

# PROPOSED REGULATION OF THE COMMISSIONER OF INSURANCE

**LCB File No. R049-14**

## NOTICE OF WORKSHOP TO SOLICIT COMMENTS ON PROPOSED REGULATIONS

The State of Nevada, Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, is proposing the adoption, amendment or repeal of regulations pertaining to chapter **687B** of the Nevada Administrative Code (“NAC”). A workshop has been set for **9:30 a.m., on July 1, 2014**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested parties may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104.

The purpose of the workshop is:

1. To solicit comments from interested persons on the following general topics that may be addressed in the proposed regulation(s); and
2. To assist in determining whether the proposed regulation:
  - (a) Is likely to impose a direct and significant burden upon a small business; or
  - (b) Directly restricts the formation, operation or expansion of a small business.

Please submit any written comments no later than **June 24, 2014**.

### **LCB File No. R049-14. Network Adequacy.**

A regulation relating to insurance; establishing certain requirements relating to the adequacy of a network plan issued by a carrier; authorizing the Commissioner of Insurance to determine whether a network plan is adequate under certain circumstances; requiring a carrier whose network plan is deemed or determined to be adequate to notify the Commissioner of any significant change to its network and take certain actions to correct any deficiency that results; providing for the availability of a network plan to persons outside of the approved service area in certain circumstances; and providing other matters properly relating thereto.

A copy of all materials relating to the proposal(s) may be obtained at the workshop or by contacting the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, (775) 687-0700. A reasonable fee for copying may be charged. Members of the public who would like additional information about the proposed regulation may contact Adam Plain, Insurance Regulation Liaison, at (775) 687-0783, or via e-mail to [aplain@doi.nv.gov](mailto:aplain@doi.nv.gov).

Notice of the workshop(s) was provided via electronic means to all persons on the agency’s e-mail list for administrative regulations, and this Notice of Workshop to Solicit Comments on Proposed Regulations was posted to the agency’s Internet Web site at <http://doi.nv.gov/>, the Nevada

Legislature's Internet Web site at <http://www.leg.state.nv.us>, and provided to or posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, NV 89706

Department of Business and Industry  
Division of Insurance  
2501 East Sahara Avenue, Suite 302  
Las Vegas, NV 89104

Capitol Press Room  
Capitol Building Basement  
Carson City, NV 89710

Donald W. Reynolds Press Center  
102 North Curry Street  
Carson City, NV 89701

Legislative Counsel Bureau  
401 South Carson Street  
Carson City, NV 89701

Office of the Attorney General  
100 North Carson Street  
Carson City, NV 89701

Blasdel Building  
209 East Musser Street  
Carson City, NV 89701

Nevada State Library & Archives  
100 North Stewart Street  
Carson City, NV 89701

Office of the Governor  
Capitol Building  
Carson City, NV 89710

Carson City Courthouse  
885 East Musser Street  
Carson City, NV 89701

Carson City Library  
900 North Roop Street  
Carson City, NV 89701

Churchill County Library  
553 South Main Street  
Fallon, NV 89406

Clark County District Library  
833 Las Vegas Boulevard North  
Las Vegas, NV 89101

Douglas County Library  
P.O. Box 337  
Minden, NV 89423

Elko County Library  
720 Court Street  
Elko, NV 89801

Esmeralda County Library  
P.O. Box 430  
Goldfield, NV 89013

Eureka Branch Library  
P.O. Box 293  
Eureka, NV 89316

Humboldt County Library  
85 East 5<sup>th</sup> Street  
Winnemucca, NV 89445

Lander County Library  
P.O. Box 141  
Battle Mountain, NV 89820

Lincoln County Library  
P.O. Box 330  
Pioche, NV 89043-0330

Lyon County Library  
20 Nevin Way  
Yerington, NV 89447

Mineral County Public Library  
P.O. Box 1390  
Hawthorne, NV 89415

Pershing County Library  
P.O. Box 781  
Lovelock, NV 89419

Storey County Clerk  
P.O. Drawer D  
Virginia City, NV 89440

Tonopah Public Library  
P.O. Box 449  
Tonopah, NV 89049

Washoe County Library  
P.O. Box 2151  
Reno, NV 89505-2151

White Pine County Library  
950 Campton Street  
Ely, NV 89301

Members of the public who are disabled and require special accommodations or assistance at the workshop are requested to notify the Commissioner's secretary in writing at 1818 East College Parkway, Suite 103, Carson City, Nevada 89706, or by calling (775) 687-0700, no later than five (5) working days prior to the hearing.

DATED this \_\_\_\_\_ day of June, 2014.

\_\_\_\_\_  
/s/  
SCOTT J. KIPPER  
Commissioner of Insurance

**NEVADA DIVISION OF INSURANCE**  
**AGENDA**

**PUBLIC REGULATION WORKSHOP**

**JULY 1, 2014**

**9:30 A.M.**

**In Carson City:**

**1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room, Carson City, NV 89706  
(Insurance Division Office located in Suite 103)**

**Videoconferenced to Las Vegas:**

**2501 E. Sahara Ave., 2<sup>nd</sup> Floor Conference Room, Las Vegas, NV 89104  
(Insurance Division Office located in Suite 302)**

**PROPOSED REGULATION:**

- 1. LCB FILE NO. R049-14: Network Adequacy**
  - a. Presentation by Division of Insurance**
  - b. Public Comments to be Received**

## NOTICE OF INTENT TO ACT UPON REGULATION

### Notice of Hearing for the Adoption, Amendment or Repeal of Regulations of The Department of Business and Industry, Division of Insurance

The State of Nevada Department of Business and Industry, Division of Insurance (“Division”), (775) 687-0700, will hold a public hearing at **9:30 a.m. on July 15, 2014**, at the Division’s office located at 1818 East College Parkway, 1<sup>st</sup> floor hearing room, Carson City, Nevada 89706. Interested persons may also participate through a simultaneous videoconference conducted at the Bradley Building, 2501 East Sahara Avenue, 2<sup>nd</sup> floor conference room, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment or repeal of the regulation(s) that pertain(s) to **chapter 687B** of the Nevada Administrative Code (“NAC”).

