

SENATE BILL NO. 219—SENATOR HARDY

MARCH 5, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to policies of health insurance. (BDR 57-688)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§ 23)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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

AN ACT relating to insurance; requiring policies of health insurance and health care plans to treat an abuse-deterrent opioid analgesic drug in the same manner as a non-abuse-deterrent opioid analgesic drug under certain circumstances; requiring policies of health insurance and health care plans to disclose certain incentives paid to providers; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires certain public and private policies of insurance and health care plans to provide coverage for certain procedures, including colorectal cancer screenings, cytological screening tests and mammograms, in certain circumstances. (NRS 287.027, 287.04335, 689A.04042, 689A.0405, 689B.0367, 689B.0374, 695B.1907, 695B.1912, 695C.1731, 695C.1735, 695G.168) Existing law also requires employers to provide certain benefits to employees, including coverage for the procedures required to be covered by insurers, if the employer provides health benefits for its employees. (NRS 608.1555) **Sections 2, 6, 9, 13, 16, 21 and 23** of this bill require that certain public and private policies of insurance and health care plans must provide coverage for abuse-deterrent opioid analgesic drugs on the same basis as coverage provided for non-abuse-deterrent opioid analgesic drugs. An "abuse-deterrent opioid analgesic drug" means any opioid analgesic drug approved by the United States Food and Drug Administration for dispensing with abuse-deterrence claims on the label that indicate the drug product is expected to result in a meaningful reduction in abuse of the drug. **Sections 2, 6, 9, 13, 16, 21 and 23** also prohibit these policies and plans from: (1) charging an insured more for these drugs or requiring prior authorization for these drugs; (2) requiring that an insured



use a non-abuse-deterrent opioid analgesic drug before being allowed to access an abuse-deterrent analgesic drug; and (3) using any incentive or disincentive to dissuade a prescriber, dispenser or insured from prescribing, dispensing or requesting an abuse-deterrent opioid analgesic drug. Finally, **sections 3, 7, 10, 14, 17, 22 and 23** of this bill require that certain public and private policies of insurance and health care plans disclose any compensation plans which encourage prescribing certain medications or withholding certain services or referrals.

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

Section 1. Chapter 689A of NRS is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this act.

Sec. 2. 1. *An insurer who offers or issues a policy of health insurance which provides coverage for prescription drugs:*

(a) Must include coverage for any abuse-deterrent opioid analgesic drug which is lawfully prescribed or ordered.

(b) Shall not require an insured to pay a higher deductible, copayment, coinsurance or other out-of-pocket cost for any abuse-deterrent opioid analgesic drug than that which is required for a non-abuse-deterrent opioid analgesic drug.

(c) Shall not offer or pay any type of material inducement or financial incentive or provide any disincentive or penalty to any provider of health care, dispenser or insured to discourage the prescribing or dispensing of or a request for an abuse-deterrent opioid analgesic drug.

(d) Shall not require prior authorization or other utilization review measures for an abuse-deterrent opioid analgesic drug to the extent that the policy of health insurance does not require those measures for a non-abuse-deterrent opioid analgesic drug.

(e) Shall not require an insured to use a non-abuse-deterrent opioid analgesic drug before accessing an abuse-deterrent opioid analgesic drug.

2. *A policy of health insurance subject to the provisions of this chapter which provides coverage for prescription drugs and that is delivered, issued for delivery or renewed on or after October 1, 2015, has the legal effect of providing that coverage subject to the requirements of this section, and any provision of the policy or renewal which is in conflict with this section is void.*

3. *As used in this section:*

(a) "Abuse-deterrent opioid analgesic drug" means any opioid analgesic drug approved by the United States Food and Drug Administration for dispensing with abuse-deterrence claims on the label that indicate the drug product is expected to result in a meaningful reduction in abuse of the drug.



(b) "Opioid analgesic drug" means a drug in the class of opioid analgesic drugs which is prescribed to treat moderate to severe pain or other conditions, regardless of whether in immediate release, extended release or long-acting form and regardless of whether the drug is combined with other drug substances to form a single drug product or form of dosage.

(c) "Utilization review" has the meaning ascribed to it in NRS 683A.376.

