

SENATE BILL NO. 552—COMMITTEE ON
HUMAN RESOURCES AND EDUCATION

MARCH 26, 2007

Referred to Committee on Human Resources and Education

SUMMARY—Requires the disclosure of certain information relating to health care and revises provisions governing health maintenance organizations. (BDR 38-1365)

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 health care; requiring certain health maintenance organizations to enter into contracts with hospitals in this State that are willing to accept the rate of reimbursement offered by Medicaid; requiring the Department of Health and Human Services to establish a program to provide certain information to the general public relating to hospitals in this State; requiring the Division of Insurance of the Department of Business and Industry to establish a program to provide certain information to the general public relating to health care plans in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes the Department of Health and Human Services to contract with certain health maintenance organizations to provide managed care for recipients of Medicaid and participants in the Children's Health Insurance Program. (NRS 422.273) **Section 1** of this bill requires a health maintenance organization that has entered into such a contract with the Department to contract with any willing hospital in this State that will accept the reimbursement rate offered under the State Plan for Medicaid.

Existing law provides for the planning for health care in this State, including the promotion of equal access to quality health care at a reasonable cost. (Chapter 439A of NRS) **Section 7** of this bill requires the Department of Health and Human Services to establish a program to increase public awareness of health care information concerning the hospitals in this State, including information concerning



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the average charges imposed and the quality of services provided by the hospitals in this State. **Section 8** of this bill requires the hospitals in this State to submit the information for the program and requires the Department to collect and maintain that information. **Section 9** of this bill requires the Department to establish and maintain an Internet website which provides information included in the program to the general public.

Existing law provides for protections for consumers of health care. (NRS 679B.510-679B.560) **Section 18** of this bill requires the Division of Insurance of the Department of Business and Industry to establish a program to increase public awareness of health care plans available in this State. **Section 19** of this bill requires the Division to establish and maintain an Internet website which provides information included in the program to the general public. **Section 22** of this bill authorizes insurers of health care services to participate in the program.

Under existing law, the Director of the Office for Consumer Health Assistance must provide information to consumers concerning health care plans in this State and maintain an Internet website which includes certain information concerning prescription drug programs and pharmacies. (NRS 223.560) **Section 15** of this bill requires the Director to include on the website links to the websites maintained by the Department of Health and Human Services and the Division of Insurance of the Department of Business and Industry for the programs of public awareness.

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

Section 1. Chapter 422 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Each health maintenance organization that has entered into a contract with the Department pursuant to NRS 422.273 for a Medicaid managed care program shall contract with any hospital in this State that:

(a) Wishes to contract with the health maintenance organization;

(b) Meets the terms and conditions established by the health maintenance organization for providing health care to its insureds; and

(c) Is willing to accept as payment in full the reimbursement rates set forth in the State Plan for Medicaid,

↳ for the provision of services and goods to persons under the age of 18 years. The health maintenance organization must include such a hospital on any list of providers of health care given by the health maintenance organization to its insureds.

2. A health maintenance organization that contracts with a hospital pursuant to subsection 1 shall not contract with a hospital located outside of this State for the same services or goods that are included in the contract entered into with the hospital in this State.

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



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Sec. 2. NRS 422.273 is hereby amended to read as follows:

422.273 1. For any Medicaid managed care program established in the State of Nevada, the Department shall contract only with a health maintenance organization that has:

(a) Negotiated in good faith with a federally-qualified health center to provide health care services for the health maintenance organization;

(b) Negotiated in good faith with the University Medical Center of Southern Nevada to provide inpatient and ambulatory services to recipients of Medicaid; ~~and~~

(c) Negotiated in good faith with the University of Nevada School of Medicine to provide health care services to recipients of Medicaid ~~and~~; *and*

(d) Contracted with each willing hospital in accordance with the provisions of section 1 of this act, if applicable.

➔ Nothing in this section shall be construed as exempting a federally-qualified health center, the University Medical Center of Southern Nevada or the University of Nevada School of Medicine from the requirements for contracting with the health maintenance organization.

2. During the development and implementation of any Medicaid managed care program, the Department shall cooperate with the University of Nevada School of Medicine by assisting in the provision of an adequate and diverse group of patients upon which the school may base its educational programs.

3. The University of Nevada School of Medicine may establish a nonprofit organization to assist in any research necessary for the development of a Medicaid managed care program, receive and accept gifts, grants and donations to support such a program and assist in establishing educational services about the program for recipients of Medicaid.

