MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY

Seventy-sixth Session
May 2, 2011

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Michael A. Schneider at 1:19 p.m. on Monday, May 2, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Michael A. Schneider, Chair
Senator Shirley A. Breeden, Vice Chair
Senator David R. Parks
Senator Allison Copening
Senator James A. Settelmeyer
Senator Elizabeth Halseth
Senator Michael Roberson

GUEST LEGISLATORS PRESENT:

Assemblywoman Maggie Carlton, Assembly District No.14
Assemblyman John Oceguera, Assembly District No. 16
Assemblyman James Ohrenschall, Assembly District No. 12

STAFF MEMBERS PRESENT:

Scott Young, Policy Analyst
Matt Nichols, Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

Bruce Robb, Counsel, State Board of Professional Engineers and Land Surveyors
Lori Judd, Vice Chair, Certified Court Reporters' Board of Nevada
Louis Ling, Counsel, Nevada State Board of Optometry
Judi D. Kennedy, Executive Director, Nevada State Board of Optometry

Alaina Cowley, Luxottica Retail North America, Inc.
Jeanette Belz, Nevada Academy of Ophthalmology
Larry Matheis, Executive Director, Nevada State Medical Association
Brett J. Barratt, Commissioner of Insurance, Division of Insurance, Department of Business and Industry
Jan Gilbert, Progressive Leadership Alliance of Nevada
Barry Gold, Director of Government Relations, AARP Nevada
Charles Duarte, Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services
Jack Kim, Nevada Association of Health Plans
Bob Ostrovsky, Nevada Association of Health Plans
James V. deProsse, Administrator, Manufactured Housing Division, Department of Business and Industry

CHAIR SCHNEIDER:
I will open a work session on Assembly Bill (A.B.) 537.

ASSEMBLY BILL 537 (1st Reprint): Revises provisions governing prohibited acts for certain health care practitioners. (BDR 54-1115)

CHAIR SCHNEIDER:
All of the proposed amendments to this bill have been withdrawn. I will close the work session on A.B. 537.

SENATOR ROBERSON MOVED TO DO PASS A.B. 537.

SENATOR COPENING SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:
We will open the hearing on A.B. 102.

ASSEMBLY BILL 102 (1st Reprint): Revises provisions governing the requirements for licensure as a professional engineer or professional land surveyor. (BDR 54-767)

ASSEMBLYWOMAN MAGGIE CARLTON (Assembly District No.14):
This bill is about 54 people who were caught in a licensing scheme because of the downturn in the economy. It was brought to my attention by the State Board of Professional Engineers and Land Surveyors (Board). It became confusing in the Assembly because we were debating the policy decision made in the 70th Session rather than trying to solve the problem that had arisen with these 54 people.

BRUCE ROBB (Counsel, State Board of Professional Engineers and Land Surveyors):
Assembly Bill 102 passed the Assembly and has the complete support of the Board, all of the engineering societies and all of the land surveyor societies, including the Nevada Association of Land Surveyors. It will allow these 54 people who do not have a 4-year degree to obtain licensure if they have either passed the examination or have 10 years of experience. Some of them have passed the examination, and some of them have 10 years of experience.

In the engineering group, there are people who have taken and passed the examination, but do not have enough experience. In the land surveying group, they all have enough experience, but they have not passed the examination. It applies to 54 people who have devoted a substantial portion of their lives to obtain licensure. There is no objection to the bill. It will help these people become licensed professionals in this State.

CHAIR SCHNEIDER:
We will close the hearing on A.B. 102.

SENATOR PARKS MOVED TO DO PASS A.B. 102.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:
We will open the hearing on A.B. 25.

ASSEMBLY BILL 25 (1st Reprint): Revises provisions governing certified court reporters. (BDR 54-505)

LORI JUDD (Vice Chair, Certified Court Reporters' Board of Nevada):
Assembly Bill 25 makes various changes to chapter 656 of the *Nevada Revised Statutes* (NRS) which governs certified court reporters.

