

(REPRINTED WITH ADOPTED AMENDMENTS)
THIRD REPRINT A.B. 452

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 under certain circumstances. (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 use its best efforts to*
5 *contract with at least one health center in each established geographic*
6 *service area to provide health care services to persons covered by the plan*
7 *if the health center:*
8 (a) *Meets all conditions imposed by the carrier on similarly situated*
9 *providers of health care with which the carrier contracts, including,*
10 *without limitation:*
11 (1) *Certification for participation in the Medicaid or Medicare*
12 *program; and*
13 (2) *Requirements relating to the appropriate credentials for*
14 *providers of health care; and*
15 (b) *Agrees to reasonable reimbursement rates that are generally*
16 *consistent with those offered by the carrier to similarly situated providers*
17 *of health care with which the carrier contracts.*
18 2. *As used in this section, “health center” has the meaning ascribed*
19 *to it in 42 U.S.C. § 254b.*



1 **Sec. 2.** NRS 689A.470 is hereby amended to read as follows:
2 689A.470 As used in NRS 689A.470 to 689A.740, inclusive, *and*
3 *section 1 of this act*, unless the context otherwise requires, the words and
4 terms defined in NRS 689A.475 to 689A.605, inclusive, have the meanings
5 ascribed to them in those sections.

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

8 1. *A carrier that offers coverage through a network plan shall use its*
9 *best efforts to contract with at least one health center in each established*
10 *geographic service area of the carrier or geographic area for which the*
11 *carrier is authorized to transact insurance to provide medical care for*
12 *enrollees if the health center:*

13 (a) *Meets all conditions imposed by the carrier on similarly situated*
14 *providers of health care with which the carrier contracts, including,*
15 *without limitation:*

16 (1) *Certification for participation in the Medicaid or Medicare*
17 *program; and*

18 (2) *Requirements relating to the appropriate credentials for*
19 *providers of health care; and*

20 (b) *Agrees to reasonable reimbursement rates that are generally*
21 *consistent with those offered by the carrier to similarly situated providers*
22 *of health care with which the carrier contracts.*

23 2. *As used in this section:*

24 (a) *"Health center" has the meaning ascribed to it in 42 U.S.C. §*
25 *254b.*

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

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

28 689B.340 As used in NRS 689B.340 to 689B.600, inclusive, *and*
29 *section 3 of this act*, unless the context otherwise requires, the words and
30 terms defined in NRS 689B.350 to 689B.460, inclusive, have the meanings
31 ascribed to them in those sections.

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

34 1. *A carrier that offers a network plan shall use its best efforts to*
35 *contract with at least one health center in each established geographic*
36 *service area to provide health care as a member of the carrier's defined*
37 *set of providers under the network plan if the health center:*

38 (a) *Meets all conditions imposed by the carrier on similarly situated*
39 *providers of health care that are members of the carrier's defined set of*
40 *providers, including, without limitation:*

41 (1) *Certification for participation in the Medicaid or Medicare*
42 *program; and*

43 (2) *Requirements relating to the appropriate credentials for*
44 *providers of health care; and*

45 (b) *Agrees to reasonable reimbursement rates that are generally*
46 *consistent with those offered by the carrier to similarly situated providers*
47 *of health care that are members of the carrier's defined set of providers.*

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



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

2 695A.152 1. To the extent reasonably applicable, a fraternal benefit
3 society shall comply with the provisions of NRS 689B.340 to 689B.600,
4 inclusive, *and section 3 of this act* and chapter 689C of NRS relating to the
5 portability and availability of health insurance offered by the society to its
6 members. If there is a conflict between the provisions of this chapter and
7 the provisions of NRS 689B.340 to 689B.600, inclusive, *and section 3 of*
8 *this act* and chapter 689C of NRS, the provisions of NRS 689B.340 to
9 689B.600, inclusive, *and section 3 of this act* and chapter 689C of NRS
10 control.

11 2. For the purposes of subsection 1, unless the context requires that a
12 provision apply only to a group health plan or a carrier that provides
13 coverage under a group health plan, any reference in those sections to
14 "group health plan" or "carrier" must be replaced by "fraternal benefit
15 society."

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

17 695B.318 1. Nonprofit hospital, medical or dental service
18 corporations are subject to the provisions of NRS 689B.340 to 689B.600,
19 inclusive, *and section 3 of this act* and chapter 689C of NRS relating to the
20 portability and availability of health insurance offered by such
21 organizations. If there is a conflict between the provisions of this chapter
22 and the provisions of NRS 689B.340 to 689B.600, inclusive, *and section 3*
23 *of this act* and chapter 689C of NRS, the provisions of NRS 689B.340 to
24 689B.600, inclusive, *and section 3 of this act* and chapter 689C of NRS
25 control.