4. For the purpose of contracting with a Medicaid managed care program pursuant to this section, a health maintenance organization is exempt from the provisions of NRS 695C.123.

5. The provisions of this section *and section 1 of this act* apply to any managed care organization, including a health maintenance organization, that provides health care services to recipients of Medicaid under the State Plan for Medicaid or the Children's Health Insurance Program pursuant to a contract with the Division. Such a managed care organization or health maintenance organization is not required to establish a system for conducting external reviews of final adverse determinations in accordance with chapter 695B, 695C or 695G of NRS. This subsection does not exempt such a managed care organization or health maintenance organization for services provided pursuant to any other contract.



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6. As used in this section, unless the context otherwise requires:

(a) "Federally-qualified health center" has the meaning ascribed to it in 42 U.S.C. § 1396d(1)(2)(B).

(b) "Health maintenance organization" has the meaning ascribed to it in NRS 695C.030.

(c) "Managed care organization" has the meaning ascribed to it in NRS 695G.050.

Sec. 3. Chapter 439A of NRS is hereby amended by adding thereto the provisions set forth as sections 4 to 10, inclusive, of this act.

Sec. 4. *As used in sections 4 to 10, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 5 and 6 of this act have the meanings ascribed to them in those sections.*

Sec. 5. *"Diagnosis-related group" means groupings of medical diagnostic categories used as a basis for hospital payment schedules by Medicare and other third party health care plans.*

Sec. 6. *"Program" means the program that is established by the Department pursuant to section 7 of this act to increase public awareness of health care information concerning the hospitals in this State.*

Sec. 7. 1. *The Department shall establish and maintain a program to increase public awareness of health care information concerning the hospitals in this State. The program must be designed to assist consumers with comparing the quality of care provided by the hospitals in this State and the average charges for that care.*

2. *The program must include, without limitation, the collection, maintenance and provision of information concerning:*

(a) The 50 most common diagnosis-related groups for the inpatients of each hospital in this State, including, without limitation, the number of patients discharged, the average length of stay and the average charges for those services as prepared pursuant to NRS 449.243;

(b) To the extent that such information is otherwise available to the public, the quality of care provided by each hospital in this State, as determined by applying uniform measures of quality, including, without limitation, the measures of quality endorsed by the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services and the Joint Commission on Accreditation of Healthcare Organizations;

(c) How consistently each hospital in this State follows recognized practices to prevent the infection of patients, to speed



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1 *the recovery of patients and to avoid medical complications of*
2 *patients; and*

3 *(d) Any other information that is currently collected by a*
4 *governmental entity in this State and available to the public*
5 *relating to the average charges imposed and the quality of the*
6 *services provided by the hospitals in this State that the Department*
7 *determines is useful to consumers.*

8 **Sec. 8.** *The Department shall, by regulation:*

9 *1. Prescribe the information that each hospital in this State*
10 *must submit to the Department for the program as set forth in*
11 *section 7 of this act, which must include the average charges*
12 *imposed by the hospitals and measures of quality for hospitals as*
13 *prescribed in subsection 2 of section 7 of this act; and*

14 *2. Require each hospital to:*

15 *(a) Provide the information prescribed in subsection 1 in the*
16 *format required by the Department; and*

17 *(b) Report that information for inpatients.*

18 **Sec. 9.** *1. The Department shall establish and maintain an*
19 *Internet website that includes the information concerning the*
20 *average charges imposed and the quality of the services provided*
21 *by the hospitals in this State as required by the program pursuant*
22 *to section 7 of this act. The information must be presented in a*
23 *manner that:*

24 *(a) Allows a person to view and compare the information for*
25 *the hospitals by:*

26 *(1) Geographic location of each hospital; and*

27 *(2) Diagnosis-related group;*

28 *(b) Allows a person to view and compare the information*
29 *relating to the quality of care provided by each hospital in this*
30 *State pursuant to subsection 2 of section 7 of this act; and*

31 *(c) Is readily accessible and understandable by a member of*
32 *the general public.*

33 *2. The Department shall:*

34 *(a) Publicize the availability of the Internet website;*

35 *(b) Update the information contained on the Internet website*
36 *at least quarterly;*

37 *(c) Ensure that the information contained on the Internet*
38 *website is accurate and reliable;*

39 *(d) Ensure that the information contained on the Internet*
40 *website is aggregated so as not to reveal the identity of a specific*
41 *inpatient of a hospital;*

42 *(e) Post a disclaimer on the Internet website indicating that the*
43 *information contained on the website is aggregated information*
44 *provided to assist with the comparison of hospitals and is not a*
45 *guarantee by the Department or its employees as to the current*



charges imposed by the hospitals in this State or the quality of the services provided by the hospitals in this State, including, without limitation, an explanation that the actual amount charged to a person by a particular hospital may not be the same as the average charge posted on the Department's website for that hospital; and

(f) Upon request, make the information that is contained on the Internet website available in printed form.