CHAIR SCHNEIDER:
Would you please review the bill?

MS. JUDD:
We have proposed some minor changes to NRS 656. The original language of the bill proposed an increase in the fine amount. When the bill was heard in the Assembly Committee on Commerce and Labor, the committee determined that because we had never approached levying the maximum fine, a change in the fine amount was not warranted. Therefore, that change was not made.

Now, we are proposing to add a provision to allow a "distance education program" and to change the accuracy passing percentage which would allow a person to sit for the State examination.

There is a national organization known as the National Court Reporters Association (NCRA). The NCRA governs court reporters in many states and administers an examination. Some states, such as Nevada, choose to administer their own examinations. Some states allow reciprocity, but Nevada does not allow reciprocity with passing the NCRA examination. The Certified Court Reporters' Board of Nevada (CCRBN) uses the NCRA examination as a prerequisite to sit for the Nevada examination. The NCRA examination requires a passing grade of 95 percent. Most court reporting schools, including online court reporting schools, teach to the 95 percent accuracy level.

The CCRBN requires a 97.5 percent accuracy level to sit for and pass the State examination. By requiring a higher accuracy than the national level, we have eliminated an entire pool of potential candidates, and, therefore, potential court reporters in our State. We are proposing to lower the CCRBN accuracy level percentage to sit for the State examination from 97.5 percent to 95 percent. However, to pass the Nevada examination, a person will still have to pass it with a 97.5 percent accuracy rate.

CHAIR SCHNEIDER:
We will close the hearing on A.B. 25.

SENATOR COPENING MOVED TO DO PASS A.B. 25.

SENATOR BREEDEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:
We will open the hearing on A.B. 20

ASSEMBLY BILL 20 (1st Reprint): Revises provisions governing the practice of optometry. (BDR 54-501)

LOUIS LING (Counsel, Nevada State Board of Optometry):
The Nevada State Board of Optometry (NSBO) has three objectives to propose with this bill. The first is to allow the NSBO to license by endorsement. In section 2, subsection 1, paragraph (b), subparagraphs (1)-(7) of the bill, there are seven conditions the NSBO would place on people coming into Nevada who are licensed in another state. If the seven conditions are met, they would be able to obtain a Nevada license. The intent is to allow qualified optometrists to come to Nevada and avoid some requirements to apply for a Nevada license. The conditions are they must: take and pass a national exam; not have any adverse action reported to the National Practitioner Data Bank; have been practicing for five years in the home state; not be involved in any pending disciplinary action in the home state; provide the NSBO with any information regarding malpractice claims; get a passing score on the Board's examination; and pay the required fees.

This bill proposes technical amendments by the Legislative Counsel Bureau to harmonize the NSBO's intent to create licensure by endorsement. Sections 2 and 3, 5-9, and 11 and 12 all deal with changing language throughout our practice act regarding licensure by endorsement.

The second objective of A.B. 20 is in section 10, which addresses testing and other issues that had arisen regarding whether or not a person was required to

pass each area tested, or the entire examination, with a grade of 75 percent or higher. To clarify that, we are proposing to delete language dealing with passing each area tested. The bill would state that a grade of 75 percent or higher on the examination would constitute a passing score.

Finally, in sections 13-15, the NSBO is proposing to address disciplinary issues that have arisen as a result of some loopholes in the NRS governing the NSBO.

In section 13, subsection 6, we propose changing the language from gross incompetency to incompetency in the practice of optometry. Section 13, subsection 12 addresses practicing or offering to practice optometry outside the scope of practice authorized by law. The intent of the language in subsection 12 is to provide the NSBO with a tool to limit optometrists to the practice of optometry. Optometrists do not practice medicine or osteopathy. When an optometrist goes beyond the scope of optometry as defined in NRS, the NSBO needs a tool to subject that optometrist to disciplinary action.