Sec. 3. 1. An insurer shall provide in writing to each person to whom it offers or issues a policy of health insurance:

(a) A list of any consideration or other incentive offered to a provider of health care to encourage the prescribing of specific medications; and

(b) A description of any provider compensation programs which, through incentives, penalties or other means, encourage a provider of health care to withhold any diagnostic or treatment services or to limit referrals to specialists or other providers.

2. An insurer who offers or issues a policy of health insurance shall post and update as needed the information described in subsection 1 on the Internet website of the insurer in a manner that is easily accessible to the public.

Sec. 4. NRS 689A.330 is hereby amended to read as follows:

689A.330 If any policy is issued by a domestic insurer for delivery to a person residing in another state, and if the insurance commissioner or corresponding public officer of that other state has informed the Commissioner that the policy is not subject to approval or disapproval by that officer, the Commissioner may by ruling require that the policy meet the standards set forth in NRS 689A.030 to 689A.320, inclusive ~~H~~, and sections 2 and 3 of this act.

Sec. 5. Chapter 689B of NRS is hereby amended by adding thereto the provisions set forth as sections 6 and 7 of this act.

Sec. 6. 1. An insurer who offers or issues a policy of group health insurance which provides coverage for prescription drugs:

(a) Must include coverage for any abuse-deterrent opioid analgesic drug which is lawfully prescribed or ordered.

(b) Shall not require an insured to pay a higher deductible, copayment, coinsurance or other out-of-pocket cost for any abuse-deterrent opioid analgesic drug than that which is required for a non-abuse-deterrent opioid analgesic drug.

(c) Shall not offer or pay any type of material inducement or financial incentive or provide any disincentive or penalty to any provider of health care, dispenser or insured to discourage the prescribing or dispensing of or a request for an abuse-deterrent opioid analgesic drug.



(d) Shall not require prior authorization or other utilization review measures for an abuse-deterrent opioid analgesic drug to the extent that the policy of group health insurance does not require those measures for a non-abuse-deterrent opioid analgesic drug.

(e) Shall not require an insured to use a non-abuse-deterrent opioid analgesic drug before accessing an abuse-deterrent opioid analgesic drug.

2. A policy of group health insurance subject to the provisions of this chapter which provides coverage for prescription drugs and that is delivered, issued for delivery or renewed on or after October 1, 2015, has the legal effect of providing that coverage subject to the requirements of this section, and any provision of the policy or renewal which is in conflict with this section is void.

3. As used in this section:

(a) “Abuse-deterrent opioid analgesic drug” means any opioid analgesic drug approved by the United States Food and Drug Administration for dispensing with abuse-deterrence claims on the label that indicate the drug product is expected to result in a meaningful reduction in abuse of the drug.

(b) “Opioid analgesic drug” means a drug in the class of opioid analgesic drugs which is prescribed to treat moderate to severe pain or other conditions, regardless of whether in immediate release, extended release or long-acting form and regardless of whether the drug is combined with other drug substances to form a single drug product or form of dosage.

(c) “Utilization review” has the meaning ascribed to it in NRS 683A.376.

Sec. 7. 1. An insurer shall provide in writing to each person to whom it offers or issues a policy of group health insurance:

(a) A list of any consideration or other incentive offered to a provider of health care to encourage the prescribing of specific medications; and

(b) A description of any provider compensation programs which, through incentives, penalties or other means, encourage a provider of health care to withhold any diagnostic or treatment services or to limit referrals to specialists or other providers.

2. An insurer who offers or issues a policy of group health insurance shall post and update as needed the information described in subsection 1 on the Internet website of the insurer in a manner that is easily accessible to the public.



1 **Sec. 8.** Chapter 689C of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 9 and 10 of this act.