3. The Department shall ensure that the information it provides pursuant to this section is aggregated so as not to reveal the identity of a specific inpatient of a hospital.

Sec. 10. *In carrying out the provisions of sections 4 to 10, inclusive, of this act, the Department may contract, through competitive bidding, with the Nevada System of Higher Education or any appropriate, independent and qualified person or entity to analyze the information collected and maintained by the Department pursuant to sections 4 to 10, inclusive, of this act. Such a contractor shall not release or publish or otherwise use any information made available to it pursuant to the contract except as required to carry out the provisions of sections 4 to 10, inclusive, of this act.*

Sec. 11. NRS 439A.020 is hereby amended to read as follows:

439A.020 The purposes of this chapter are to:

1. Promote equal access to quality health care at a reasonable cost;

2. Promote an adequate supply and distribution of health resources;

3. Promote uniform, effective methods of delivering health care;

4. Promote and encourage the adequate distribution of health ~~and~~ care facilities and man power;

5. Promote and encourage the effective use of methods for controlling increases in the cost of health care;

6. Encourage participation in health planning by members of the several health professions, representatives of institutions and agencies interested in the provision of health care and the reduction of the cost of such care, and the general public;

7. Utilize the viewpoint of the general public for making decisions;

8. *Provide information to the general public concerning the average charges imposed and the quality of the services provided by the hospitals in this State;*

9. Encourage public education regarding proper personal health care and methods for the effective use of available health services; and



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~~9.]~~ 10. Promote a program of technical assistance to purchasers to contain effectively the cost of health care, including:

(a) Providing information to purchasers regarding the charges made by practitioners.

(b) Training purchasers to negotiate successfully for a policy of health insurance.

(c) Conducting studies and providing other information about measures to assist purchasers in containing the cost of health care.

Sec. 12. NRS 439B.400 is hereby amended to read as follows:

439B.400 1. Each hospital in this State shall maintain and use a uniform list of billed charges for that hospital for units of service or goods provided to all inpatients. A hospital may not use a billed charge for an inpatient that is different than the billed charge used for another inpatient for the same service or goods provided. This section does not restrict the ability of a hospital or other person to negotiate a discounted rate from the hospital's billed charges or to contract for a different rate or mechanism for payment of the hospital.

2. Each hospital in this State shall make available to the Department the uniform list of billed charges for the program established by the Department pursuant to section 7 of this act.

Sec. 13. NRS 449.243 is hereby amended to read as follows:

449.243 Every hospital licensed pursuant to the provisions of NRS 449.001 to 449.240, inclusive:

1. May, except as otherwise provided in subsection 2, utilize the Uniform Billing and Claims Forms established by the American Hospital Association.

2. Shall, except as otherwise provided in this section, on its billings to patients, itemize, on a daily basis, all charges for services, and charges for equipment used and the supplies and medicines provided incident to the provision of those services with specificity and in language that is understandable to an ordinary lay person. This itemized list must be timely provided after the patient is discharged at no additional cost.

3. Except as otherwise provided in this subsection, if a patient is charged a rate, pursuant to a contract or other agreement, that is different than the billed charges, ~~[the hospital]~~ shall provide to the patient either:

(a) A copy of the billing prepared pursuant to subsection 2;

(b) A statement specifying the agreed rate for the services; or

(c) If the patient is not obligated to pay any portion of the bill, a statement of the total charges.

➔ In any case, the hospital shall include on the billing or statement any copayment or deductible for which the patient is responsible. The hospital shall answer any questions regarding the bill.



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4. If the hospital is paid by the insurer of a patient a rate that is based on the number of persons treated and not on the services actually rendered, ~~the hospital~~ shall, upon the discharge of the patient, advise the patient of the status of any copayment or deductible for which the patient is responsible.

5. Shall prepare a summary of *the average* charges for common services for patients admitted to the hospital and make it available to the public. *The summary must be submitted to the Department of Health and Human Services for the program established by the Department pursuant to section 7 of this act.*

6. Shall provide to any patient upon request a copy of the billing prepared pursuant to subsection 2.

Sec. 14. NRS 449.520 is hereby amended to read as follows:

449.520 1. On or before October 1 of each year, the Director shall prepare and transmit to the Governor, the Legislative Committee on Health Care and the Interim Finance Committee a report of the Department's operations and activities for the preceding fiscal year.

