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FIRST REPRINT

S.B. 2

SENATE BILL NO. 2—SENATOR AMODEI

PREFILED JANUARY 11, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Requires provider of insurance coverage for prescription drugs to disclose certain information regarding use of formulary and to continue coverage for prescribed drug under certain circumstances. (BDR 57-597)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 insurance; requiring a provider of coverage for prescription drugs to disclose certain information regarding the use of a formulary; prohibiting such a provider from limiting or excluding coverage for a prescribed drug under certain circumstances; 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 the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1. *An insurer that offers or issues a policy of health***
4 ***insurance which provides coverage for prescription drugs shall include***
5 ***with any summary, certificate or evidence of that coverage provided to an***
6 ***insured, notice of whether a formulary is used and, if so, of the***
7 ***opportunity to secure information regarding the formulary from the***
8 ***insurer pursuant to subsection 2. The notice required by this subsection***
9 ***must:***

10 ***(a) Be in a language that is easily understood and in a format that is***
11 ***easy to understand;***

12 ***(b) Include an explanation of what a formulary is; and***

13 ***(c) If a formulary is used, include:***

14 ***(I) An explanation of:***

15 ***(I) How often the contents of the formulary are reviewed; and***

16 ***(II) The procedure and criteria for determining which***
17 ***prescription drugs are included in and excluded from the formulary; and***



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1 (2) The telephone number of the insurer for making a request for
2 information regarding the formulary pursuant to subsection 2.

3 2. If an insurer offers or issues a policy of health insurance which
4 provides coverage for prescription drugs and a formulary is used, the
5 insurer shall:

6 (a) Provide to any insured or participating provider of health care,
7 upon request:

8 (1) Information regarding whether a specific drug is included in the
9 formulary.

10 (2) Access to the most current list of prescription drugs in the
11 formulary, organized by major therapeutic category, with an indication
12 of whether any listed drugs are preferred over other listed drugs. If more
13 than one formulary is maintained, the insurer shall notify the requester
14 that a choice of formulary lists is available.

15 (b) Notify each person who requests information regarding the
16 formulary, that the inclusion of a drug in the formulary does not
17 guarantee that a provider of health care will prescribe that drug for a
18 particular medical condition.

19 Sec. 3. 1. Except as otherwise provided in this section, a policy of
20 health insurance which provides coverage for prescription drugs must
21 not limit or exclude coverage for a drug if the drug:

22 (a) Had previously been approved for coverage by the insurer for a
23 medical condition of an insured and the insured's provider of health care
24 determines, after conducting a reasonable investigation, that none of the
25 drugs which are otherwise currently approved for coverage are medically
26 appropriate for the insured; and

27 (b) Is appropriately prescribed and considered safe and effective for
28 treating the medical condition of the insured.

29 2. The provisions of subsection 1 do not:

30 (a) Apply to coverage for any drug that is prescribed for a use that is
31 different from the use for which that drug has been approved for
32 marketing by the Food and Drug Administration;

33 (b) Prohibit:

34 (1) The insurer from charging a deductible, copayment or
35 coinsurance for the provision of benefits for prescription drugs to the
36 insured or from establishing, by contract, limitations on the maximum
37 coverage for prescription drugs;

38 (2) A provider of health care from prescribing another drug covered
39 by the policy that is medically appropriate for the insured; or

40 (3) The substitution of another drug pursuant to NRS 639.23286 or
41 639.2583 to 639.2599, inclusive; or

42 (c) Require any coverage for a drug after the term of the policy.

43 3. Any provision of a policy subject to the provisions of this chapter
44 that is delivered, issued for delivery or renewed on or after October 1,
45 2001, which is in conflict with this section is void.

46 Sec. 4. Chapter 689B of NRS is hereby amended by adding thereto
47 the provisions set forth as sections 5 and 6 of this act.

