

LCB File No. R009-02

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

**NOTICE OF WORKSHOPS TO SOLICIT COMMENTS
ON PROPOSED REGULATIONS**

January 17, 2002

The Department of Business and Industry, Division of Insurance (Division) is proposing new regulations pertaining to group health insurance; health maintenance organizations, nonprofit corporations for hospital, medical and dental service, plans for dental care, and prepaid limited health organizations; the Public Employees Benefit Plan; and pharmacy identification cards. A workshop has been set for 10:00 a.m., on February 20, 2002, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested parties may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the workshop is to solicit comments from interested persons on the following general topics addressed in the proposed regulations.

- 1. Group Health Insurance. The proposed regulation limits rate changes to not more frequently than every 6 months; requires disclosure of changes in premiums; establishes procedures for small employer carriers to change their status as a risk assuming or reinsuring carrier; addresses actively-at-work provisions; and establishes requirements for grace period premiums.**
- 2. HMOs, Nonprofit Medical Service Corporations, Dental Plans, Prepaid Limited Health Service Organizations. The proposed regulation amends and updates existing financial reporting requirements, and establishes new financial reporting requirements that are uniform and consistent among the various health entities.**
- 3. Public Employees Benefit Plan. The proposed regulation establishes requirements for the reporting of complaints by the benefit plan.**
- 4. Pharmacy Identification Cards. The proposed regulation requires identification cards to be filed with the Commissioner for approval and prohibits the delay or denial of a claim solely because a provider does not have a number assigned by the Drug Enforcement Administration.**

Members of the insurance industry, business community, and the public are also invited to comment on any impact the proposed regulations may have on small businesses. The Division has reviewed the proposed regulations and determined that the regulations do not impose a direct or significant impact on a small business, or directly restrict the formation, operation, or expansion of a small business.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulations are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at **www.leg.state.nv.us**. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

This Notice of Workshop to Solicit Comments on Proposed Regulations has been sent to all persons on the agency's mailing list for administrative regulations and posted at the following locations:

Department of Business and Industry
Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701

Department of Business and Industry
Division of Insurance
2501 East Sahara Avenue, Suite 302
Las Vegas, NV 89104

Legislative Counsel Bureau
Capitol Complex
Carson City, NV 89710

Blasdel Building
Capitol Complex
Carson City, NV 89710

State Capitol
Capitol Complex
Carson City, NV 89710

Capitol Press Room
State Capitol Basement
Carson City, NV 89710

County Clerk
Courthouse
Carson City, NV 89710

Nevada State Library & Archives
Capitol Complex
Carson City, NV 89710

Carson City Library
900 North Roop Street
Carson City, NV 89701

Churchill County Library
553 South Maine Street
Fallon, NV 89406

Las Vegas Library
833 Las Vegas Blvd. North
Las Vegas, NV 89101

Douglas County Library
1625 Library Lane
P.O. Box 337
Minden, NV 89423

Elko County Library

Goldfield Public Library

720 Court Street
Elko, NV 89801

Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

Washoe County Library
301 South Center Street
P.O. Box 2151
Reno, NV 89505

White Pine County Library
950 Campton Street
Ely, NV 89301

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (702) 687-4270, extension 260.

DATED this _____ day of January, 2002.

By: _____
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

NOTICE OF INTENT TO ACT UPON REGULATIONS

Notice of Hearing for the Adoption of Regulations of the Department of Business and Industry, Division of Insurance

The Department of Business and Industry, Division of Insurance (Division) will hold a public hearing at 10:00 a.m., on February 20, 2002, immediately following a public workshop, at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Interested persons may also participate through a simultaneous video-conference conducted at the Bradley Building, 2501 E. Sahara Avenue, Manufactured Housing Division Conference Room, 2nd Floor, Las Vegas, Nevada 89104. The purpose of the hearing is to receive comments from all interested persons regarding the adoption of:

REGULATIONS CONCERNING GROUP HEALTH INSURANCE

The following information is provided pursuant to the requirements of NRS 233B.060:

1. The proposed regulation is needed to amend Nevada regulations to conform to federal HIPAA standards, address problems experienced by insureds and to establish standards for the program of reinsurance.
2. The proposed regulation establishes rules for grace period premiums, rules for actively-at-work provisions, enrollment or withdrawal from the program of reinsurance, and changes in premium rates.
3. Estimated economic effect of the regulation:
On the business which it is to regulate:
The proposed regulation may have both an immediate and long-term impact on the industry if health insurers must revise underwriting and rating rules to conform to the regulation.
On the public:
The proposed regulations should have no economic impact on the public.
4. The Division may incur some additional expense to enforce the proposed regulation that cannot be measured at this time.
5. The Division is not aware of any overlap or duplication of the regulation with any state, local or federal regulation.
6. The proposed regulation does not establish any new fees or increase an existing fee.

