

ASSEMBLY BILL NO. 269—ASSEMBLYMEN MABEY, GIBBONS,  
GRIFFIN, BROWN, KNECHT, ANGLE, BUCKLEY,  
CARPENTER, GEDDES, GOICOECHEA, HARDY, HETTRICK,  
MARVEL, MCCLEARY, PIERCE, SHERER AND WEBER

MARCH 10, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Requires certain health care plans and insurance policies to provide, under certain circumstances, coverage for medical care if confirmation of coverage and prior authorization is obtained. (BDR 57-813)

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 certain health care plans and insurance policies to provide, under certain circumstances, coverage for medical care if confirmation of coverage and prior authorization is obtained; revising the circumstances under which the Commissioner of Insurance may suspend or revoke a certificate of authority issued to a health maintenance organization; 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  
2     adding thereto a new section to read as follows:  
3     ***1. A policy of health insurance issued by an insurer must***  
4     ***provide coverage for particular medical care provided to a person***  
5     ***by a provider of health care if:***  
6     ***(a) The policy provides coverage for the particular medical***  
7     ***care when provided to a person who is covered by the policy;***



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1       (b) *The provider of health care receives confirmation from the*  
2 *insurer that the person is covered by the policy and will be covered*  
3 *by the policy on a date specified by the provider of health care;*

4       (c) *The provider of health care receives prior authorization*  
5 *from the insurer to provide the particular medical care on a date*  
6 *specified by the provider of health care, if the policy requires prior*  
7 *authorization for the particular medical care;*

8       (d) *The insurer does not notify the provider of health care*  
9 *before the provider of health care provides the particular medical*  
10 *care to the person that the insurer provided:*

11           (1) *The confirmation pursuant to paragraph (b) in error; or*

12           (2) *The prior authorization pursuant to paragraph (c) in*  
13 *error; and*

14       (e) *The provider of health care provides the particular medical*  
15 *care to the person:*

16           (1) *On or after the later of:*

17               (I) *The date the provider of health care receives*  
18 *confirmation pursuant to paragraph (b); or*

19               (II) *The date, if any, the provider of health care receives*  
20 *prior authorization pursuant to paragraph (c); and*

21           (2) *On or before the earlier of:*

22               (I) *The date the provider of health care specified*  
23 *pursuant to paragraph (b); or*

24               (II) *The date, if any, the provider of health care*  
25 *specified pursuant to paragraph (c).*

26       2. *Except as otherwise provided in paragraph (d) of*  
27 *subsection 1, the coverage required by this section must be*  
28 *provided regardless of whether the person who received the*  
29 *particular medical care was covered by the policy on the date the*  
30 *provider of health care:*

31           (a) *Received confirmation from the insurer pursuant to*  
32 *paragraph (b) of subsection 1;*

33           (b) *Received prior authorization from the insurer, if required,*  
34 *pursuant to paragraph (c) of subsection 1; or*

35           (c) *Provided the particular medical care to the person.*

36       3. *A policy subject to the provisions of this chapter that is*  
37 *delivered, issued for delivery or renewed on or after October 1,*  
38 *2003, has the legal effect of including the coverage required by*  
39 *this section, and any provision of the policy or renewal which is in*  
40 *conflict with this section is void.*

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

42       689A.330 If any policy is issued by a domestic insurer for  
43 delivery to a person residing in another state, and if the insurance  
44 commissioner or corresponding public officer of that other state has  
45 informed the Commissioner that the policy is not subject to approval



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1 or disapproval by that officer, the Commissioner may by ruling  
2 require that the policy meet the standards set forth in NRS 689A.030  
3 to 689A.320, inclusive ~~H~~, and *section 1 of this act*.

