(Reprinted with amendments adopted on May 28, 2013) SECOND REPRINT S.B. 340

SENATE BILL NO. 340-SENATOR HARDY

MARCH 18, 2013

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions relating to the delivery of health care. (BDR 40-595)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Yes.

EXPLANATION - Matter in **bolded italics** is new; matter between brackets formitted material; is material to be omitted.

AN ACT relating to health care; providing for the creation of the Office for Patient-Centered Medical Homes and the Advisory Council on Patient-Centered Medical Homes; revising provisions relating to medical records; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Sections 2-12.1 of this bill provide for the creation of the Office for Patient-Centered Medical Homes and the Advisory Council on Patient-Centered Medical Homes within the Health Division of the Department of Health and Human Services. Section 10 of this bill requires the Administrator of the Health Division to administer the Office and to adopt regulations to establish certain standards and processes relating to the Office. Section 10.5 of this bill requires a primary care practice to be certified by the Office before operating as a patient-centered medical home. Section 11 of this bill allows an insurer which registers with the Office: (1) to pay a patient-centered medical home for the coordination of care for insureds; (2) to pay incentives to a patient-centered medical home; and (3) if authorized by an insured, to share information about the insured with a patient-centered medical home and any other practitioner or health facility that provides health services to the insured. Sections 10.5 and 11 require the Administrator to adopt necessary regulations to provide for the certification of patient-centered medical homes and the registration of insurers, including regulations to impose a fee for certification and registration.

Section 12 of this bill requires the Administrator to evaluate the effectiveness of patient-centered medical homes and the efforts of the Office to promote and regulate such homes and report to the Legislature with the results of the evaluation on or before January 1 of each odd-numbered year. Section 14.5 of this bill requires the Administrator, to the extent that money is available for that purpose and as soon as practicable, to adopt certain regulations relating to certain payments made by insurers to patient-centered medical homes and federal antitrust laws.



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Section 14.5 also requires the Administrator to carry out the provisions of this bill relating to patient-centered medical homes as soon as practicable after receiving money to cover the costs necessary to carry out those provisions. Section 15 of this bill makes the provisions of this bill relating to patient-centered medical homes: (1) effective on the date on which the Administrator determines that sufficient money has been received to carry out those provisions; and (2) expire by limitation on June 30, 2019.

Existing law requires a provider of health care, including a facility that maintains the health care records of patients, to make the health care records of a patient available for inspection in certain circumstances. (NRS 629.021, 629.061) Section 13 of this bill: (1) extends the period of time within which a provider of health care must make health care records available for inspection in certain circumstances; and (2) absolves certain providers of health care who have transferred custody of a health care record to a facility that maintains the health care records of patients from the requirement to make the health care record available for inspection. Section 14 of this bill repeals a provision making it a misdemeanor for a physician licensed pursuant to chapter 630 of NRS to willfully fail or refuse to comply with this requirement.

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

- **Section 1.** Chapter 439A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 12.1, inclusive, of this act.
- Sec. 2. As used in sections 2 to 12.1, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 2.3 to 7, inclusive, of this act have the meanings ascribed to them in those sections.
- Sec. 2.3. "Administrator" means the Administrator of the Health Division.
 - Sec. 2.7. "Advisory Council" means the Advisory Council on Patient-Centered Medical Homes established pursuant to section 11.5 of this act.
 - Sec. 3. "Federally qualified health center" has the meaning ascribed to it in 42 U.S.C. § 1396d(1)(2)(B).
 - Sec. 3.5. "Health Division" means the Health Division of the Department.
 - Sec. 4. "Insured" means a person who receives health coverage or benefits in accordance with state law from an insurer.
 - Sec. 5. "Insurer" means a person or governmental entity that provides health coverage or benefits in accordance with state law. The term includes, without limitation:
 - 1. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada that





provides health insurance through a plan of self-insurance pursuant to NRS 287.010 to 287.040, inclusive.

