

**ADOPTED REGULATION OF THE ADMINISTRATOR OF
THE DIVISION OF INDUSTRIAL RELATIONS OF
THE DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB File No. R132-14

Effective June 28, 2016

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

AUTHORITY: §§1-11, 13 and 14, NRS 616A.400, 616B.584, 616B.587 and 616B.590; §12, NRS 616A.400; §15, NRS 616A.400, 616B.584 and 616B.587.

A REGULATION relating to industrial insurance; establishing guidelines for the acceptance of ratings for permanent physical impairment and rulings on claims for reimbursement from the Subsequent Injury Account for Private Carriers; establishing requirements for service of certain documents on or by a claimant; establishing certain methods of proving an employer's knowledge of an employee's preexisting permanent physical impairment; establishing guidelines for determining a permanent physical impairment; providing for the reimbursement of certain benefits paid in the form of a lump sum; providing for the reimbursement of certain benefits paid by an annuity; revising provisions relating to the maintenance of files for claims; authorizing the Administrator of the Division of Industrial Relations of the Department of Business and Industry to refuse to process incomplete claims and to obtain additional information; identifying expenditures which may be eligible for reimbursement from the Subsequent Injury Account for Private Carriers; extending the time in which the Administrator will examine and provide a disposition of a claim; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 2 of this regulation establishes guidelines for use by the Administrator of the Division of Industrial Relations of the Department of Business and Industry in making determinations on ratings of permanent physical impairments for the purposes of industrial insurance.

Sections 3-7 of this regulation establish requirements relating to service of process of notices, pleadings and other documents concerning claims for reimbursement from the Subsequent Injury Account for Private Carriers.

Section 8 of this regulation establishes guidelines for use by the Administrator in making determinations of proof of an employer's knowledge of an employee's preexisting permanent physical impairment.

Section 9 of this regulation establishes guidelines for use by the Administrator in rating the permanent physical impairment of multiple body parts.

Section 10 of this regulation sets forth circumstances under which the Administrator will authorize reimbursement from the Subsequent Injury Account for Private Carriers in the form of a lump-sum payment.

Section 11 of this regulation establishes procedures for reimbursement from the Subsequent Injury Account for Private Carriers for certain compensation paid by annuities purchased by a private carrier to an injured employee.

Existing regulations establish requirements for the submittal and maintenance of claim files and correspondence and other documents relating to claims. (NAC 616B.010) **Section 12** of this regulation revises these provisions to specify the limited locations to which certain documents may be sent.

Existing regulations establish certain requirements for the contents of a claim against the Subsequent Injury Account for Private Carriers. (NAC 616B.760) **Section 13** of this regulation provides that the Administrator may refuse to process a claim for reimbursement from the Account that is incomplete or nonconforming, and the Administrator is not prohibited from requiring or obtaining additional information that is related to a claim.

Existing regulations provide that the Administrator will not consider certain expenditures by a private carrier to be reimbursable from the Subsequent Injury Account for Private Carriers. (NAC 616B.763) **Section 14** of this regulation provides that the Administrator will, in accordance with existing regulations, make a determination on expenditures which may be reimbursable from the Account. **Section 14** also revises requirements for the computation and reporting of the value of certain accident benefits furnished by a private carrier.

Existing regulations provide that the Administrator will examine a claim against the Subsequent Injury Account for Private Carriers and, not later than 90 days after receipt of the claim, provide certain notifications to the private carrier. (NAC 616B.766) **Section 15** of this regulation provides that the Administrator will notify a private carrier of the disposition of a claim for reimbursement from the Account not later than 120 days after the receipt of the claim.

Section 1. Chapter 616B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this regulation.

Sec. 2. 1. *For the purposes of determining whether a preexisting impairment is a permanent physical impairment:*

(a) If the preexisting impairment of the employee arose out of and in the course of his or her employment and the employee has been assigned a rating of permanent impairment which

is no longer appealable, the Administrator may choose to accept the rating for the preexisting impairment if the rating was assigned based on the edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment that was in effect on the date on which the preexisting impairment was rated;

(b) If a claim for reimbursement from the Subsequent Injury Account for Private Carriers has been submitted to the Administrator pursuant to NAC 616B.760 but the preexisting impairment has not yet been assigned a rating, the Administrator may choose not to make a ruling on the claim until a determination has been made concerning the preexisting impairment in accordance with the edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment that was in effect on the date on which the subsequent injury is rated; and

(c) If a claim for reimbursement from the Subsequent Injury Account for Private Carriers has been submitted to the Administrator pursuant to NAC 616B.760 and a rating has been assigned to the preexisting impairment but the rating is not deemed final, the Administrator may choose not to make a ruling on the claim until the rating has been finalized in accordance with the edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment that is in effect on the date on which the preexisting impairment is rated.