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

6 *1. A policy of group health insurance issued by an insurer*  
7 *must provide coverage for particular medical care provided to a*  
8 *person by a provider of health care if:*

9 (a) *The policy provides coverage for the particular medical*  
10 *care when provided to a person who is covered by the policy;*

11 (b) *The provider of health care receives confirmation from the*  
12 *insurer that the person is covered by the policy and will be covered*  
13 *by the policy on a date specified by the provider of health care;*

14 (c) *The provider of health care receives prior authorization*  
15 *from the insurer to provide the particular medical care on a date*  
16 *specified by the provider of health care, if the policy requires prior*  
17 *authorization for the particular medical care;*

18 (d) *The insurer does not notify the provider of health care*  
19 *before the provider of health care provides the particular medical*  
20 *care to the person that the insurer provided:*

21 (1) *The confirmation pursuant to paragraph (b) in error; or*

22 (2) *The prior authorization pursuant to paragraph (c) in*  
23 *error; and*

24 (e) *The provider of health care provides the particular medical*  
25 *care to the person:*

26 (1) *On or after the later of:*

27 (I) *The date the provider of health care receives*  
28 *confirmation pursuant to paragraph (b); or*

29 (II) *The date, if any, the provider of health care receives*  
30 *prior authorization pursuant to paragraph (c); and*

31 (2) *On or before the earlier of:*

32 (I) *The date the provider of health care specified*  
33 *pursuant to paragraph (b); or*

34 (II) *The date, if any, the provider of health care*  
35 *specified pursuant to paragraph (c).*

36 *2. Except as otherwise provided in paragraph (d) of*  
37 *subsection 1, the coverage required by this section must be*  
38 *provided regardless of whether the person who received the*  
39 *particular medical care was covered by the policy on the date the*  
40 *provider of health care:*

41 (a) *Received confirmation from the insurer pursuant to*  
42 *paragraph (b) of subsection 1;*

43 (b) *Received prior authorization from the insurer, if required,*  
44 *pursuant to paragraph (c) of subsection 1; or*



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1       (c) *Provided the particular medical care to the person.*  
2       3. *A policy subject to the provisions of this chapter that is*  
3 *delivered, issued for delivery or renewed on or after October 1,*  
4 *2003, has the legal effect of including the coverage required by*  
5 *this section, and any provision of the policy or renewal which is in*  
6 *conflict with this section is void.*

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

9       1. *A policy of health insurance issued by a hospital or*  
10 *medical services corporation must provide coverage for particular*  
11 *medical care provided to a person by a provider of health care if:*

12       (a) *The policy provides coverage for the particular medical*  
13 *care when provided to a person who is covered by the policy;*

14       (b) *The provider of health care receives confirmation from the*  
15 *hospital or medical services corporation that the person is covered*  
16 *by the policy and will be covered by the policy on a date specified*  
17 *by the provider of health care;*

18       (c) *The provider of health care receives prior authorization*  
19 *from the hospital or medical services corporation to provide the*  
20 *particular medical care on a date specified by the provider of*  
21 *health care, if the policy requires prior authorization for the*  
22 *particular medical care;*

23       (d) *The hospital or medical services corporation does not*  
24 *notify the provider of health care before the provider of health*  
25 *care provides the particular medical care to the person that the*  
26 *hospital or medical services corporation provided:*

27               (1) *The confirmation pursuant to paragraph (b) in error; or*

28               (2) *The prior authorization pursuant to paragraph (c) in*  
29 *error; and*

30       (e) *The provider of health care provides the particular medical*  
31 *care to the person:*

32               (1) *On or after the later of:*

33                       (I) *The date the provider of health care receives*  
34 *confirmation pursuant to paragraph (b); or*

35                       (II) *The date, if any, the provider of health care receives*  
36 *prior authorization pursuant to paragraph (c); and*

37               (2) *On or before the earlier of:*

38                       (I) *The date the provider of health care specified*  
39 *pursuant to paragraph (b); or*

40                       (II) *The date, if any, the provider of health care*  
41 *specified pursuant to paragraph (c).*

42       2. *Except as otherwise provided in paragraph (d) of*  
43 *subsection 1, the coverage required by this section must be*  
44 *provided regardless of whether the person who received the*