Section 14 addresses unprofessional or unethical conduct concerning the acceptance of employment as an optometrist with someone who is not licensed to practice optometry in this State, except as provided for in NRS 636.347, which governs comanagement between optometrists and ophthalmologists. That of course is still allowed, but we are attempting to address any other employment by optometrists.

Subsection 3 of section 14 is the result of litigation we were dealing with about signing prescriptions. Optometrists can sign their own prescriptions, but they should not be signing someone else's prescriptions. The original language in NRS only listed optometrists. Some optometrists were signing prescriptions for physicians. This resulted in problems with litigation. We did not have a way to stop that practice. This will give the NSBO a tool to deal with that.

Section 15 addresses unprofessional conduct in regard to advertising. This will delete language prohibiting optometrists from advertising, directly or indirectly, free optometric exams or services.

While this bill was in the Assembly, we worked with the Nevada Optometric Association (NOA) to create the language in section 13, subsection 12. When the first reprint came out, the American Academy of Ophthalmology (AAO) had some issues with the language. We are now engaged in three-party talks with

the NOA and the AAO in an attempt to come up with a solution with which all parties can live. We are actively engaged in those talks, and it is our intent to develop language we can present to you at an upcoming work session.

SENATOR BREEDEN:
In section 5, the fee schedule says " ... not less than ... " or ' ... not more than ... ." Could you please explain why there are different fees?

MR. LING:
This is normal in NRS to place a cap on what licensing boards can charge. Are you asking why we would charge different fees for a license by endorsement and for a regular license?

SENATOR BREEDEN:
In section 5, the first fee for an examination says " ... including examination for license by endorsement ... " then "... not less than $100," and " ... not more than $500." Would you please clarify why there is a difference?

CHAIR SCHNEIDER:
The Legislature probably set a cap so the NSBO could not charge up to the maximum in one year. The NSBO would not have to come back to the Legislature every time they want to increase the fees.

SENATOR SETTELMEYER:
The fees the NSBO charges are consistent throughout the year. However, from year to year the NSBO is allowed to adjust the fees up or down as they deem necessary to fund the NSBO.

JUDI D. KENNEDY (Executive Director, Nevada State Board of Optometry):
That is correct. The NSBO votes annually. For example, the renewal fee has not changed for ten years, but we do vote annually because we have some flexibility.

SENATOR BREEDEN:
I just wanted to make sure you would not charge one person one fee and another person another fee.

MS. KENNEDY:
No, it is the same for everyone.

SENATOR SETTELMEYER:
I would like to make a disclosure, "My wife, obviously, is a public member of the optometry board; however, I don't think that necessarily affects me any differently than anybody else whose spouse may be on a particular board."

ALAINA COWLEY (Luxottica Retail North America, Inc.):
We support A.B. 20 and the concept of licensure by endorsement. This is a great method to recruit and obtain qualified practitioners for Nevada.

JEANETTE BELZ (Nevada Academy of Ophthalmology):
We are working with Louis Ling and the NOA in the hopes of finding an amendment all three parties can endorse and bring back to this Committee.

LARRY MATHEIS (Executive Director, Nevada State Medical Association):
The amended bill, which passed out of the Assembly, raised concerns for the NOA. We agree with the NOA. When they agree on amendments, we will agree on them also. Until that happens, we will not support this bill.

CHAIR SCHNEIDER:
We will close the hearing on A.B. 20 and open the hearing on A.B. 309.

ASSEMBLY BILL 309 (1st Reprint): Revises provisions governing insurance. (BDR 57-516)

ASSEMBLYMAN JOHN OCEGUERA (Assembly District No. 16):
Assembly Bill 309 increases public access to health insurance information. There are obstacles to transparency in the current system. While health insurance costs have been rising, Nevada's consumers have lacked information about insurance plans and rate increases. A provision in Nevada's law deemed certain insurance rates to be trade secrets, preventing Nevada citizens from accessing important information about health insurance plans and premium rates. This imposes restrictions on public access to insurance information and justifications for rate increases. Only the Division of Insurance (DOI), Department of Business and Industry (DBI), may inspect an insurance company's actuarial information assumptions used by the company to justify a rate increase and the amounts spent on things other than delivering medical care.