2. The Administrator is not bound by any agreement between an injured employee and a private carrier concerning:

(a) The rating of permanent impairment assigned to a preexisting condition or a subsequent injury;

(b) The edition of the American Medical Association's Guides to the Evaluation of Permanent Impairment which should be used to assign a rating of permanent impairment to a preexisting condition or a subsequent injury; or

(c) The apportionment of the percentage of disability between the preexisting condition and the subsequent injury.

Sec. 3. *A claim for reimbursement from the Subsequent Injury Account for Private Carriers submitted pursuant to NAC 616B.760 must include, without limitation, the name of the person designated by the private carrier to accept service on behalf of the private carrier submitting the claim and the address and any facsimile number and electronic mail address at which that person may be served with notices, pleadings and other documents. Except as otherwise provided in section 5 of this regulation, all notices, pleadings and other documents, including, without limitation, any determinations of the Administrator, must be served on the person designated in the claim pursuant to this section.*

Sec. 4. 1. *At the time the Administrator makes a determination regarding a claim for reimbursement from the Subsequent Injury Account for Private Carriers, the Administrator will serve on the person designated pursuant to sections 3 and 5 of this regulation, as applicable, a copy of the determination and a list of the witnesses whom the Administrator may call to testify in support of the determination.*

2. If the claim has been denied by the Administrator, in whole or in part, in addition to the documents served pursuant to subsection 1, the Administrator will serve on the person designated pursuant to sections 3 and 5 of this regulation a copy of each document and record upon which the Administrator primarily relied in making the determination.

Sec. 5. 1. A private carrier who is represented by legal counsel or a lay advocate shall, by service on the Administrator, provide notice of the name and business address of the legal counsel or lay advocate, as applicable, and any facsimile number and electronic mail address at which the legal counsel or lay advocate must be served with any notices, pleadings and other documents.

2. If a private carrier has provided the notice required by subsection 1, the Administrator will thereafter serve all notices, pleadings and other documents on the legal counsel or lay advocate designated pursuant to subsection 1, as applicable, exclusively, unless the private carrier provides written notice to the Administrator of a change in representation.

Sec. 6. Except for the submission of a claim for reimbursement against the Subsequent Injury Account for Private Carriers pursuant to NAC 616B.760, service on the Administrator of any filing, pleading, notice or other document required by NAC 616B.760, 616B.763 and 616B.766 and sections 2 to 11, inclusive, of this regulation must be made on the legal counsel designated by the Administrator.

Sec. 7. 1. Except as otherwise provided by a specific statute or regulation, service of any notice, pleading or other document required by NAC 616B.760, 616B.763 and 616B.766 and sections 2 to 11, inclusive, of this regulation must be hand-delivered or made by first-class mail, electronic mail or facsimile.

2. Service by hand delivery shall be deemed complete upon the delivery of the document to the person on whom service is to be made pursuant to sections 3 and 5 of this regulation, as applicable, to a person of suitable age and discretion who has the authority to accept service at the business address of the person on whom service is to be made or to a person of suitable age

and discretion at the place of residence of the person upon whom service is to be made pursuant to sections 3 and 5 of this regulation, as applicable.

3. Service by first-class mail shall be deemed complete 3 days after the date on which the document is correctly addressed and mailed to the business address or place of residence of the person upon whom service is to be made pursuant to sections 3 and 5 of this regulation, as applicable.

4. Service by electronic mail shall be deemed complete upon the successful transmission of the electronic mail to the electronic mail address of:

(a) The person upon whom service is to be made pursuant to sections 3 and 5 of this regulation, as applicable; or

(b) The Administrator or legal counsel designated by the Administrator, if service is made pursuant to section 6 of this regulation.

5. Service by facsimile shall be deemed complete upon the successful transmission of the facsimile to the facsimile number of:

(a) The person upon whom service is to be made pursuant to sections 3 and 5 of this regulation, as applicable; or

(b) The Administrator or legal counsel designated by the Administrator, if service is made pursuant to section 6 of this regulation.

Sec. 8. 1. *Except as otherwise provided in subsection 2, as used in NRS 616B.587, the Administrator interprets the term “written records” to include:*

(a) Any written documentation kept by the employer in the ordinary course of business:

(1) Contemporaneously with the hiring of the injured employee.

(2) During the continued employment of the injured employee and before the date of the subsequent injury.

(b) Any other written documentation if the Administrator determines that the written documentation constitutes an objective record of the employer's knowledge of the injured employee's preexisting permanent physical impairment:

(1) At the time the employer hired the injured employee.

