PROPOSED REGULATION OF THE

COMMISSIONER OF INSURANCE

LCB File No. R224-97

January 17, 1998

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

AUTHORITY: §§1, 17, 18 and 20, NRS 679B.130; §3, NRS 679B.130 and 689A.740; §4, NRS 679B.130, 689A.670 and 689A.740; §5, NRS 679B.130, 689A.700 and 689A.740; §§6 and 7, NRS 679B.130, 689A.710 and 689A.740; §8, NRS 679B.130 and 689A.710; §10, NRS 679B.130 and 689B.480; §11, NRS 679B.130 and 689B.590; §13, NRS 679B.130 and 689C.157; §14, NRS 679B.130, 689C.191 and 689C.203; §§15 and 16, NRS 679B.130 and 689C.203; §19, 679B.130 and 689C.940.

Section 1. Chapter 686A of NAC is hereby amended by adding thereto a new section to read as follows:

1. If an employee is otherwise eligible for benefits, an insurer who has entered into a contract with the employer of the employee shall not deny any benefits for life insurance, health insurance, disability income, accidental death benefits or any other benefits provided to the employee and his dependents on the basis that the employee is not physically present at his place of employment on the date that the insurer entered into the contract with the employer.

2. As used in this section "contract" has the meaning ascribed to it in NAC 686A.120.

Sec. 2. Chapter 689A of NAC is hereby amended by adding thereto the provisions set forth as sections 3 to 8, inclusive, of this regulation.

Sec. 3. *1. The commissioner of insurance hereby adopts by reference "Bulletin No. 87-4, Policy and Form Filing Procedures." A copy of the bulletin may be obtained at no cost from*

the Department of Business and Industry, Division of Insurance, 1665 Hot Springs Road, No. 152, Carson City, Nevada 89706.

2. Except as otherwise provided in subsection 3, an individual carrier shall:

(a) File with the commissioner the basic health benefit plans and standard health benefit plans that the individual carrier is required to file pursuant to NRS 689A.655, in accordance with the procedures set forth in "Bulletin No. 87-4, Policy and Form Filing Procedures;" and

(b) Stamp "HIPAA" on the form that the individual carrier is required to file pursuant to subsection 2 of "Bulletin No. 87-4, Policy and Form Filing Procedures."

3. The requirements set forth in paragraphs (c), (d) and (e) of subsection 3 of "Bulletin No. 87-4, Policy and Form Filing Procedures" do not apply to a filing made by an individual carrier pursuant to this section.

Sec. 4. *1. Except as otherwise provided by subsection 2, an individual carrier that wishes to change its status as an individual risk-assuming or reinsuring carrier must apply to the commissioner on a form prescribed by the commissioner at least 30 days before the expiration of the period for which the individual carrier elected to act as an individual risk-assuming or reinsuring carrier pursuant to NRS 689A.670.*

2. The commissioner will allow an individual carrier to change its status as an individual risk-assuming or reinsuring carrier at any time if the individual carrier:

(a) Applies to the commissioner on a form prescribed by the commissioner; and (b) Provides adequate evidence, as determined by the commissioner, that a change in status is necessary for the individual carrier to meet its contractual and statutory obligations.

3. An individual carrier that applies for a change in its status pursuant to this section may request that the information on the application be kept confidential if disclosure of the information would adversely affect the financial solvency of the carrier or promote unfair competition among carriers. The commissioner will notify an individual carrier in writing of his decision to approve or disapprove a request for confidentiality within 30 days after receipt of the request.

4. The commissioner will notify an individual carrier in writing of his decision to approve or disapprove an application within 60 days after receipt of the application.

Sec. 5. *In addition to the information required pursuant to NRS 689A.690, the actuarial certification an individual carrier is required to file with the commissioner pursuant to that section must include:*

1. The number of blocks of business for an individual health benefit plan established by the individual carrier;

2. After adjusting for rating characteristics and design of benefits, the ratio of the highest written premium per individual in a block of business for an individual health benefit plan to the lowest written premium per individual in a block of business for an individual health benefit plan;

3. After adjusting for rating characteristics and design of benefits, the ratio of the written premium per individual in the block or blocks of business containing the basic and standard health benefit plan to the lowest written premium per individual in a block of business for an individual health benefit plan; and

4. For each rating characteristic used in establishing premium rates, the ratio of the highest rating factor associated with any classification of that rating characteristic to the lowest rating factor associated with any classification of that rating characteristic.