2. The report prepared pursuant to subsection 1 must include:

(a) Copies of all summaries, compilations and supplementary reports required by NRS 449.450 to 449.530, inclusive, together with such facts, suggestions and policy recommendations as the Director deems necessary;

(b) A summary of the trends of the audits of hospitals in this State that the Department required or performed during the previous year;

(c) An analysis of the trends in the costs, expenses and profits of hospitals in this State;

(d) An analysis of the corporate home office allocation methodologies of hospitals in this State;

(e) An examination and analysis of the manner in which hospitals are reporting the information that is required to be filed pursuant to NRS 449.490, including, without limitation, an examination and analysis of whether that information is being reported in a standard and consistent manner, which fairly reflect the operations of each hospital;

(f) A review and comparison of the policies and procedures used by hospitals in this State to provide discounted services to, and to reduce charges for services provided to, persons without health insurance; ~~and~~

(g) A review and comparison of the policies and procedures used by hospitals in this State to collect unpaid charges for services provided by the hospitals ~~;~~ *and*

(h) A summary of the status of the program that is established pursuant to section 7 of this act to increase public awareness of



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health care information concerning the hospitals in this State, including, without limitation, the information that was posted in the preceding fiscal year on the Internet website maintained for that program pursuant to section 9 of this act.

3. The Legislative Committee on Health Care shall develop a comprehensive plan concerning the provision of health care in this State which includes, without limitation:

(a) A review of the health care needs in this State as identified by state agencies, local governments, providers of health care and the general public; and

(b) A review of the capital improvement reports submitted by hospitals pursuant to subsection 2 of NRS 449.490.

Sec. 15. NRS 223.560 is hereby amended to read as follows:

223.560 The Director shall:

1. Respond to written and telephonic inquiries received from consumers and injured employees regarding concerns and problems related to health care and workers' compensation;

2. Assist consumers and injured employees in understanding their rights and responsibilities under health care plans and policies of industrial insurance;

3. Identify and investigate complaints of consumers and injured employees regarding their health care plans and policies of industrial insurance and assist those consumers and injured employees to resolve their complaints, including, without limitation:

(a) Referring consumers and injured employees to the appropriate agency, department or other entity that is responsible for addressing the specific complaint of the consumer or injured employee; and

(b) Providing counseling and assistance to consumers and injured employees concerning health care plans and policies of industrial insurance;

4. Provide information to consumers and injured employees concerning health care plans and policies of industrial insurance in this State;

5. Establish and maintain a system to collect and maintain information pertaining to the written and telephonic inquiries received by the Office for Consumer Health Assistance;

6. Take such actions as are necessary to ensure public awareness of the existence and purpose of the services provided by the Director pursuant to this section;

7. In appropriate cases and pursuant to the direction of the Governor, refer a complaint or the results of an investigation to the Attorney General for further action;



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8. Provide information to and applications for prescription drug programs for consumers without insurance coverage for prescription drugs or pharmaceutical services; and

9. Establish and maintain an Internet website which includes:

(a) Information concerning purchasing prescription drugs from Canadian pharmacies that have been recommended by the State Board of Pharmacy for inclusion on the Internet website pursuant to subsection 4 of NRS 639.2328; ~~and~~

(b) Links to websites of Canadian pharmacies which have been recommended by the State Board of Pharmacy for inclusion on the Internet website pursuant to subsection 4 of NRS 639.2328 ~~and~~;

(c) A link to the website established and maintained pursuant to section 9 of this act which provides information to the general public concerning the average charges imposed and the quality of the services provided by the hospitals in this State; and

(d) A link to the website established and maintained pursuant to section 19 of this act which provides information to the general public concerning the health care plans available in this State.

Sec. 16. Chapter 679B of NRS is hereby amended by adding thereto the provisions set forth as sections 17 to 22, inclusive, of this act.