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

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

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

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

34 1. *Except as otherwise provided in NRS 422.273, a health*
35 *maintenance organization that furnishes health care services through*
36 *providers which are under contract with the organization shall use its*
37 *best efforts to contract with at least one health center in each geographic*
38 *area served by the organization to provide such services to enrollees if*
39 *the health center:*

40 (a) *Meets all conditions imposed by the organization on similarly*
41 *situated providers of health care that are under contract with the*
42 *organization, including, without limitation:*

43 (1) *Certification for participation in the Medicaid or Medicare*
44 *program; and*

45 (2) *Requirements relating to the appropriate credentials for*
46 *providers of health care; and*

47 (b) *Agrees to reasonable reimbursement rates that are generally*
48 *consistent with those offered by the organization to similarly situated*
49 *providers of health care that are under contract with the organization.*



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

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

4 695F.090 Prepaid limited health service organizations are subject to
5 the provisions of this chapter and to the following provisions, to the extent
6 reasonably applicable:

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

9 2. NRS 687B.122 to 687B.128, inclusive, concerning readability of
10 policies.

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

12 4. The fees imposed pursuant to NRS 449.465.

13 5. NRS 686A.010 to 686A.310, inclusive, concerning trade practices
14 and frauds.

15 6. The assessment imposed pursuant to NRS 679B.158.

16 7. Chapter 683A of NRS.

17 8. To the extent applicable, the provisions of NRS 689B.340 to
18 689B.600, inclusive, and chapter 689C of NRS relating to the portability
19 and availability of health insurance.

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

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

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

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

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

31 ***1. A managed care organization that delivers health care services by***
32 ***using independently contracted providers of health care shall use its best***
33 ***efforts to contract with at least one health center in each geographic area***
34 ***served by the organization to provide such services to insureds if the***
35 ***health center:***

36 ***(a) Meets all conditions imposed by the organization on similarly***
37 ***situated providers of health care that are under contract with the***
38 ***organization, including, without limitation:***

39 ***(1) Certification for participation in the Medicaid or Medicare***
40 ***program; and***

41 ***(2) Requirements relating to the appropriate credentials for***
42 ***providers of health care; and***

43 ***(b) Agrees to reasonable reimbursement rates that are generally***
44 ***consistent with those offered by the organization to similarly situated***
45 ***providers of health care that are under contract with the organization.***

46 ***2. As used in this section, “health center” has the meaning ascribed***
47 ***to it in 42 U.S.C. § 254b.***



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

2 287.010 1. The governing body of any county, school district,
3 municipal corporation, political subdivision, public corporation or other
4 public agency of the State of Nevada may:

5 (a) Adopt and carry into effect a system of group life, accident or health
6 insurance, or any combination thereof, for the benefit of its officers and
7 employees, and the dependents of officers and employees who elect to
8 accept the insurance and who, where necessary, have authorized the
9 governing body to make deductions from their compensation for the
10 payment of premiums on the insurance.

11 (b) Purchase group policies of life, accident or health insurance, or any
12 combination thereof, for the benefit of such officers and employees, and
13 the dependents of such officers and employees, as have authorized the
14 purchase, from insurance companies authorized to transact the business of
15 such insurance in the State of Nevada, and, where necessary, deduct from
16 the compensation of officers and employees the premiums upon insurance
17 and pay the deductions upon the premiums.

18 (c) Provide group life, accident or health coverage through a self-
19 insurance reserve fund and, where necessary, deduct contributions to the
20 maintenance of the fund from the compensation of officers and employees
21 and pay the deductions into the fund. The money accumulated for this
22 purpose through deductions from the compensation of officers and
23 employees and contributions of the governing body must be maintained as
24 an internal service fund as defined by NRS 354.543. The money must be
25 deposited in a state or national bank or credit union authorized to transact
26 business in the State of Nevada. Any independent administrator of a fund
27 created under this section is subject to the licensing requirements of
28 chapter 683A of NRS, and must be a resident of this state. Any contract
29 with an independent administrator must be approved by the commissioner
30 of insurance as to the reasonableness of administrative charges in relation
31 to contributions collected and benefits provided. The provisions of *section*
32 *3 of this act and* NRS 689B.030 to 689B.050, inclusive, apply to coverage
33 provided pursuant to this paragraph, except that the provisions of NRS
34 689B.0359 do not apply to such coverage.