48 Sec. 5. 1. An insurer that offers or issues a policy of group health
49 insurance which provides coverage for prescription drugs shall include



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- 1 with any summary, certificate or evidence of that coverage provided to an
2 insured, notice of whether a formulary is used and, if so, of the
3 opportunity to secure information regarding the formulary from the
4 insurer pursuant to subsection 2. The notice required by this subsection
5 must:
- 6 (a) Be in a language that is easily understood and in a format that is
7 easy to understand;
- 8 (b) Include an explanation of what a formulary is; and
- 9 (c) If a formulary is used, include:
- 10 (1) An explanation of:
- 11 (I) How often the contents of the formulary are reviewed; and
- 12 (II) The procedure and criteria for determining which
13 prescription drugs are included in and excluded from the formulary; and
- 14 (2) The telephone number of the insurer for making a request for
15 information regarding the formulary pursuant to subsection 2.
- 16 2. If an insurer offers or issues a policy of group health insurance
17 which provides coverage for prescription drugs and a formulary is used,
18 the insurer shall:
- 19 (a) Provide to any insured or participating provider of health care,
20 upon request:
- 21 (1) Information regarding whether a specific drug is included in the
22 formulary.
- 23 (2) Access to the most current list of prescription drugs in the
24 formulary, organized by major therapeutic category, with an indication
25 of whether any listed drugs are preferred over other listed drugs. If more
26 than one formulary is maintained, the insurer shall notify the requester
27 that a choice of formulary lists is available.
- 28 (b) Notify each person who requests information regarding the
29 formulary, that the inclusion of a drug in the formulary does not
30 guarantee that a provider of health care will prescribe that drug for a
31 particular medical condition.
- 32 **Sec. 6. 1.** Except as otherwise provided in this section, a policy of
33 group health insurance which provides coverage for prescription drugs
34 must not limit or exclude coverage for a drug if the drug:
- 35 (a) Had previously been approved for coverage by the insurer for a
36 medical condition of an insured and the insured's provider of health care
37 determines, after conducting a reasonable investigation, that none of the
38 drugs which are otherwise currently approved for coverage are medically
39 appropriate for the insured; and
- 40 (b) Is appropriately prescribed and considered safe and effective for
41 treating the medical condition of the insured.
- 42 2. The provisions of subsection 1 do not:
- 43 (a) Apply to coverage for any drug that is prescribed for a use that is
44 different from the use for which that drug has been approved for
45 marketing by the Food and Drug Administration;
- 46 (b) Prohibit:
- 47 (1) The insurer from charging a deductible, copayment or
48 coinsurance for the provision of benefits for prescription drugs to the



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1 *insured or from establishing, by contract, limitations on the maximum*
2 *coverage for prescription drugs;*

3 *(2) A provider of health care from prescribing another drug covered*
4 *by the policy that is medically appropriate for the insured; or*

5 *(3) The substitution of another drug pursuant to NRS 639.23286 or*
6 *639.2583 to 639.2599, inclusive; or*

7 *(c) Require any coverage for a drug after the term of the policy.*

8 *3. Any provision of a policy subject to the provisions of this chapter*
9 *that is delivered, issued for delivery or renewed on or after October 1,*
10 *2001, which is in conflict with this section is void.*

11 **Sec. 7.** Chapter 689C of NRS is hereby amended by adding thereto
12 the provisions set forth as sections 8, 9 and 10 of this act.

13 **Sec. 8.** *1. A carrier that offers or issues a health benefit plan*
14 *which provides coverage for prescription drugs shall include with any*
15 *summary, certificate or evidence of that coverage provided to an insured,*
16 *notice of whether a formulary is used and, if so, of the opportunity to*
17 *secure information regarding the formulary from the carrier pursuant to*
18 *subsection 2. The notice required by this subsection must:*

19 *(a) Be in a language that is easily understood and in a format that is*
20 *easy to understand;*

21 *(b) Include an explanation of what a formulary is; and*

22 *(c) If a formulary is used, include:*

23 *(I) An explanation of:*

24 *(I) How often the contents of the formulary are reviewed; and*

25 *(II) The procedure and criteria for determining which*
26 *prescription drugs are included in and excluded from the formulary; and*