Sec. 17. *“Program” means the program that is established by the Division pursuant to section 18 of this act to increase public awareness of health care plans available in this State.*

Sec. 18. 1. *The Division shall establish and maintain a program to increase public awareness of health care plans available in this State. The program must be designed to assist consumers of health care with comparing health care plans that are available in this State and the average charges for those health care plans.*

2. The program must include, without limitation, the collection, maintenance and provision of information, to the extent available, that:

(a) Educates consumers of health care concerning the health care plans in this State;

(b) Describes how a consumer may acquire a health care plan;

(c) Describes the factors which must be considered in the cost of purchasing a health care plan, including, without limitation, the comparison of premiums and other expenses charged for a variety of those plans;

(d) Assists consumers of health care with understanding how a claim for health insurance is processed, including, without limitation, any forms required and any information pertaining to procedures required by federal or state statute or regulation; and

(e) Describes how to resolve a complaint against an insurer.



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1 **Sec. 19. 1.** *The Division shall establish and maintain an*
2 *Internet website that includes the information concerning the*
3 *health care plans in this State that are included in the program*
4 *pursuant to section 18 of this act. The information must be*
5 *presented in a manner that:*

6 *(a) Allows a person to view and compare the information for*
7 *health care plans;*

8 *(b) Allows a person to view and compare the information*
9 *relating to the cost of health care plans; and*

10 *(c) Is readily accessible and understandable by a member of*
11 *the general public.*

12 **2.** *The Division shall:*

13 *(a) Update the information contained on the Internet website*
14 *at least quarterly;*

15 *(b) Ensure that the information contained on the Internet*
16 *website is accurate and reliable;*

17 *(c) Post a disclaimer on the Internet website indicating that the*
18 *information contained on the website is aggregated information*
19 *provided to assist with the comparison of health care plans and is*
20 *not a guarantee by the Division as to the cost of health care plans*
21 *available in this State or the quality of the services offered by the*
22 *insurers, including, without limitation, an explanation that the*
23 *actual amount charged to a person by a particular insurer may not*
24 *be the same as the average charge posted on the Division's website*
25 *for that insurer; and*

26 *(d) Upon request, make the information that is contained on*
27 *the Internet website available in printed form.*

28 **Sec. 20. 1.** *The Commissioner shall, by regulation:*

29 *(a) Prescribe the information that an insurer who wishes to*
30 *participate in the program may submit to the Commissioner; and*

31 *(b) Prescribe the form for submission of such information.*

32 **2.** *The Commissioner may, through competitive bidding,*
33 *contract with the Nevada System of Higher Education or any*
34 *appropriate, independent and qualified person or entity to analyze*
35 *the information collected and maintained by the Commissioner*
36 *pursuant to sections 17 to 22, inclusive, of this act. Such a*
37 *contractor shall not release or publish or otherwise use any*
38 *information made available to it pursuant to the contract except as*
39 *required to carry out the provisions of sections 17 to 22, inclusive,*
40 *of this act.*

41 **Sec. 21.** *In carrying out the provisions of sections 17 to 22,*
42 *inclusive, of this act, the Division shall:*

43 **1.** *Work in cooperation with the Director of the Office for*
44 *Consumer Health Assistance.*



2. *Work in cooperation with the Department of Health and Human Services in the establishment and maintenance of the program, including, without limitation, providing consumers of health care with a link on the Division's website to access the Internet website of the Department of Health and Human Services maintained pursuant to section 9 of this act.*

Sec. 22. *The provisions of sections 17 to 22, inclusive, of this act do not require an insurer to participate in the program or submit information for the sole purpose of inclusion on the Internet website maintained pursuant to section 19 of this act.*

Sec. 23. NRS 679B.510 is hereby amended to read as follows:
679B.510 As used in NRS 679B.510 to 679B.560, inclusive, *and sections 17 to 22, inclusive, of this act* unless the context otherwise requires, the words and terms defined in NRS 679B.520, 679B.530 and 679B.540 *and section 17 of this act* have the meanings ascribed to them in those sections.

Sec. 24. NRS 679B.550 is hereby amended to read as follows:
679B.550 The Division shall:

1. Establish a toll-free telephone service for receiving inquiries and complaints from consumers of health care in this State concerning health care plans;

2. Provide answers to inquiries of consumers of health care concerning health care plans, or refer the consumers to the appropriate agency, department or other entity that is responsible for addressing the specific type of inquiry;

3. Refer consumers of health care to the appropriate agency, department or other entity that is responsible for addressing the specific type of complaint of the consumer;

4. Provide counseling and assistance to consumers of health care concerning health care plans;

5. Educate consumers of health care concerning health care plans in this State ~~and~~, *including, without limitation, by publicizing the availability of the Internet website maintained by the Division pursuant to section 18 of this act;* and

6. Take such actions as are necessary to ensure public awareness of the existence and purpose of the services provided by the Division pursuant to this section.

