

SENATE BILL NO. 240—SENATOR WASHINGTON

MARCH 21, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Enacts provisions relating to health benefit plans that have high deductibles and are in compliance with certain federal requirements for establishing health savings accounts. (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; allowing certain health insurers to offer health benefit plans that have high deductibles and are in compliance with certain federal requirements for establishing health savings accounts; establishing certain requirements and procedures regarding the offering of such health benefit plans; 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 plans and standard health benefit plans that an individual carrier offers to eligible persons, the individual carrier may offer to eligible persons health benefit plans with a health savings account.*

**2.** *If an individual carrier offers any health benefit plans with a health savings account to eligible persons, each health benefit plan with a health savings account must include all the benefits*



1 *that are required to be included in one of the basic health benefit*  
2 *plans or standard health benefit plans offered by the individual*  
3 *carrier to eligible persons.*

4 **Sec. 4.** NRS 689A.470 is hereby amended to read as follows:

5 689A.470 As used in NRS 689A.470 to 689A.740, inclusive,  
6 *and sections 2 and 3 of this act*, unless the context otherwise  
7 requires, the words and terms defined in NRS 689A.475 to  
8 689A.605, inclusive, *and section 2 of this act* have the meanings  
9 ascribed to them in those sections.

10 **Sec. 5.** NRS 689A.610 is hereby amended to read as follows:

11 689A.610 1. *The provisions of* NRS 689A.470 to 689A.740,  
12 inclusive, *and sections 2 and 3 of this act* apply to:

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

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

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

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

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

42 **Sec. 6.** NRS 689A.655 is hereby amended to read as follows:

43 689A.655 1. Each individual carrier shall file with the  
44 Commissioner within 90 days after the date on which a basic health  
45 benefit plan and a standard health benefit plan are approved



1 pursuant to NRS 689C.770, or for a new individual carrier within 90  
2 days after the date it enters the individual market in this State, in a  
3 format and manner prescribed by the Commissioner, the basic  
4 health benefit plans and the standard health benefit plans to be  
5 offered by the individual carrier. ~~[A] Any health benefit [plan] plans~~  
6 filed pursuant to this ~~[section] subsection~~ may not be offered by ~~[an]~~  
7 *the* individual carrier until the earlier of:

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

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

12 2. *Before an individual carrier offers any health benefit plans*  
13 *with a health savings account to eligible persons, the individual*  
14 *carrier shall file with the Commissioner, in a format and manner*  
15 *prescribed by the Commissioner, each health benefit plan with a*  
16 *health savings account to be offered by the individual carrier. Any*  
17 *health benefit plans with a health savings account filed pursuant*  
18 *to this subsection may not be offered by the individual carrier until*  
19 *the earlier of:*

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

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

24 3. The Commissioner may, at any time, after providing notice  
25 and an opportunity for a hearing, disapprove the continued use of a  
26 basic or standard health benefit plan *or a health benefit plan with a*  
27 *health savings account* by the individual carrier on the ground that  
28 the plan does not meet the requirements of NRS 689A.470 to  
29 689A.740, inclusive, *and sections 2 and 3 of this act* and 689C.610  
30 to 689C.980, inclusive.

31 **Sec. 7.** NRS 689A.660 is hereby amended to read as follows:

32 689A.660 An individual carrier shall not:

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

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

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

41 689A.700 The Commissioner may adopt regulations to carry  
42 out the provisions of NRS 689A.680 to 689A.700, inclusive, and to  
43 ensure that the practices used by individual carriers relating to the  
44 establishment of rates are consistent with the purposes of NRS  
45 689A.470 to 689A.740, inclusive, *and sections 2 and 3 of this act,*



1 including, but not limited to, determining the manner in which  
2 geographic areas are designated by all individual carriers.

3 **Sec. 9.** NRS 689A.725 is hereby amended to read as follows:

4 689A.725 For the purposes of NRS 689A.470 to 689A.740,  
5 inclusive, *and sections 2 and 3 of this act*, a plan for coverage of a  
6 bona fide association must:

7 1. Conform with NRS 689A.680 to 689A.700, inclusive,  
8 concerning rates.

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

12 3. Provide for the availability of coverage for members of the  
13 bona fide association, and their dependents, if such coverage  
14 conforms with NRS 689A.640 ~~§~~ *or sections 2 and 3 of this act*,  
15 except that the bona fide association is not required to offer basic  
16 and standard health benefit plan coverage, *or coverage under a*  
17 *health benefit plan with a health savings account*, to its members  
18 or their dependents.

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

21 **Sec. 10.** NRS 689A.740 is hereby amended to read as follows:

22 689A.740 The Commissioner shall adopt regulations as  
23 necessary to carry out the provisions of NRS 689A.470 to  
24 689A.740, inclusive ~~§~~, *and sections 2 and 3 of this act*.

25 **Sec. 11.** Chapter 689B of NRS is hereby amended by adding  
26 thereto a new section to read as follows:

27 *An insurer may make available a policy of group health*  
28 *insurance that has a high deductible and that is in compliance*  
29 *with 26 U.S.C. § 223 for the purposes of establishing health*  
30 *savings accounts for any person insured by the policy of group*  
31 *health insurance.*

32 **Sec. 12.** Chapter 689C of NRS is hereby amended by adding  
33 thereto the provisions set forth as sections 13 and 14 of this act.