27 *(2) The telephone number of the carrier for making a request for*
28 *information regarding the formulary pursuant to subsection 2.*

29 *2. If a carrier offers or issues a health benefit plan which provides*
30 *coverage for prescription drugs and a formulary is used, the carrier*
31 *shall:*

32 *(a) Provide to any insured or participating provider of health care,*
33 *upon request:*

34 *(1) Information regarding whether a specific drug is included in the*
35 *formulary.*

36 *(2) Access to the most current list of prescription drugs in the*
37 *formulary, organized by major therapeutic category, with an indication*
38 *of whether any listed drugs are preferred over other listed drugs. If more*
39 *than one formulary is maintained, the carrier shall notify the requester*
40 *that a choice of formulary lists is available.*

41 *(b) Notify each person who requests information regarding the*
42 *formulary, that the inclusion of a drug in the formulary does not*
43 *guarantee that a provider of health care will prescribe that drug for a*
44 *particular medical condition.*

45 **Sec. 9.** *1. Except as otherwise provided in this section, a health*
46 *benefit plan which provides coverage for prescription drugs must not*
47 *limit or exclude coverage for a drug if the drug:*

48 *(a) Had previously been approved for coverage by the carrier for a*
49 *medical condition of an insured and the insured's provider of health care*



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- 1 *determines, after conducting a reasonable investigation, that none of the*
2 *drugs which are otherwise currently approved for coverage are medically*
3 *appropriate for the insured; and*
4 *(b) Is appropriately prescribed and considered safe and effective for*
5 *treating the medical condition of the insured.*
6 *2. The provisions of subsection 1 do not:*
7 *(a) Apply to coverage for any drug that is prescribed for a use that is*
8 *different from the use for which that drug has been approved for*
9 *marketing by the Food and Drug Administration;*
10 *(b) Prohibit:*
11 *(1) The carrier from charging a deductible, copayment or*
12 *coinsurance for the provision of benefits for prescription drugs to the*
13 *insured or from establishing, by contract, limitations on the maximum*
14 *coverage for prescription drugs;*
15 *(2) A provider of health care from prescribing another drug covered*
16 *by the plan that is medically appropriate for the insured; or*
17 *(3) The substitution of another drug pursuant to NRS 639.23286 or*
18 *639.2583 to 639.2599, inclusive; or*
19 *(c) Require any coverage for a drug after the term of the plan.*
20 *3. Any provision of a health benefit plan subject to the provisions of*
21 *this chapter that is delivered, issued for delivery or renewed on or after*
22 *October 1, 2001, which is in conflict with this section is void.*
23 **Sec. 10.** *1. A carrier that offers or issues a contract which provides*
24 *coverage for prescription drugs shall include with any summary,*
25 *certificate or evidence of that coverage provided to an insured, notice of*
26 *whether a formulary is used and, if so, of the opportunity to secure*
27 *information regarding the formulary from the carrier pursuant to*
28 *subsection 2. The notice required by this subsection must:*
29 *(a) Be in a language that is easily understood and in a format that is*
30 *easy to understand;*
31 *(b) Include an explanation of what a formulary is; and*
32 *(c) If a formulary is used, include:*
33 *(1) An explanation of:*
34 *(I) How often the contents of the formulary are reviewed; and*
35 *(II) The procedure and criteria for determining which*
36 *prescription drugs are included in and excluded from the formulary; and*
37 *(2) The telephone number of the carrier for making a request for*
38 *information regarding the formulary pursuant to subsection 2.*
39 *2. If a carrier offers or issues a contract which provides coverage for*
40 *prescription drugs and a formulary is used, the carrier shall:*
41 *(a) Provide to any insured or participating provider of health care,*
42 *upon request:*
43 *(1) Information regarding whether a specific drug is included in the*
44 *formulary.*
45 *(2) Access to the most current list of prescription drugs in the*
46 *formulary, organized by major therapeutic category, with an indication*
47 *of whether any listed drugs are preferred over other listed drugs. If more*
48 *than one formulary is maintained, the carrier shall notify the requester*
49 *that a choice of formulary lists is available.*



