

ASSEMBLY BILL NO. 97—COMMITTEE ON
HEALTH AND HUMAN SERVICES

FEBRUARY 13, 2007

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions governing certain contracts between insurers and hospitals. (BDR 40-857)

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 health care; revising provisions governing contracts between certain insurers and hospitals that are located in certain counties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill prohibits a hospital that is located in a county whose population is
2 100,000 or more but less than 400,000 (currently Washoe County) or any other
3 person or entity on behalf of such a hospital and a health insurance company, self-
4 insured employer, association of self-insured public or private employers or a
5 private carrier from entering into a contract for the provision of health care to
6 insureds or employees if the contract prohibits the insurer from contracting with
7 other hospitals which are located in that county or from entering into such a
8 contract with any of those insurers if the insurer has entered into a separate contract
9 or is bound by a separate contract which has the effect of preventing the insurer
10 from contracting with such other hospitals. This prohibition applies only to
11 contracts that are executed or renewed on and after the effective date of the bill.

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

1 **Section 1.** Chapter 449 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 ***1. A hospital that is located in a county whose population is***
4 ***100,000 or more but less than 400,000 or other person or entity on***
5 ***behalf of such a hospital shall not:***



1 (a) Enter into a contract for the provision of health care to
2 insureds or employees, as applicable, with a health insurance
3 company, a self-insured employer, an association of self-insured
4 public or private employers or a private carrier if the contract
5 prohibits the health insurance company, self-insured employer,
6 association or private carrier from contracting with other hospitals
7 which are located in that county; or

8 (b) Enter into a contract described in paragraph (a) with a
9 health insurance company, a self-insured employer, an
10 association of self-insured public or private employers or a private
11 carrier which has entered into a separate contract or which is
12 bound by a separate contract that has the effect of preventing it
13 from contracting with other hospitals which are located in that
14 county.

15 2. As used in this section:

16 (a) "Association of self-insured private employers" has the
17 meaning ascribed to it in NRS 616A.050.

18 (b) "Association of self-insured public employers" has the
19 meaning ascribed to it in NRS 616A.055.

20 (c) "Health insurance company" has the meaning ascribed to
21 it in section 4 of this bill.

22 (d) "Private carrier" has the meaning ascribed to it in
23 NRS 616A.290.

24 (e) "Self-insured employer" has the meaning ascribed to it in
25 NRS 616A.305.

26 **Sec. 2.** Chapter 616B of NRS is hereby amended by adding
27 thereto a new section to read as follows:

28 1. A self-insured employer, an association of self-insured
29 public or private employers or a private carrier shall not enter into
30 a contract for the provision of health care to employees with:

31 (a) A hospital that is located in a county whose population is
32 100,000 or more but less than 400,000; or

33 (b) Another person or entity on behalf of such a hospital,
34 ➔ if the contract prohibits the self-insured employer, association
35 or private carrier from contracting with other hospitals which are
36 located in that county.

37 2. As used in this section, "hospital" has the meaning
38 ascribed to it in NRS 449.012.

39 **Sec. 3.** NRS 616B.527 is hereby amended to read as follows:

40 616B.527 1. A self-insured employer, an association of self-
41 insured public or private employers or a private carrier may:

42 (a) Except as otherwise provided in NRS 616B.5273, enter into
43 a contract or contracts with one or more organizations for managed
44 care to provide comprehensive medical and health care services to



1 employees for injuries and diseases that are compensable pursuant
2 to chapters 616A to 617, inclusive, of NRS.

3 (b) ~~Enter~~ *Except as otherwise provided in section 2 of this*
4 *act, enter* into a contract or contracts with providers of health care,
5 including, without limitation, physicians who provide primary care,
6 specialists, pharmacies, physical therapists, radiologists, nurses,
7 diagnostic facilities, laboratories, hospitals and facilities that provide
8 treatment to outpatients, to provide medical and health care services
9 to employees for injuries and diseases that are compensable
10 pursuant to chapters 616A to 617, inclusive, of NRS.

11 (c) Require employees to obtain medical and health care
12 services for their industrial injuries from those organizations and
13 persons with whom the self-insured employer, association or private
14 carrier has contracted pursuant to paragraphs (a) and (b), or as the
15 self-insured employer, association or private carrier otherwise
16 prescribes.

17 (d) Except as otherwise provided in subsection 3 of NRS
18 616C.090, require employees to obtain the approval of the self-
19 insured employer, association or private carrier before obtaining
20 medical and health care services for their industrial injuries from a
21 provider of health care who has not been previously approved by the
22 self-insured employer, association or private carrier.

23 2. An organization for managed care with whom a self-insured
24 employer, association of self-insured public or private employers or
25 a private carrier has contracted pursuant to this section shall comply
26 with the provisions of NRS 616B.528, 616B.5285 and 616B.529.

27 **Sec. 4.** Chapter 679A of NRS is hereby amended by adding
28 thereto a new section to read as follows:

29 **1. A health insurance company shall not enter into a contract**
30 **for the provision of health care to insureds with:**

31 (a) *A hospital that is located in a county whose population is*
32 *100,000 or more but less than 400,000; or*

33 (b) *Another person or entity on behalf of such a hospital,*
34 *↪ if the contract prohibits the health insurance company from*
35 *contracting with other hospitals which are located in that county.*

36 **2. As used in this section:**

37 (a) *"Health insurance company" means any person authorized*
38 *pursuant to this title to provide or arrange for the provision of a*
39 *plan of health insurance or health benefits, including, without*
40 *limitation, an insurer, a producer of insurance, a managing*
41 *general agent, a third-party administrator, an organization*
42 *composed of or using preferred providers of health care, a health*
43 *maintenance organization, a carrier serving small employers, a*
44 *fraternal benefit society, a hospital, medical or dental service*



1 *corporation, a plan for dental care or a prepaid limited health*
2 *service organization.*

3 *(b) “Hospital” has the meaning ascribed to it in NRS 449.012.*

4 **Sec. 5.** The provisions of this act do not apply to contracts that
5 are executed or renewed before the effective date of this act.

6 **Sec. 6.** This act becomes effective upon passage and approval.

