

SENATE BILL NO. 240—SENATOR WASHINGTON

MARCH 21, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Requires health insurers to provide policies of health insurance which have high deductibles with health savings account. (BDR 57-47)

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 health insurers to offer to eligible persons a policy of health insurance that has a high deductible and is in compliance with certain federal requirements for establishing health savings accounts; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 689A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. *“Health benefit plan with a health savings account” means a health benefit plan that has a high deductible and is in compliance with 26 U.S.C. § 223 for the purposes of establishing a health savings account.*

Sec. 3. 1. *In addition to the basic health benefit plan and standard benefit plan required to be offered pursuant to NRS 689A.640, an individual carrier shall offer to eligible persons a health benefit plan with a health savings account.*

2. *A health benefit plan with a health savings account offered pursuant to this section must include all the benefits that are required to be included in a standard health care plan.*



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

7 **Sec. 5.** NRS 689A.610 is hereby amended to read as follows:
8 689A.610 1. *The provisions of* NRS 689A.470 to 689A.740,
9 inclusive, *and sections 2 and 3 of this act* apply to:

10 (a) Any health benefit plan that must be made available to
11 eligible persons; and

12 (b) Any certificate issued to a trust or an association or other
13 similar groupings of persons for coverage of eligible persons,
14 ➔ regardless of the location of delivery of the policy or certificate,
15 if the eligible person pays the premium and is not otherwise covered
16 under the policy or contract pursuant to any federal or state law
17 relating to the continuation of benefits.

18 2. For the purposes of NRS 689A.470 to 689A.740, inclusive,
19 *and sections 2 and 3 of this act* and except as otherwise provided in
20 subsection 3, two or more individual carriers which are affiliated
21 companies or which are eligible to file a consolidated tax return
22 shall be deemed to be one individual carrier, and any restriction or
23 limitation imposed by NRS 689A.470 to 689A.740, inclusive, *and*
24 *sections 2 and 3 of this act* applies as if all health benefit plans
25 delivered or issued for delivery to eligible persons in this State by
26 the affiliated individual carriers were issued by one individual
27 carrier.

28 3. An affiliated individual carrier that is a health maintenance
29 organization having a certificate of authority issued pursuant to the
30 provisions of chapter 695C of NRS may be considered a separate
31 individual carrier for the purposes of NRS 689A.470 to 689A.740,
32 inclusive *[-]*, *and sections 2 and 3 of this act*.

33 4. Unless otherwise authorized by the Commissioner, an
34 individual carrier shall not enter into any ceding arrangement with
35 respect to a health benefit plan delivered or issued for delivery to
36 any eligible person in this State if the ceding arrangement would
37 result in the ceding individual carrier retaining less than 30 percent
38 of the insurance obligations or risks for that health benefit plan.

39 **Sec. 6.** NRS 689A.650 is hereby amended to read as follows:
40 689A.650 1. An individual carrier is not required to provide
41 coverage to eligible persons pursuant to NRS 689A.640 *[-]* *and*
42 *section 3 of this act*:

43 (a) During any period in which the Commissioner determines
44 that requiring the individual carrier to provide such coverage would
45 place the individual carrier in a financially impaired condition.



(b) If the individual carrier elects not to offer any new coverage to any persons in this State. An individual carrier that elects not to offer new coverage in accordance with this paragraph may maintain its existing policies issued to persons in this State, subject to the requirements of NRS 689A.630.

2. An individual carrier that elects not to offer new coverage pursuant to paragraph (b) of subsection 1 shall notify the Commissioner forthwith of that election and shall not thereafter write any new business to individuals in this State for 5 years after the date of the notification.