1 ***(b) Notify each person who requests information regarding the***
2 ***formulary, that the inclusion of a drug in the formulary does not***
3 ***guarantee that a provider of health care will prescribe that drug for a***
4 ***particular medical condition.***

5 **Sec. 11.** NRS 689C.425 is hereby amended to read as follows:

6 689C.425 A voluntary purchasing group and any contract issued to
7 such a group pursuant to NRS 689C.360 to 689C.600, inclusive, ***and***
8 ***section 10 of this act*** are subject to the provisions of NRS 689C.015 to
9 689C.355, inclusive, ***and sections 8 and 9 of this act*** to the extent
10 applicable and not in conflict with the express provisions of NRS 689C.360
11 to 689C.600, inclusive, and ~~this section.~~ ***section 10 of this act.***

12 **Sec. 12.** Chapter 695A of NRS is hereby amended by adding thereto
13 the provisions set forth as sections 13 and 14 of this act.

14 **Sec. 13. 1.** ***A society that offers or issues a benefit contract which***
15 ***provides coverage for prescription drugs shall include with any***
16 ***certificate for such a contract provided to a benefit member, notice of***
17 ***whether a formulary is used and, if so, of the opportunity to secure***
18 ***information regarding the formulary from the society pursuant to***
19 ***subsection 2. The notice required by this subsection must:***

20 ***(a) Be in a language that is easily understood and in a format that is***
21 ***easy to understand;***

22 ***(b) Include an explanation of what a formulary is; and***

23 ***(c) If a formulary is used, include:***

24 ***(1) An explanation of:***

25 ***(I) How often the contents of the formulary are reviewed; and***

26 ***(II) The procedure and criteria for determining which***
27 ***prescription drugs are included in and excluded from the formulary; and***

28 ***(2) The telephone number of the society for making a request for***
29 ***information regarding the formulary pursuant to subsection 2.***

30 **2.** ***If a society offers or issues a benefit contract which provides***
31 ***coverage for prescription drugs and a formulary is used, the society***
32 ***shall:***

33 ***(a) Provide to any insured or participating provider of health care,***
34 ***upon request:***

35 ***(1) Information regarding whether a specific drug is included in the***
36 ***formulary.***

37 ***(2) Access to the most current list of prescription drugs in the***
38 ***formulary, organized by major therapeutic category, with an indication***
39 ***of whether any listed drugs are preferred over other listed drugs. If more***
40 ***than one formulary is maintained, the society shall notify the requester***
41 ***that a choice of formulary lists is available.***

42 ***(b) Notify each person who requests information regarding the***
43 ***formulary, that the inclusion of a drug in the formulary does not***
44 ***guarantee that a provider of health care will prescribe that drug for a***
45 ***particular medical condition.***

46 **Sec. 14. 1.** ***Except as otherwise provided in this section, a benefit***
47 ***contract which provides coverage for prescription drugs must not limit or***
48 ***exclude coverage for a drug if the drug:***