The Board of the Public Employees' Benefits Program if the Board provides health insurance through a plan of self-

insurance pursuant to NRS 287.04335.

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The Division of Health Care Financing and Policy of the Department for the purpose of administering the Medicaid program and the Children's Health Insurance Program pursuant to chapter 422 of NRS.

4. An insurer that issues policies of individual health insurance pursuant to chapter 689A of NRS or policies of group health insurance pursuant to chapter 689B of NRS.

5. A carrier who provides health benefit plans pursuant to chapter 689C of NRS.

6. A fraternal benefit society that provides hospital, medical

or nursing benefits pursuant to chapter 695A of NRS.

- 17 7. A corporation organized for the purpose of maintaining 18 and operating a hospital, medical or dental service plan pursuant 19 to chapter 695B of NRS.
 - 8. A health maintenance organization established and operated pursuant to chapter 695C of NRS.
 - 9. A managed care organization established and operated pursuant to chapter 695G of NRS.
 - The Silver State Health Insurance Exchange established pursuant to NRS 695I,200.
 - Sec. 5.5. "Office" means the Office for Patient-Centered Medical Homes created pursuant to section 9 of this act.
 - "Patient-centered medical home" means a primary care practice certified by the Office pursuant to section 10.5 of this act.
 - Sec. 7. "Primary care practice" means a federally qualified health center or a business where health services are provided by one or more nurse practitioners or one or more physicians who are licensed pursuant to chapter 630 or 633 of NRS and who practice in the area of family practice, internal medicine or pediatrics.
 - Sec. 8. (Deleted by amendment.)
 - Sec. 9. 1. There is hereby created within the Health Division the Office for Patient-Centered Medical Homes.
 - The Office shall encourage the development of patientcentered medical homes and adopt standards to encourage insurers to provide coverage for health services provided to insureds by patient-centered medical homes.
- 44 Sec. 10. 1. The Administrator or his or her designee shall 45 administer the Office.





- 2. The Administrator or his or her designee shall adopt regulations to carry out the provisions of sections 2 to 12.1, inclusive, of this act, which may include, without limitation, regulations to establish:
- (a) Standards for the qualification and operation of a patient-centered medical home;
- (b) Standards for submitting claims to an insurer for health services received by an insured from a patient-centered medical home:
- (c) Standards for any payment for services associated with the coordination of care or incentive that may be provided by an insurer to a patient-centered medical home pursuant to section 11 of this act;
- (d) A method to measure the effectiveness of a patient-centered medical home; and
- (e) A process for insureds to determine whether to receive health services from a patient-centered medical home when such services are available.
- 3. In adopting regulations pursuant to this section, the Administrator or his or her designee may adopt the standards of the National Committee for Quality Assurance, or its successor organization, and the certification process of that organization, that relate to patient-centered medical homes.
- 4. In adopting regulations pursuant to this section, the Administrator or his or her designee shall:
 - (a) Ensure that the Office carries out its duties in the public interest and in such a manner as to promote the efficient and effective provision of health services;
 - (b) Consider the use of health information technology, including, without limitation, electronic medical records;
- (c) Consider the relationship between the patient-centered medical home and other practitioners and health facilities;
- (d) Consider the ability of a patient-centered medical home to foster a partnership with insureds and provide services to insureds in a timely manner; and
- (e) Consider the use of comprehensive management of medication to improve outcomes.
- 5. The Administrator shall monitor insurers and patient-centered medical homes and adopt such regulations as necessary to ensure that the insurers and patient-centered medical homes may engage in the activities authorized pursuant to sections 2 to 12.1, inclusive, of this act, and any regulations adopted pursuant thereto, to the greatest extent possible without violating federal antitrust laws. Any act of an insurer or a patient-centered medical home which is in compliance with sections 2 to 12.1, inclusive, of





this act, and any regulations adopted pursuant thereto, does not constitute an unfair trade practice for the purposes of chapter 598A of NRS.