Persons wishing to comment upon the proposed action of the Division may appear at the scheduled public hearing or may address their comments, data, views or arguments, in written form, to the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701. Written submissions must be received by the Division on or before February 15, 2002. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Division

may proceed immediately to act upon any written submissions.

A copy of this notice and the proposed regulation will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulation will be available at the offices of the Division, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, and 2501 East Sahara Avenue, Suite 302, Las Vegas, Nevada 89104, and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the **State of Nevada Register of Administrative Regulations** which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653 and on the Internet at **<http://www.leg.state.nv.us>**. Copies will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice of hearing has been posted at the following locations:

Department of Business and Industry Division of Insurance 788 Fairview Drive, Suite 300 Carson City, NV 89701	Department of Business and Industry Division of Insurance 2501 East Sahara Avenue, Suite 302 Las Vegas, NV 89104
Legislative Counsel Bureau Capitol Complex Carson City, NV 89710	Blasdel Building Capitol Complex Carson City, NV 89710
State Capitol Capitol Complex Carson City, NV 89710	Capitol Press Room State Capitol Basement Carson City, NV 89710
County Clerk Courthouse Carson City, NV 89710	Nevada State Library & Archives Capitol Complex Carson City, NV 89710
Carson City Library 900 North Roop Street Carson City, NV 89701	Churchill County Library 553 South Maine Street Fallon, NV 89406
Las Vegas Library 833 Las Vegas Blvd. North Las Vegas, NV 89101	Douglas County Library 1625 Library Lane P.O. Box 337 Minden, NV 89423

Elko County Library
720 Court Street
Elko, NV 89801

Eureka Branch Library
10190 Monroe Street
P.O. Box 293
Eureka, NV 89316

Battle Mountain Branch Library
P.O. Box 141
Battle Mountain, NV 89820

Mineral County Library
First & A Street
P.O. Box 1390
Hawthorne, NV 89415

Tonopah Public Library
171 Central Street
P.O. Box 449
Tonopah, NV 89049

Storey County Library
95 South R Street
P.O. Box 14
Virginia City, NV 89440

White Pine County Library
950 Campton Street
Ely, NV 89301

Goldfield Public Library
Fourth & Cook Street
P.O. Box 430
Goldfield, NV 89013

Humboldt County Library
85 East 5th Street
Winnemucca, NV 89445

Lincoln County Library
93 Main Street
P.O. Box 330
Pioche, NV 89043

Lyon County Library
20 Nevin Way
Yerington, NV 89447

Pershing County Library
1125 Central Avenue
P.O. Box 781
Lovelock, NV 89419

Washoe County Library
301 South Center Street
P.O. Box 2151
Reno, NV 89505

Clark County Library
1401 East Flamingo Road
Las Vegas, NV 89119

Members of the public who are disabled and require special accommodations or assistance at the hearing are requested to notify the Commissioner's secretary in writing at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701, or by calling no later than 5 working days prior to the hearing, (702) 687-4270, extension 260.

DATED this _____ day of January, 2002.

By: _____
ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

**PROPOSED REGULATION OF THE DIVISION OF INSURANCE
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY**

REGULATION CONCERNING GROUP HEALTH INSURANCE

Authority: NRS 679B.130, 689B.027, 689B.090, 689C.155, 689C.203, 689C.270, 689C.283, 695B.172, and 695C.193.

Section 1. Chapter 687B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 6, inclusive of this regulation.

Sec. 2. *“Grace period” is defined as the time after the date that a premium is due during which the premium can be paid, without interest, to keep the policy in force. If a premium is not paid during the grace period, the contract terminates retroactively to the end of the day preceding the beginning of the grace period.*

Sec. 3. *The provisions of these sections apply to individual health insurers, large and small group health insurers and health maintenance organizations as provided in Chapters 689A, 689B, 689C, 695B, 695C, 695D and 695F of the NRS. Nothing in these sections replaces the requirements of NRS 689A.070 and NRS 689A.080.*

Sec. 4. *An insurer cannot require payment of premium for the grace period. Requiring a premium for this time eliminates the purpose of the grace period. The insurer is no longer offering a grace period in its product.*

Sec. 5. *1. Except as provided in (b) below, an insurer that utilizes a grace period clause is not required to pay claims incurred during the grace period and may be reimbursed for any claims incurred during the grace period that were erroneously paid; and*

2. An insurer is liable for claims incurred during the grace period if the late premium is received in accordance with the contractual grace period provision.