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- 1 (a) Had previously been approved for coverage by the society for a
2 medical condition of an insured and the insured's provider of health care
3 determines, after conducting a reasonable investigation, that none of the
4 drugs which are otherwise currently approved for coverage are medically
5 appropriate for the insured; and
6 (b) Is appropriately prescribed and considered safe and effective for
7 treating the medical condition of the insured.
- 8 2. The provisions of subsection 1 do not:
9 (a) Apply to coverage for any drug that is prescribed for a use that is
10 different from the use for which that drug has been approved for
11 marketing by the Food and Drug Administration;
12 (b) Prohibit:
13 (1) The society from charging a deductible, copayment or
14 coinsurance for the provision of benefits for prescription drugs to the
15 insured or from establishing, by contract, limitations on the maximum
16 coverage for prescription drugs;
17 (2) A provider of health care from prescribing another drug covered
18 by the benefit contract that is medically appropriate for the insured; or
19 (3) The substitution of another drug pursuant to NRS 639.23286 or
20 639.2583 to 639.2599, inclusive; or
21 (c) Require any coverage for a drug after the term of the benefit
22 contract.
- 23 3. Any provision of a benefit contract subject to the provisions of this
24 chapter that is delivered, issued for delivery or renewed on or after
25 October 1, 2001, which is in conflict with this section is void.
- 26 Sec. 15. Chapter 695B of NRS is hereby amended by adding thereto
27 the provisions set forth as sections 16 and 17 of this act.
- 28 Sec. 16. 1. An insurer that offers or issues a contract for hospital
29 or medical services which provides coverage for prescription drugs shall
30 include with any summary, certificate or evidence of that coverage
31 provided to an insured, notice of whether a formulary is used and, if so,
32 of the opportunity to secure information regarding the formulary from
33 the insurer pursuant to subsection 2. The notice required by this
34 subsection must:
35 (a) Be in a language that is easily understood and in a format that is
36 easy to understand;
37 (b) Include an explanation of what a formulary is; and
38 (c) If a formulary is used, include:
39 (1) An explanation of:
40 (I) How often the contents of the formulary are reviewed; and
41 (II) The procedure and criteria for determining which
42 prescription drugs are included in and excluded from the formulary; and
43 (2) The telephone number of the insurer for making a request for
44 information regarding the formulary pursuant to subsection 2.
- 45 2. If an insurer offers or issues a contract for hospital or medical
46 services which provides coverage for prescription drugs and a formulary
47 is used, the insurer shall:
48 (a) Provide to any insured or participating provider of health care,
49 upon request:



1 (1) Information regarding whether a specific drug is included in the
2 formulary.

3 (2) Access to the most current list of prescription drugs in the
4 formulary, organized by major therapeutic category, with an indication
5 of whether any listed drugs are preferred over other listed drugs. If more
6 than one formulary is maintained, the insurer shall notify the requester
7 that a choice of formulary lists is available.

8 (b) Notify each person who requests information regarding the
9 formulary, that the inclusion of a drug in the formulary does not
10 guarantee that a provider of health care will prescribe that drug for a
11 particular medical condition.

12 **Sec. 17.** 1. Except as otherwise provided in this section, a contract
13 for hospital or medical services which provides coverage for prescription
14 drugs must not limit or exclude coverage for a drug if the drug:

15 (a) Had previously been approved for coverage by the insurer for a
16 medical condition of an insured and the insured's provider of health care
17 determines, after conducting a reasonable investigation, that none of the
18 drugs which are otherwise currently approved for coverage are medically
19 appropriate for the insured; and

20 (b) Is appropriately prescribed and considered safe and effective for
21 treating the medical condition of the insured.

22 2. The provisions of subsection 1 do not:

23 (a) Apply to coverage for any drug that is prescribed for a use that is
24 different from the use for which that drug has been approved for
25 marketing by the Food and Drug Administration;

26 (b) Prohibit:

27 (1) The insurer from charging a deductible, copayment or
28 coinsurance for the provision of benefits for prescription drugs to the
29 insured or from establishing, by contract, limitations on the maximum
30 coverage for prescription drugs;

31 (2) A provider of health care from prescribing another drug covered
32 by the contract that is medically appropriate for the insured; or

33 (3) The substitution of another drug pursuant to NRS 639.23286 or
34 639.2583 to 639.2599, inclusive; or

35 (c) Require any coverage for a drug after the term of the contract.

36 3. Any provision of a contract for hospital or medical services subject
37 to the provisions of this chapter that is delivered, issued for delivery or
38 renewed on or after October 1, 2001, which is in conflict with this section
39 is void.

40 **Sec. 18.** Chapter 695C of NRS is hereby amended by adding thereto
41 the provisions set forth as sections 19 and 20 of this act.