3 **Sec. 9. 1.** *A carrier that offers or issues a health benefit*
4 *plan which provides coverage for prescription drugs:*

5 *(a) Must include coverage for any abuse-deterrent opioid*
6 *analgesic drug which is lawfully prescribed or ordered.*

7 *(b) Shall not require an insured to pay a higher deductible,*
8 *copayment, coinsurance or other out-of-pocket cost for any abuse-*
9 *deterrent opioid analgesic drug than that which is required for a*
10 *non-abuse-deterrent opioid analgesic drug.*

11 *(c) Shall not offer or pay any type of material inducement or*
12 *financial incentive or provide any disincentive or penalty to any*
13 *provider of health care, dispenser or insured to discourage the*
14 *prescribing or dispensing of or a request for an abuse-deterrent*
15 *opioid analgesic drug.*

16 *(d) Shall not require prior authorization or other utilization*
17 *review measures for an abuse-deterrent opioid analgesic drug to*
18 *the extent that the health benefit plan does not require those*
19 *measures for a non-abuse-deterrent opioid analgesic drug.*

20 *(e) Shall not require an insured to use a non-abuse-deterrent*
21 *opioid analgesic drug before accessing an abuse-deterrent opioid*
22 *analgesic drug.*

23 **2.** *A health benefit plan subject to the provisions of this*
24 *chapter which provides coverage for prescription drugs and that is*
25 *delivered, issued for delivery or renewed on or after October 1,*
26 *2015, has the legal effect of providing that coverage subject to the*
27 *requirements of this section, and any provision of the health*
28 *benefit plan or renewal which is in conflict with this section is*
29 *void.*

30 **3.** *As used in this section:*

31 *(a) "Abuse-deterrent opioid analgesic drug" means any opioid*
32 *analgesic drug approved by the United States Food and Drug*
33 *Administration for dispensing with abuse-deterrence claims on the*
34 *label that indicate the drug product is expected to result in a*
35 *meaningful reduction in abuse of the drug.*

36 *(b) "Opioid analgesic drug" means a drug in the class of*
37 *opioid analgesic drugs which is prescribed to treat moderate to*
38 *severe pain or other conditions, regardless of whether in*
39 *immediate release, extended release or long-acting form and*
40 *regardless of whether the drug is combined with other drug*
41 *substances to form a single drug product or form of dosage.*

42 *(c) "Utilization review" has the meaning ascribed to it in*
43 *NRS 683A.376.*

44 **Sec. 10. 1.** *A carrier shall provide in writing to each person*
45 *to whom it offers or issues a health benefit plan:*



(a) A list of any consideration or other incentive offered to a provider of health care to encourage the prescribing of specific medications; and

(b) A description of any provider compensation programs which, through incentives, penalties or other means, encourage a provider of health care to withhold any diagnostic or treatment services or to limit referrals to specialists or other providers.

2. A carrier that offers or issues a health benefit plan shall post and update as needed the information described in subsection 1 on the Internet website of the carrier in a manner that is easily accessible to the public.

Sec. 11. NRS 689C.425 is hereby amended to read as follows:

689C.425 A voluntary purchasing group and any contract issued to such a group pursuant to NRS 689C.360 to 689C.600, inclusive, are subject to the provisions of NRS 689C.015 to 689C.355, inclusive, *and sections 9 and 10 of this act*, to the extent applicable and not in conflict with the express provisions of NRS 687B.408 and 689C.360 to 689C.600, inclusive.

Sec. 12. Chapter 695B of NRS is hereby amended by adding thereto the provisions set forth as sections 13 and 14 of this act.

Sec. 13. 1. *A hospital or medical service corporation that offers or issues a policy of health insurance which provides coverage for prescription drugs:*

(a) *Must include coverage for any abuse-deterrent opioid analgesic drug which is lawfully prescribed or ordered.*

(b) *Shall not require an insured to pay a higher deductible, copayment, coinsurance or other out-of-pocket cost for any abuse-deterrent opioid analgesic drug than that which is required for a non-abuse-deterrent opioid analgesic drug.*

(c) *Shall not offer or pay any type of material inducement or financial incentive or provide any disincentive or penalty to any provider of health care, dispenser or insured to discourage the prescribing or dispensing of or a request for an abuse-deterrent opioid analgesic drug.*

(d) *Shall not require prior authorization or other utilization review measures for an abuse-deterrent opioid analgesic drug to the extent that the policy of health insurance does not require those measures for a non-abuse-deterrent opioid analgesic drug.*

(e) *Shall not require an insured to use a non-abuse-deterrent opioid analgesic drug before accessing an abuse-deterrent opioid analgesic drug.*