34 **Sec. 13.** *“Health benefit plan with a health savings account”*  
35 *means a health benefit plan that has a high deductible and is in*  
36 *compliance with 26 U.S.C. § 223 for the purposes of establishing a*  
37 *health savings account.*

38 **Sec. 14. 1.** *In addition to the basic health benefit plans and*  
39 *standard health benefit plans that a carrier offers to small*  
40 *employers, the carrier may offer to small employers health benefit*  
41 *plans with a health savings account.*

42 **2.** *If a carrier offers any health benefit plans with a health*  
43 *savings account to small employers, each health benefit plan with*  
44 *a health savings account must include all the benefits that are*  
45 *required to be included in one of the basic health benefit plans or*



1 *standard health benefit plans offered by the carrier to small*  
2 *employers.*

3 *3. If a carrier offers any health benefit plans with a health*  
4 *savings account to small employers and the plan provides,*  
5 *delivers, arranges for, pays for or reimburses any cost of health*  
6 *care services through managed care, the carrier shall provide a*  
7 *system for resolving any complaints of an employee concerning*  
8 *those health care services that complies with the provisions of*  
9 *NRS 695G.200 to 695G.310, inclusive.*

10 **Sec. 15.** NRS 689C.015 is hereby amended to read as follows:

11 689C.015 Except as otherwise provided in this chapter, as used  
12 in this chapter, unless the context otherwise requires, the words and  
13 terms defined in NRS 689C.017 to 689C.106, inclusive, *and section*  
14 *13 of this act* have the meanings ascribed to them in those sections.

15 **Sec. 16.** NRS 689C.155 is hereby amended to read as follows:

16 689C.155 The Commissioner may adopt regulations to carry  
17 out the provisions of NRS 689C.107 to 689C.145, inclusive,  
18 689C.156 to 689C.159, inclusive, 689C.165, 689C.183, 689C.187,  
19 689C.191 to 689C.198, inclusive, 689C.203, 689C.207, 689C.265,  
20 689C.283, 689C.287, 689C.325, 689C.342 to 689C.348, inclusive,  
21 689C.355 and 689C.610 to 689C.980, inclusive, *and section 14 of*  
22 *this act* and to ensure that rating practices used by carriers serving  
23 small employers are consistent with those sections, including  
24 regulations that:

25 1. Ensure that differences in rates charged for health benefit  
26 plans by such carriers are reasonable and reflect only differences in  
27 the designs of the plans, the terms of the coverage, the amount  
28 contributed by the employers to the cost of coverage and differences  
29 based on the rating factors established by the carrier.

30 2. Prescribe the manner in which characteristics may be used  
31 by such carriers.

32 **Sec. 17.** NRS 689C.157 is hereby amended to read as follows:

33 689C.157 1. Each carrier shall file with the Commissioner, in  
34 a format and manner prescribed by the Commissioner, the basic  
35 health benefit plans and the standard health benefit plans to be  
36 offered by the carrier. ~~[A]~~ *Any* health benefit ~~[plan]~~ *plans* filed  
37 pursuant to this ~~[section]~~ *subsection* may not be offered by ~~[a]~~ *the*  
38 carrier until the earlier of:

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

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

43 2. *Before a carrier offers any health benefit plans with a*  
44 *health savings account to small employers, the carrier shall file*  
45 *with the Commissioner, in a format and manner prescribed by the*



1 *Commissioner, each health benefit plan with a health savings*  
2 *account to be offered by the carrier. Any health benefit plans with*  
3 *a health savings account filed pursuant to this subsection may not*  
4 *be offered by the carrier until the earlier of:*

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

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

9 3. The Commissioner may, at any time, after providing notice  
10 and an opportunity for a hearing, disapprove the continued use of a  
11 basic or standard health benefit plan *or a health benefit plan with a*  
12 *health savings account* by a carrier on the ground that the plan does  
13 not meet the requirements of NRS 689C.015 to 689C.355, inclusive,  
14 *and sections 13 and 14 of this act*, and 689C.610 to 689C.980,  
15 inclusive.

16 **Sec. 18.** NRS 689C.193 is hereby amended to read as follows:

17 689C.193 1. A carrier shall not place any restriction on a  
18 small employer or an eligible employee or his dependent as a  
19 condition of being a participant in or a beneficiary of a health  
20 benefit plan that is inconsistent with NRS 689C.015 to 689C.355,  
21 inclusive ~~§~~, *and sections 13 and 14 of this act.*

22 2. A carrier that offers health insurance coverage to small  
23 employers pursuant to this chapter shall not establish rules of  
24 eligibility, including, but not limited to, rules which define  
25 applicable waiting periods, for the initial or continued enrollment  
26 under a health benefit plan offered by the carrier that are based on  
27 the following factors relating to the eligible employee or his  
28 dependent:

29 (a) Health status.

30 (b) Medical condition, including physical and mental illnesses,  
31 or both.

32 (c) Claims experience.

33 (d) Receipt of health care.

34 (e) Medical history.

35 (f) Genetic information.

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

38 (h) Disability.

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

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



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

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

5. Nothing in this section:

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

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

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

6. As used in this section:

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

(b) "Group participation" means the minimum number of participants or beneficiaries that must be enrolled in a health benefit plan in relation to a specified percentage or number of eligible persons or employees of the employer.

**Sec. 19.** NRS 695C.325 is hereby amended to read as follows:

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

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

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