Sec. 10.5. 1. Before a primary care practice may operate as a patient-centered medical home, the primary care practice must obtain certification from the Office.

2. The Office shall certify a primary care practice for the purpose of operating as a patient-centered medical home if the

primary care practice demonstrates to the Office that:

(a) Insureds will receive health services from a team of medical professionals who are directed by one or more physicians who practice in the area of family practice, internal medicine or pediatrics;

(b) The provision of health services at the patient-centered medical home will be evidence-based and provided on a

comprehensive and ongoing basis;

- (c) Insureds who receive services at the patient-centered medical home will have enhanced access to health services and improved communication with practitioners and coordination of health services;
- (d) Health information technology will be used to improve the delivery of health services to insureds;
- (e) Improved outcomes for insureds will be possible and provided in a more cost-effective manner; and
- (f) The practice is in compliance with any other requirements established by the Administrator by regulation.
- 3. The Administrator shall adopt any regulations necessary to carry out the provisions of this section, which may include, without limitation, regulations establishing:
- (a) A fee for certification by the Office which may be set at an amount not to exceed the costs related to certification;
 - (b) The manner in which to apply for certification; and

(c) The expiration and renewal of registration.

- Sec. 11. 1. An insurer that registers with the Office may provide an incentive to a patient-centered medical home that offers services to its insureds in the manner and amount authorized by the Administrator by regulation.
- 2. An insurer that registers with the Office pursuant to subsection 1 may:
- (a) Pay a patient-centered medical home for services associated with the coordination of care for any health services provided to an insured; and
- (b) Except as otherwise provided in subsection 3, share health care records and other related information about an insured who has elected to receive services from a patient-centered medical





home with the patient-centered medical home and any other practitioner or health facility that provides health services to the insured.

- 3. An insurer that registers with the Office, a patient-centered medical home and any other practitioner or health facility may share health care records and other related information about an insured only if the insured provides authorization to share such information. An authorization to share information pursuant to this subsection:
- (a) Must be made on a form prescribed by the Administrator or his or her designee that is signed by the insured;
 - (b) Expires 1 year after the date on which the insured signed the form; and
 - (c) May be renewed.

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- 4. The Administrator shall adopt any regulations necessary to carry out the provisions of this section, which may include, without limitation, regulations establishing:
- (a) A fee for registering with the Office which may be set at an amount not to exceed the costs related to registration;
 - (b) The manner in which to apply for registration; and
 - (c) The expiration and renewal of registration.
- 5. As used in this section, "health care records" has the meaning ascribed to it in NRS 629.021.
- Sec. 11.5. 1. Within the limits of available money, the Health Division shall establish the Advisory Council on Patient-Centered Medical Homes to advise and make recommendations to the Health Division concerning the Office.
 - 2. The Administrator shall appoint to the Advisory Council the following six voting members:
 - (a) The State Health Officer or his or her designee;
 - (b) The Commissioner of Insurance or his or her designee;
 - (c) The Director of the Department or his or her designee;
- 33 (d) The Administrator of the Division of Health Care 34 Financing and Policy of the Department or his or her designee;
 - (e) One representative of the health insurance industry who serves at the pleasure of the Administrator; and
 - (f) One provider of health care who serves at the pleasure of the Administrator.
- 39 3. The Legislative Commission shall appoint to the Advisory 40 Council the following two voting members:
 - (a) One member of the Senate; and
 - (b) One member of the Assembly.
 - 4. In addition to the members appointed pursuant to subsections 2 and 3, the following persons shall serve on the Advisory Council as voting members:





(a) The Governor or his or her designee; and

(b) One representative of consumers of health care who is appointed by and serves at the pleasure of the Governor.

5. A majority of the voting members of the Advisory Council

may appoint nonvoting members to the Advisory Council.

Sec. 11.7. 1. The members of the Advisory Council serve terms of 2 years and may be reappointed. Vacancies must be filled in the same manner as the original appointment.

