

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS  
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R049-14

The following statement is submitted by the Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter 687B, and repeal of NAC 695C.160 and 695C.200.

**1. A clear and concise explanation of the need for the adopted regulation.**

Nevada Revised Statute 687B.490 requires the Commissioner of Insurance to adopt regulations to 1) ensure insurance carriers that offer coverage in the small group or individual market demonstrate the capacity to deliver services adequately before making any network plan available for sale, 2) address organizational arrangements of network plans and, 3) address the procedure by which network plans will develop, compile, evaluate and report certain information relating to services. See NRS 687B.490(1) and (2). This regulation establishes an advisory council and a public forum where interested persons may participate in the process used to arrive at annual network adequacy requirements.

**2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

**(a) A description of how public comment was solicited:**

Public comment was solicited by e-mailing the regulation, notices of workshops, notices of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list who requested notification of proposed regulations. These documents were also made available through the Division’s website (<http://doi.nv.gov/>), mailed to the main library for each county in Nevada, distributed by the office of Assemblyman James Oscarson to interested persons, and posted at the following locations:

Department of Business and Industry  
Division of Insurance  
1818 East College Parkway, Suite 103  
Carson City, Nevada 89706

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

Legislative Building  
401 South Carson Street  
Carson City, Nevada 89701

Grant Sawyer Building  
555 East Washington Avenue  
Las Vegas, Nevada 89101

Blasdel Building  
209 East Musser Street  
Carson City, Nevada 89701

Capitol Building  
101 North Carson Street  
Carson City, Nevada 89701

Nevada Department of Employment,  
Training and Rehabilitation  
2800 E. Saint Louis Avenue  
Las Vegas, Nevada 89104

The Division distributed drafts of the regulation with each proposed change, from the initial announcement of the proposed regulation in June 2014 until the adoption hearing held on March 22, 2016. Public comment was also solicited at workshops held on July 1, 2014; July 15, 2014; August 12, 2014; September 25, 2014; July 23, 2015, January 28, 2016, and at hearings held on November 12, 2014, October 20, 2015, and March 16, 2016, which was recessed and reconvened on March 22, 2016. The workshops and hearings took place at the offices of the Division, 1818 East College Parkway, Carson City, Nevada 89706, with simultaneous videoconferencing to the Bradley Building, 2501 East Sahara Avenue, Las Vegas, Nevada 89104, with the exception of the workshop held on July 23, 2015, which was held at the Legislative Building, 401 South Carson Street, Room 2135, Carson City, Nevada 89701, with simultaneous videoconferencing to the Grant Sawyer Building, 555 East Washington Avenue, Room 4412E, Las Vegas, Nevada 89101.

**(b) A summary of the public response:**

During the six workshops and three hearings listed above, the Division received both oral and written comments from various interested persons about specific aspects of the regulation. Public comment centered mainly in the following areas:

- (1) Material (significant) change in a network plan resulting in a need to reexamine its adequacy: Some commenters were concerned that the definition of material change was unclear and left too much room for variation. Others wanted a high number, such as a 20% change, to trigger a reexamination, while others wanted something less than 10%. Concern was also expressed about certain time requirements for notifying the Commissioner, consumers, and updating provider directories about changes in the network.
- (2) Time/Distance Standards and Geographic Service Regions: Some commenters advocated large service areas so that residents would have more providers available within the area, while others suggested that large areas would increase the time and distance for residents to access care from providers within the area.
- (3) Specialists, Subspecialists, and Categories of Health Care: Some commenters wanted data collected and measured for nearly all specialties included in a network plan, while others wanted very few so that the task of creating an adequate network would be feasible. Those wanting data

collected and measured for fewer specialties stressed the lack of specialists and subspecialists in Nevada, particularly in the rural areas.

- (4) **Provider Directories:** Certain timelines and methods for updating carrier provider directories prompted several comments about the logistics of compliance for some carriers.
- (5) **Mental Health:** There were many comments about the need to ensure that mental health parity is addressed in the standards. Commenters expressed concern that there are not enough mental health providers available to meet the needs of consumers.
- (6) **Appeal Process:** Some commenters expressed a need for an appeal process for a provider that is denied membership or is terminated from a carrier's network. Some commenters suggested that network plan designs might try to control costs by including more low cost providers rather than considering the level of services provided.
- (7) **Commissioner's Network Advisory Council:** In December 2015, the concept of creating a Commissioner's "Network Adequacy Advisory Council" pursuant to the regulation was introduced. The proposed regulation presented at the workshop held on January 28, 2016, included provisions for this advisory council. Comments were received regarding the makeup of the council, terms of service of council members, replacement of council members, and criteria to be used by the council in making a recommendation to the Commissioner.