42 **Sec. 19.** 1. A health maintenance organization or insurer that
43 offers or issues evidence of coverage which provides coverage for
44 prescription drugs shall include with any evidence of that coverage
45 provided to an enrollee, notice of whether a formulary is used and, if so,
46 of the opportunity to secure information regarding the formulary from
47 the organization or insurer pursuant to subsection 2. The notice required
48 by this subsection must:



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- 1 (a) *Be in a language that is easily understood and in a format that is*
2 *easy to understand;*
3 (b) *Include an explanation of what a formulary is; and*
4 (c) *If a formulary is used, include:*
5 (1) *An explanation of:*
6 (I) *How often the contents of the formulary are reviewed; and*
7 (II) *The procedure and criteria for determining which*
8 *prescription drugs are included in and excluded from the formulary; and*
9 (2) *The telephone number of the organization or insurer for*
10 *making a request for information regarding the formulary pursuant to*
11 *subsection 2.*
12 2. *If a health maintenance organization or insurer offers or issues*
13 *evidence of coverage which provides coverage for prescription drugs and*
14 *a formulary is used, the organization or insurer shall:*
15 (a) *Provide to any enrollee or participating provider of health care*
16 *upon request:*
17 (1) *Information regarding whether a specific drug is included in the*
18 *formulary.*
19 (2) *Access to the most current list of prescription drugs in the*
20 *formulary, organized by major therapeutic category, with an indication*
21 *of whether any listed drugs are preferred over other listed drugs. If more*
22 *than one formulary is maintained, the organization or insurer shall*
23 *notify the requester that a choice of formulary lists is available.*
24 (b) *Notify each person who requests information regarding the*
25 *formulary, that the inclusion of a drug in the formulary does not*
26 *guarantee that a provider of health care will prescribe that drug for a*
27 *particular medical condition.*
28 **Sec. 20.** 1. *Except as otherwise provided in this section, evidence*
29 *of coverage which provides coverage for prescription drugs must not*
30 *limit or exclude coverage for a drug if the drug:*
31 (a) *Had previously been approved for coverage by the health*
32 *maintenance organization or insurer for a medical condition of an*
33 *enrollee and the enrollee's provider of health care determines, after*
34 *conducting a reasonable investigation, that none of the drugs which are*
35 *otherwise currently approved for coverage are medically appropriate for*
36 *the enrollee; and*
37 (b) *Is appropriately prescribed and considered safe and effective for*
38 *treating the medical condition of the enrollee.*
39 2. *The provisions of subsection 1 do not:*
40 (a) *Apply to coverage for any drug that is prescribed for a use that is*
41 *different from the use for which that drug has been approved for*
42 *marketing by the Food and Drug Administration;*
43 (b) *Prohibit:*
44 (1) *The health maintenance organization or insurer from charging*
45 *a deductible, copayment or coinsurance for the provision of benefits for*
46 *prescription drugs to the enrollee or from establishing, by contract,*
47 *limitations on the maximum coverage for prescription drugs;*



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1 (2) *A provider of health care from prescribing another drug covered*
2 *by the evidence of coverage that is medically appropriate for the enrollee;*
3 *or*

4 (3) *The substitution of another drug pursuant to NRS 639.23286 or*
5 *639.2583 to 639.2599, inclusive; or*

6 (c) *Require any coverage for a drug after the term of the evidence of*
7 *coverage.*

8 3. *Any provision of an evidence of coverage subject to the provisions*
9 *of this chapter that is delivered, issued for delivery or renewed on or after*
10 *October 1, 2001, which is in conflict with this section is void.*

11 **Sec. 21.** NRS 695C.050 is hereby amended to read as follows:

12 695C.050 1. Except as otherwise provided in this chapter or in
13 specific provisions of this Title, the provisions of this Title are not
14 applicable to any health maintenance organization granted a certificate of
15 authority under this chapter. This provision does not apply to an insurer
16 licensed and regulated pursuant to this Title except with respect to its
17 activities as a health maintenance organization authorized and regulated
18 pursuant to this chapter.

19 2. Solicitation of enrollees by a health maintenance organization
20 granted a certificate of authority, or its representatives, must not be
21 construed to violate any provision of law relating to solicitation or
22 advertising by practitioners of a healing art.