2. At its first meeting and annually thereafter, a majority of the voting members of the Advisory Council shall select a Chair

and a Vice Chair of the Advisory Council.

3. A majority of the voting members of the Advisory Council may appoint committees or subcommittees to study issues relating to patient-centered medical homes.

4. The Health Division shall, within the limits of available money, provide the necessary professional staff and a secretary for

the Advisory Council.

5. A majority of the voting members of the Advisory Council constitutes a quorum to transact all business, and a majority of those voting members present, physically or via telecommunications, must concur in any decision.

6. The Advisory Council shall, within the limits of available money, meet at the call of the Administrator, the Chair or a majority of the voting members of the Advisory Council quarterly

or as is necessary.

- 7. A member of the Advisory Council who is an officer or employee of this State or a political subdivision of this State must be relieved from his or her duties without loss of regular compensation so that he or she may prepare for and attend meetings of the Advisory Council and perform any work necessary to carry out the duties of the Advisory Council in the most timely manner practicable. A state agency or political subdivision of this State shall not require an officer or employee who is a member of the Advisory Council to:
- 35 (a) Make up the time the member is absent from work to carry out his or her duties as a member of the Advisory Council; or
 - (b) Take annual leave or compensatory time for the absence.

8. The members of the Advisory Council serve without compensation, except that:

(a) For each day or portion of a day during which a member of the Advisory Council who is a Legislator attends a meeting of the Advisory Council or is otherwise engaged in the business of the Advisory Council, except during a regular or special session

of the Legislature, the Legislator is entitled to receive the:





- (1) Compensation provided for a majority of the members of the Legislature during the first 60 days of the preceding regular session;
- (2) Per diem allowance provided for state officers generally; and
- (3) Travel expenses provided pursuant to NRS 218A.655; and
- (b) Each member who is not a Legislator is entitled, while engaged in the business of the Advisory Council and within the limits of available money, to the per diem allowance and travel expenses provided for state officers and employees generally.
- 9. The compensation, per diem allowances and travel expenses of the members of the Advisory Council who are Legislators must be paid from the Legislative Fund.
- Sec. 11.9. To assist the Office in carrying out the provisions of sections 2 to 12.1, inclusive, of this act, the Advisory Council shall, within the limits of available money, investigate, consider and advise the Office on:
- 1. Standards that relate to patient-centered medical homes; and
- 21 2. Any other issue relating to patient-centered medical homes. Sec. 12. 1. On or before January 1 of each odd-numbered vear, the Administrator or his or her designee shall:
 - (a) Conduct an evaluation of the effectiveness of patient-centered medical homes in this State and of the efforts of the Office to promote and regulate patient-centered medical homes;
- 28 (b) Submit a written report compiling the results of the 29 evaluation to the Director of the Legislative Counsel Bureau for 30 transmittal to the next regular session of the Legislature.
 - 2. The evaluation must include, without limitation, information relating to the effects of patient-centered medical homes and the Office on:
 - (a) The costs and outcomes of health care;
 - (b) The delivery of health care;
 - (c) The quality of processes for the delivery of health care;
 - (d) Access to services for the coordination of health care;
 - (e) Whether the enhanced payments allowed to patient-centered medical homes provide adequate compensation for the expanded services provided by patient-centered medical homes;
 - (f) The satisfaction of insureds with the quality and delivery of health care received from patient-centered medical homes;
- 43 (g) The satisfaction of practitioners with the quality and 44 delivery of health care at patient-centered medical homes; and