Assembly Bill 309 will increase transparency. It will give the public greater accessibility, and it will enhance accountability. It will increase transparency by making information used to justify rate increases readily available to the public. It will allow individual consumers and small businesses to take a more in-depth look into policies when making insurance purchasing decisions.

The rate increase proposals and supporting data will be made publicly available on the DOI Website and insurers' Websites prior to their approval or disapproval. Insurers will post information about policies and plans available for sale in this State, including certificates of coverage, base rates, actual and projected costs, medical loss ratios and historical rate information.

There is a consumer advocate position already in the DBI. This bill would allow the consumer advocate position to review rate increases and decreases. Also, it provides that members of the public may request hearings on rate changes over 10 percent on large plans that represent more than 5 percent of the insurers' market segment. Hearings would be open to the public and would be encouraged to take place after 5 p.m. on weekdays and on weekends when practicable. Transcripts of the meetings would be placed online.

Now, price and coverage may or may not be available for the consumer to review, but, the proposals in this bill will require all information to be posted on the DOI Website and the insurers' Websites including, price, coverage, loss ratio from the previous year, anticipated loss ratio for the next year, history of increases and the justifications, information to justify future increases, the ability to demand a public hearing for rate increases, information on all policies available in the State, notice of public hearings and transcripts of all rate hearings.

A few states have tried something like this, most notably Pennsylvania, Maine and Colorado. Pennsylvania reports that they have had plans with significant rate increases, between 30 percent and 40 percent, yet, when insurers were advised there may be a public hearing, they often refiled much lower increases. Over the past two years, Maine has held rate hearings on individual and small group market insurance rates, resulting in substantial reductions in the insurers requested rates. Colorado invested months of staff time and resources for an in-depth review of Anthem's proposed rate for 2010. Anthem agreed to pay $20 million in refunds to approximately 90,000 policyholders.

This bill will strengthen the ability of the DOI to conduct more extensive reviews of insurance policies. It will qualify Nevada for nearly $4 million in federal funding for health insurance consumers. It will put more information in the hands of consumers and will empower consumers to participate actively in the process of purchasing and reviewing policies.

I just received a letter from America's Health Insurance Plans (AHIP) (Exhibit C). They did not testify on this bill in the Assembly. I have submitted my response to their letter (Exhibit D). The AHIP letter seems to be boilerplate information. Information in their fact sheet (Exhibit E) was from California. We are not California. We have been having open hearings since the mid-1970s. This bill will enhance that. Their claims are not accurate.

We have been working with insurers, and we have amended this bill to come into some agreement with insurers. We have come to agreement on this bill as shown in proposed amendment 6708 (Exhibit F). There may be still a few things needing work, but generally, we have been working well with most of the insurers, with the exception of this letter from AHIP, which is off base.

CHAIR SCHNEIDER:
Would the $4 million federal grant cover the cost of the consumer advocate?

ASSEMBLYMAN OCEGUERA:
The advocate position is already authorized, but does not have the ability to review rate increases. When the advocate starts reviewing these items there will be an increased workload, but we will qualify for some additional federal funds.

SENATOR ROBERSON:
It seems to me there is a lot of opposition to this bill. This letter from AHIP says, "Unfortunately, A.B. 309 fails to offer any solution to address the rising costs that threaten the affordability of health coverage in Nevada, instead opting to impose an unnecessary and costly rate-approval process that provides no benefit to consumers."

I know they will be testifying. I wanted to give you the opportunity to respond to that.

ASSEMBLYMAN OCEGUERA:
The AHIP made several inaccurate claims in their letter of April 29, 2011. For example, what you just referenced is inaccurate. We have had hearings in Nevada since 1977. On its face, the letter is inaccurate. My letter of response, Exhibit D, goes through AHIP's letter point by point and addresses their fact sheet, Exhibit E, and its inaccuracies. If there was a lot of opposition to this bill, it did not come up in Assembly hearings.

