

ASSEMBLY BILL NO. 452—ASSEMBLYWOMAN GIUNCHIGLIANI

MARCH 19, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Requires certain providers of health insurance to contract with federally qualified health centers as providers of health care. (BDR 57-1177)

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

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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 insurance; requiring certain providers of individual or group health insurance to contract with federally qualified health centers as providers of certain health care services under certain circumstances; 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
2 thereto a new section to read as follows:
3 ***1. An individual carrier that offers a health benefit plan that***
4 ***includes a provision for a restricted network shall contract with at least***
5 ***one health center in each established geographic service area to provide***
6 ***health care services to persons covered by the plan.***
7 ***2. As used in this section, "health center" has the meaning ascribed***
8 ***to it in 42 U.S.C. § 254b.***
9 **Sec. 2.** NRS 689A.470 is hereby amended to read as follows:
10 689A.470 As used in NRS 689A.470 to 689A.740, inclusive, *and*
11 *section 1 of this act*, unless the context otherwise requires, the words and
12 terms defined in NRS 689A.475 to 689A.605, inclusive, have the meanings
13 ascribed to them in those sections.
14 **Sec. 3.** Chapter 689B of NRS is hereby amended by adding thereto a
15 new section to read as follows:
16 ***1. A carrier that offers coverage through a network plan shall***
17 ***contract with at least one health center in each established geographic***
18 ***service area of the carrier or geographic area for which the carrier is***
19 ***authorized to transact insurance to provide medical care for enrollees.***
20 ***2. As used in this section:***
21 ***(a) "Health center" has the meaning ascribed to it in 42 U.S.C. §***
22 ***254b.***



1 *(b) "Network plan" has the meaning ascribed to it in NRS 689B.570.*

2 **Sec. 4.** NRS 689B.340 is hereby amended to read as follows:

3 689B.340 As used in NRS 689B.340 to 689B.600, inclusive, *and*
4 *section 3 of this act*, unless the context otherwise requires, the words and
5 terms defined in NRS 689B.350 to 689B.460, inclusive, have the meanings
6 ascribed to them in those sections.

7 **Sec. 5.** Chapter 689C of NRS is hereby amended by adding thereto a
8 new section to read as follows:

9 *1. A carrier that offers a network plan shall contract with at least one*
10 *health center in each established geographic service area to provide*
11 *health care as a member of the carrier's defined set of providers under*
12 *the network plan.*

13 *2. As used in this section, "health center" has the meaning ascribed*
14 *to it in 42 U.S.C. § 254b.*

15 **Sec. 6.** NRS 695A.152 is hereby amended to read as follows:

16 695A.152 1. To the extent reasonably applicable, a fraternal benefit
17 society shall comply with the provisions of NRS 689B.340 to 689B.600,
18 inclusive, *and section 3 of this act* and chapter 689C of NRS relating to the
19 portability and availability of health insurance offered by the society to its
20 members. If there is a conflict between the provisions of this chapter and
21 the provisions of NRS 689B.340 to 689B.600, inclusive, *and section 3 of*
22 *this act* and chapter 689C of NRS, the provisions of NRS 689B.340 to
23 689B.600, inclusive, *and section 3 of this act* and chapter 689C of NRS
24 control.

25 2. For the purposes of subsection 1, unless the context requires that a
26 provision apply only to a group health plan or a carrier that provides
27 coverage under a group health plan, any reference in those sections to
28 "group health plan" or "carrier" must be replaced by "fraternal benefit
29 society."

30 **Sec. 7.** NRS 695B.318 is hereby amended to read as follows:

31 695B.318 1. Nonprofit hospital, medical or dental service
32 corporations are subject to the provisions of NRS 689B.340 to 689B.600,
33 inclusive, *and section 3 of this act* and chapter 689C of NRS relating to the
34 portability and availability of health insurance offered by such
35 organizations. If there is a conflict between the provisions of this chapter
36 and the provisions of NRS 689B.340 to 689B.600, inclusive, *and section 3*
37 *of this act* and chapter 689C of NRS, the provisions of NRS 689B.340 to
38 689B.600, inclusive, *and section 3 of this act* and chapter 689C of NRS
39 control.