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- (h) Any existing disparities in the ability of different groups of persons to obtain health care.
- Sec. 12.1. The Health Division and the Office may accept gifts, grants, donations and bequests from any source to carry out the provisions of sections 2 to 12.1, inclusive, of this act.
 - Sec. 13. NRS 629.061 is hereby amended to read as follows:
- 629.061 1. **Each** Except as otherwise provided in subsection 10, each provider of health care shall make the health care records of a patient available for physical inspection by:
- (a) The patient or a representative with written authorization from the patient;
- (b) The personal representative of the estate of a deceased patient;
 - (c) Any trustee of a living trust created by a deceased patient;
- (d) The parent or guardian of a deceased patient who died before reaching the age of majority;
- (e) An investigator for the Attorney General or a grand jury investigating an alleged violation of NRS 200.495, 200.5091 to 200.50995, inclusive, or 422.540 to 422.570, inclusive;
- (f) An investigator for the Attorney General investigating an alleged violation of NRS 616D.200, 616D.220, 616D.240 or 616D.300 to 616D.440, inclusive, or any fraud in the administration of chapter 616A, 616B, 616C, 616D or 617 of NRS or in the provision of benefits for industrial insurance; or
- (g) Any authorized representative or investigator of a state licensing board during the course of any investigation authorized by law.
- 2. The records *described in subsection 1* must be made available at a place within the depository convenient for physical inspection. Except as otherwise provided in subsection 3, if the records are located within:
- (a) Within this State, the provider shall make any records requested pursuant to this section available for inspection within [5] 15 working days after the request. [If the records are located outside]
- **(b)** Outside this State, the provider shall make any records requested pursuant to this section available in this State for inspection within [10] 20 working days after the request.
 - [2.] 3. If the records described in subsection 1 are requested pursuant to paragraph (e), (f) or (g) of subsection 1 and the investigator, grand jury or authorized representative, as applicable, declares that exigent circumstances exist which require the immediate production of the records, the provider shall make any records which are located:





- (a) Within this State available for inspection within 5 working days after the request.
 - (b) Outside this State available for inspection within 10 working days after the request.
 - 4. Except as otherwise provided in subsection [3,] 5, the provider of health care shall also furnish a copy of the records to each person described in subsection 1 who requests it and pays the actual cost of postage, if any, the costs of making the copy, not to exceed 60 cents per page for photocopies and a reasonable cost for copies of X-ray photographs and other health care records produced by similar processes. No administrative fee or additional service fee of any kind may be charged for furnishing such a copy.
 - The provider of health care shall also furnish a copy of any records that are necessary to support a claim or appeal under any provision of the Social Security Act, 42 U.S.C. §§ 301 et seq., or under any federal or state financial needs-based benefit program, without charge, to a patient, or a representative with written authorization from the patient, who requests it, if the request is accompanied by documentation of the claim or appeal. A copying fee, not to exceed 60 cents per page for photocopies and a reasonable cost for copies of X-ray photographs and other health care records produced by similar processes, may be charged by the provider of health care for furnishing a second copy of the records to support the same claim or appeal. No administrative fee or additional service fee of any kind may be charged for furnishing such a copy. The provider of health care shall furnish the copy of the records requested pursuant to this subsection within 30 days after the date of receipt of the request, and the provider of health care shall not deny the furnishing of a copy of the records pursuant to this subsection solely because the patient is unable to pay the fees established in this subsection.
- [4.] 6. Each person who owns or operates an ambulance in this State shall make the records regarding a sick or injured patient available for physical inspection by:
- (a) The patient or a representative with written authorization from the patient;
- (b) The personal representative of the estate of a deceased patient;
 - (c) Any trustee of a living trust created by a deceased patient;
- (d) The parent or guardian of a deceased patient who died before reaching the age of majority; or
- (e) Any authorized representative or investigator of a state licensing board during the course of any investigation authorized by law.



