

ASSEMBLY BILL NO. 479—ASSEMBLYMEN OHRENSCHALL,
SEGERBLOM, PARKS, GERHARDT, KIHUEN, MANENDO AND
WOMACK

MARCH 19, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing insurance coverage for
a dependent child. (BDR 57-1301)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§ 10)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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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 health insurance; revising provisions governing
coverage for a dependent child; and providing other
matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law regulates the activities of health insurers and similar entities in this
2 State. (Chapters 689A, 689B, 695B, 695C and 695G of NRS) **Sections 1, 4-6 and 9**
3 of this bill provide that any provision in a policy, contract or plan of health
4 insurance that requires the termination of coverage on a dependent child when the
5 child attains a contractually specified limiting age must not apply with respect to a
6 child who is less than 28 years of age and must not be conditioned on the child
7 residing in this State. **Sections 10 and 11** of this bill extend these restrictions to
8 plans of health insurance provided by certain governmental entities. **Section 7** of
9 this bill exempts the State Plan for Medicaid and the Children's Health Insurance
10 Program from these restrictions.

11 The provisions of this bill apply prospectively to any policy, plan or contract of
12 health insurance issued or renewed on or after July 1, 2007.



* A B 4 7 9 *

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 a new section to read as follows:

1. A policy of health insurance that provides for the termination of coverage on a dependent child when the child attains a contractually specified limiting age:

(a) Must not apply with respect to a child who is less than 28 years of age; and

(b) Must not be conditioned on the child residing in this State.

2. A policy subject to the provisions of this chapter that is delivered, issued for delivery or renewed on or after July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the policy or the renewal thereof which is in conflict with this section is void.

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

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

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

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

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

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

5. The exceptions and reductions of indemnity must be set forth in the policy and, other than those contained in NRS 689A.050



1 to 689A.290, inclusive, must be printed, at the insurer's option, with
2 the benefit provision to which they apply or under an appropriate
3 caption such as "Exceptions" or "Exceptions and Reductions,"
4 except that if an exception or reduction specifically applies only to a
5 particular benefit of the policy, a statement of that exception or
6 reduction must be included with the benefit provision to which it
7 applies.

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

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

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

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

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

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

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

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

39 *1. A policy of group health insurance that provides for the*
40 *termination of coverage on a dependent child when the child*
41 *attains a contractually specified limiting age:*

42 *(a) Must not apply with respect to a child who is less than 28*
43 *years of age; and*

44 *(b) Must not be conditioned on the child residing in this State.*



2. A policy subject to the provisions of this chapter that is delivered, issued for delivery or renewed on or after July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the policy or the renewal thereof which is in conflict with this section is void.

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

1. A contract for hospital or medical service that provides for the termination of coverage on a dependent child when the child attains a contractually specified limiting age:

(a) Must not apply with respect to a child who is less than 28 years of age; and

(b) Must not be conditioned on the child residing in this State.

2. A contract subject to the provisions of this chapter that is delivered, issued for delivery or renewed on or after July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the contract or the renewal thereof which is in conflict with this section is void.

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

1. A health care plan issued by a health maintenance organization that provides for the termination of coverage on a dependent child when the child attains a contractually specified limiting age:

(a) Must not apply with respect to a child who is less than 28 years of age; and

(b) Must not be conditioned on the child residing in this State.

2. 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 July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the evidence of coverage or the renewal thereof which is in conflict with this section is void.

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

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

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



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

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

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

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

695C.330 1. The Commissioner may suspend or revoke any certificate of authority issued to a health maintenance organization pursuant to the provisions of this chapter if he finds that any of the 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, *and section 6 of this act* or 695C.207;

(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 for the termination of coverage on a dependent child when the child attains a contractually specified limiting age:

(a) Must not apply with respect to a child who is less than 28 years of age; and

(b) Must not be conditioned on the child residing in this State.



2. *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 July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the evidence of coverage or the renewal thereof which is in conflict with this section is void.*

Sec. 10. Chapter 287 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *If the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada provides health insurance through a plan of self-insurance that provides for the termination of coverage on a dependent child when the child attains a contractually specified limiting age, that provision:*

(a) *Must not apply with respect to a child who is less than 28 years of age; and*

(b) *Must not be conditioned on the child residing in this State.*

2. *A plan of self-insurance described in subsection 1 that is delivered, issued for delivery or renewed on or after July 1, 2007, has the legal effect of including the provisions required by this section, and any provision of the plan or the renewal thereof which is in conflict with this section is void.*

Sec. 11. NRS 287.04335 is hereby amended to read as follows:

287.04335 If the Board provides health insurance through a plan of self-insurance, it shall comply with the provisions of NRS 689B.255, 695G.150, 695G.160, 695G.164, 695G.170, 695G.173, 695G.200 to 695G.230, inclusive, 695G.241 to 695G.310, inclusive, and 695G.405, *and section 10 of this act* in the same manner as an insurer that is licensed pursuant to title 57 of NRS is required to comply with those provisions.

Sec. 12. The provisions of NRS 354.599 do not apply to any additional expenses of a local government that are related to the provisions of this act.

Sec. 13. This act becomes effective on July 1, 2007.

