

**PROPOSED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB FILE NO. R151-201

**The following document is the initial draft regulation proposed
by the agency submitted on 09/09/2020**

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

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

(1) ~~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.

~~[(e) 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.