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- The records must be made available at a place within the depository convenient for physical inspection, and inspection must be permitted at all reasonable office hours and for a reasonable length of time. The person who owns or operates an ambulance shall also furnish a copy of the records to each person described in this subsection who requests it and pays the actual cost of postage, if any, and the costs of making the copy, not to exceed 60 cents per page for photocopies. No administrative fee or additional service fee of any kind may be charged for furnishing a copy of the records.
- [5.] 7. Records made available to a representative or investigator must not be used at any public hearing unless:
- (a) The patient named in the records has consented in writing to their use; or
- (b) Appropriate procedures are utilized to protect the identity of the patient from public disclosure.
 - [6.] 8. Subsection [5] 7 does not prohibit:
- (a) A state licensing board from providing to a provider of health care or owner or operator of an ambulance against whom a complaint or written allegation has been filed, or to his or her attorney, information on the identity of a patient whose records may be used in a public hearing relating to the complaint or allegation, but the provider of health care or owner or operator of an ambulance and the attorney shall keep the information confidential.
- (b) The Attorney General from using health care records in the course of a civil or criminal action against the patient or provider of health care.
- [7.] 9. A provider of health care or owner or operator of an ambulance and his or her agents and employees are immune from any civil action for any disclosures made in accordance with the provisions of this section or any consequential damages.
- [8.] 10. A provider of health care described in subsection 1 of NRS 629.031 who has transferred custody of a health care record to a facility that maintains the health care records of patients is not required to perform any other action to comply with the requirements of this section unless the person is notified by the facility that additional information is required by the facility to comply with the requirements of this section.
 - 11. For the purposes of this section:
- (a) "Guardian" means a person who has qualified as the guardian of a minor pursuant to testamentary or judicial appointment, but does not include a guardian ad litem.
- (b) "Living trust" means an inter vivos trust created by a natural person:
- (1) Which was revocable by the person during the lifetime of the person; and





- 1 (2) Who was one of the beneficiaries of the trust during the 2 lifetime of the person.
 - (c) "Parent" means a natural or adoptive parent whose parental rights have not been terminated.
 - (d) "Personal representative" has the meaning ascribed to it in NRS 132.265.
 - **Sec. 13.5.** NRS 686A.110 is hereby amended to read as follows:
 - 686A.110 Except as otherwise expressly provided by law, *including, without limitation, section 11 of this act,* no person shall knowingly:
 - 1. Permit to be made or offer to make or make any contract of life insurance, life annuity or health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or pay or allow, or give or offer to pay, allow or give, directly or indirectly, or knowingly accept, as an inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the contract; or
 - 2. Directly or indirectly give or sell or purchase or offer or agree to give, sell, purchase, or allow as an inducement to such insurance or annuity or in connection therewith, whether or not to be specified in the policy or contract, any agreement of any form or nature promising returns and profits, or any stocks, bonds or other securities, or interest present or contingent therein or as measured thereby, of any insurer or other corporation, association or partnership, or any dividends or profits accrued or to accrue thereon.
 - Sec. 14. NRS 630.405 is hereby repealed.
 - **Sec. 14.5.** The Administrator of the Health Division of the Department of Health and Human Services shall:
 - 1. To the extent that money is available for that purpose and as soon as practicable, adopt the regulations necessary to carry out the provisions of paragraph (c) of subsection 2 and subsection 5 of section 10 of this act.
 - 2. Carry out the provisions of sections 2 to 12.1, inclusive, of this act, other than the adoption of regulations described in subsection 1, as soon as practicable after adopting the regulations described in subsection 1 and receiving money through gifts, grants, donations or bequests or other money made available to cover the costs necessary to carry out those provisions.
 - **Sec. 15.** 1. This section and sections 12.1 and 14.5 of this act become effective upon passage and approval.





- 2. Sections 13 and 14 of this act become effective on October 1, 2013.
- 3. Sections 1 to 12, inclusive, and 13.5 of this act become effective on the date on which the Administrator of the Health Division of the Department of Health and Human Services determines that sufficient money has been received to carry out the provisions of sections 2 to 12.1, inclusive, of this act.
- 4. Sections 1 to 12.1, inclusive, and 13.5 of this act expire by limitation on June 30, 2019.

TEXT OF REPEALED SECTION

630.405 Penalty for failure to make records concerning health care available for inspection or copying. A physician licensed pursuant to this chapter who willfully fails or refuses to make the health care records of a patient available for physical inspection or copying as provided in NRS 629.061 is guilty of a misdemeanor.





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