Sec. 7. NRS 689A.655 is hereby amended to read as follows:

689A.655 1. Each individual carrier shall file with the Commissioner within 90 days after the date on which a basic health benefit plan and a standard health benefit plan are approved pursuant to NRS 689C.770, or for a new individual carrier within 90 days after the date it enters the individual market in this State, in a format and manner prescribed by the Commissioner, the basic health benefit plans and the standard health benefit plans to be offered by the individual carrier. A health benefit plan filed pursuant to this section may not be offered by an individual carrier until the earlier of:

(a) The date of approval by the Commissioner; or

(b) Thirty days after the date on which the plans are filed, unless the Commissioner disapproves the use of the plans before the 30-day period expires.

2. *Each individual carrier shall file with the Commissioner, in a format and manner prescribed by the Commissioner, a health benefit plan with a health savings account to be offered by the individual carrier. A health benefit plan with a health savings account filed pursuant to this subsection may not be offered by the individual carrier until the earlier of:*

(a) The date of approval by the Commissioner; or

(b) Thirty days after the date on which the plans are filed, unless the Commissioner disapproves the use of the plans before the 30-day period expires.

3. The Commissioner may, at any time, after providing notice and an opportunity for a hearing, disapprove the continued use of a basic or standard health benefit plan, *or health benefit plan with a health savings account*, by the individual carrier on the ground that the plan does not meet the requirements of NRS 689A.470 to 689A.740, inclusive, *and sections 2 and 3 of this act* and 689C.610 to 689C.980, inclusive.

Sec. 8. NRS 689A.660 is hereby amended to read as follows:

689A.660 An individual carrier shall not:



1 1. Impose on an eligible person who is covered under a basic
2 or standard health benefit plan *or a health benefit plan with a*
3 *health savings account* any exclusion because of a preexisting
4 condition.

5 2. Modify a health benefit plan, with respect to an eligible
6 person, through riders, endorsements or otherwise, to restrict or
7 exclude services otherwise covered by the plan.

8 **Sec. 9.** NRS 689A.700 is hereby amended to read as follows:

9 689A.700 The Commissioner may adopt regulations to carry
10 out the provisions of NRS 689A.680 to 689A.700, inclusive, and to
11 ensure that the practices used by individual carriers relating to the
12 establishment of rates are consistent with the purposes of NRS
13 689A.470 to 689A.740, inclusive, *and sections 2 and 3 of this act,*
14 including, but not limited to, determining the manner in which
15 geographic areas are designated by all individual carriers.

16 **Sec. 10.** NRS 689A.725 is hereby amended to read as follows:

17 689A.725 For the purposes of NRS 689A.470 to 689A.740,
18 inclusive, *and sections 2 and 3 of this act,* a plan for coverage of a
19 bona fide association must:

20 1. Conform with NRS 689A.680 to 689A.700, inclusive,
21 concerning rates.

22 2. Provide for the renewability of coverage for members of the
23 bona fide association, and their dependents, if such coverage meets
24 the criteria set forth in NRS 689A.630.

25 3. Provide for the availability of coverage for members of the
26 bona fide association, and their dependents, if such coverage
27 conforms with NRS 689A.640 ~~§~~ *or sections 2 and 3 of this act,*
28 except that the bona fide association is not required to offer basic
29 and standard health benefit plan coverage, *or coverage under a*
30 *health benefit plan with a health savings account,* to its members
31 or their dependents.

32 4. Conform with subsection 1 of NRS 689A.660, relating to
33 preexisting conditions.

34 **Sec. 11.** NRS 689A.740 is hereby amended to read as follows:

35 689A.740 The Commissioner shall adopt regulations as
36 necessary to carry out the provisions of NRS 689A.470 to
37 689A.740, inclusive ~~§~~, *and sections 2 and 3 of this act.*

38 **Sec. 12.** Chapter 689B of NRS is hereby amended by adding
39 thereto a new section to read as follows:

40 *An insurer shall make available a policy of group health*
41 *insurance that has a high deductible and that is in compliance*
42 *with 26 U.S.C. § 223 for the purposes of establishing health*
43 *savings accounts for any person insured by the policy of group*
44 *health insurance.*



1 **Sec. 13.** Chapter 689C of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 14 and 15 of this act.

