

SENATE BILL NO. 262—SENATOR FARLEY

MARCH 14, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions concerning payments for treatment relating to mental illness or the abuse of alcohol or drugs. (BDR 57-455)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to health care; requiring that payments for treatment relating solely to mental health or the abuse of alcohol or drugs be made directly to certain providers of that treatment; requiring a licensed clinical alcohol and drug counselor to be directly reimbursed for providing treatment under certain circumstances; revising provisions relating to the accreditation of medical facilities and facilities for the dependent for the purpose of determining whether an insured person is entitled to benefits for certain treatment provided at such facilities; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law provides for treatment relating to the abuse of alcohol or drugs to
2 be covered by certain policies of health insurance and, under certain circumstances,
3 provided by employers. (NRS 608.156, 689A.030, 689A.046, 689C.166, 689C.167)
4 Existing law provides that under certain policies of health insurance, an insured
5 party is entitled to reimbursement for treatment by a clinical alcohol and drug abuse
6 counselor. (NRS 689A.0493, 689B.0397, 695B.1955, 695C.1789) Existing law
7 further requires certain policies of health insurance to cover treatment for mental
8 illness. (NRS 687B.404, 689A.0455, 689C.169) Existing law does not prevent a
9 person who is receiving treatment for mental illness or the abuse of alcohol or
10 drugs from receiving the payments for such treatment.

11 **Section 1** of this bill requires that a payment made pursuant to a policy of
12 health insurance for treatment relating solely to mental health or the abuse of
13 alcohol or drugs must be made directly to the provider of the treatment rather than
14 to the person receiving the treatment if the provider is an out-of-network provider
15 who has an assignment of benefits which meets certain qualifications. **Section 1**
16 also expressly requires such a provider to refund to a person who pays such a



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17 provider directly for such treatment certain amounts that the person paid to the
18 provider. For example, a person may have prepaid the provider for treatment and,
19 after the payment pursuant to the policy of health insurance is made to the provider,
20 the provider may need to refund all or part of the prepaid amounts to the person
21 receiving treatment. **Section 9** of this bill extends the requirements of **section 1** to
22 benefits provided through self-insurance by the Board of the Public Employees'
23 Benefits Program. (NRS 287.04335) **Section 10** of this bill extends the
24 requirements of **section 1** to benefits provided by certain employers.
25 (NRS 608.1555)

26 **Sections 3, 4, 6 and 7** of this bill provide that a licensed clinical alcohol and
27 drug abuse counselor must, if applicable, be directly reimbursed for treatment
28 relating to the abuse of alcohol or drugs in accordance with an applicable
29 assignment of benefits.

30 **Sections 2, 5 and 11** of this bill make conforming changes.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 687B of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. Every payment made pursuant to a policy of health*
4 *insurance to pay for treatment relating solely to mental health or*
5 *the abuse of alcohol or drugs must be made directly to the provider*
6 *of health care that provides the treatment if the provider:*

7 *(a) Is an out-of-network provider; and*
8 *(b) Has obtained and delivered to the insurer or an authorized*
9 *representative of the insurer, including, without limitation, a*
10 *third-party administrator, a written assignment of benefits*
11 *pursuant to which the insured has assigned to the provider the*
12 *insured's benefits under the policy of health insurance with*
13 *regard to the treatment.*

14 *2. An out-of-network provider that receives payment pursuant*
15 *to subsection 1:*

16 *(a) Shall, if a person paid the provider directly for the*
17 *treatment described in subsection 1, refund to the person*
18 *the amount that the person paid directly to the provider for the*
19 *treatment, less any applicable deductible, copayment or*
20 *coinsurance, not later than 45 days after the provider receives*
21 *payment pursuant to subsection 1; and*

22 *(b) Must indemnify and hold harmless the insurer against any*
23 *claim made against the insurer by the person who receives the*
24 *treatment described in subsection 1 for any amount paid by the*
25 *insurer to the provider in compliance with this section.*

26 *3. An assignment of benefits described in paragraph (b) of*
27 *subsection 1 is irrevocable for the period:*

28 *(a) Beginning on the date the insured gives to the out-of-*
29 *network provider the assignment of benefits; and*



1 (b) *Ending on the later of:*

2 (1) *The date on which the out-of-network provider receives*
3 *from the insurer the final payment for the treatment; or*

4 (2) *The date of the final resolution, including, without*
5 *limitation, by settlement or trial, of all claims relating to all*
6 *payments which relate to the treatment.*

7 4. *Nothing in this section shall be construed to require an*
8 *insurer to make a payment to an out-of-network provider:*

9 (a) *Who is not authorized by law to provide the treatment;*

10 (b) *Who provides the treatment in violation of any law; or*

11 (c) *In an amount which exceeds the amount required by the*
12 *policy of health insurance to be paid for out-of-network treatment.*

