

SENATE BILL NO. 403—SENATOR WASHINGTON

MARCH 19, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to group health insurance. (BDR 57-778)

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 insurance; providing requirements relating to coverage for group health insurance to certain associations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law provides requirements concerning group health insurance.
2 (Chapter 689B of NRS) This bill provides requirements for the provision of
3 coverage for group health insurance to members, employees of members and
4 employees of a guaranteed association.

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

- 1 **Section 1.** Chapter 689B of NRS is hereby amended by adding
2 thereto a new section to read as follows:
3 *1. An insurer may offer a policy of group health insurance to*
4 *a guaranteed association if the policy provides coverage for 500 or*
5 *more members, employees of members or employees of the*
6 *guaranteed association or their dependents.*
7 *2. When an insurer offers coverage to a guaranteed*
8 *association pursuant to subsection 1, the insurer shall offer*
9 *coverage to all members, employees of members and employees of*
10 *the guaranteed association and all dependents thereof without*
11 *regard to the actual or expected health status of any such member*
12 *or employee or dependent thereof.*



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3. An insurer offering coverage to a guaranteed association pursuant to subsection 1 shall establish rates for premiums as follows:

(a) For the initial 12-month period of coverage, the insurer shall submit to the Commissioner a certified statement that the rates charged by the guaranteed association for premiums are actuarially sound. The statement must be signed by an actuary certifying the accuracy of the rating methodology as established by the American Academy of Actuaries.

(b) For any subsequent 12-month period of coverage, according to a rating methodology as established by the American Academy of Actuaries or its successor.

4. Except as otherwise provided in subsection 5, a member, employee of a member or employee of a guaranteed association may apply for coverage offered pursuant to subsection 1 only:

(a) If, as applicable, the person has been an active member of the association or employed by a member or the guaranteed association for not less than 30 days;

(b) During an annual open enrollment period offered by the guaranteed association; and

(c) After meeting any additional eligibility requirements agreed upon by the guaranteed association and the insurer.

5. If a member, employee of a member or employee of a guaranteed association or a dependent thereof terminates coverage offered pursuant to subsection 1, the member, employee or dependent must be excluded from such coverage for 12 months after the date of termination of coverage. Such a member or employee may enroll for coverage of the member or employee or dependent thereof pursuant to subsection 4 during an annual open enrollment period following the expiration of the period of exclusion.

6. As used in this section, "guaranteed association" means an association which:

(a) Has a constitution and bylaws;

(b) Was organized and is maintained in good faith for purposes other than that of obtaining insurance; and

(c) Has been in existence for at least 1 year.

