

ASSEMBLY BILL NO. 382—ASSEMBLYWOMEN
KIRKPATRICK AND PIERCE

MARCH 16, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Requires a policy of health insurance that provides coverage for a full-time student to provide coverage during a medically necessary leave of absence from school. (BDR 57-902)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to health insurance; requiring certain policies of health insurance that provide coverage for certain full-time students to provide coverage for those students who take a medically necessary leave of absence from school; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 A policy of health insurance may provide coverage for a dependent child of a
2 policyholder as long as the child is a full-time student. (Chapters 689A, 689B,
3 695B, 695C and 695G of NRS) This bill requires a policy of health insurance that
4 provides coverage for a dependent child of a policyholder as long as the child is a
5 full-time student to provide coverage for the child if he takes a medically necessary
6 leave of absence from school. The coverage must be provided for not more than 12
7 months after the leave of absence begins.

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 that provides coverage for a*
4 *dependent child of a policyholder as long as the child is a full-time*
5 *student must also provide that if the child takes a medically*
6 *necessary leave of absence from school, he shall be deemed to be a*



1 *full-time student for not more than 12 months after the leave of*
2 *absence begins.*

3 2. *Unless the terms of the policy provide a longer period, the*
4 *policyholder must notify the insurer and provide proof of the*
5 *medical necessity for the leave of absence within 31 days after*
6 *the leave of absence begins.*

7 3. *A certification by the child's physician that a leave of*
8 *absence is medically necessary is prima facie evidence that the*
9 *child is entitled to coverage pursuant to this section.*

10 4. *A policy of health insurance subject to the provisions of*
11 *this chapter that is delivered, issued for delivery or renewed on or*
12 *after October 1, 2007, has the legal effect of including the*
13 *coverage required by this section, and any provision of the policy*
14 *that conflicts with the provisions of this section is void.*

15 **Sec. 2.** NRS 689A.030 is hereby amended to read as follows:

16 689A.030 A policy of health insurance must not be delivered
17 or issued for delivery to any person in this state unless it otherwise
18 complies with this Code, and complies with the following:

19 1. The entire money and other considerations for the policy
20 must be expressed therein.

21 2. The time when the insurance takes effect and terminates
22 must be expressed therein.

23 3. It must purport to insure only one person, except that a
24 policy may insure, originally or by subsequent amendment, upon the
25 application of an adult member of a family, who shall be deemed the
26 policyholder, any two or more eligible members of that family,
27 including the husband, wife, dependent children, from the time of
28 birth, adoption or placement for the purpose of adoption as provided
29 in NRS 689A.043, or any children under a specified age which must
30 not exceed 19 years except as *otherwise* provided in NRS 689A.045
31 **and section 1 of this act**, and any other person dependent upon
32 the policyholder.

33 4. The style, arrangement and overall appearance of the policy
34 must not give undue prominence to any portion of the text, and
35 every printed portion of the text of the policy and of any
36 endorsements or attached papers must be plainly printed in light-
37 faced type of a style in general use, the size of which must be
38 uniform and not less than 10 points with a lower case unspaced
39 alphabet length not less than 120 points. "Text" includes all printed
40 matter except the name and address of the insurer, the name or the
41 title of the policy, the brief description, if any, and captions and
42 subcaptions.

43 5. The exceptions and reductions of indemnity must be set
44 forth in the policy and, other than those contained in NRS 689A.050
45 to 689A.290, inclusive, must be printed, at the insurer's option, with



1 the benefit provision to which they apply or under an appropriate
2 caption such as "Exceptions" or "Exceptions and Reductions,"
3 except that if an exception or reduction specifically applies only to a
4 particular benefit of the policy, a statement of that exception or
5 reduction must be included with the benefit provision to which it
6 applies.

7 6. Each such form, including riders and endorsements, must be
8 identified by a number in the lower left-hand corner of the first page
9 thereof.

