

SENATE BILL NO. 328—SENATORS FARLEY,  
HARDY AND HARRIS

MARCH 16, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to policies of health insurance. (BDR 57-794)

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 the Commissioner of Insurance to adopt regulations prescribing templates for certain formularies; requiring certain insurers issuing policies of health insurance and health care plans which provide coverage for prescription drugs and the Commissioner of Insurance to make formularies and other information available online; requiring certain insurers issuing policies of health insurance and health care plans which provide coverage for mental health services to provide certain information online; requiring formularies to be posted on the Silver State Health Insurance Exchange; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law requires certain public and private policies of insurance and health  
2 care plans to inform customers if a drug formulary is used and to make that  
3 formulary available upon request. (NRS 689A.405, 689B.0283, 689C.281,  
4 695A.255, 695B.176, 695C.1703, 695F.153, 695G.163) **Section 1** of this bill  
5 requires that the Commissioner of Insurance create a template for online posting of  
6 drug formularies and post drug formularies on his or her Internet website. **Sections**  
7 **4, 6, 8, 11, 13, 16, 19 and 21** of this bill require certain public and private policies  
8 of insurance and health care plans to post their formularies online. **Sections 2, 5, 7,**  
9 **10, 12, 14, 18 and 20** of this bill require certain public and private policies of  
10 insurance and health care plans to make certain information regarding mental health



coverage and services available online. **Section 22** of this bill requires the Silver State Health Insurance Exchange to provide links on its Internet website to the drug formularies of qualified plans offered for sale through the Exchange. Finally, **section 26** of this bill repeals a section of NRS made redundant by changes in this bill.

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

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**Section 1.** Chapter 679B of NRS is hereby amended by adding thereto a new section to read as follows:

*1. The Commissioner shall adopt regulations prescribing the template for a formulary required to be posted on an Internet website pursuant to NRS 689A.405, 689B.0283, 689C.281, 695A.255, 695B.176, 695C.1703, 695F.153 and 695G.163. To the extent feasible, the template must:*

*(a) Include information concerning out-of-pocket costs, including, without limitation, the amount of any applicable copayment, coinsurance or deductible for each drug on the formulary.*

*(b) Include information concerning utilization review measures, including, without limitation, prior authorization or step therapy for each drug on the formulary.*

*(c) Indicate any drugs on the formulary that are preferred over other drugs on the formulary.*

*(d) Indicate which drugs are covered under a medical benefit and which drugs are covered under a prescription benefit and provide information explaining the difference between medical coverage and coverage for prescription drugs.*

*(e) Include information that a previously prescribed and covered drug which is no longer on the formulary may be covered under the provisions of NRS 689A.04045, 689B.0368, 689C.168, 695A.184, 695B.1905, 695C.1734, 695F.156 or 695G.166.*

*(f) Include a notice that the presence of a particular drug on the formulary is not a guarantee that an insured will be prescribed that drug for a particular medical condition.*

*2. The Commissioner shall make the formularies of all insurers available on his or her Internet website in a manner that is easily accessible to the public.*

*3. The Commissioner may, to the extent money is available for that purpose, expend money to carry out the provisions of subsection 2.*

*4. As used in this section, "formulary" means a complete list of prescription drugs eligible for coverage under the plan's prescription benefit and medical benefit.*



**Sec. 2.** Chapter 689A of NRS is hereby amended by adding thereto a new section to read as follows:

*1. An insurer who offers or issues a policy of health insurance which provides coverage for mental health services shall post and update, as needed, on the Internet website of the insurer:*

*(a) A telephone number that an insured or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;*

*(b) A detailed summary setting forth the manner in which the insurer reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

*(c) A list of providers of mental health services or instructions on how to obtain the list.*

*2. The information specified in subsection 1 must also be made available to an insured upon request.*

**Sec. 3.** 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 section 2 of this act.

**Sec. 4.** NRS 689A.405 is hereby amended to read as follows:

689A.405 1. An insurer that offers or issues a policy of health insurance which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that coverage provided to an insured, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the insurer pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(I) An explanation of:

(I) How often the contents of the formulary are reviewed;

and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and



(2) The telephone number of the insurer for making a request for information regarding the formulary pursuant to subsection 2.