23 3. Any health maintenance organization authorized under this chapter
24 shall not be deemed to be practicing medicine and is exempt from the
25 provisions of chapter 630 of NRS.

26 4. The provisions of NRS 695C.110, 695C.170 to 695C.200, inclusive,
27 *and sections 19 and 20 of this act, NRS* 695C.250 and 695C.265 do not
28 apply to a health maintenance organization that provides health care
29 services through managed care to recipients of Medicaid under the state
30 plan for Medicaid or insurance pursuant to the children's health insurance
31 program pursuant to a contract with the division of health care financing
32 and policy of the department of human resources. This subsection does not
33 exempt a health maintenance organization from any provision of this
34 chapter for services provided pursuant to any other contract.

35 5. The provisions of NRS 695C.1694 and 695C.1695 apply to a health
36 maintenance organization that provides health care services through
37 managed care to recipients of Medicaid under the state plan for Medicaid.

38 **Sec. 22.** Chapter 695F of NRS is hereby amended by adding thereto
39 the provisions set forth as sections 23 and 24 of this act.

40 **Sec. 23. 1.** *A prepaid limited health service organization that offers*
41 *or issues evidence of coverage which provides coverage for prescription*
42 *drugs shall include with any evidence of that coverage provided to a*
43 *subscriber, notice of whether a formulary is used and, if so, of the*
44 *opportunity to secure information regarding the formulary from the*
45 *organization pursuant to subsection 2. The notice required by this*
46 *subsection must:*

47 (a) *Be in a language that is easily understood and in a format that is*
48 *easy to understand;*

49 (b) *Include an explanation of what a formulary is; and*



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1 (c) If a formulary is used, include:

2 (1) An explanation of:

3 (I) How often the contents of the formulary are reviewed; and

4 (II) The procedure and criteria for determining which
5 prescription drugs are included in and excluded from the formulary; and

6 (2) The telephone number of the organization for making a request
7 for information regarding the formulary pursuant to subsection 2.

8 2. If a prepaid limited health service organization offers or issues
9 evidence of coverage which provides coverage for prescription drugs and
10 a formulary is used, the organization shall:

11 (a) Provide to any enrollee or participating provider of health care,
12 upon request:

13 (1) Information regarding whether a specific drug is included in the
14 formulary.

15 (2) Access to the most current list of prescription drugs in the
16 formulary, organized by major therapeutic category, with an indication
17 of whether any listed drugs are preferred over other listed drugs. If more
18 than one formulary is maintained, the organization shall notify the
19 requester that a choice of formulary lists is available.

20 (b) Notify each person who requests information regarding the
21 formulary, that the inclusion of a drug in the formulary does not
22 guarantee that a provider of health care will prescribe that drug for a
23 particular medical condition.

24 **Sec. 24.** 1. Except as otherwise provided in this section, evidence
25 of coverage which provides coverage for prescription drugs must not
26 limit or exclude coverage for a drug if the drug:

27 (a) Had previously been approved for coverage by the prepaid limited
28 health service organization for a medical condition of an enrollee and
29 the enrollee's provider of health care determines, after conducting a
30 reasonable investigation, that none of the drugs which are otherwise
31 currently approved for coverage are medically appropriate for the
32 enrollee; and

33 (b) Is appropriately prescribed and considered safe and effective for
34 treating the medical condition of the enrollee.

35 2. The provisions of subsection 1 do not:

36 (a) Apply to coverage for any drug that is prescribed for a use that is
37 different from the use for which that drug has been approved for
38 marketing by the Food and Drug Administration;

39 (b) Prohibit:

40 (1) The organization from charging a deductible, copayment or
41 coinsurance for the provision of benefits for prescription drugs to the
42 enrollee or from establishing, by contract, limitations on the maximum
43 coverage for prescription drugs;

44 (2) A provider of health care from prescribing another drug covered
45 by the evidence of coverage that is medically appropriate for the enrollee;
46 or

47 (3) The substitution of another drug pursuant to NRS 639.23286 or
48 639.2583 to 639.2599, inclusive; or



1 (c) *Require any coverage for a drug after the term of the evidence of*
2 *coverage.*

3 3. *Any provision of an evidence of coverage subject to the provisions*
4 *of this chapter that is delivered, issued for delivery or renewed on or after*
5 *October 1, 2001, which is in conflict with this section is void.*

6 **Sec. 25.** Chapter 695G of NRS is hereby amended by adding thereto
7 the provisions set forth as sections 26 and 27 of this act.