BRETT J. BARRATT (Commissioner of Insurance, Division of Insurance, Department of Business and Industry):
I support the concepts of A.B. 309. As part of the Patient Protection and Affordable Care Act (PPACA), the federal government has provided rate-review grants to enhance the states' ability to make certain the rates being filed are reasonable. Nevada applied for and received the first phase in the rate-review grant process. We received a grant in the amount of $1 million, which is good until September 30, 2011. We will have an opportunity to extend those grant funds for another period.

Phase two of the grant funds is an additional $3 million for which the State can apply. Phase two has an application deadline of August 15, 2011. I intend to apply for that round of rate-review grants. With the $1 million we have already received, the State has employed a third-party actuary to whom we send all rate filings from individual plans in Nevada. Once the independent third-party actuary comes back with an opinion, it is reviewed by another actuary in our office who is also funded with the federal grant funds. A third State employee actuary also reviews those rate filings to make sure they are justified and accurate.

Assembly Bill 309 would add certain items to the process which are required for the State to continue to receive federal rate-review grant funds. Those items are having an effective rate-review system and making certain we have transparency.

I agree with AHIP on many levels. The true cost of health care is not necessarily driven by insurers. There are many other cost drivers, and the reality is that we have a medical inflation of approximately 10 percent per year. I am hopeful the transparency measures addressed in A.B. 309 will enable consumers, the public and others to understand better what the cost drivers are in the health-care system. Perhaps, we then will be able to take this to the next step and start addressing those concerns.

Finally, I want the Committee to understand that my intent, if this bill is passed, is not to have a hearing on every rate application. A hearing would only be justified if the rate appears to be unreasonable. As provided for in A.B. 309, "unreasonable" is defined by the federal government as an increase of more than 10 percent.

Assembly Bill 309 would give the commissioner of insurance (COI), DOI, DBI, authority to examine small group preferred provider organization rates. We do not now have that authority. Hearings will be at the discretion of the COI. There is an administrative cost for both the State and the insurers, and we want to minimize the cost except in cases that are justified.

MR. MATHEIS:
We support this bill. Increased transparency throughout the system is going to be essential in the future. Movements are already underway to try to make the health-care delivery part of the system more transparent to give consumers more information. However, rather than transparency in health insurance, we have more opaqueness. Policies of health insurers on how they price, what they do with premiums, how they define coverage, how they define the lack of coverage, how they define access and when they deny access to care should be made more apparent. When individuals have to make decisions about which health insurance product fits their needs or their family's needs, they need to be able to compare product information using plain language. This bill is a good start in that direction. Whatever happens with PPACA and federal health reform, individuals cannot be expected to make complex decisions about complex policies without having a good idea of what went into making those policies.

This bill is a good start, and there is more information coming. The regulatory process during the interim will identify problems. I am sure this issue will come back to the Legislature in the future.

JAN GILBERT (Progressive Leadership Alliance of Nevada):
The Progressive Leadership Alliance of Nevada has completed racial equity report cards in the past. In the health equity section, we have discovered that people of color in Nevada are more likely to be underinsured or uninsured. We are hopeful this bill will help control costs and will help by having a consumer advocate that people can access. Twenty-one percent are without health insurance. There was an increase in 2007, and we want to see this reduced.

This bill is a great start to help people have affordable health care, be able to question their bills and have transparency.

BARRY GOLD (Director of Government Relations, AARP Nevada):
I have submitted written testimony in support of A.B. 309 (Exhibit G).

CHARLES DUARTE (Administrator, Division of Health Care Financing and Policy, Department of Health and Human Services):
I have submitted written testimony on A.B. 309 (Exhibit H).

JACK KIM (Nevada Association of Health Plans):
I testified on this bill in the Assembly. We have been working with the Assembly to address our concerns with this bill. At this point, we are still working with Assemblyman Oceguera on our remaining issues.