2. If an insurer offers or issues a policy of health insurance which provides coverage for prescription drugs and a formulary is used, the insurer shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the insurer shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the insurer in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

*(d) Provide each formulary to the Commissioner.*

**Sec. 5.** Chapter 689B of NRS is hereby amended by adding thereto a new section to read as follows:

*1. An insurer who offers or issues a policy of group health insurance which provides coverage for mental health services shall post and update, as needed, on the Internet website of the insurer:*

*(a) A telephone number that an insured or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;*

*(b) A detailed summary setting forth the manner in which the insurer reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

*(c) A list of providers of mental health services or instructions on how to obtain the list.*

*2. The information specified in subsection 1 must also be made available to an insured upon request.*

**Sec. 6.** NRS 689B.0283 is hereby amended to read as follows:

689B.0283 1. An insurer that offers or issues a policy of group health insurance which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that



1 coverage provided to an insured, notice of whether a formulary is  
2 used and, if so, of the opportunity to secure information regarding  
3 the formulary from the insurer pursuant to subsection 2. The notice  
4 required by this subsection must:

5 (a) Be in a language that is easily understood and in a format  
6 that is easy to understand;

7 (b) Include an explanation of what a formulary is; and

8 (c) If a formulary is used, include:

9 (1) An explanation of:

10 (I) How often the contents of the formulary are reviewed;  
11 and

12 (II) The procedure and criteria for determining which  
13 prescription drugs are included in and excluded from the formulary;  
14 and

15 (2) The telephone number of the insurer for making a request  
16 for information regarding the formulary pursuant to subsection 2.

17 2. If an insurer offers or issues a policy of group health  
18 insurance which provides coverage for prescription drugs and a  
19 formulary is used, the insurer shall:

20 (a) Provide to any insured or participating provider of health  
21 care, upon request:

22 (1) Information regarding whether a specific drug is included  
23 in the formulary.

24 (2) Access to the most current list of prescription drugs in the  
25 formulary, organized by major therapeutic category, with an  
26 indication of whether any listed drugs are preferred over other listed  
27 drugs. If more than one formulary is maintained, the insurer shall  
28 notify the requester that a choice of formulary lists is available.

29 (b) Notify each person who requests information regarding the  
30 formulary, that the inclusion of a drug in the formulary does not  
31 guarantee that a provider of health care will prescribe that drug for a  
32 particular medical condition.

33 *(c) Post and update, as needed, each formulary on the Internet*  
34 *website of the insurer in a manner that is easily accessible to the*  
35 *public and is in accordance with regulations adopted by the*  
36 *Commissioner pursuant to section 1 of this act.*

37 *(d) Provide each formulary to the Commissioner.*

38 **Sec. 7.** Chapter 689C of NRS is hereby amended by adding  
39 thereto a new section to read as follows:

40 *1. A carrier who offers or issues a health benefit plan which*  
41 *provides coverage for mental health services shall post and update,*  
42 *as needed, on the Internet website of the carrier:*

43 *(a) A telephone number that an insured or provider may call,*  
44 *during normal business hours, for assistance in obtaining*  
45 *information regarding coverage for mental health services;*



(b) *A detailed summary setting forth the manner in which the carrier reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

(c) *A list of providers of mental health services or instructions on how to obtain the list.*

**2. The information specified in subsection 1 must also be made available to an insured upon request.**

**Sec. 8.** NRS 689C.281 is hereby amended to read as follows:

689C.281 1. A carrier that offers or issues a health benefit plan which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that coverage provided to an insured, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the carrier pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the carrier for making a request for information regarding the formulary pursuant to subsection 2.