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603 and the directives of the Governor:

#### **LCB File No. R049-14. Network Adequacy.**

A regulation relating to insurance; establishing certain requirements relating to the adequacy of a network plan issued by a carrier; authorizing the Commissioner of Insurance to determine whether a network plan is adequate under certain circumstances; requiring a carrier whose network plan is deemed or determined to be adequate to notify the Commissioner of any significant change to its network and take certain actions to correct any deficiency that results; providing for the availability of a network plan to persons outside of the approved service area in certain circumstances; and providing other matters properly relating thereto.

(1) Why is the regulation necessary and what is its purpose? *The proposed regulation outlines the requirements for network plans to apply for and be approved by the Commissioner of Insurance (“Commissioner”). Existing federal<sup>1,2</sup> and state<sup>3</sup> law require health benefit plans utilizing a network plan to prove the adequacy of the number, type, and location of the providers and facilities included within the network.*

(2) What are the terms or substance of the proposed regulation? *The proposed regulation outlines a procedure for a carrier wishing to apply for a network plan to have the application deemed adequate. It also provides for the ability of the Commissioner to declare a network plan adequate in certain instances when the application fails to meet the safe harbor provisions. The proposed regulation also outlines the requirements for network plans to remain in compliance and the potential remedies and penalties for failing to remain compliant.*

(3) What is the anticipated impact of the regulation on the problem(s)? *The proposed regulation is anticipated to mitigate some of the issues consumers, providers, facilities and insurers may experience in ensuring adequate access to medical care. Due to disparities in geography and*

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<sup>1</sup> 42 U.S.C. § 18031(c)(1)(B)

<sup>2</sup> 45 C.F.R. § 155.230

<sup>3</sup> NRS 687B.490

*medical care availability, the regulation is not anticipated to solve all issues consumers experience while trying to access medical care.*

(4) Do other regulations address the same problem(s)? *NAC 695C.1255 establishes similar requirements for Health Maintenance Organizations.*

(5) Are alternate forms of regulation sufficient to address the problem(s)? *No.*

(6) What value does the regulation have to the public? *The proposed regulation should help ensure that members of the public who purchase health benefit plans utilizing network plans have adequate access to medical care or other remedies available.*

(7) What is the anticipated economic benefit of the regulation?

- a. Public
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- b. Insurance Business
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- c. Small Businesses
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- d. Small Communities
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- e. Government Entities
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*

(8) What is the anticipated adverse impact, if any?

- a. Public
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- b. Insurance Business
  - 1. Immediate: *None anticipated*
  - 2. Long Term: *None anticipated*
- c. Small Businesses
  - 1. Immediate: *None anticipated*

- 2. Long Term: *None anticipated*
  - d. Small Communities
    - 1. Immediate: *None anticipated*
    - 2. Long Term: *None anticipated*
  - e. Government Entities
    - 1. Immediate: *None anticipated*
    - 2. Long Term: *None anticipated*
- (9) What is the anticipated cost of the regulation, both direct and indirect?
- a. Enactment: *No cost anticipated.*
  - b. Enforcement: *No direct cost to the state anticipated. Statute permits the Division to pass the cost of enforcement to the insurers applying for the approval of a network plan.*
  - c. Compliance: *No direct cost to the state anticipated. Statute permits the Division to pass the cost of compliance in the form of a market conduct examination to the insurer under examination.*
- (10) Does the regulation establish a new fee or increase an existing fee? *No.*
- (11) Provide a statement which identifies the methods used by the agency in determining the impact of the proposed regulation on a small business, prepared pursuant to subsection 3 of NRS 233B.0608. *Attached.*
- (12) Provide a description of any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, state the name of the regulating federal agency. *None known.*
- (13) If the regulation is required pursuant to federal law, provide a citation and description of the federal law. *See above.*
- (14) If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, provide a summary of such provisions. *Not applicable.*

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 1818 East College Parkway, Suite 103, Carson City, Nevada 89706. **Written submissions must be received by the Division on or before June 24, 2014.** If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation will be available at the offices of the Division,

1818 East College Parkway, Suite 103, Carson City, Nevada 89706, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://leg.state.nv.us/register/>. Copies of this notice and the proposed regulation will be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary. This does not apply to a public body subject to the Open Meeting Law.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

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DATED this \_\_\_\_ day of June, 2014.

\_\_\_\_\_  
/s/  
SCOTT J. KIPPER  
Commissioner of Insurance

**NEVADA DIVISION OF INSURANCE**  
**AGENDA**

**PUBLIC REGULATION HEARING**

**JULY 15, 2014**

**9:30 A.M.**

**In Carson City:**

**1818 E. College Pkwy., 1<sup>st</sup> Floor Hearing Room, Carson City, NV 89706  
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**Videoconferenced to Las Vegas:**

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**PROPOSED REGULATION:**

- 1. LCB FILE NO. R049-14 concerning Network Adequacy**
  - a. Presentation by Division of Insurance**
  - b. Public Comments to be Received**