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