40 2. For the purposes of subsection 1, unless the context requires that a
41 provision apply only to a group health plan or a carrier that provides
42 coverage under a group health plan, any reference in those sections to:

43 (a) "Carrier" must be replaced by "corporation."

44 (b) "Group health plan" must be replaced by "group contract for
45 hospital, medical or dental services."

46 **Sec. 8.** Chapter 695C of NRS is hereby amended by adding thereto a
47 new section to read as follows:

48 *1. A health maintenance organization that furnishes health care*
49 *services through providers which are under contract with the*



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1 *organization shall contract with at least one health center in each*
2 *geographic area served by the organization to provide such services to*
3 *enrollees.*

4 *2. As used in this section, "health center" has the meaning ascribed*
5 *to it in 42 U.S.C. § 254b.*

6 **Sec. 9.** NRS 695F.090 is hereby amended to read as follows:

7 695F.090 Prepaid limited health service organizations are subject to
8 the provisions of this chapter and to the following provisions, to the extent
9 reasonably applicable:

10 1. NRS 687B.310 to 687B.420, inclusive, concerning cancellation and
11 nonrenewal of policies.

12 2. NRS 687B.122 to 687B.128, inclusive, concerning readability of
13 policies.

14 3. The requirements of NRS 679B.152.

15 4. The fees imposed pursuant to NRS 449.465.

16 5. NRS 686A.010 to 686A.310, inclusive, concerning trade practices
17 and frauds.

18 6. The assessment imposed pursuant to subsection 3 of NRS
19 679B.158.

20 7. Chapter 683A of NRS.

21 8. To the extent applicable, the provisions of NRS 689B.340 to
22 689B.600, inclusive, and chapter 689C of NRS relating to the portability
23 and availability of health insurance.

24 9. NRS 689A.035, 689A.410 and 689A.413.

25 10. NRS 680B.025 to 680B.039, inclusive, concerning premium tax,
26 premium tax rate, annual report and estimated quarterly tax payments. For
27 the purposes of this subsection, unless the context otherwise requires that a
28 section apply only to insurers, any reference in those sections to "insurer"
29 must be replaced by a reference to "prepaid limited health service
30 organization."

31 11. Chapter 692C of NRS, concerning holding companies.

32 *12. Section 1 of this act, concerning health centers.*

33 **Sec. 10.** Chapter 695G of NRS is hereby amended by adding thereto a
34 new section to read as follows:

35 *1. A managed care organization that delivers health care services by*
36 *using independently contracted providers of health care shall contract*
37 *with at least one health center in each geographic area served by the*
38 *organization to provide such services to insureds.*

39 *2. As used in this section, "health center" has the meaning ascribed*
40 *to it in 42 U.S.C. § 254b.*

41 **Sec. 11.** NRS 287.010 is hereby amended to read as follows:

42 287.010 1. The governing body of any county, school district,
43 municipal corporation, political subdivision, public corporation or other
44 public agency of the State of Nevada may:

45 (a) Adopt and carry into effect a system of group life, accident or health
46 insurance, or any combination thereof, for the benefit of its officers and
47 employees, and the dependents of officers and employees who elect to
48 accept the insurance and who, where necessary, have authorized the



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1 governing body to make deductions from their compensation for the
2 payment of premiums on the insurance.

3 (b) Purchase group policies of life, accident or health insurance, or any
4 combination thereof, for the benefit of such officers and employees, and
5 the dependents of such officers and employees, as have authorized the
6 purchase, from insurance companies authorized to transact the business of
7 such insurance in the State of Nevada, and, where necessary, deduct from
8 the compensation of officers and employees the premiums upon insurance
9 and pay the deductions upon the premiums.