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1 *particular medical care was covered by the policy on the date the*  
2 *provider of health care:*

3 *(a) Received confirmation from the hospital or medical*  
4 *services corporation pursuant to paragraph (b) of subsection 1;*

5 *(b) Received prior authorization from the hospital or medical*  
6 *services corporation, if required, pursuant to paragraph (c) of*  
7 *subsection 1; or*

8 *(c) Provided the particular medical care to the person.*

9 3. *A policy subject to the provisions of this chapter that is*  
10 *delivered, issued for delivery or renewed on or after October 1,*  
11 *2003, has the legal effect of including the coverage required by*  
12 *this section, and any provision of the policy or renewal which is in*  
13 *conflict with this section is void.*

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

16 1. *A health care plan issued by a health maintenance*  
17 *organization must provide coverage for particular medical care*  
18 *provided to a person by a provider of health care if:*

19 *(a) The health care plan provides coverage for the particular*  
20 *medical care when provided to a person who is covered by the*  
21 *health care plan;*

22 *(b) The provider of health care receives confirmation from*  
23 *the health maintenance organization that the person is covered by*  
24 *the health care plan and will be covered by the health care plan on*  
25 *a date specified by the provider of health care;*

26 *(c) The provider of health care receives prior authorization*  
27 *from the health maintenance organization to provide the*  
28 *particular medical care on a date specified by the provider of*  
29 *health care, if the health care plan requires prior authorization for*  
30 *the particular medical care;*

31 *(d) The health maintenance organization does not notify the*  
32 *provider of health care before the provider of health care provides*  
33 *the particular medical care to the person that the health*  
34 *maintenance organization provided:*

35 *(1) The confirmation pursuant to paragraph (b) in error; or*

36 *(2) The prior authorization pursuant to paragraph (c) in*  
37 *error; and*

38 *(e) The provider of health care provides the particular medical*  
39 *care to the person:*

40 *(1) On or after the later of:*

41 *(I) The date the provider of health care receives*  
42 *confirmation pursuant to paragraph (b); or*

43 *(II) The date, if any, the provider of health care receives*  
44 *prior authorization pursuant to paragraph (c); and*



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1           (2) *On or before the earlier of:*  
2            (I) *The date the provider of health care specified*  
3 *pursuant to paragraph (b); or*  
4            (II) *The date, if any, the provider of health care*  
5 *specified pursuant to paragraph (c).*  
6       2. *Except as otherwise provided in paragraph (d) of*  
7 *subsection 1, the coverage required by this section must be*  
8 *provided regardless of whether the person who received the*  
9 *particular medical care was covered by the health care plan on the*  
10 *date the provider of health care:*  
11       (a) *Received confirmation from the health maintenance*  
12 *organization pursuant to paragraph (b) of subsection 1;*  
13       (b) *Received prior authorization from the health maintenance*  
14 *organization, if required, pursuant to paragraph (c) of*  
15 *subsection 1; or*  
16       (c) *Provided the particular medical care to the person.*  
17       3. *An evidence of coverage for a health care plan subject to*  
18 *the provisions of this chapter that is delivered, issued for delivery*  
19 *or renewed on or after October 1, 2003, has the legal effect of*  
20 *including the coverage required by this section, and any provision*  
21 *of the evidence of coverage or renewal which is in conflict with*  
22 *this section is void.*  
23       **Sec. 6.** NRS 695C.050 is hereby amended to read as follows:  
24       695C.050 1. Except as otherwise provided in this chapter or  
25 in specific provisions of this title, the provisions of this title are not  
26 applicable to any health maintenance organization granted a  
27 certificate of authority under this chapter. This provision does not  
28 apply to an insurer licensed and regulated pursuant to this title  
29 except with respect to its activities as a health maintenance  
30 organization authorized and regulated pursuant to this chapter.  
31       2. Solicitation of enrollees by a health maintenance  
32 organization granted a certificate of authority, or its representatives,  
33 must not be construed to violate any provision of law relating to  
34 solicitation or advertising by practitioners of a healing art.  
35       3. Any health maintenance organization authorized under this  
36 chapter shall not be deemed to be practicing medicine and is exempt  
37 from the provisions of chapter 630 of NRS.  
38       4. The provisions of NRS 695C.110, 695C.170 to 695C.200,  
39 inclusive, 695C.250 and 695C.265 do not apply to a health  
40 maintenance organization that provides health care services through  
41 managed care to recipients of Medicaid under the State Plan for  
42 Medicaid or insurance pursuant to the Children's Health Insurance  
43 Program pursuant to a contract with the Division of Health Care  
44 Financing and Policy of the Department of Human Resources. This  
45 subsection does not exempt a health maintenance organization from