2. A policy of health insurance subject to the provisions of this chapter which provides coverage for prescription drugs and that is delivered, issued for delivery or renewed on or after October 1, 2015, has the legal effect of providing that coverage



1 *subject to the requirements of this section, and any provision of*
2 *the policy of health insurance or renewal which is in conflict with*
3 *this section is void.*

4 3. As used in this section:

5 (a) "Abuse-deterrent opioid analgesic drug" means any opioid
6 analgesic drug approved by the United States Food and Drug
7 Administration for dispensing with abuse-deterrence claims on the
8 label that indicate the drug product is expected to result in a
9 meaningful reduction in abuse of the drug.

10 (b) "Opioid analgesic drug" means a drug in the class of
11 opioid analgesic drugs which is prescribed to treat moderate to
12 severe pain or other conditions, regardless of whether in
13 immediate release, extended release or long-acting form and
14 regardless of whether the drug is combined with other drug
15 substances to form a single drug product or form of dosage.

16 (c) "Utilization review" has the meaning ascribed to it in
17 NRS 683A.376.

18 **Sec. 14. 1.** A hospital or medical service corporation shall
19 provide in writing to each person to whom it offers or issues a
20 policy of health insurance:

21 (a) A list of any consideration or other incentive offered to a
22 provider of health care to encourage the prescribing of specific
23 medications; and

24 (b) A description of any provider compensation programs
25 which, through incentives, penalties or other means, encourage a
26 provider of health care to withhold any diagnostic or treatment
27 services or to limit referrals to specialists or other providers.

28 2. A hospital or medical service corporation that offers or
29 issues a policy of health insurance shall post and update as needed
30 the information described in subsection 1 on the Internet website
31 of the hospital or medical service corporation in a manner that is
32 easily accessible to the public.

33 **Sec. 15.** Chapter 695C of NRS is hereby amended by adding
34 thereto the provisions set forth as sections 16 and 17 of this act.

35 **Sec. 16. 1.** A health maintenance organization that offers
36 or issues a health care plan which provides coverage for
37 prescription drugs:

38 (a) Must include coverage for any abuse-deterrent opioid
39 analgesic drug which is lawfully prescribed or ordered.

40 (b) Shall not require an enrollee to pay a higher deductible,
41 copayment, coinsurance or other out-of-pocket cost for any abuse-
42 deterrent opioid analgesic drug than that which is required for a
43 non-abuse-deterrent opioid analgesic drug.

44 (c) Shall not offer or pay any type of material inducement or
45 financial incentive or provide any disincentive or penalty to any



1 *provider of health care, dispenser or enrollee to discourage the*
2 *prescribing or dispensing of or a request for an abuse-deterrent*
3 *opioid analgesic drug.*

4 *(d) Shall not require prior authorization or other utilization*
5 *review measures for an abuse-deterrent opioid analgesic drug to*
6 *the extent that the evidence of coverage does not require those*
7 *measures for a non-abuse-deterrent opioid analgesic drug.*

8 *(e) Shall not require an enrollee to use a non-abuse-deterrent*
9 *opioid analgesic drug before accessing an abuse-deterrent opioid*
10 *analgesic drug.*

11 *2. An evidence of coverage subject to the provisions of this*
12 *chapter which provides coverage for prescription drugs and that is*
13 *delivered, issued for delivery or renewed on or after October 1,*
14 *2015, has the legal effect of providing that coverage subject to the*
15 *requirements of this section, and any provision of the evidence of*
16 *coverage or renewal which is in conflict with this section is void.*

17 *3. As used in this section:*

18 *(a) “Abuse-deterrent opioid analgesic drug” means any opioid*
19 *analgesic drug approved by the United States Food and Drug*
20 *Administration for dispensing with abuse-deterrence claims on the*
21 *label that indicate the drug product is expected to result in a*
22 *meaningful reduction in abuse of the drug.*

23 *(b) “Opioid analgesic drug” means a drug in the class of*
24 *opioid analgesic drugs which is prescribed to treat moderate to*
25 *severe pain or other conditions, regardless of whether in*
26 *immediate release, extended release or long-acting form and*
27 *regardless of whether the drug is combined with other drug*
28 *substances to form a single drug product or form of dosage.*