13 5. *As used in this section:*

14 (a) *“Health care services” means services for the diagnosis,*
15 *prevention, treatment, care or relief of a health condition, illness,*
16 *injury or disease.*

17 (b) *“Insured” means a person who receives benefits pursuant*
18 *to a policy of health insurance.*

19 (c) *“Insurer” means a person, including, without limitation, a*
20 *governmental entity, who issues or otherwise provides a policy of*
21 *health insurance.*

22 (d) *“Network plan” has the meaning ascribed to it in*
23 *NRS 689B.570.*

24 (e) *“Out-of-network provider” means a provider of health care*
25 *who:*

26 (1) *Provides health care services;*

27 (2) *Is paid, pursuant to a policy of health insurance, for*
28 *providing the health care services; and*

29 (3) *Is not under contract to provide the health care services*
30 *as part of any network plan associated with the policy of health*
31 *insurance.*

32 (f) *“Policy of health insurance” includes, without limitation, a*
33 *policy, contract, certificate, plan or agreement, as applicable,*
34 *issued pursuant to or otherwise governed by NRS 287.0402 to*
35 *287.049, inclusive, or chapter 608, 689A, 689B, 689C, 695A, 695B,*
36 *695C, 695F or 695G of NRS for the provision of, delivery of,*
37 *arrangement for, payment for or reimbursement for any of the*
38 *costs of health care services.*

39 (g) *“Provider of health care” has the meaning ascribed to it in*
40 *NRS 695G.070.*

41 **Sec. 2.** NRS 689A.046 is hereby amended to read as follows:

42 689A.046 1. The benefits provided by a policy for health
43 insurance for treatment of the abuse of alcohol or drugs must consist
44 of:



1 (a) Treatment for withdrawal from the physiological effect of
2 alcohol or drugs, with a minimum benefit of \$1,500 per calendar
3 year.

4 (b) Treatment for a patient admitted to a facility, with a
5 minimum benefit of \$9,000 per calendar year.

6 (c) Counseling for a person, group or family who is not admitted
7 to a facility, with a minimum benefit of \$2,500 per calendar year.

8 2. ~~These~~ *Except as otherwise provided in section 1 of this*
9 *act, these* benefits must be paid in the same manner as benefits for
10 any other illness covered by a similar policy are paid.

11 3. The insured person is entitled to these benefits if treatment is
12 received in any:

13 (a) Facility for the treatment of abuse of alcohol or drugs which
14 is certified by the Division of Public and Behavioral Health of the
15 Department of Health and Human Services.

16 (b) Hospital or other medical facility or facility for the
17 dependent which is licensed by the Division of Public and
18 Behavioral Health of the Department of Health and Human
19 Services, accredited by ~~the~~ *The* Joint Commission ~~on~~
20 ~~Accreditation of Healthcare Organizations~~ *or CARF International*
21 and provides a program for the treatment of abuse of alcohol or
22 drugs as part of its accredited activities.

23 **Sec. 3.** NRS 689A.0493 is hereby amended to read as follows:

24 689A.0493 If any policy of health insurance provides coverage
25 for treatment of an illness which is within the authorized scope of
26 practice of a licensed clinical alcohol and drug abuse counselor, the
27 insured is entitled to reimbursement for treatment by a clinical
28 alcohol and drug abuse counselor who is licensed pursuant to
29 chapter 641C of NRS ~~H~~ *unless the clinical alcohol and drug abuse*
30 *counselor must be directly reimbursed pursuant to:*

31 1. *An assignment of benefits described in section 1 of this act;*
32 *or*

33 2. *Any other applicable assignment of benefits.*

34 **Sec. 4.** NRS 689B.0397 is hereby amended to read as follows:

35 689B.0397 If any policy of group health insurance provides
36 coverage for treatment of an illness which is within the authorized
37 scope of practice of a licensed clinical alcohol and drug abuse
38 counselor, the insured is entitled to reimbursement for treatment by
39 a clinical alcohol and drug abuse counselor who is licensed pursuant
40 to chapter 641C of NRS ~~H~~ *unless the clinical alcohol and drug*
41 *abuse counselor must be directly reimbursed pursuant to:*

42 1. *An assignment of benefits described in section 1 of this act;*
43 *or*

44 2. *Any other applicable assignment of benefits.*



1 **Sec. 5.** NRS 689C.167 is hereby amended to read as follows:

2 689C.167 1. The benefits provided by a group policy for
3 health insurance, as required by NRS 689C.166, for the treatment of
4 abuse of alcohol or drugs must consist of:

5 (a) Treatment for withdrawal from the physiological effects of
6 alcohol or drugs, with a minimum benefit of \$1,500 per calendar
7 year.

8 (b) Treatment for a patient admitted to a facility, with a
9 minimum benefit of \$9,000 per calendar year.

10 (c) Counseling for a person, group or family who is not admitted
11 to a facility, with a minimum benefit of \$2,500 per calendar year.