1 any provision of this chapter for services provided pursuant to any  
2 other contract.

3 5. The provisions of NRS 695C.1694 and 695C.1695 *and*  
4 *section 5 of this act* apply to a health maintenance organization that  
5 provides health care services through managed care to recipients of  
6 Medicaid under the State Plan for Medicaid.

7 **Sec. 7.** NRS 695C.330 is hereby amended to read as follows:

8 695C.330 1. The Commissioner may suspend or revoke any  
9 certificate of authority issued to a health maintenance organization  
10 pursuant to the provisions of this chapter if he finds that any of the  
11 following conditions exist:

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

19 (b) The health maintenance organization issues evidence of  
20 coverage or uses a schedule of charges for health care services  
21 which do not comply with the requirements of NRS 695C.170 to  
22 695C.200, inclusive, or 695C.1694, 695C.1695 or 695C.207;

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

25 (d) The State Board of Health certifies to the Commissioner that  
26 the health maintenance organization:

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

29 (2) Is unable to fulfill its obligations to furnish health care  
30 services as required under its health care plan;

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

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

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

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



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1 (i) The continued operation of the health maintenance  
2 organization would be hazardous to its enrollees; ~~for~~

3 (j) *The health maintenance organization fails to provide*  
4 *coverage for preauthorized medical care pursuant to section 5 of*  
5 *this act; or*

6 (k) The health maintenance organization has otherwise failed to  
7 comply substantially with the provisions of this chapter.

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

10 3. If the certificate of authority of a health maintenance  
11 organization is suspended, the health maintenance organization shall  
12 not, during the period of that suspension, enroll any additional  
13 groups or new individual contracts, unless those groups or persons  
14 were contracted for before the date of suspension.

15 4. If the certificate of authority of a health maintenance  
16 organization is revoked, the organization shall proceed, immediately  
17 following the effective date of the order of revocation, to wind up its  
18 affairs and shall conduct no further business except as may be  
19 essential to the orderly conclusion of the affairs of the organization.  
20 It shall engage in no further advertising or solicitation of any kind.  
21 The Commissioner may by written order permit such further  
22 operation of the organization as he may find to be in the best interest  
23 of enrollees to the end that enrollees are afforded the greatest  
24 practical opportunity to obtain continuing coverage for health care.

25 **Sec. 8.** Chapter 695G of NRS is hereby amended by adding  
26 thereto a new section to read as follows:

27 *1. A health care plan issued by a managed care organization*  
28 *must provide coverage for particular medical care provided to a*  
29 *person by a provider of health care if:*

30 (a) *The health care plan provides coverage for the particular*  
31 *medical care when provided to a person who is covered by the*  
32 *health care plan;*

33 (b) *The provider of health care receives confirmation from*  
34 *the managed care organization that the person is covered by the*  
35 *health care plan and will be covered by the health care plan on a*  
36 *date specified by the provider of health care;*

37 (c) *The provider of health care receives prior authorization*  
38 *from the managed care organization to provide the particular*  
39 *medical care on a date specified by the provider of health care, if*  
40 *the health care plan requires prior authorization for the particular*  
41 *medical care;*