2. If a carrier offers or issues a health benefit plan which provides coverage for prescription drugs and a formulary is used, the carrier shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the carrier shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.



(c) *Post and update, as needed, each formulary on the Internet website of the carrier in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

(d) *Provide each formulary to the Commissioner.*

**Sec. 9.** 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 section 7 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. 10.** Chapter 695A of NRS is hereby amended by adding thereto a new section to read as follows:

*1. A society that offers or issues a benefit contract which provides coverage for mental health services shall post and update, as needed, on the Internet website of the society:*

*(a) A telephone number that a benefit member or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;*

*(b) A detailed summary setting forth the manner in which the society reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

*(c) A list of providers of mental health services or instructions on how to obtain the list.*

*2. The information specified in subsection 1 must also be made available to a benefit member upon request.*

**Sec. 11.** NRS 695A.255 is hereby amended to read as follows:

695A.255 1. A society that offers or issues a benefit contract which provides coverage for prescription drugs shall include with any certificate for such a contract provided to a benefit member, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the society pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed;

and





(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the society for making a request for information regarding the formulary pursuant to subsection 2.

2. If a society offers or issues a benefit contract which provides coverage for prescription drugs and a formulary is used, the society shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the society shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the society in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

*(d) Provide each formulary to the Commissioner.*

**Sec. 12.** Chapter 695B of NRS is hereby amended by adding thereto a new section to read as follows:

*1. A hospital or medical service corporation that offers or issues a policy of health insurance which provides coverage for mental health services shall post and update, as needed, on the Internet website of the hospital or medical service corporation:*

*(a) A telephone number that an insured or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;*

*(b) A detailed summary setting forth the manner in which the hospital or medical service corporation reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

*(c) A list of providers of mental health services or instructions on how to obtain the list.*

*2. The information specified in subsection 1 must also be made available to an insured upon request.*





**Sec. 13.** NRS 695B.176 is hereby amended to read as follows:

695B.176 1. An insurer that offers or issues a contract for hospital or medical services which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that coverage provided to an insured, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the insurer pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the insurer for making a request for information regarding the formulary pursuant to subsection 2.

2. If an insurer offers or issues a contract for hospital or medical services which provides coverage for prescription drugs and a formulary is used, the insurer shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the insurer shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the insurer in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

*(d) Provide each formulary to the Commissioner.*

**Sec. 14.** Chapter 695C of NRS is hereby amended by adding thereto a new section to read as follows:

*1. A health maintenance organization that offers or issues a health care plan which provides coverage for mental health*



1 *services shall post and update, as needed, on the Internet website*  
2 *of the health maintenance organization:*

3 *(a) A telephone number that an enrollee or provider may call,*  
4 *during normal business hours, for assistance in obtaining*  
5 *information regarding coverage for mental health services;*

6 *(b) A detailed summary setting forth the manner in which the*  
7 *health maintenance organization reviews and authorizes,*  
8 *approves, modifies or denies requests or claims for mental health*  
9 *services, including, without limitation, any procedure for an*  
10 *appeal, grievance or independent review; and*

11 *(c) A list of providers of mental health services or instructions*  
12 *on how to obtain the list.*

13 *2. The information specified in subsection 1 must also be*  
14 *made available to an enrollee upon request.*

15 **Sec. 15.** NRS 695C.050 is hereby amended to read as follows:

16 695C.050 1. Except as otherwise provided in this chapter or  
17 in specific provisions of this title, the provisions of this title are not  
18 applicable to any health maintenance organization granted a  
19 certificate of authority under this chapter. This provision does not  
20 apply to an insurer licensed and regulated pursuant to this title  
21 except with respect to its activities as a health maintenance  
22 organization authorized and regulated pursuant to this chapter.