29 *(c) “Utilization review” has the meaning ascribed to it in*
30 *NRS 683A.376.*

31 **Sec. 17. 1. A health maintenance organization shall**
32 **provide in writing to each person to whom it offers or issues a**
33 **health care plan:**

34 *(a) A list of any consideration or other incentive offered to a*
35 *provider of health care to encourage the prescribing of specific*
36 *medications; and*

37 *(b) A description of any provider compensation programs*
38 *which, through incentives, penalties or other means, encourage a*
39 *provider of health care to withhold any diagnostic or treatment*
40 *services or to limit referrals to specialists or other providers.*

41 *2. A health maintenance organization that offers or issues a*
42 *health care plan shall post and update as needed the information*
43 *described in subsection 1 on the Internet website of the health*
44 *maintenance organization in a manner that is easily accessible to*
45 *the public.*



Sec. 18. NRS 695C.050 is hereby amended to read as follows:

695C.050 1. Except as otherwise provided in this chapter or in specific provisions of this title, the provisions of this title are not applicable to any health maintenance organization granted a certificate of authority under this chapter. This provision does not apply to an insurer licensed and regulated pursuant to this title except with respect to its activities as a health maintenance organization authorized and regulated pursuant to this chapter.

2. Solicitation of enrollees by a health maintenance organization granted a certificate of authority, or its representatives, must not be construed to violate any provision of law relating to solicitation or advertising by practitioners of a healing art.

3. Any health maintenance organization authorized under this chapter shall not be deemed to be practicing medicine and is exempt from the provisions of chapter 630 of NRS.

4. The provisions of NRS 695C.110, 695C.125, 695C.1691, 695C.1693, 695C.170 to 695C.173, inclusive, 695C.1733 to 695C.200, inclusive, and 695C.265 do not apply to a health maintenance organization that provides health care services through managed care to recipients of Medicaid under the State Plan for Medicaid or insurance pursuant to the Children's Health Insurance Program pursuant to a contract with the Division of Health Care Financing and Policy of the Department of Health and Human Services. This subsection does not exempt a health maintenance organization from any provision of this chapter for services provided pursuant to any other contract.

5. The provisions of NRS 695C.1694, 695C.1695 and 695C.1731 *and sections 16 and 17 of this act* apply to a health maintenance organization that provides health care services through managed care to recipients of Medicaid under the State Plan for Medicaid.

Sec. 19. NRS 695C.330 is hereby amended to read as follows:

695C.330 1. The Commissioner may suspend or revoke any certificate of authority issued to a health maintenance organization pursuant to the provisions of this chapter if the Commissioner finds that any of the following conditions exist:

(a) The health maintenance organization is operating significantly in contravention of its basic organizational document, its health care plan or in a manner contrary to that described in and reasonably inferred from any other information submitted pursuant to NRS 695C.060, 695C.070 and 695C.140, unless any amendments to those submissions have been filed with and approved by the Commissioner;

(b) The health maintenance organization issues evidence of coverage or uses a schedule of charges for health care services



1 which do not comply with the requirements of NRS 695C.1691 to
2 695C.200, inclusive, *and sections 16 and 17 of this act* or
3 695C.207;

4 (c) The health care plan does not furnish comprehensive health
5 care services as provided for in NRS 695C.060;

6 (d) The Commissioner certifies that the health maintenance
7 organization:

8 (1) Does not meet the requirements of subsection 1 of NRS
9 695C.080; or

10 (2) Is unable to fulfill its obligations to furnish health care
11 services as required under its health care plan;

12 (e) The health maintenance organization is no longer financially
13 responsible and may reasonably be expected to be unable to meet its
14 obligations to enrollees or prospective enrollees;

15 (f) The health maintenance organization has failed to put into
16 effect a mechanism affording the enrollees an opportunity to
17 participate in matters relating to the content of programs pursuant to
18 NRS 695C.110;

19 (g) The health maintenance organization has failed to put into
20 effect the system required by NRS 695C.260 for:

21 (1) Resolving complaints in a manner reasonably to dispose
22 of valid complaints; and

23 (2) Conducting external reviews of adverse determinations
24 that comply with the provisions of NRS 695G.241 to 695G.310,
25 inclusive;

26 (h) The health maintenance organization or any person on its
27 behalf has advertised or merchandised its services in an untrue,
28 misrepresentative, misleading, deceptive or unfair manner;

29 (i) The continued operation of the health maintenance
30 organization would be hazardous to its enrollees;

31 (j) The health maintenance organization fails to provide the
32 coverage required by NRS 695C.1691; or

33 (k) The health maintenance organization has otherwise failed to
34 comply substantially with the provisions of this chapter.

