

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R002-18

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter 687B.

1. A clear and concise explanation of the need for the adopted regulation.

The regulation is necessary to comply with the requirement that the Commissioner issue the network adequacy standards required of all network plans. See NRS 687B.490 and NAC 687B.768. The purpose of the regulation is to establish adequacy standards for network plans for plan year 2019.

2. A description of how public comment was solicited, a summary of the public response, and an explanation of how other interested persons may obtain a copy of the summary.

- (a) A description of how public comment was solicited:

Public comment was solicited by e-mailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, mailed to the main library for each county in Nevada, and posted at the following locations:

*Nevada Division of Insurance
1818 East College Parkway, Suite 103
Carson City, Nevada 89706*

*Nevada Division of Insurance
3300 West Sahara Avenue, Suite 275
Las Vegas, Nevada 89102*

*Legislative Building
401 South Carson Street
Carson City, Nevada 89701*

*Nevada State Business Center
3300 West Sahara Avenue
Las Vegas, Nevada 89102*

*Blasdel Building
209 East Musser Street
Carson City, Nevada 89701*

*Grant Sawyer Building
555 East Washington Avenue
Las Vegas, Nevada 89101*

*Capitol Building
101 North Carson Street
Carson City, Nevada 89701*

*Nevada Department of Employment,
Training and Rehabilitation
2800 E. Saint Louis Avenue
Las Vegas, Nevada 89104*

Public comment was also solicited at the workshop held on February 28, 2018, and at the hearing held on March 14, 2018. The workshop and hearing took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Nevada State Business Center, 3300 West Sahara Avenue, Las Vegas, Nevada 89102.

(b) A summary of the public response:

The Division of Insurance received no written comments or testimony related to this regulation.

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the public comments and testimony that transpired with regard to regulation R002-18. A copy of said summary may be obtained by contacting Jeremy Gladstone, at (775) 687-0729 or jgladstone@doi.nv.gov. This summary will also be made available by e-mail request to insinfo@doi.nv.gov.

3. The number of persons who:

- (a) Attended the hearing: *Three members of the public; two Division employees.*
- (b) Testified at the hearing: *One Division employee.*
- (c) Submitted to the agency written statements: *None.*

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the hearing:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
<i>Jeremy Gladstone</i>	<i>Division of Insurance</i>	<i>1818 College Pkwy Carson City, NV 89706</i>	<i>(775)687-0729</i>	<i>jgladstone@doi.nv.gov</i>

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
<i>NO WRITTEN STATEMENTS WERE RECEIVED</i>				

5. A description of how comment was solicited from affected businesses, a summary of the responses, and an explanation how interested persons may obtain a copy of the summary.

The Division of Insurance drafted a survey using Survey Monkey, requesting that respondents self-identify as a small business and provide feedback concerning the effects of the proposed regulation on business. The survey consisted of the following questions:

1. *“Do you own or manage a small business (1-50 employees)?”*
2. *“About how many employees work at your company?”*
3. *“Does your small business offer a health insurance plan with an in-network benefit to your employees?”*
 - a. *“What percentage of your employees enroll in this benefit?”*
4. *“Does your small business plan to offer a health insurance plan with an in-network benefit to your employees for plan year 2019?”*
 - a. *“What percentage of your employees do you expect to enroll in this benefit for plan year 2019?”*

The survey was sent out to the Chambers of Commerce throughout the state of Nevada for distribution to their members. To date, the Division has received only two responses to the survey from the Chambers. The survey responses received do not suggest that quantifying network adequacy standards in a regulation will impact small businesses.

Further, during the two-year process of promulgating the network adequacy regulation, which involved numerous parties, comments, and meetings, the Division received no comments which suggest that quantifying network adequacy standards in a regulation would negatively impact small businesses. The Division has also conducted extensive analysis and research of network adequacy standards to determine its reach.

This summary may be obtained by telephoning Jeremey Gladstone at (775) 687-0729, or by e-mail request to jgladstone@doi.nv.gov.

6. If after consideration of public comment the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

Not applicable, as there was no public comment received.

7. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

- (1) Both adverse and beneficial effects:

The adverse impact of the regulation on health insurance carriers is that they will be required to demonstrate the adequacy of their network plans based on the standards in the regulation. Carriers will likely have to adjust their network plans to meet these standards which could include adding additional healthcare

providers and facilities to their current network plan designs.

The benefit for health insurance carriers is that over time they will be able to better measure members' needs and use of providers to better plan their networks.

(2) Both immediate and long-term effects:

The immediate adverse impact is that the health insurance carriers will be required to demonstrate the adequacy of their network plans based on the network adequacy standards in the regulation. Carriers will likely have to adjust their network plans to meet member needs. Carriers may have to add additional healthcare providers to their current network plan designs.

Once carriers establish the relevant number and types of healthcare providers necessary to meet the network adequacy requirements, the long-term impact on carriers will be better known. Data will be gathered by the Division through its annual review of performance of a carrier's network plan. This data can then be studied to better predict long-term effects of certain network adequacy requirements.

The Division does not anticipate an immediate economic benefit to health insurance carriers from the regulation. Long term, health insurance carriers will be able to better measure members' needs and use of providers to better plan.

(b) The estimated economic effect of the adopted regulation on the public:

(1) Both adverse and beneficial effects:

The adverse economic effect on the public from the regulation is that there may be a learning curve with the health insurance carriers which may impact members' abilities to access care as quickly as hoped. Additionally, although the standards will be in place, this does not guarantee that every healthcare provider sought by a policyholder will always be an "in-network" provider.

The economic benefit for the public is that once implemented, members should be able to more reasonably access appropriate care with in-network providers. As the network adequacy requirements are updated each year, health insurance carriers should provide a broader base of "in-network" healthcare providers.

(2) Both immediate and long-term effects:

Looking at the immediate adverse impact, as carriers obtain experience

data, there may be a learning curve that may impact members' abilities to access care as quickly as hoped. In the long term, although network adequacy requirements will be issued each year, this does not guarantee that every healthcare provider sought by a policyholder will always be an "in-network" provider. As a result, the policyholder may still be responsible for paying some additional amounts out-of-pocket for an "out-of-network" provider.

Looking at the immediate benefit, once implemented, members should be able to more reasonably access appropriate care with in-network providers. In the long term, as the network adequacy requirements are updated and issued each year, they will generally provide a broader base of "in-network" healthcare providers and access thereto. By providing a broader base of "in-network" healthcare providers and access thereto, policyholders should experience lower out-of-pocket costs.

8. The estimated cost to the agency for enforcement of the adopted regulation.

There is no additional cost to enforce this regulation.

9. A description of any regulations of other state or government 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, the name of the regulating federal agency.

Not applicable, as there is no overlap or duplication.

10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

Not applicable, as there are not more stringent provisions.

11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

Not applicable, as this regulation does not establish a new fee or increase an existing fee.