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

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

30 4. The provisions of NRS 695C.110, 695C.125, 695C.1691,  
31 695C.1693, 695C.170 , **695C.1705** to 695C.173, inclusive,  
32 695C.1733 to 695C.200, inclusive, and 695C.265 do not apply to a  
33 health maintenance organization that provides health care services  
34 through managed care to recipients of Medicaid under the State Plan  
35 for Medicaid or insurance pursuant to the Children's Health  
36 Insurance Program pursuant to a contract with the Division of  
37 Health Care Financing and Policy of the Department of Health and  
38 Human Services. This subsection does not exempt a health  
39 maintenance organization from any provision of this chapter for  
40 services provided pursuant to any other contract.

41 5. The provisions of NRS 695C.1694, 695C.1695 , **695C.1703**  
42 **and section 14 of this act** apply to a health  
43 maintenance organization that provides health care services through  
44 managed care to recipients of Medicaid under the State Plan for  
45 Medicaid.



**Sec. 16.** NRS 695C.1703 is hereby amended to read as follows:

695C.1703 1. A health maintenance organization or insurer that offers or issues evidence of coverage which provides coverage for prescription drugs shall include with any evidence of that coverage provided to an enrollee, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the organization or insurer pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the organization or insurer for making a request for information regarding the formulary pursuant to subsection 2.

2. If a health maintenance organization or insurer offers or issues evidence of coverage which provides coverage for prescription drugs and a formulary is used, the organization or insurer shall:

(a) Provide to any enrollee or participating provider of health care upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the organization or insurer shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the health maintenance organization in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*



*(d) Provide each formulary to the Commissioner.*

**Sec. 17.** 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 which do not comply with the requirements of NRS 695C.1691 to 695C.200, inclusive, *and section 14 of this act* or 695C.207;

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

4. If the certificate of authority of a health maintenance organization is revoked, the organization shall proceed, immediately following the effective date of the order of revocation, to wind up its 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. 18.** Chapter 695F of NRS is hereby amended by adding thereto a new section to read as follows:

*1. A prepaid limited health service organization that offers or issues evidence of coverage which provides coverage for mental health services shall post and update, as needed, on the Internet website of the prepaid limited health service organization:*

*(a) A telephone number that an enrollee or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;*

*(b) A detailed summary setting forth the manner in which the prepaid limited health service organization reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and*

*(c) A list of providers of mental health services or instructions on how to obtain the list.*

*2. The information specified in subsection 1 must also be made available to an enrollee upon request.*

**Sec. 19.** NRS 695F.153 is hereby amended to read as follows:  
695F.153 1. A prepaid limited health service organization that offers or issues evidence of coverage which provides coverage for prescription drugs shall include with any evidence of that coverage provided to a subscriber, notice of whether a formulary is



used and, if so, of the opportunity to secure information regarding the formulary from the organization pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the organization for making a request for information regarding the formulary pursuant to subsection 2.

2. If a prepaid limited health service organization offers or issues evidence of coverage which provides coverage for prescription drugs and a formulary is used, the organization shall:

(a) Provide to any enrollee or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the organization shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the prepaid limited health service organization in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

*(d) Provide each formulary to the Commissioner.*

**Sec. 20.** Chapter 695G of NRS is hereby amended by adding thereto a new section to read as follows:

*1. A managed care organization that offers or issues a health care plan which provides coverage for mental health services shall post and update, as needed, on the Internet website of the managed care organization:*



(a) A telephone number that an insured or provider may call, during normal business hours, for assistance in obtaining information regarding coverage for mental health services;

(b) A detailed summary setting forth the manner in which the managed care organization reviews and authorizes, approves, modifies or denies requests or claims for mental health services, including, without limitation, any procedure for an appeal, grievance or independent review; and

(c) A list of providers of mental health services or instructions on how to obtain the list.