3 **Sec. 14.** *“Health benefit plan with a health savings account”*
4 *means a health benefit plan that has a high deductible and is in*
5 *compliance with 26 U.S.C. § 223 for the purposes of establishing a*
6 *health savings account.*

7 **Sec. 15. 1.** *In addition to the basic health benefit plan and*
8 *standard benefit plan required to be offered pursuant to NRS*
9 *689C.156, a carrier shall offer to small employers a health benefit*
10 *plan with a health savings account for any person insured by the*
11 *health care plan.*

12 **2.** *A health benefit plan with a health savings account offered*
13 *pursuant to this section must include all the benefits that are*
14 *required to be included in a standard health care plan.*

15 **3.** *If the health benefit plan with a health savings account*
16 *offered pursuant to this section provides, delivers, arranges for,*
17 *pays for or reimburses any cost of health care services through*
18 *managed care, the carrier shall provide a system for resolving any*
19 *complaints of an employee concerning those health care services*
20 *that complies with the provisions of NRS 695G.200 to 695G.310,*
21 *inclusive.*

22 **Sec. 16.** NRS 689C.015 is hereby amended to read as follows:

23 689C.015 Except as otherwise provided in this chapter, as used
24 in this chapter, unless the context otherwise requires, the words and
25 terms defined in NRS 689C.017 to 689C.106, inclusive, *and section*
26 *14 of this act* have the meanings ascribed to them in those sections.

27 **Sec. 17.** NRS 689C.155 is hereby amended to read as follows:

28 689C.155 The Commissioner may adopt regulations to carry
29 out the provisions of NRS 689C.107 to 689C.145, inclusive,
30 689C.156 to 689C.159, inclusive, 689C.165, 689C.183, 689C.187,
31 689C.191 to 689C.198, inclusive, 689C.203, 689C.207, 689C.265,
32 689C.283, 689C.287, 689C.325, 689C.342 to 689C.348, inclusive,
33 689C.355 and 689C.610 to 689C.980, inclusive, *and section 15 of*
34 *this act* and to ensure that rating practices used by carriers serving
35 small employers are consistent with those sections, including
36 regulations that:

37 **1.** Ensure that differences in rates charged for health benefit
38 plans by such carriers are reasonable and reflect only differences in
39 the designs of the plans, the terms of the coverage, the amount
40 contributed by the employers to the cost of coverage and differences
41 based on the rating factors established by the carrier.

42 **2.** Prescribe the manner in which characteristics may be used
43 by such carriers.



1 **Sec. 18.** NRS 689C.1565 is hereby amended to read as
2 follows:

3 689C.1565 1. A carrier is not required to provide coverage to
4 small employers pursuant to NRS 689C.156 ~~[-]~~ *or section 15 of this*
5 *act*:

6 (a) During any period in which the Commissioner determines
7 that requiring the carrier to provide such coverage would place the
8 carrier in a financially impaired condition.

9 (b) If the carrier elects not to offer any new coverage to any
10 small employers in this State. A carrier that elects not to offer new
11 coverage in accordance with this paragraph may maintain its
12 existing policies issued to small employers in this State, subject to
13 the requirements of NRS 689C.310 and 689C.320.

14 2. A carrier that elects not to offer new coverage pursuant to
15 paragraph (b) of subsection 1 shall notify the Commissioner
16 forthwith of that election and shall not thereafter write any new
17 business to small employers in this State for 5 years after the date of
18 the notification.

19 **Sec. 19.** NRS 689C.157 is hereby amended to read as follows:

20 689C.157 1. Each carrier shall file with the Commissioner, in
21 a format and manner prescribed by the Commissioner, the basic
22 health benefit plans, ~~[and]~~ the standard health benefit plans *and the*
23 *health benefit plans with a health savings account* to be offered by
24 the carrier. A health benefit plan filed pursuant to this section may
25 not be offered by a carrier until the earlier of:

26 (a) The date of approval by the Commissioner; or

27 (b) Thirty days after the date on which the plans are filed, unless
28 the Commissioner disapproves the use of the plans before the 30-
29 day period expires.