**(c) An explanation of how other interested persons may obtain a copy of the summary:**

A copy of the summary may be obtained by contacting Cliff King, Chief Insurance Examiner, Life and Health Section, at (775) 687-0700 or [cking@doi.nv.gov](mailto:cking@doi.nv.gov). This summary will also be made available by e-mail request to [insinfo@doi.nv.gov](mailto:insinfo@doi.nv.gov), as well as posted on the Division's website: [www.doi.nv.gov](http://www.doi.nv.gov)

**3. The number of persons who:**

- (a) **Attended each hearing:**

November 12, 2014:	36	October 20, 2015:	29
March 16, 2016:	21	March 22, 2016:	21
- (b) **Testified at each hearing:**

November 12, 2014:	8	October 20, 2015:	3
March 16, 2016:	7	March 22, 2016:	1
- (c) **Submitted to the agency written statements:**

27 persons submitted 71 comments

4. **A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:**

*See Exhibit 1.*

5. **A description of how comment was solicited from affected businesses, a summary of their response, and an explanation of how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description, summary and explanation provided above in response to question #2.

6. **If, after consideration of public comment, the regulation was adopted without changing any part of the proposed regulation, provide a summary of the reasons for adopting the regulation without change.**

Not applicable. The regulation was revised several times before adoption.

7. **(a) The estimated economic effect of the adopted regulation on the business which it is to regulate:**

**(1) Both adverse and beneficial effects:**

Adverse – Carriers may have to cover certain additional costs of provider services during a period when a network plan fails to meet adequacy requirements.

Beneficial – Carriers will now be able to participate in a more active way, via the advisory council, in the development of network adequacy requirements. This should help them better forecast service needs and design the plan accordingly to minimize events that might cause the network to fail to meet adequacy requirements during the relevant plan year.

**(2) Both immediate and long-term effects:**

Immediate – Depending on whether the final network adequacy requirements issued by the Commissioner each year include specialties, types and standards not previously required in network plans, the carriers may have to add additional healthcare providers to their current network plan designs.

Long-Term Effects – Once carriers establish the relevant number and types of healthcare providers necessary to meet the network adequacy requirements, the impact on carriers will be better known. Data will be gathered by the Division through its

annual review of performance of a carrier's network plan. This data can then be studied to better predict long term effects of certain network adequacy requirements.

**(b) The estimated economic effect of the adopted regulation on the public:**

**(1) Both adverse and beneficial effects:**

Adverse – Although network adequacy requirements will be issued each year, this does not guarantee that every healthcare provider sought by a policyholder will always be an “in-network” provider. As a result, the policyholder may still be responsible for paying some additional amounts out-of-pocket for an “out-of-network” provider.

Beneficial – It is anticipated that the network adequacy requirements issued each year will generally provide a more broad base of “in network” healthcare providers and access thereto. Timely updates to the carriers’ provider directories will also provide policyholders with more current information about the network status of a particular provider.

**(2) Both immediate and long-term effects:**

Immediate – By providing a more broad base of “in network” healthcare providers and access thereto, policyholders should experience lower out-of-pocket costs.

Long-Term Effects – By providing a more broad base of “in network” healthcare providers and access thereto, policyholders should experience lower out-of-pocket costs.

**8. The estimated cost to the agency for enforcement of the adopted regulation.**

Initially, there may be a slight increased cost to the Division to enforce the regulation in order to provide guidance to the advisory council by way of a contracted independent professional facilitator. Such a facilitator will be helpful to the advisory council concerning organizing and focusing discussion topics, as well as providing guidance on process to come to a recommendation to submit to the Commissioner. The cost of the facilitator is currently being built into the Division’s budget.

**9. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

The regulation does not duplicate or overlap other state or federal regulations.

**10. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.**

There are currently no federal regulations that regulate the same activity for all network plans in the individual and small group markets.

- 11. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The regulation does not create a new fee.