The provisions in section 7 of the bill raised concerns for us when the public hearing is based upon market share. Public hearings based on market share politicize whether you have a hearing or not. The hearing is not based on actual numbers, and it is not based on the memorandums that may be submitted. The issue is that if the numbers make the rate increase or decrease appropriate, why have a public hearing. We have spoken with Assemblyman Oceguera about whether we can add language to indicate that maybe those are anticompetitive issues. We are still working with him.

Another issue we have is in section 7.5 of the bill which addresses notice provisions. If a decision has been made to have a public hearing, it must be posted on the DOI Website. The insurers are also required to provide a notice of the public hearing. The insurers only have a few days to send a notice to all of the policyholders who might be impacted. Our concern is that providing individual notices to everyone could be quite expensive. Are there other ways to do this, such as posting notices on the insurers' Websites? The reason this is more important is that under the PPACA, insurers are required to spend a certain amount of each premium dollar on claims. That is what is in the medical loss ratio (MLR). It is either 80 percent or 85 percent of the premium dollars. That only gives us 20 percent or 15 percent which can be spent on everything else. Our concern is that once this cost gets built into the MLR, it will affect the MLR requirements. Under the PPACA, if insurers do not spend either 80 percent or 85 percent of every premium dollar on claims, then they must rebate that

money to the policyholders. Under federal law, if premiums are excessive, insurers are required to refund the money.

We have exempted large employer groups from the rate-review process because the federal law also exempts large employers. We have concerns with association plans and how they fit into this. We are working with Assemblyman Oceguera on whether or not association plans are exempted. With large employer groups, rates and coverage are negotiated. These products are not appropriate for this review.

Our final issue is with the confidentiality provisions in section 12, subsection 4, and sections 18-20 of the bill. Trade secret protections have been deleted from sections 18-20. I understand Assemblyman Oceguera's intent, but the reason these provisions are in NRS is not to protect insurers from consumers but from other insurers. It is a competitive issue between carriers. How an insurer conducts business could be usurped by other insurers. We have concerns that even if some trade secrets are protected under section 12, subsection 4 of the bill, with the deletions in sections 18-20, trade secrets could still be exposed. I am not sure what that will do to the competitive environment.

CHAIR SCHNEIDER:
Assemblyman Oceguera has addressed some of those issues in his proposed amendment.

MR. KIM:
My comments are directed at the proposed amendment.

BOB OSTROVSKY (Nevada Association of Health Plans):
We have some public policy issues to be resolved. We are working toward transparency. It would be helpful if the system were more transparent. A lot of the language in the proposed amendment leads to transparency

The remaining public policy issues are about trade secrets and whether or not we want to open up Nevada's Uniform Trade Secret Act. The way this is written, the COI would decide what is covered by this bill as opposed to what is defined statutorily.

The second policy issue is about what should trigger a rate review. You should have a handout titled "Health Benefit Plan–Rate Filing Activity" (Exhibit I)

provided by Assemblyman Oceguera about all of the rate reviews that have been done. This indicates that there is a review process, but the question is at what point is there a public process as opposed to one that is internal to the DOI. We have differences of opinion about what should trigger a rate review.

The third policy issue is how to treat association plans and whether or not they should be treated as large or small plans. It they are treated as small plans, negotiations are done with the association, but each member receives an individual policy. It means any of the members will be treated as a small plan, which could then trigger a review under this bill and hold up the entire program for an association. There should be language in the bill giving direction to the COI about what the legislative policy should be on handling those. Large association plans have bargaining power. They make decisions and bargain in a competitive marketplace. There is a lot of shopping that can be done. If the large association is a sophisticated buyer and understands all the terminology, it has real opportunity to make a good deal. The smaller individual plans may not be as sophisticated. Assemblyman Oceguera is trying to develop a process to give the less sophisticated buyer a better chance in the marketplace. We do not disagree with that. We will continue to work with Assemblyman Oceguera. We understand there is a time frame involved and this has to be back to this Committee with a final proposed amendment. We would seek a modified amendment, but we will work with Assemblyman Oceguera and try to resolve that as quickly as possible.