42 (d) *The managed care organization does not notify the*  
43 *provider of health care before the provider of health care provides*  
44 *the particular medical care to the person that the managed care*  
45 *organization provided:*



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- 1           (1) *The confirmation pursuant to paragraph (b) in error; or*  
2           (2) *The prior authorization pursuant to paragraph (c) in*  
3 *error; and*

4           (e) *The provider of health care provides the particular medical*  
5 *care to the person:*

6           (1) *On or after the later of:*

7               (I) *The date the provider of health care receives*  
8 *confirmation pursuant to paragraph (b); or*

9               (II) *The date, if any, the provider of health care receives*  
10 *prior authorization pursuant to paragraph (c); and*

11           (2) *On or before the earlier of:*

12               (I) *The date the provider of health care specified*  
13 *pursuant to paragraph (b); or*

14               (II) *The date, if any, the provider of health care*  
15 *specified pursuant to paragraph (c).*

16           2. *Except as otherwise provided in paragraph (d) of*  
17 *subsection 1, the coverage required by this section must be*  
18 *provided regardless of whether the person who received the*  
19 *particular medical care was covered by the health care plan on the*  
20 *date the provider of health care:*

21               (a) *Received confirmation from the managed care*  
22 *organization pursuant to paragraph (b) of subsection 1;*

23               (b) *Received prior authorization from the managed care*  
24 *organization, if required, pursuant to paragraph (c) of subsection*  
25 *1; or*

26               (c) *Provided the particular medical care to the person.*

27           3. *An evidence of coverage for a health care plan subject to*  
28 *the provisions of this chapter that is delivered, issued for delivery*  
29 *or renewed on or after October 1, 2003, has the legal effect of*  
30 *including the coverage required by this section, and any provision*  
31 *of the evidence of coverage or renewal which is in conflict with*  
32 *this section is void.*

33           **Sec. 9.** NRS 287.010 is hereby amended to read as follows:

34           287.010 1. The governing body of any county, school  
35 district, municipal corporation, political subdivision, public  
36 corporation or other public agency of the State of Nevada may:

37               (a) Adopt and carry into effect a system of group life, accident  
38 or health insurance, or any combination thereof, for the benefit of its  
39 officers and employees, and the dependents of officers and  
40 employees who elect to accept the insurance and who, where  
41 necessary, have authorized the governing body to make deductions  
42 from their compensation for the payment of premiums on the  
43 insurance.



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

9 (c) Provide group life, accident or health coverage through a  
10 self-insurance reserve fund and, where necessary, deduct  
11 contributions to the maintenance of the fund from the compensation  
12 of officers and employees and pay the deductions into the fund. The  
13 money accumulated for this purpose through deductions from  
14 the compensation of officers and employees and contributions of the  
15 governing body must be maintained as an internal service fund as  
16 defined by NRS 354.543. The money must be deposited in a state or  
17 national bank or credit union authorized to transact business in the  
18 State of Nevada. Any independent administrator of a fund created  
19 under this section is subject to the licensing requirements of chapter  
20 683A of NRS, and must be a resident of this state. Any contract  
21 with an independent administrator must be approved by the  
22 Commissioner of Insurance as to the reasonableness of  
23 administrative charges in relation to contributions collected and  
24 benefits provided. The provisions of NRS 689B.030 to 689B.050,  
25 inclusive, *and section 3 of this act* and 689B.575 apply to coverage  
26 provided pursuant to this paragraph, except that the provisions of  
27 NRS 689B.0359 do not apply to such coverage.

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

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

40 **Sec. 10.** NRS 287.04335 is hereby amended to read as  
41 follows:

42 287.04335 If the Board provides health insurance through a  
43 plan of self-insurance, it shall comply with the provisions of *section*  
44 *8 of this act and* NRS 689B.255, 695G.150, 695G.160, 695G.170  
45 and 695G.200 to 695G.230, inclusive, in the same manner as an



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- 1 insurer that is licensed pursuant to title 57 of NRS is required to
- 2 comply with those provisions.

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