2. The information specified in subsection 1 must also be made available to an insured upon request.

**Sec. 21.** NRS 695G.163 is hereby amended to read as follows:

695G.163 1. A managed care organization that offers or issues a health care plan which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that coverage provided to an insured, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the organization pursuant to subsection 2. The notice required by this subsection must:

(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the organization for making a request for information regarding the formulary pursuant to subsection 2.

2. If a managed care organization offers or issues a health care plan which provides coverage for prescription drugs and a formulary is used, the organization shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the organization shall notify the requester that a choice of formulary lists is available.





(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

*(c) Post and update, as needed, each formulary on the Internet website of the managed care organization in a manner that is easily accessible to the public and is in accordance with regulations adopted by the Commissioner pursuant to section 1 of this act.*

*(d) Provide each formulary to the Commissioner.*

**Sec. 22.** Chapter 695I of NRS is hereby amended by adding thereto a new section to read as follows:

*The Board shall ensure that the Internet website for the Exchange provides direct links to each formulary posted pursuant to NRS 689A.405, 689B.0283, 689C.281, 695A.255, 695B.176, 695C.1703, 695F.153 and 695G.163 and section 1 of this act for any qualified health plan offered through the Exchange.*

**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



1 national bank or credit union authorized to transact business in the  
2 State of Nevada. Any independent administrator of a fund created  
3 under this section is subject to the licensing requirements of chapter  
4 683A of NRS, and must be a resident of this State. Any contract  
5 with an independent administrator must be approved by the  
6 Commissioner of Insurance as to the reasonableness of  
7 administrative charges in relation to contributions collected and  
8 benefits provided. The provisions of NRS 687B.408, **689B.0283**,  
9 689B.030 to 689B.050, inclusive, **and section 5 of this act**, and  
10 689B.287 apply to coverage provided pursuant to this paragraph.

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

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

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

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

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

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

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



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

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

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

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

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

287.04335 If the Board provides health insurance through a plan of self-insurance, it shall comply with the provisions of NRS 689B.255, 695G.150, 695G.160, **695G.163**, 695G.164, 695G.1645, 695G.167, 695G.170, 695G.171, 695G.173, 695G.177, 695G.200 to 695G.230, inclusive, 695G.241 to 695G.310, inclusive, and 695G.405, **and section 20 of this act** in the same manner as an insurer that is licensed pursuant to title 57 of NRS is required to comply with those provisions.

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

**Sec. 26.** NRS 689C.455 is hereby repealed.

**Sec. 27.** This act becomes effective:

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

2. On January 1, 2016, for all other purposes.

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## TEXT OF REPEALED SECTION

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### **689C.455 Coverage for prescription drugs: Provision of notice and information regarding use of formulary.**

1. A carrier that offers or issues a contract which provides coverage for prescription drugs shall include with any summary, certificate or evidence of that coverage provided to an insured, notice of whether a formulary is used and, if so, of the opportunity to secure information regarding the formulary from the carrier pursuant to subsection 2. The notice required by this subsection must:



(a) Be in a language that is easily understood and in a format that is easy to understand;

(b) Include an explanation of what a formulary is; and

(c) If a formulary is used, include:

(1) An explanation of:

(I) How often the contents of the formulary are reviewed; and

(II) The procedure and criteria for determining which prescription drugs are included in and excluded from the formulary; and

(2) The telephone number of the carrier for making a request for information regarding the formulary pursuant to subsection 2.

2. If a carrier offers or issues a contract which provides coverage for prescription drugs and a formulary is used, the carrier shall:

(a) Provide to any insured or participating provider of health care, upon request:

(1) Information regarding whether a specific drug is included in the formulary.

(2) Access to the most current list of prescription drugs in the formulary, organized by major therapeutic category, with an indication of whether any listed drugs are preferred over other listed drugs. If more than one formulary is maintained, the carrier shall notify the requester that a choice of formulary lists is available.

(b) Notify each person who requests information regarding the formulary, that the inclusion of a drug in the formulary does not guarantee that a provider of health care will prescribe that drug for a particular medical condition.