ASSEMBLYMAN OCEGUERA:
Just to sum up what we have heard, this bill is about transparency. Sometimes people are for transparency and are not for their own transparency. The insurance people have been excellent to work with.

One of the problems they identified was with the notification. We have worked with them on the notification. Where we differ is that notification should not be given after the rate has gone up. I am still willing to work with them on how notifications are done and how to eliminate expense. Whether it is on the Website or via e-mail, I am willing to work with them, but I do not believe that notice means after the rate has been raised.

The confidentially issue raised is a departure about opening up the Nevada's Uniform Trade Secret Act. Assembly Bill 309, section 12, subsection 4, defines that no consumer information would be exposed, and that the COI would have

the ability to review all of the circumstances and decide if there are trade secrets or not. I am open to considering other options. We have made a good effort in addressing that issue. Rate filings should be transparent. However, the COI would have the authority to determine there are some things that should not be made public. Thirty-three states have this provision in place.

There is a sunset provision in this bill. If money is not available for the consumer advocate's position, the Governor has the ability to sunset it.

I understand the issue with association plans. The COI's application for the grant funding says:

> ... due consideration shall be given to past and prospective loss and expense experience within and outside of this state; catastrophe hazards and contingencies; trends within and outside of this state; loadings for leveling premium rates over time or for dividends or savings to be allowed or returned by insurers to their policyholders, members or subscribers; and to all other relevant factors, including the judgment of technical personnel.

This is what the COI meant when he said he did not anticipate doing this unless there is a need for it. That language clearly indicates what the COI has in mind as far as allowing one individual person in an association plan to bring this forward. That is not the intention. But if we can clarify that, we will.

SENATOR BREEDEN:
I noticed in the amendment, on page 2, line 9, that " ... policy, contract or plan of health insurance ... " has been deleted and replaced with " ... health benefit plan ... ." Is there a reason for that?

MR. KIM:
Perhaps I can answer that question. In the original bill, it applied to all health insurance. Throughout the proposed amendment, things were identified as health benefit plans. The intent of this bill was to address major medical in health insurance, such as health maintenance organizations and preferred provider organizations. But with health insurers, this included some of the ancillary products that did not need to be addressed. That is why the definition in the bill was proposed to be changed to health benefit plans. That is why section 3 says " ... insurer that offers any health benefit plan ... ." This narrows

it down to major medical health insurance which is consistent with federal requirements.

ASSEMBLYMAN OCEGUERA:
This bill does not affect auto insurance, etc. It only refers to health insurance plans and not any add-ons to health insurance.

SENATOR BREEDEN:
On page 2, lines 16-19, reference is made to large employers. Which employers are considered large employers and are exempt from this bill?

MR. KIM:
Large employers are defined by the federal government as entities with more than 100 employees. In Nevada, a small employer is defined as an entity with 2 to 50 employees. Nevada does not define large employer. There might be some confusion with that, and this bill might need a technical amendment. Any entity with more than 100 employees would be considered a large employer and not subject to the rate-review provision of this bill.

ASSEMBLYMAN OCEGUERA:
The theory is we are trying to help those who are less sophisticated. Usually a large employer has the sophistication to look at these plans and negotiate on behalf of its employees.

SENATOR BREEDEN:
Would the large employers have to provide all the information outlined in this bill?

MR. KIM:
Large employers typically have custom plans. When a plan is designed for a large employer, negotiations are between the insurer and the employer. This bill is limited to individual and small employer groups. This is consistent with what the federal government is doing with PPACA. The rate-review process is limited to individuals who are buying a product “off the shelf.” The custom plans are negotiated between sophisticated parties.