(2) During the continued employment of the injured employee and before the date of the subsequent injury.

(3) At any time before the employee suffered the subsequent injury for which reimbursement is being requested.

2. An affidavit, letter, declaration or other document regarding the preexisting impairment which is prepared after the subsequent injury does not satisfy the requirement of proof of the employer's knowledge that the injured employee suffered from a preexisting permanent physical impairment.

3. To satisfy the requirement set forth in subsection 4 of NRS 616B.587 that the private carrier establish by written records that the employer had knowledge of the preexisting permanent physical impairment of the injured employee, the private carrier must establish by a preponderance of the evidence that the contemporaneous written records show that:

(a) The employer had knowledge of the preexisting permanent physical impairment of the injured employee at the time the employee was hired; or

(b) The employer:

(1) Became aware of the preexisting permanent physical impairment of the injured employee after the employee was hired and before the date of the subsequent injury; and

(2) Continued to employ the employee notwithstanding the employer's knowledge of the preexisting permanent physical impairment.

Sec. 9. 1. *For the purposes of subsection 3 of NRS 616B.587, the ratings of permanent impairment of two or more body parts, organ systems or organ functions may not be added together or combined to reach a rating of permanent impairment of 6 percent or more of the whole person to qualify a condition as a permanent physical impairment.*

2. The Administrator will use the American Medical Association's Guides to the Evaluation of Permanent Impairment as a reference for determining whether a rating of permanent impairment totals 6 percent or more of the whole person to qualify a condition as a permanent physical impairment pursuant to NRS 616B.587. Multiple body parts unrelated to a subsequent injury will not be considered as one impairment. Each body part, organ system or organ function included within a claim against the Subsequent Injury Account for Private Carriers must satisfy the definition of "permanent physical impairment" to qualify the body part, organ system or organ function for reimbursement under the claim.

Sec. 10. 1. *Except as otherwise provided in subsection 2 or by specific statute or regulation, the Administrator will authorize reimbursement from the Subsequent Injury Account for Private Carriers for the payment of benefits in the form of a lump sum if:*

- (a) The applicant meets the requirements of NRS 616B.587;*
- (b) The compensation paid was due;*
- (c) A lump-sum payment is reasonable, in the best interest of the injured employee and will eliminate any contingent future liability against the Subsequent Injury Account for Private Carriers; and*
- (d) A lump-sum payment:*

(1) If the payment is being made for a permanent partial disability, meets the requirements of NRS 616C.495; or

(2) If the payment is being made for vocational rehabilitation services, meets the requirements of NRS 616C.590 or 616C.595.

2. The Administrator will not authorize reimbursement from the Subsequent Injury Account for Private Carriers for:

(a) Any payment that is prohibited by NRS 616C.410; or

(b) A lump-sum payment that was not made to an injured employee.

3. In considering whether to authorize reimbursement from the Subsequent Injury Account for Private Carriers for the payment of benefits in the form of a lump sum pursuant to this section, the Administrator may consider any information that he or she deems relevant, including, without limitation, the application of any statute or regulation.

Sec. 11. *1. A private carrier who purchases an annuity to ensure the payment of a claim that is filed with the private carrier pursuant to chapters 616A to 617, inclusive, of NRS may submit a claim for reimbursement from the Subsequent Injury Account for Private Carriers in accordance with this section, NAC 616B.760, 616B.763 and 616B.766 and section 10 of this regulation.*

2. The private carrier may submit, as provided in subsection 3, a claim for reimbursement for the amount of compensation that the annuity paid to the injured employee for whom the annuity was purchased.

3. The private carrier may submit a claim for reimbursement annually on the anniversary date of the purchase of the annuity or more frequently with good cause shown.

4. The Administrator will not approve or pay a claim for reimbursement for an annuity submitted pursuant to this section for:

(a) Any amounts which, in combination with previous reimbursements, exceed the lesser of:

(1) The price of the annuity; and

(2) The aggregate amount of compensation that the annuity has paid to the injured employee;

(b) Attorney's fees relating to the purchase of the annuity; or

(c) Any administrative expenses or other expenses relating to the purchase of the annuity, including, without limitation, expenses for the copying of records.

5. As used in this section, "good cause" includes, without limitation, a financial exigency or extraordinary circumstance.

Sec. 12. NAC 616B.010 is hereby amended to read as follows:

616B.010 1. Except as otherwise provided in *subsection 2 and* NAC 616B.013, copies of all claim files maintained by an insurer, third-party administrator or organization for managed care pursuant to chapters 616A to 617, inclusive, of NRS or regulations adopted pursuant thereto must be maintained in one of its offices located in this State.