35 2. A certificate of authority must be suspended or revoked only
36 after compliance with the requirements of NRS 695C.340.

37 3. If the certificate of authority of a health maintenance
38 organization is suspended, the health maintenance organization shall
39 not, during the period of that suspension, enroll any additional
40 groups or new individual contracts, unless those groups or persons
41 were contracted for before the date of suspension.

42 4. If the certificate of authority of a health maintenance
43 organization is revoked, the organization shall proceed, immediately
44 following the effective date of the order of revocation, to wind up its
45 affairs and shall conduct no further business except as may be



essential to the orderly conclusion of the affairs of the organization. It shall engage in no further advertising or solicitation of any kind. The Commissioner may, by written order, permit such further operation of the organization as the Commissioner may find to be in the best interest of enrollees to the end that enrollees are afforded the greatest practical opportunity to obtain continuing coverage for health care.

Sec. 20. Chapter 695G of NRS is hereby amended by adding thereto the provisions set forth as sections 21 and 22 of this act.

Sec. 21. 1. *A managed care organization that offers or issues a health care plan which provides coverage for prescription drugs:*

(a) Must include coverage for any abuse-deterrent opioid analgesic drug which is lawfully prescribed or ordered.

(b) Shall not require an insured to pay a higher deductible, copayment, coinsurance or other out-of-pocket cost for any abuse-deterrent opioid analgesic drug than that which is required for a non-abuse-deterrent opioid analgesic drug.

(c) Shall not offer or pay any type of material inducement or financial incentive or provide any disincentive or penalty to any provider of health care, dispenser or insured to discourage the prescribing or dispensing of or a request for an abuse-deterrent opioid analgesic drug.

(d) Shall not require prior authorization or other utilization review measures for an abuse-deterrent opioid analgesic drug to the extent that the evidence of coverage does not require those measures for a non-abuse-deterrent opioid analgesic drug.

(e) Shall not require an insured to use a non-abuse-deterrent opioid analgesic drug before accessing an abuse-deterrent opioid analgesic drug.

2. *An evidence of coverage subject to the provisions of this chapter which provides coverage for prescription drugs and that is delivered, issued for delivery or renewed on or after October 1, 2015, has the legal effect of providing that coverage subject to the requirements of this section, and any provision of the evidence of coverage or renewal which is in conflict with this section is void.*

3. *As used in this section:*

(a) "Abuse-deterrent opioid analgesic drug" means any opioid analgesic drug approved by the United States Food and Drug Administration for dispensing with abuse-deterrence claims on the label that indicate the drug product is expected to result in a meaningful reduction in abuse of the drug.

(b) "Opioid analgesic drug" means a drug in the class of opioid analgesic drugs which is prescribed to treat moderate to severe pain or other conditions, regardless of whether in



immediate release, extended release or long-acting form and regardless of whether the drug is combined with other drug substances to form a single drug product or form of dosage.

Sec. 22. *1. A managed care organization shall provide in writing to each person to whom it offers or issues a health care plan:*

(a) A list of any consideration or other incentive offered to a provider of health care to encourage the prescribing of specific medications; and

(b) A description of any provider compensation programs which, through incentives, penalties or other means, encourage a provider of health care to withhold any diagnostic or treatment services or to limit referrals to specialists or other providers.

2. A managed care organization that offers or issues a health care plan shall post and update as needed the information described in subsection 1 on the Internet website of the managed care organization in a manner that is easily accessible to the public.