10 (c) Provide group life, accident or health coverage through a self-
11 insurance reserve fund and, where necessary, deduct contributions to the
12 maintenance of the fund from the compensation of officers and employees
13 and pay the deductions into the fund. The money accumulated for this
14 purpose through deductions from the compensation of officers and
15 employees and contributions of the governing body must be maintained as
16 an internal service fund as defined by NRS 354.543. The money must be
17 deposited in a state or national bank or credit union authorized to transact
18 business in the State of Nevada. Any independent administrator of a fund
19 created under this section is subject to the licensing requirements of
20 chapter 683A of NRS, and must be a resident of this state. Any contract
21 with an independent administrator must be approved by the commissioner
22 of insurance as to the reasonableness of administrative charges in relation
23 to contributions collected and benefits provided. The provisions of **section**
24 **3 of this act and** NRS 689B.030 to 689B.050, inclusive, apply to coverage
25 provided pursuant to this paragraph, except that the provisions of NRS
26 689B.0359 do not apply to such coverage.

27 (d) Defray part or all of the cost of maintenance of a self-insurance fund
28 or of the premiums upon insurance. The money for contributions must be
29 budgeted for in accordance with the laws governing the county, school
30 district, municipal corporation, political subdivision, public corporation or
31 other public agency of the State of Nevada.

32 2. If a school district offers group insurance to its officers and
33 employees pursuant to this section, members of the board of trustees of the
34 school district must not be excluded from participating in the group
35 insurance. If the amount of the deductions from compensation required to
36 pay for the group insurance exceeds the compensation to which a trustee is
37 entitled, the difference must be paid by the trustee.

38 **Sec. 12.** NRS 287.045 is hereby amended to read as follows:

39 287.045 1. Except as otherwise provided in this section, every officer
40 or employee of the state is eligible to participate in the program on the first
41 day of the month following the completion of 90 days of full-time
42 employment.

43 2. Professional employees of the University and Community College
44 System of Nevada who have annual employment contracts are eligible to
45 participate in the program on:

46 (a) The effective dates of their respective employment contracts, if
47 those dates are on the first day of a month; or



1 (b) The first day of the month following the effective dates of their
2 respective employment contracts, if those dates are not on the first day of a
3 month.

4 3. Every officer or employee who is employed by a participating
5 public agency on a permanent and full-time basis on the date the agency
6 enters into an agreement to participate in the program, and every officer or
7 employee who commences his employment after that date is eligible to
8 participate in the program on the first day of the month following the
9 completion of 90 days of full-time employment.

10 4. Every senator and assemblyman is eligible to participate in the
11 program on the first day of the month following the 90th day after his
12 initial term of office begins.

13 5. An officer or employee of the governing body of any county, school
14 district, municipal corporation, political subdivision, public corporation or
15 other public agency of the State of Nevada who retires under the conditions
16 set forth in NRS 286.510 or 286.620 and was not participating in the
17 program at the time of his retirement is eligible to participate in the
18 program 30 days after notice of the selection to participate is given
19 pursuant to NRS 287.023 or 287.0235. The board shall make a separate
20 accounting for these retired persons. For the first year following
21 enrollment, the rates charged must be the full actuarial costs determined by
22 the actuary based upon the expected claims experience with these retired
23 persons. The claims experience of these retired persons must not be
24 commingled with the retired persons who were members of the program
25 before their retirement, nor with active employees of the state. After the
26 first year following enrollment, the rates charged must be the full actuarial
27 costs determined by the actuary based upon the past claims experience of
28 these retired persons since enrolling.

29 6. Notwithstanding the provisions of subsections 1, 3 and 4, if the
30 board does not, pursuant to NRS 689B.580, elect to exclude the program
31 from compliance with NRS 689B.340 to 689B.600, inclusive, *and section*
32 *3 of this act* and if the coverage under the program is provided by a health
33 maintenance organization authorized to transact insurance in this state
34 pursuant to chapter 695C of NRS, any affiliation period imposed by the
35 program may not exceed the statutory limit for an affiliation period set
36 forth in NRS 689B.500.

37 **Sec. 13.** The amendatory provisions of this act apply to all policies,
38 contracts and plans for health insurance, managed care or the provision of
39 health care services entered into or renewed on or after July 1, 2001.

40 **Sec. 14.** The amendatory provisions of this act do not apply to
41 offenses committed before July 1, 2001.

42 **Sec. 15.** This act becomes effective on July 1, 2001.

