

**PROPOSED REGULATION OF THE  
COMMISSIONER OF INSURANCE**

**LCB FILE NO. R127-18I**

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THE COMMISSIONER OF INSURANCE**

**LCB File No. R\_\_\_\_ - \_\_\_\_**

May 17, 2018

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

AUTHORITY: NRS 679B.130.

A REGULATION relating to insurance; establishing limitations on the sale of stop-loss insurance; setting forth disclosure and reporting requirements for the sale of stop-loss insurance.

**Section 1.** NAC 689B.350 is hereby amended as follows:

NAC 689B.350 1. A ~~policy~~ ~~for stop-loss insurance~~ ~~for a group health plan subject to the provisions of this chapter and chapter 689B of NRS if the policy for stop-loss insurance~~ *must*:

*(a) Not be issued to an employer group that offers a health plan to fewer than 15 lives;*

*(b) Not provide direct coverage of health care expenses of an individual;*

~~(a)~~*(c) [Has] Have* an annual attachment point for claims incurred per individual that is ~~lower than~~ *at least* \$10,000; and

~~(b)~~*(d) [Has] Have* an annual aggregate attachment point ~~for groups of not more than 50 persons that is lower than the greater of~~:

(1) ~~[The number of group members times \$4,000;]~~ *For small employer groups that is at least the lower of:*

~~(2)~~ *a.* One hundred and twenty percent of expected claims; or

~~(3)~~ *b. [Ten] Twenty* thousand dollars;

*(2) For all other groups that is at least 110 percent of expected claims.*

~~[(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or~~

~~-(d) Provides direct coverage of health care expenses of an individual.]~~

2. For the purposes of this section, an insurer shall determine the number of ~~[persons]~~ *lives* in a group on a consistent basis at least annually.

~~[3.—If a policy for stop-loss insurance for a group health plan does not meet the criteria set forth in this section, the policy will be deemed to be a health benefit plan for the purposes of this chapter and chapter 689B of NRS.]~~

~~[4.]~~ 3. As used in this section:

(a) “Attachment point” means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.

(b) “Expected claims” means the amount of claims that, in the absence of a stop-loss policy or other insurance, are projected to be incurred by an insured group through its health plan.

(c) “*A policy for* Stop-loss insurance” means insurance purchased by an employer to limit exposure to claim expenses under a health ~~[benefit]~~ plan provided by the employer.

*(d) “Lasing” means:*

*(1) Assigning a different attachment point for an individual based on his expected claims or a given diagnosis;*

*(2) Assigning a deductible to an individual that must be met before stop-loss coverage applies;*

*(3) Denying stop loss coverage to an individual who is otherwise covered by the small employer's health plan; or*

*(4) Applying an actively at work exclusion to stop-loss coverage.*

*(e) "Small Employer" has the meaning ascribed to it in NRS 689C.095.*

*4. A policy for stop-loss insurance for a group health plan issued to a small employer shall include the following provisions:*

*(a) A contract term with guaranteed rates for at least 12 months, without adjustment, unless there is a change in the benefits provided under the employer's health plan during the contract period;*

*(b) Both a specific attachment point and an aggregate attachment point in a contract;*

*(c) Plan benefit limitations and exclusions that align with the employer's health plan benefit limitations and exclusions, including any annual or lifetime limits in the employer's health plan;*

*(d) A requirement that stop-loss claims will be paid if they are:*

*(1) Incurred during the contract period; and*

*(2) Paid within 6 months after the expiration date of the contract; and*

*(e) Coverage of incurred and unpaid stop-loss claims when the small employer's stop-loss plan terminates.*

*5. The insurer shall submit at the request of the Commissioner:*

*(a) Nevada stop-loss experience by small employer for the previous calendar year and shall include:*

*(1) Employer size including both covered lives count and employee count as of the beginning of the contract;*

- (2) Covered lives exposure years and employee exposure years for the experience time period;*
- (3) Specific attachment point;*
- (4) Expected claims in the absence of stop loss insurance;*
- (5) Expected claims under the specific attachment point;*
- (6) Aggregate attachment point;*
- (7) Earned premium; and*
- (8) Claims paid by the stop-loss insurance, broken out by specific losses and aggregate losses; and*

*(b) Certification of compliance with requirements of NAC 689B.350.*

*6. A stop-loss contract issued to a small employer shall not include provisions that:*

*(a) Allow lasering; or*

*(b) Allow claims to be paid directly to an individual employee, member, or participant.*

*7. A stop-loss insurance policy delivered, issued for delivery, or entered into with a small employer, shall include at least the following information:*

*(a) The total premium or other consideration for the stop-loss policy;*

*(b) The date on which the insurance takes effect, and terminates, including renewability provisions;*

*(c) The aggregate attachment point and the specific attachment point;*

*(d) Limitations on coverage;*

*(e) An explanation of monthly accommodation and disclosure about any monthly accommodation features included in the stop-loss contract;*

*(f) A description of terminal liability funding, including the cost of processing claims before and after the termination of the contract; and*

*(g) Maximum claims liability to the employer.*

*8. The information required under subsection 5 shall be provided in a format prescribed by the Commissioner or in a substantially similar format approved by the Commissioner.*

*9. Guarantee issue and guarantee renewability do not apply to stop-loss policies.*

**Sec. 2.** NAC 689C.250 is hereby repealed.