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

40 2. If a school district offers group insurance to its officers and
41 employees pursuant to this section, members of the board of trustees of the
42 school district must not be excluded from participating in the group
43 insurance. If the amount of the deductions from compensation required to
44 pay for the group insurance exceeds the compensation to which a trustee is
45 entitled, the difference must be paid by the trustee.

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

47 287.045 1. Except as otherwise provided in this section, every officer
48 or employee of the state is eligible to participate in the program on the first



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1 day of the month following the completion of 90 days of full-time
2 employment.

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

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

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

11 3. Every officer or employee who is employed by a participating
12 public agency on a permanent and full-time basis on the date the agency
13 enters into an agreement to participate in the program, and every officer or
14 employee who commences his employment after that date, is eligible to
15 participate in the program on the first day of the month following the
16 completion of 90 days of full-time employment.

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

20 5. An officer or employee of the governing body of any county, school
21 district, municipal corporation, political subdivision, public corporation or
22 other public agency of the State of Nevada who retires under the conditions
23 set forth in NRS 286.510 or 286.620 and was not participating in the
24 program at the time of his retirement is eligible to participate in the
25 program 60 days after notice of the selection to participate is given
26 pursuant to NRS 287.023 or 287.0235. The board shall make a separate
27 accounting for these retired persons. For the first year following
28 enrollment, the rates charged must be the full actuarial costs determined by
29 the actuary based upon the expected claims experience with these retired
30 persons. The claims experience of these retired persons must not be
31 commingled with the retired persons who were members of the program
32 before their retirement, nor with active employees of the state. After the
33 first year following enrollment, the rates charged must be the full actuarial
34 costs determined by the actuary based upon the past claims experience of
35 these retired persons since enrolling.

36 6. Notwithstanding the provisions of subsections 1, 3 and 4, if the
37 board does not, pursuant to NRS 689B.580, elect to exclude the program
38 from compliance with NRS 689B.340 to 689B.600, inclusive, *and section*
39 *3 of this act* and if the coverage under the program is provided by a health
40 maintenance organization authorized to transact insurance in this state
41 pursuant to chapter 695C of NRS, any affiliation period imposed by the
42 program may not exceed the statutory limit for an affiliation period set
43 forth in NRS 689B.500.

44 **Sec. 12.5.** NRS 422.273 is hereby amended to read as follows:

45 422.273 1. For any Medicaid managed care program established in
46 the State of Nevada, the department shall contract only with a health
47 maintenance organization that has:

48 (a) Negotiated in good faith with a federally-qualified health center to
49 provide health care services for the health maintenance organization;



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1 (b) Negotiated in good faith with the University Medical Center of
2 Southern Nevada to provide inpatient and ambulatory services to recipients
3 of Medicaid; and

4 (c) Negotiated in good faith with the University of Nevada School of
5 Medicine to provide health care services to recipients of
6 Medicaid.

7 Nothing in this section shall be construed as exempting a federally-
8 qualified health center, the University Medical Center of Southern Nevada
9 or the University of Nevada School of Medicine from the requirements for
10 contracting with the health maintenance organization.

11 2. During the development and implementation of any Medicaid
12 managed care program, the department shall cooperate with the University
13 of Nevada School of Medicine by assisting in the provision of an adequate
14 and diverse group of patients upon which the school may base its
15 educational programs.

16 3. The University of Nevada School of Medicine may establish a
17 nonprofit organization to assist in any research necessary for the
18 development of a Medicaid managed care program, receive and accept
19 gifts, grants and donations to support such a program and assist in
20 establishing educational services about the program for recipients of
21 Medicaid.

22 4. For the ~~purposes~~ *purpose* of *contracting with a Medicaid*
23 *managed care program pursuant to* this section ~~+~~, *a health*
24 *maintenance organization is exempt from the provisions of section 8 of*
25 *this act.*

26 *5. As used in this section, unless the context otherwise requires:*

27 (a) "Federally-qualified health center" has the meaning ascribed to it in
28 42 U.S.C. § 1396d(l)(2)(B).

29 (b) "Health maintenance organization" has the meaning ascribed to it in
30 NRS 695C.030.

31 **Sec. 13.** The amendatory provisions of this act apply to all policies,
32 contracts and plans for health insurance, managed care or the provision of
33 health care services entered into or renewed on or after January 1, 2002.

34 **Sec. 14.** The amendatory provisions of this act do not apply to
35 offenses committed before January 1, 2002.

36 **Sec. 15.** This act becomes effective on January 1, 2002.