10 7. The policy must not contain any provision purporting to
11 make any portion of the charter, rules, constitution or bylaws of the
12 insurer a part of the policy unless that portion is set forth in full in
13 the policy, except in the case of the incorporation of or reference to
14 a statement of rates or classification of risks, or short-rate table filed
15 with the Commissioner.

16 8. The policy must provide benefits for expense arising from
17 care at home or health supportive services if that care or service was
18 prescribed by a physician and would have been covered by the
19 policy if performed in a medical facility or facility for the dependent
20 as defined in chapter 449 of NRS.

21 9. The policy must provide, at the option of the applicant,
22 benefits for expenses incurred for the treatment of abuse of alcohol
23 or drugs, unless the policy provides coverage only for a specified
24 disease or provides for the payment of a specific amount of money
25 if the insured is hospitalized or receiving health care in his home.

26 10. The policy must provide benefits for expense arising from
27 hospice care.

28 **Sec. 3.** NRS 689A.330 is hereby amended to read as follows:

29 689A.330 If any policy is issued by a domestic insurer for
30 delivery to a person residing in another state, and if the insurance
31 commissioner or corresponding public officer of that other state has
32 informed the Commissioner that the policy is not subject to approval
33 or disapproval by that officer, the Commissioner may by ruling
34 require that the policy meet the standards set forth in NRS 689A.030
35 to 689A.320, inclusive **[H]**, and *section 1 of this act*.

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

38 *1. A policy of group health insurance that provides coverage*
39 *for a dependent child of a member of the insured group as long as*
40 *the child is a full-time student must also provide that if the child*
41 *takes a medically necessary leave of absence from school, he shall*
42 *be deemed to be a full-time student for not more than 12 months*
43 *after the leave of absence begins.*

44 *2. Unless the terms of the policy provide a longer period, the*
45 *member of the insured group must notify the insurer and provide*



1 *proof of the medical necessity for the leave of absence within 31*
2 *days after the leave of absence begins.*

3 *3. A certification by the child's physician that a leave of*
4 *absence is medically necessary is prima facie evidence that the*
5 *child is entitled to coverage pursuant to this section.*

6 *4. A policy of group health insurance subject to the*
7 *provisions of this chapter that is delivered, issued for delivery or*
8 *renewed on or after October 1, 2007, has the legal effect of*
9 *including the coverage required by this section, and any provision*
10 *of the policy that conflicts with the provisions of this section is*
11 *void.*

12 **Sec. 5.** Chapter 695B of NRS is hereby amended by adding
13 thereto a new section to read as follows:

14 *1. A contract for hospital or medical service that provides*
15 *coverage for a dependent child of a subscriber as long as the child*
16 *is a full-time student must also provide that if the child takes a*
17 *medically necessary leave of absence from school, he shall be*
18 *deemed to be a full-time student for not more than 12 months after*
19 *the leave of absence begins.*

20 *2. Unless the terms of the contract provide a longer period,*
21 *the subscriber must notify the medical service corporation and*
22 *provide proof of the medical necessity for the leave of absence*
23 *within 31 days after the leave of absence begins.*

24 *3. A certification by the child's physician that a leave of*
25 *absence is medically necessary is prima facie evidence that the*
26 *child is entitled to coverage pursuant to this section.*

27 *4. A contract for hospital or medical service subject to the*
28 *provisions of this chapter that is delivered, issued for delivery or*
29 *renewed on or after October 1, 2007, has the legal effect of*
30 *including the coverage required by this section, and any provision*
31 *of the policy that conflicts with the provisions of this section is*
32 *void.*

33 **Sec. 6.** Chapter 695C of NRS is hereby amended by adding
34 thereto a new section to read as follows:

35 *1. A health care plan issued by a health maintenance*
36 *organization that provides coverage for a dependent child of an*
37 *enrollee as long as the child is a full-time student must also*
38 *provide that if the child takes a medically necessary leave of*
39 *absence from school, he shall be deemed to be a full-time student*
40 *for not more than 12 months after the leave of absence begins.*