**Exhibit 1**  
to Informational Statement  
**R049-14**

**March 22, 2016 Hearing – Person who testified:**

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Jack Kim	United Healthcare	P.O. Box 15645 Las Vegas, NV 89114-5645	702-240-8890	Jack.Kim@uhc.com

**March 16, 2016 Hearing – Persons who testified:**

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Jeannette Belz	Nevada Psychiatric Association	10580 N. McCarran Blvd, #115-222 Reno, NV 89503	775-329-0119	<a href="mailto:jb@jkbels.com">jb@jkbels.com</a>
Scott Heinze	Prominence Health Plan	1510 Meadow Wood Lane Reno, NV 89502	775-770-9327	<a href="mailto:Scott.heinze@uhsinc.com">Scott.heinze@uhsinc.com</a>
James Wadhams, Esq.	Fennemore Craig Jones Vargas	300 S. Fourth Street Suite 1400 Las Vegas, NV 89101	702-692-8000	<a href="mailto:jwadhams@fclaw.com">jwadhams@fclaw.com</a>
Keith Lee, Esq.	Nevada Association of Health Plans	1941 Rolling Brook Reno, NC 89519	775-829-1400	Not legible
Joan Hall	Nevada Rural Hospital Partners	4600 Kietzke Lane Suite I-209 Reno, NV 89502	775-827-4770	<a href="mailto:joan@nrhp.org">joan@nrhp.org</a>
Catherine O'Mara	Nevada State Medical Association	Not given	775-742-6170	<a href="mailto:Catherine@nevadadoctors.org">Catherine@nevadadoctors.org</a>
Bill Welch	Nevada Hospital Association	5190 Neil Rd. Ste. 400 Reno, NV 89502	775-827-0184	<a href="mailto:bill@nvha.net">bill@nvha.net</a>

**October 20, 2015 Hearing – Persons who testified:**

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Jeannette Belz	Nevada Psychiatric Association	10580 N. McCarran Blvd, #115-222 Reno, NV 89503	775-329-0119	<a href="mailto:jb@jkbels.com">jb@jkbels.com</a>
David Brewster	American Academy of Dermatology Association	1445 New York Ave. NW Washington, D.C.	202-340-2875	<a href="mailto:dbrewster@aad.org">dbrewster@aad.org</a>
Sara Partida	Nevada State Medical Association	631 N. Stephanie St., Ste. 202 Henderson, NV	Not furnished	<a href="mailto:sara@theperkinsco.com">sara@theperkinsco.com</a>

**November 12, 2014 Hearing – Persons who testified:**

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Jack Kim	United Healthcare	P.O. Box 15645 Las Vegas, NV 89114-5645	702-240-8890	Jack.Kim@uhc.com
Stacy Woodbury	Nevada State Medical Association	3660 Baker Lane, #101 Reno, NV 89509	775-825-6788	stacy@nsmadocs.org
Kristin Viswanathan	Biotechnology Industry Organization (BIO)	1201 Maryland Ave SW Washington, D.C. 20024	Not furnished	kviswanathan@bio.org
Bill Welch	Nevada Hospital Association	5250 Neil Road, Suite 302 Reno, NV 89502	775-827-0184	bill@nvha.net
David Brewster	American Academy of Dermatology Association	1445 New York Ave. NW Washington, D.C.	202-340-2875	dbrewster@aad.org
Joan Hall	Nevada Rural Hospital Partners	4600 Kietzke Lane Suite I-209 Reno, NV 89502	775-827-4770	<a href="mailto:joan@nrhp.org">joan@nrhp.org</a>
James Wadhams, Esq.	Fennemore Craig Jones Vargas	300 S. Fourth Street Suite 1400 Las Vegas, NV 89101	702-692-8000	jwadham@fclaw.com
Linda Ash-Jackson	Hometown Health	830 Harvard Way Reno, NV 89502	775-982-3000	Not given

**Persons who provided written statements:**

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Grace Campbell	AHIP (America's Health Insurance Plans)	601 Pennsylvania Ave, NW South Building Suite Five Hundred Washington, DC 20004	202-778-3200	<a href="mailto:gcampbell@ahip.org">gcampbell@ahip.org</a>
Katie Ryan Lisa Farnan	Dignity Health/ St. Rose Dominican	3001 St. Rose Pkwy. Henderson, NV 89052	702-616-5000	<a href="mailto:Katie.ryan@dignityhealth.org">Katie.ryan@dignityhealth.org</a> Not given
Chris Ferrari	Ferrari Public Affairs	4741 Caughlin Parkway, Suite 2 Reno, NV 89519	702-574-8781	<a href="mailto:chris@ferraripa.com">chris@ferraripa.com</a>
Dwight Hansen Bill Welch	Nevada Hospital Association (NHA)	5190 Neil Rd. Ste. 400 Reno, NV 89502	775-827-0184	Not given