2. *Any Form C-4, Employee's Claim for Compensation/Report of Initial Treatment, submitted to an insurer, third-party administrator or organization for managed care that concerns a claim for compensation which is being administered pursuant to chapters 616A to 617, inclusive, of NRS or any regulations adopted pursuant thereto must be addressed to the insurer, third-party administrator or organization for managed care at one of its offices located in this State.* All *other* correspondence and other documents submitted to an insurer,

third-party administrator or organization for managed care that concern a claim for compensation that is being administered pursuant to chapters 616A to 617, inclusive, of NRS or regulations adopted pursuant thereto must be addressed to the insurer, third-party administrator or organization for managed care at one of its offices located in this State ~~[-The]~~ *or to a facility located outside this State for the sole purpose of electronic scanning of the correspondence and documents to the claim file. All* correspondence and documents shall be deemed to be officially received only if they have been so addressed.

Sec. 13. NAC 616B.760 is hereby amended to read as follows:

616B.760 1. A claim ~~[-against]~~ *for reimbursement from* the Subsequent Injury Account for Private Carriers pursuant to NRS 616B.587 or 616B.590 must be submitted, in writing, to the Administrator.

2. A private carrier who submits a claim pursuant to subsection 1 shall include with the claim:

(a) All documents contained in the file of the claim and any other supporting documents that the private carrier relies upon or deems important for the determination of a claim; and

(b) A completed copy of the form entitled “D-37, Insurer’s Subsequent Injury Checklist,” which is prescribed by the Administrator. A copy of the form may be obtained from the Administrator at no cost.

3. A claim submitted to the Administrator pursuant to subsection 1 must be organized in the manner prescribed in Form D-37, Insurer’s Subsequent Injury Checklist.

4. The Administrator may refuse to process a claim that is incomplete or does not conform to the requirements of Form D-37, Insurer’s Subsequent Injury Checklist.

5. This section does not prohibit or limit the Administrator from requiring or obtaining from the private carrier or any other person any additional information relating to a claim submitted pursuant to subsection 1.

Sec. 14. NAC 616B.763 is hereby amended to read as follows:

616B.763 1. The Administrator will ~~[not consider the following expenditures to be]~~ *make determinations on* expenditures for claims for which a private carrier may receive reimbursement from the Subsequent Injury Account for Private Carriers ~~±~~:

- ~~—(a) Amounts held in reserve for any anticipated expense in connection with a claim.~~
- ~~—(b) Money paid in excess of the compensation calculated pursuant to NRS 616C.440, 616C.475, 616C.490 or 616C.500 or NAC 616C.577 for a temporary total, temporary partial, permanent total or permanent partial disability or vocational rehabilitation maintenance.~~
- ~~—(c) Legal expenses, including, without limitation, court costs, attorney's fees, costs for depositions, investigations and hearings.~~
- ~~—(d) Payment of an award of interest.~~
- ~~—(e) Administrative expenses, including, without limitation, expenses incurred for:~~
 - ~~——(1) Copying records;~~
 - ~~——(2) Reviewing any report of a physician or chiropractor contained in a file relating to a claim; or~~
 - ~~——(3) Services relating to the management of costs of medical care.~~
- ~~—(f) Costs incurred in a claim that is ultimately denied.]~~ *in accordance with the provisions of NAC 616B.707.*

2. The value of accident benefits furnished by a private carrier for industrial injuries or illnesses must be computed and reported pursuant to the schedule of fees and charges for accident benefits ~~that was:~~ *that was:*

(a) Established pursuant to subsection 2 of NRS 616C.260 ~~that~~ *; and*

(b) In effect on the date the accident benefits were provided.

Sec. 15. NAC 616B.766 is hereby amended to read as follows:

616B.766 1. The Administrator will examine a claim ~~that~~ *for reimbursement from* the Subsequent Injury Account for Private Carriers and, not later than ~~90~~ *120* days after receipt of the claim ~~that will:~~

~~—(a) Notify the private carrier that a determination on the claim cannot be made and the reasons therefor; or~~

~~—(b) Notify~~ *, notify* the private carrier of the ~~that acceptance or denial~~ *disposition* of the claim ~~;~~ *and*

~~—(c) If the claim is accepted, notify the private carrier of the verified amount of reimbursement and that the claim will be processed for payment by the State Controller.]~~ *in accordance with sections 3 and 5 of this regulation, as applicable.*

2. An appeal from a determination of the Administrator concerning a claim ~~that~~ *for reimbursement from* the Subsequent Injury Account for Private Carriers must be made in writing and sent directly to the appeals officer *at the Department of Administration* within 30 days after the date of the Administrator's determination.