Sec. 23. NRS 287.010 is hereby amended to read as follows:

287.010 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 may:

(a) Adopt and carry into effect a system of group life, accident or health insurance, or any combination thereof, for the benefit of its officers and employees, and the dependents of officers and employees who elect to accept the insurance and who, where necessary, have authorized the governing body to make deductions from their compensation for the payment of premiums on the insurance.

(b) Purchase group policies of life, accident or health insurance, or any combination thereof, for the benefit of such officers and employees, and the dependents of such officers and employees, as have authorized the purchase, from insurance companies authorized to transact the business of such insurance in the State of Nevada, and, where necessary, deduct from the compensation of officers and employees the premiums upon insurance and pay the deductions upon the premiums.

(c) Provide group life, accident or health coverage through a self-insurance reserve fund and, where necessary, deduct contributions to the maintenance of the fund from the compensation of officers and employees and pay the deductions into the fund. The money accumulated for this purpose through deductions from the compensation of officers and employees and contributions of the governing body must be maintained as an internal service fund as



defined by NRS 354.543. The money must be deposited in a state or national bank or credit union authorized to transact business in the State of Nevada. Any independent administrator of a fund created under this section is subject to the licensing requirements of chapter 683A of NRS, and must be a resident of this State. Any contract with an independent administrator must be approved by the Commissioner of Insurance as to the reasonableness of administrative charges in relation to contributions collected and benefits provided. The provisions of NRS 687B.408, 689B.030 to 689B.050, inclusive, *and sections 6 and 7 of this act* and 689B.287 apply to coverage provided pursuant to this paragraph.

(d) Defray part or all of the cost of maintenance of a self-insurance fund or of the premiums upon insurance. The money for contributions must be budgeted for in accordance with the laws governing the county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada.

2. If a school district offers group insurance to its officers and employees pursuant to this section, members of the board of trustees of the school district must not be excluded from participating in the group insurance. If the amount of the deductions from compensation required to pay for the group insurance exceeds the compensation to which a trustee is entitled, the difference must be paid by the trustee.

3. In any county in which a legal services organization exists, the governing body of the county, or of any school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada in the county, may enter into a contract with the legal services organization pursuant to which the officers and employees of the legal services organization, and the dependents of those officers and employees, are eligible for any life, accident or health insurance provided pursuant to this section to the officers and employees, and the dependents of the officers and employees, of the county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency.

4. If a contract is entered into pursuant to subsection 3, the officers and employees of the legal services organization:

(a) Shall be deemed, solely for the purposes of this section, to be officers and employees of the county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency with which the legal services organization has contracted; and

(b) Must be required by the contract to pay the premiums or contributions for all insurance which they elect to accept or of which they authorize the purchase.



1 5. A contract that is entered into pursuant to subsection 3:

2 (a) Must be submitted to the Commissioner of Insurance for
3 approval not less than 30 days before the date on which the contract
4 is to become effective.

5 (b) Does not become effective unless approved by the
6 Commissioner.

7 (c) Shall be deemed to be approved if not disapproved by the
8 Commissioner within 30 days after its submission.

9 6. As used in this section, “legal services organization” means
10 an organization that operates a program for legal aid and receives
11 money pursuant to NRS 19.031.

12 **Sec. 24.** NRS 287.04335 is hereby amended to read as
13 follows:

14 287.04335 If the Board provides health insurance through a
15 plan of self-insurance, it shall comply with the provisions of NRS
16 689B.255, 695G.150, 695G.160, 695G.164, 695G.1645, 695G.167,
17 695G.170, 695G.171, 695G.173, 695G.177, 695G.200 to 695G.230,
18 inclusive, 695G.241 to 695G.310, inclusive, and 695G.405, *and*
19 *sections 21 and 22 of this act*, in the same manner as an insurer that
20 is licensed pursuant to title 57 of NRS is required to comply with
21 those provisions.

22 **Sec. 25.** The provisions of NRS 354.599 do not apply to any
23 additional expenses of a local government that are related to the
24 provisions of this act.

25 **Sec. 26.** This act becomes effective:

26 1. Upon passage and approval for the purposes of adopting any
27 regulations and performing any preparatory administrative tasks
28 necessary to carry out the provisions of this act; and

29 2. On October 1, 2015, for all other purposes.