30 2. The Commissioner may, at any time, after providing notice
31 and an opportunity for a hearing, disapprove the continued use of a
32 basic or standard health benefit plan, *or a health benefit plan with*
33 *a health savings account*, by a carrier on the ground that the plan
34 does not meet the requirements of NRS 689C.015 to 689C.355,
35 inclusive, *and sections 14 and 15 of this act*, and 689C.610 to
36 689C.980, inclusive.

37 **Sec. 20.** NRS 689C.193 is hereby amended to read as follows:

38 689C.193 1. A carrier shall not place any restriction on a
39 small employer or an eligible employee or his dependent as a
40 condition of being a participant in or a beneficiary of a health
41 benefit plan that is inconsistent with NRS 689C.015 to 689C.355,
42 inclusive ~~[-]~~, *and sections 14 and 15 of this act*.

43 2. A carrier that offers health insurance coverage to small
44 employers pursuant to this chapter shall not establish rules of
45 eligibility, including, but not limited to, rules which define



1 applicable waiting periods, for the initial or continued enrollment
2 under a health benefit plan offered by the carrier that are based on
3 the following factors relating to the eligible employee or his
4 dependent:

5 (a) Health status.

6 (b) Medical condition, including physical and mental illnesses,
7 or both.

8 (c) Claims experience.

9 (d) Receipt of health care.

10 (e) Medical history.

11 (f) Genetic information.

12 (g) Evidence of insurability, including conditions which arise
13 out of acts of domestic violence.

14 (h) Disability.

15 3. Except as otherwise provided in NRS 689C.190, the
16 provisions of subsection 1 do not:

17 (a) Require a carrier to provide particular benefits other than
18 those that would otherwise be provided under the terms of the health
19 benefit plan or coverage; or

20 (b) Prevent a carrier from establishing limitations or restrictions
21 on the amount, level, extent or nature of the benefits or coverage for
22 similarly situated persons.

23 4. As a condition of enrollment or continued enrollment under
24 a health benefit plan, a carrier shall not require any person to pay a
25 premium or contribution that is greater than the premium or
26 contribution for a similarly situated person covered by similar
27 coverage on the basis of any factor described in subsection 2 in
28 relation to the person or his dependent.

29 5. Nothing in this section:

30 (a) Restricts the amount that a small employer may be charged
31 for coverage by a carrier;

32 (b) Prevents a carrier from establishing premium discounts or
33 rebates or from modifying otherwise applicable copayments or
34 deductibles in return for adherence by the insured person to
35 programs of health promotion and disease prevention; or

36 (c) Precludes a carrier from establishing rules relating to
37 employer contribution or group participation when offering health
38 insurance coverage to small employers in this State.

39 6. As used in this section:

40 (a) "Contribution" means the minimum employer contribution
41 toward the premium for enrollment of participants and beneficiaries
42 in a health benefit plan.

43 (b) "Group participation" means the minimum number of
44 participants or beneficiaries that must be enrolled in a health benefit



1 plan in relation to a specified percentage or number of eligible
2 persons or employees of the employer.

3 **Sec. 21.** NRS 695C.325 is hereby amended to read as follows:

4 695C.325 A health maintenance organization may offer to a
5 small employer who has not less than 2 and not more than 50
6 employees, a health care plan that ~~has~~ :

7 *1. Has a high deductible and that is in compliance with 26*
8 *U.S.C. § 220 for the purposes of establishing medical savings*
9 *accounts for any person insured by the health care plan.*

10 *2. Has a high deductible and that is in compliance with 26*
11 *U.S.C. § 223 for the purposes of establishing health savings*
12 *accounts for any person insured by the health care plan.*