8 **Sec. 26.** 1. *A managed care organization that offers or issues a*
9 *health care plan which provides coverage for prescription drugs shall*
10 *include with any summary, certificate or evidence of that coverage*
11 *provided to an insured, notice of whether a formulary is used and, if so,*
12 *of the opportunity to secure information regarding the formulary from*
13 *the organization pursuant to subsection 2. The notice required by this*
14 *subsection must:*

15 (a) *Be in a language that is easily understood and in a format that is*
16 *easy to understand;*

17 (b) *Include an explanation of what a formulary is; and*

18 (c) *If a formulary is used, include:*

19 (1) *An explanation of:*

20 (I) *How often the contents of the formulary are reviewed; and*

21 (II) *The procedure and criteria for determining which*
22 *prescription drugs are included in and excluded from the formulary; and*

23 (2) *The telephone number of the organization for making a request*
24 *for information regarding the formulary pursuant to subsection 2.*

25 2. *If a managed care organization offers or issues a health care plan*
26 *which provides coverage for prescription drugs and a formulary is used,*
27 *the organization shall:*

28 (a) *Provide to any insured or participating provider of health care,*
29 *upon request:*

30 (1) *Information regarding whether a specific drug is included in the*
31 *formulary.*

32 (2) *Access to the most current list of prescription drugs in the*
33 *formulary, organized by major therapeutic category, with an indication*
34 *of whether any listed drugs are preferred over other listed drugs. If more*
35 *than one formulary is maintained, the organization shall notify the*
36 *requester that a choice of formulary lists is available.*

37 (b) *Notify each person who requests information regarding the*
38 *formulary, that the inclusion of a drug in the formulary does not*
39 *guarantee that a provider of health care will prescribe that drug for a*
40 *particular medical condition.*

41 **Sec. 27.** 1. *Except as otherwise provided in this section, a health*
42 *care plan which provides coverage for prescription drugs must not limit*
43 *or exclude coverage for a drug if the drug:*

44 (a) *Had previously been approved for coverage by the managed care*
45 *organization for a medical condition of an insured and the insured's*
46 *provider of health care determines, after conducting a reasonable*
47 *investigation, that none of the drugs which are otherwise currently*
48 *approved for coverage are medically appropriate for the insured; and*



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- 1 ***(b) Is appropriately prescribed and considered safe and effective for***
2 ***treating the medical condition of the insured.***
3 ***2. The provisions of subsection 1 do not:***
4 ***(a) Apply to coverage for any drug that is prescribed for a use that is***
5 ***different from the use for which that drug has been approved for***
6 ***marketing by the Food and Drug Administration;***
7 ***(b) Prohibit:***
8 ***(1) The organization from charging a deductible, copayment or***
9 ***coinsurance for the provision of benefits for prescription drugs to the***
10 ***insured or from establishing, by contract, limitations on the maximum***
11 ***coverage for prescription drugs;***
12 ***(2) A provider of health care from prescribing another drug covered***
13 ***by the plan that is medically appropriate for the insured; or***
14 ***(3) The substitution of another drug pursuant to NRS 639.23286 or***
15 ***639.2583 to 639.2599, inclusive; or***
16 ***(c) Require any coverage for a drug after the term of the plan.***
17 ***3. Any provision of a health care plan subject to the provisions of***
18 ***this chapter that is delivered, issued for delivery or renewed on or after***
19 ***October 1, 2001, which is in conflict with this section is void.***