Sec. 6. *Insurers charging premiums during a grace period, and in lieu of a payment, by deducting the premium for the grace period from claims payments violate subsection 2 of 687B.130 of the NRS.*

Sec. 7. Chapter 689B of the NAC is hereby amended by adding thereto a new section to read as follows:

1. A group health plan, and a health insurer offering group health insurance coverage, may not establish any rule for eligibility, including continued eligibility, of any individual to enroll for benefits under the terms of the plan or group health insurance that discriminates based upon any health status factor that relates to the individual or the dependent of that individual.

2. A group health plan or health plan insurer may not establish a rule for eligibility or set any individual’s premium or contribution rate based on whether an individual is confined to a hospital or other health care institution.

3. A group health plan or health insurer may not establish a rule for eligibility or set any individual's premium or contribution rate based on whether an individual is actively at work, including whether an individual is continuously employed, unless absence from work due to any health factor is treated, for purposes of the plan or health insurance coverage, as being actively at work.

4. Rules for eligibility include, but are not limited to, the effective date of coverage, waiting or affiliation periods, late and special enrollment, eligibility of benefit packages (includes rules for individuals to change their selection among benefit packages).

Sec. 8. Chapter 689C of the NAC is hereby amended by adding thereto a new section to read as follows:

1. A group health plan, and a health insurer offering group health insurance coverage, may not establish any rule for eligibility, including continued eligibility, of any individual to enroll for benefits under the terms of the plan or group health insurance that discriminates based upon any health status factor that relates to the individual or the dependent of that individual.

2. A group health plan or health plan insurer may not establish a rule for eligibility or set any individual's premium or contribution rate based on whether an individual is confined to a hospital or other health care institution.

3. A group health plan or health insurer may not establish a rule for eligibility or set any individual's premium or contribution rate based on whether an individual is actively at work, including whether an individual is continuously employed, unless absence from work due to any health factor is treated, for purposes of the plan or health insurance coverage, as being actively at work.

4. Rules for eligibility include, but are not limited to, the effective date of coverage, waiting or affiliation periods, late and special enrollment, eligibility of benefit packages (includes rules for individuals to change their selection among benefit packages).

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

Sec. 10. *1. A small employer carrier that elected to operate as a risk-assuming or reinsuring carrier pursuant to NRS 689C.283 may apply to the commissioner to change its status.*

2. The commissioner will approve an application to change the status of a small employer carrier if the small employer carrier provides adequate evidence that a change in status is necessary for the small employer carrier to meet its contractual and statutory obligations.

3. A small employer carrier that applies for a change in its status pursuant to subsection 2 may request that the information on its application be kept confidential if disclosure of the information would adversely affect the financial solvency of the small employer carrier or promote unfair competition among other small employer carriers. The commissioner will notify a small employer 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 a small employer carrier in writing of his decision to approve or disapprove an application to change the status of a small employer carrier pursuant to subsection 2 within 60 days after receipt of the application.

Sec. 11. *1. If a small employer carrier wishes to change its election to operate as a risk-assuming or reinsuring carrier pursuant to NRS 689C.283 at the end of the current period of election, it shall notify the commissioner no later than 30 days before the expiration of the current period of election.*

2. If no such notice is provided, the small employer carrier shall be deemed to have elected to operate with the same status for the next period of election.

Sec. 12. Chapters 689B, 689C, 695B and 692 of NAC are hereby amended by adding thereto the provisions set forth as sections 13 to 16, inclusive, of this regulation.

Sec. 13. *A health insurance carrier may not increase the premium rates for a health benefit plan more frequently than every six (6) months.*

Sec. 14. *As part of the disclosure a carrier shall disclose in advertising and sales materials provided to employers the following:*

1. The contract term applicable to premium rates.

2. The extent to which premium rates for a specific employer are established or adjusted due to the claim experience, health status or duration of coverage of the employees or dependents of the employer.

3. A description of the class of business in which the employer is included.

Sec. 15. *A copy of the information contained in section 3 must also be included in the health benefit plan.*

Sec. 16. *Sections 13 to 15, inclusive, of this regulation also apply to a policy of blanket accident and health insurance.*