CHAIR SCHNEIDER:
Assemblyman Oceguera, will you and your staff be working with the interested parties in the next ten days to bring back either the current proposed amendment or one that has been refined?

ASSEMBLYMAN OCEGUERA:
We will be doing that, and I will continue to work with them. If there are any outstanding issues, we will bring them back to you.

CHAIR SCHNEIDER:
I have a couple of ideas in bill drafting that your staff or Mr. Ostrovsky can meet with Mr. Young to review.

We will close the hearing on A.B. 309.

VICE CHAIR BREEDEN:
We will open the hearing on A.B. 429.

ASSEMBLY BILL 429 (1st Reprint): Revises provisions governing manufactured home parks. (BDR 10-565)

ASSEMBLYMAN JAMES OHRENSCHALL (Assembly District No. 12):
People who live in manufactured home communities face many challenges. They used to be called mobile home parks, which is a misnomer because these homes are anything but mobile. Trying to move one is very expensive. It can cost anywhere from $4,000 to $10,000. There are many manufactured housing communities in my district. Many of the units in these communities would not survive a move because they are too old.

Chapter 118B of NRS provides protections for people living in manufactured housing communities when a park closes. It provides that when a park is closed and converted to another use, it would be a cost of business for the landowner to try to relocate the residents of the park within 100 miles. In the amended version of A.B. 429, I am proposing to expand the distance an extra 50 miles in which the landowner must try to relocate someone. This will help because of Clark County zoning restrictions limiting where a manufactured home can be placed. This will give the displaced homeowner a few more places to relocate.

This is a very simple bill which changes 100 miles to 150 miles in NRS 118B. As far as I know, there is no opposition to the bill.

SENATOR SETTELMEYER:
The major cost of moving a manufactured home is disconnecting it from the ground. How much does the additional 50 miles add to the cost of moving a manufactured home?

ASSEMBLYMAN OHRENSCHALL:
I agree the major cost is disconnecting and connecting the manufactured home. I do not have exact figures, but the extra cost for the mileage would be extra time for the driver of the semitruck, the cost of gasoline and the cost of the time for the truck. These costs are minimal compared to disconnecting and connecting the home. I can get that information for you.

JAMES V. DEPROSSE (Administrator, Manufactured Housing Division, Department of Business and Industry):
Assemblyman Ohrenschall is correct. The only expense would be the incremental travel time.

The Manufactured Housing Division, DBI, is neutral on the bill. We have had no complaints.

SENATOR SETTELMEYER:
The largest cost is disconnecting the home from the ground. If an individual wanted to move the home 200 miles away, would the person be allowed to pay the difference between 200 miles and 150 miles? If the park owner is responsible for the first 100 miles, can the law be changed to allow a person to pay for the extra miles? The cost is not that great.

ASSEMBLYMAN OHRENSCHALL:
The way the law is written, the park owner is responsible for paying for the first 100 miles. If the homeowner wants the home moved 200 miles away, that is allowed, but the homeowner is responsible for the additional mileage.

MATT NICHOLS (Counsel):
“I was just going to say, Assemblyman Ohrenschall has accurately stated the law.”

VICE CHAIR BREEDEN:
We will close the hearing on A.B. 429, and having no further business, the Senate Committee on Commerce, Labor and Energy is adjourned at 2:52 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE:

EXHIBITS			
Bill	**Exhibit**	**Witness / Agency**	**Description**
	A		Agenda
	B		Attendance Roster
A.B. 309	C	Assemblyman John Oceguera	Letter from AHIP
A.B. 309	D	Assemblyman John Oceguera	Response to AHIP
A.B. 309	E	Assemblyman John Oceguera	AHIP Fact Sheet
A.B. 309	F	Assemblyman John Oceguera	Proposed Amendment
A.B. 309	G	Barry Gold	Written Testimony
A.B. 309	H	Charles Duarte	Written Testimony
A.B. 309	I	Bob Ostrovsky	Health Benefit Plan-Rate Filing Activity