12 2. ~~These~~ *Except as otherwise provided in section 1 of this*
13 *act, these* benefits must be paid in the same manner as benefits for
14 any other illness covered by a similar policy are paid.

15 3. The insured person is entitled to these benefits if treatment is
16 received in any:

17 (a) Facility for the treatment of abuse of alcohol or drugs which
18 is certified by the Division of Public and Behavioral Health of the
19 Department of Health and Human Services.

20 (b) Hospital or other medical facility or facility for the
21 dependent which is licensed by the Division of Public and
22 Behavioral Health of the Department of Health and Human
23 Services, is accredited by ~~the~~ *The Joint Commission* ~~or~~
24 ~~Accreditation of Healthcare Organizations~~ *or CARF International*
25 and provides a program for the treatment of abuse of alcohol or
26 drugs as part of its accredited activities.

27 **Sec. 6.** NRS 695B.1955 is hereby amended to read as follows:

28 695B.1955 If any contract for hospital or medical service
29 provides coverage for treatment of an illness which is within the
30 authorized scope of practice of a licensed clinical alcohol and drug
31 abuse counselor, the insured is entitled to reimbursement for
32 treatment by a clinical alcohol and drug abuse counselor who is
33 licensed pursuant to chapter 641C of NRS ~~H~~ *unless the clinical*
34 *alcohol and drug abuse counselor must be directly reimbursed*
35 *pursuant to:*

36 1. *An assignment of benefits described in section 1 of this act;*
37 *or*

38 2. *Any other applicable assignment of benefits.*

39 **Sec. 7.** NRS 695C.1789 is hereby amended to read as follows:

40 695C.1789 If any evidence of coverage provides coverage for
41 treatment of an illness which is within the authorized scope of
42 practice of a licensed clinical alcohol and drug abuse counselor, the
43 insured is entitled to reimbursement for treatment by a clinical
44 alcohol and drug abuse counselor who is licensed pursuant to



1 chapter 641C of NRS ~~H~~ *unless the clinical alcohol and drug abuse*
2 *counselor must be directly reimbursed pursuant to:*

3 *1. An assignment of benefits described in section 1 of this act;*
4 *or*

5 *2. Any other applicable assignment of benefits.*

6 **Sec. 8.** (Deleted by amendment.)

7 **Sec. 9.** NRS 287.04335 is hereby amended to read as follows:

8 287.04335 If the Board provides health insurance through a
9 plan of self-insurance, it shall comply with the provisions of NRS
10 689B.255, 695G.150, 695G.160, 695G.162, 695G.164, 695G.1645,
11 695G.1665, 695G.167, 695G.170 to 695G.173, inclusive, 695G.177,
12 695G.200 to 695G.230, inclusive, 695G.241 to 695G.310, inclusive,
13 and 695G.405, *and section 1 of this act* in the same manner as an
14 insurer that is licensed pursuant to title 57 of NRS is required to
15 comply with those provisions.

16 **Sec. 10.** NRS 608.1555 is hereby amended to read as follows:

17 608.1555 Any employer who provides benefits for health care
18 to his or her employees shall provide the same benefits and pay
19 providers of health care in the same manner as a policy of insurance
20 pursuant to chapters 689A and 689B of NRS ~~H~~, *including, without*
21 *limitation, as required by section 1 of this act.*

22 **Sec. 11.** NRS 608.156 is hereby amended to read as follows:

23 608.156 1. If an employer provides health benefits for his or
24 her employees, the employer shall provide benefits for the expenses
25 for the treatment of abuse of alcohol and drugs. The annual benefits
26 provided by the employer must consist of:

27 (a) Treatment for withdrawal from the physiological effects of
28 alcohol or drugs, with a maximum benefit of \$1,500 per calendar
29 year.

30 (b) Treatment for a patient admitted to a facility, with a
31 maximum benefit of \$9,000 per calendar year.

32 (c) Counseling for a person, group or family who is not admitted
33 to a facility, with a maximum benefit of \$2,500 per calendar year.

34 2. The maximum amount which may be paid in the lifetime of
35 the insured for any combination of the treatments listed in
36 subsection 1 is \$39,000.

37 3. ~~Hthese~~ *Except as otherwise provided in section 1 of this*
38 *act, these* benefits must be paid in the same manner as benefits for
39 any other illness covered by the employer are paid.

40 4. The employee is entitled to these benefits if treatment is
41 received in any:

42 (a) Program for the treatment of abuse of alcohol or drugs which
43 is certified by the Division of Public and Behavioral Health of the
44 Department of Health and Human Services.



1 (b) Hospital or other medical facility or facility for the
2 dependent which is licensed by the Division of Public and
3 Behavioral Health of the Department of Health and Human
4 Services, *is* accredited by The Joint Commission *or CARF*
5 *International* and provides a program for the treatment of abuse of
6 alcohol or drugs as part of its accredited activities.

7 **Sec. 12.** This act becomes effective on January 1, 2018.

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