5. As used in this section, "characteristic" has the meaning ascribed to "characteristics" in subsection 5 of NRS 689A.680.

Sec. 6. *If a person is unable to obtain a certificate of credible coverage pursuant to NRS 689A.720, an individual carrier shall accept from the person, other evidence which reasonably establishes previous creditable coverage, including, without limitation, copies of:*

1. A policy of health insurance;

2. A certificate issued to the person that evidences health insurance coverage under a policy or contract issued to a trust or an association or to any other similar group of persons;

3. Billing statements;

4. Canceled checks;

5. An identification card issued by an insurer;

6. An explanation of benefits relating to a specific claim for medical services that were provided to the person by an insurer;

7. A letter notifying the person that he is eligible for coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA);

8. A letter written by the liquidator of an insurer that verifies the dates that the person was covered by the insurer under a policy of health insurance;

9. A statement written by the person that includes the name and telephone number of any insurers under which he had health insurance coverage;

10. Pay stubs showing a payroll deduction for health insurance coverage; or

11. Records from a provider of medical care that evidence health insurance coverage.

Sec. 7. *1. An individual carrier shall offer:*

(a) Except as otherwise provided by NRS 689A.645 and 689A.650, a basic health benefit plan and a standard health benefit plan that has been approved by the commissioner pursuant to NRS 689A.655; or

(b) The two health benefit plans with the largest premium volume of all the health benefit plans offered by the individual carrier in this state,

to an eligible person who seeks coverage from that individual carrier.

2. If an individual carrier quotes a premium rate for an individual health benefit plan to a producer or a person who seeks health insurance coverage from the individual carrier, the individual carrier shall disclose the amount that the premium rate may vary from the quoted premium rate because of the health status of the person to be covered by the health insurance.

Sec. 8. *An individual carrier that issues health insurance on a franchise plan pursuant to NRS 689A.370 must, on or before March 1 of each calendar year, file with the commissioner a report concerning the operation of the individual carrier during the preceding calendar year. The report must include the number of:*

1. Policies of health insurance on a franchise plan that were in force as of June 30, 1997;

2. Policies of health insurance on a franchise plan that were in force as of December 31 of the preceding calendar year;

3. Employers who authorized policies of health insurance on a franchise plan in the preceding calendar year;

4. Employees employed by the largest employer who authorized policies of health insurance on a franchise plan in the preceding calendar year; and

5. Employees who were denied or not offered health insurance on a franchise plan in the preceding calendar year.

Sec. 9. Chapter 689B of NAC is hereby amended by adding thereto the provisions set forth as sections 10 and 11 of this regulation.

Sec. 10. *If a person is unable to obtain a certificate of credible coverage pursuant to NRS 689B.490, a carrier shall accept from the person, other evidence which reasonably establishes previous creditable coverage, including, without limitation, copies of:*

1. A policy of health insurance;

2. A certificate issued to the person that evidences health insurance coverage under a policy or contract issued to a trust or an association or to any other similar group of persons;

3. Billing statements;

4. Canceled checks;

5. An identification card issued by an insurer;

6. An explanation of benefits relating to a specific claim for medical services that were provided to the person by an insurer;

7. A letter notifying the person that he is eligible for coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA);

8. A letter written by the liquidator of an insurer that verifies the dates that the person was covered by the insurer under a policy of health insurance;

9. A statement written by the person that includes the name and telephone number of any insurers under which he had health insurance coverage;

10. Pay stubs showing a payroll deduction for health insurance coverage; or

11. Records from a provider of medical care that evidence health insurance coverage.

Sec. 11. *1. A carrier that is required to offer a person a converted policy pursuant to NRS 689B.120 shall notify each person with a converted policy issued before the effective date of the requirement set forth in subsection 1 of NRS 689B.590, in writing, not less than 60 days before the annual renewal date of the converted policy, of his right to elect a basic or standard health benefit plan as a substitute converted policy. The notice must include the premium rates charged by the carrier for the basic and standard health benefit plan.*

2. A carrier that issues health benefit plans to small employers and large group employers in this state shall allocate premium and loss experience on its converted policies issued pursuant to NRS 689B.590 based on:

(a) The number of small employers or large group employers with converted policies relative to the total number of policyholders that are small employers or large group employers; or

(b) The proportion of total premium earned in the book of health benefit plan business containing the small employer or large group employers with converted policies relative to the total premium earned from all health benefit plans for small employers or large group employers in the period of experience.