41 *2. Unless the terms of the health care plan provide a longer*
42 *period, the enrollee must notify the health maintenance*
43 *organization and provide proof of the medical necessity for the*
44 *leave of absence within 31 days after the leave of absence begins.*



1 **3. A certification by the child's physician that a leave of**
2 **absence is medically necessary is prima facie evidence that the**
3 **child is entitled to coverage pursuant to this section.**

4 **4. An evidence of coverage for a health care plan subject to**
5 **the provisions of this chapter that is delivered, issued for delivery**
6 **or renewed on or after October 1, 2007, has the legal effect of**
7 **including the coverage required by this section, and any provision**
8 **of the evidence of coverage that conflicts with the provisions of**
9 **this section is void.**

10 **Sec. 7.** NRS 695C.050 is hereby amended to read as follows:

11 695C.050 1. Except as otherwise provided in this chapter or
12 in specific provisions of this title, the provisions of this title are not
13 applicable to any health maintenance organization granted a
14 certificate of authority under this chapter. This provision does not
15 apply to an insurer licensed and regulated pursuant to this title
16 except with respect to its activities as a health maintenance
17 organization authorized and regulated pursuant to this chapter.

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

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

25 4. The provisions of NRS 695C.110, 695C.125, 695C.1691,
26 695C.1693, 695C.170 to 695C.200, inclusive, **section 6 of this act,**
27 695C.250 and 695C.265 do not apply to a health maintenance
28 organization that provides health care services through managed
29 care to recipients of Medicaid under the State Plan for Medicaid or
30 insurance pursuant to the Children's Health Insurance Program
31 pursuant to a contract with the Division of Health Care Financing
32 and Policy of the Department of Health and Human Services. This
33 subsection does not exempt a health maintenance organization from
34 any provision of this chapter for services provided pursuant to any
35 other contract.

36 5. The provisions of NRS 695C.1694, 695C.1695 and
37 695C.1731 apply to a health maintenance organization that provides
38 health care services through managed care to recipients of Medicaid
39 under the State Plan for Medicaid.

40 **Sec. 8.** NRS 695C.330 is hereby amended to read as follows:

41 695C.330 1. The Commissioner may suspend or revoke any
42 certificate of authority issued to a health maintenance organization
43 pursuant to the provisions of this chapter if he finds that any of the
44 following conditions exist:



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

(b) The health maintenance organization issues evidence of coverage or uses a schedule of charges for health care services which do not comply with the requirements of NRS 695C.1691 to 695C.200, inclusive, or 695C.207 ~~or~~ *or section 6 of this act;*

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

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

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

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

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

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

(g) The health maintenance organization has failed to put into effect the system required by NRS 695C.260 for:

(1) Resolving complaints in a manner reasonably to dispose of valid complaints; and

(2) Conducting external reviews of final adverse determinations that comply with the provisions of NRS 695G.241 to 695G.310, inclusive;

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

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

(j) The health maintenance organization fails to provide the coverage required by NRS 695C.1691; or

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

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



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

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

Sec. 9. Chapter 695G of NRS is hereby amended by adding thereto a new section to read as follows:

1. A health care plan issued by a managed care organization that provides coverage for a person insured under the plan as long as the person is a full-time student must also provide that if the person takes a medically necessary leave of absence from school, he shall be deemed to be a full-time student for not more than 12 months after the leave of absence begins.

2. Unless the terms of the health care plan provide a longer period, the person insured under the plan must notify the managed care organization and provide proof of the medical necessity for the leave of absence within 31 days after the leave of absence begins.

3. A certification by the person's physician that a leave of absence is medically necessary is prima facie evidence that the person is entitled to coverage pursuant to this section.

4. An evidence of coverage for a health care plan subject to the provisions of this chapter that is delivered, issued for delivery or renewed on or after October 1, 2007, has the legal effect of including the coverage required by this section, and any provision of the evidence of coverage that conflicts with the provisions of this section is void.