3. As used in this section, "small employer" has the meaning ascribed to it in NRS 689C.095.

Sec. 12. Chapter 689C of NAC is hereby amended by adding thereto the provisions set forth as sections 13 to 19, inclusive, of this regulation.

Sec. 13. *1. The commissioner of insurance hereby adopts by reference "Bulletin No. 87-4, Policy and Form Filing Procedures." A copy of the bulletin may be obtained at no cost from the Department of Business and Industry, Division of Insurance, 1665 Hot Springs Road, No. 152, Carson City, Nevada 89706.*

2. Except as otherwise provided in subsection 3, a carrier shall:

(a) File with the commissioner the basic health benefit plans and standard health benefit plans that the carrier is required to file pursuant to NRS 689C.157, in accordance with the procedures set forth in "Bulletin No. 87-4, Policy and Form Filing Procedures;" and

(b) Stamp "HIPAA" on the form that the carrier is required to file pursuant to subsection 2 of "Bulletin No. 87-4, Policy and Form Filing Procedures."

3. The requirements set forth in paragraphs (c), (d) and (e) of subsection 3 of "Bulletin No. 87-4, Policy and Form Filing Procedures" do not apply to a filing made by a carrier pursuant to this section.

Sec. 14. *If a person is unable to obtain a certificate of credible coverage pursuant to NRS 689C.192, a carrier shall accept from the person, other evidence which reasonably establishes previous creditable coverage, including, without limitation, copies of:*

1. A policy of health insurance;

2. A certificate issued to the person that evidences health insurance coverage under a policy or contract issued to a trust or an association or to any other similar group of persons;

3. Billing statements;

4. Canceled checks;

5. An identification card issued by an insurer;

6. An explanation of benefits relating to a specific claim for medical services that was provided to the person by an insurer;

7. A letter notifying the person that he is eligible for coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA);

8. A letter written by the liquidator of an insurer that verifies the dates that the person was covered by the insurer under a policy of health insurance;

9. A statement written by the person that includes the name and telephone number of any insurers under which he had health insurance coverage;

10. Pay stubs showing a payroll deduction for health insurance coverage; or

11. Records from a provider of medical care that evidence health insurance coverage.

Sec. 15. *A carrier serving small employers shall offer the same benefits to all of the small employers it serves regardless of the number of eligible employees the small employer employs.*

Sec. 16. *If a carrier serving small employers quotes a premium rate for a health benefit plan to a producer or a small employer who seeks health insurance coverage from the carrier, the carrier shall disclose the amount that the premium rate may vary from the quoted premium rate because of the health status of a person to be covered by the health insurance.*

Sec. 17. *A producer may, on behalf of a small employer, request a copy of the disclosure required to be filed with the commissioner pursuant to NRS 689.270.*

Sec. 18. *A carrier serving small employers shall accept applications for a health benefit plan for a small employer on a form prescribed by the commissioner.*

Sec. 19. *A policy issued as a stop-loss policy is a health benefit plan for the purposes of this chapter and chapter 689C of NRS if the insurer is required to reimburse the insured for:*

1. The claims made by an employee or his dependent that equal less than $10,000; or

2. The claims made by all the employees and their dependents that equal less than 115 percent of expected claims.

Sec. 20. NAC 689C.160 is hereby amended to read as follows:

689C.160 *1.* A carrier serving small employers that offers a health benefit plan shall, on or before March 1 **[**, 1997, and annually thereafter,**]** *of each calendar year,* file with the commissioner a report concerning the operation of the carrier during the preceding calendar year. The report must include:

[1.**]** *(a)* A statement indicating whether the carrier intends to continue to offer health benefit plans; **[**and

2.**]** *(b)* A list of the health benefit plans offered by the carrier, including the name of each health benefit plan and a name or number of the form filed pursuant to NAC 689C.180 for each health benefit plan **[**.**]** *;*

(c) The number of total claims incurred in the preceding calendar year for health benefit plans for small employers in this state;

(d) The index rate, as of December 31 of the preceding calendar year; and

(e) The following information for each calendar quarter of the preceding calendar year:

(1) The premium earned from health benefit plans for small employers in this state;

(2) The number of health benefit plans that were in force for small employers in this state;

(3) The number of health benefit plans that were in force for small employers in this state that employed two to ten employees; and

(4) The total number of individuals covered by health benefit plans for small employers in this state.

2. The commissioner will keep confidential the index rate that is submitted pursuant to this section.

3. As used in this section, "index rate" has the meaning ascribed to it in paragraph (b) of subsection 3 of NRS 689C.230.