<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Mitchell Forman Stacy Woodbury Veronica Sutherland Abdi Raissi Adam Rovit Dodge Slagle Lesley Dickson Dean Polce Ross Golding Charles Price Michael Edwards Bret Frey Keith Brill Karen Massey Tomas Hinojosa Isaac Hearne	Nevada State Medical Association (NSMA)	3660 Baker Lane #101 Reno, NV 89509	775-825-6788	Not given
Jeremy Van Haselen	DaVita HealthCare Partners	2000 16 <sup>th</sup> Street Denver, CO 80202	303-876-6000	Not given
Air Methods Government Relations	Air Methods	7211 S. Peoria Englewood, CO 80112	303-792-7400	<a href="mailto:Ruthie.hubka@airmethods.com">Ruthie.hubka@airmethods.com</a>
Jack Kim	Health Plan of Nevada	2724 N. Tenaya Way Las Vegas, NV 89128	702-240-8890	Not given
Gregory Skuta Daniel Briceland Cindy Bradford Michael Repka	American Academy of Ophthalmology (AAO)	Suite 400 20 F Street, NW Washington, DC 20001-6701	202-737-6662	Not given
James Madara, MD	American Medical Association (AMA)	330 N. Wabash Ave. Suite 39300 Chicago, IL 60611-5885	312-464-5000	Not given
Tracey Woods	Anthem Blue Cross and Blue Shield	9133 W. Russell Road Las Vegas, NV 89148	Not given	<a href="mailto:Tracey.Woods@anthem.com">Tracey.Woods@anthem.com</a>
Elisa Cafferata	Nevada Advocates for Planned Parenthood Affiliates, Inc. (NAPPA)	550 W. Plumb Lane, c/o UPS Mail #B-104 Reno, NV 89509	775-412-2087	<a href="mailto:ecafferata@NevadaAdvocates.org">ecafferata@NevadaAdvocates.org</a>
Not given	American Academy of Dermatology and AAD Association	Not given	Not given	Not given
Tom McCoy	American Cancer Society Cancer Action Network	691 Sierra Rose Drive Suite A Reno, NV 89511	775-828-2206	<a href="mailto:Tom.mccoy@cancer.org">Tom.mccoy@cancer.org</a>

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Erin Estey Hertzog	Biotechnology Industry Organization (BIO)	1201 Maryland Avenue SW Suite 900 Washington DC 20024	202-962-9200	ehertzog@bio.org
George Hruza Lisle Thielbar	American Society for Dermatologic Surgery Association (ASDSA)	Not given	847-956-9126	Not given <a href="mailto:lthielbar@asds.net">lthielbar@asds.net</a>
Brett Coldiron Mark Lebwohl	American Academy of Dermatology (AADA)	1445 New York Ave., NW Suite 800 Washington, DC 20005-2134	202-842-3555	Not given
Ty Windfeldt	Hometown Health	830 Harvard Way Reno, NV 89502	775-982-3000	Not given
Saul Levin	American Psychiatric Association	1000 Wilson Blvd. Suite 1825 Arlington, VA 22209	703-907-7300	Not given
Lawrence LaMotte Emily Hovermale	Immune Deficiency Foundation (IDF)	40 West Chesapeake Ave. Suite 308 Towson, MD 21204	800-296-4433	Not given <a href="mailto:ehovermale@primaryimmune.org">ehovermale@primaryimmune.org</a>
Not given	Nevada Hospital Association (NHA)	Not given	Not given	Not given
Joan Hall	Nevada Rural Hospital Partners	4600 Kietzke Lane Suite I-209 Reno, NV 89502	775-827-4770	<a href="mailto:joan@nrhp.org">joan@nrhp.org</a>
Scott Heinze	Prominence Health Plan	1510 Meadow Wood Lane Reno, NV 89502	775-770-9327	<a href="mailto:Scott.heinze@uhsinc.com">Scott.heinze@uhsinc.com</a>
Linda Cooper	AETNA	Not given	Not given	<a href="mailto:CooperL3@aetna.com">CooperL3@aetna.com</a>
Barry Ziman	Hospital Based Physician Specialties	1350 I Street, NW Suite 590 Washington, DC 20005	800-392-9994 ext. 7117	<a href="mailto:bziman@cap.org">bziman@cap.org</a>
Isaac Hearne	Nevada Academy of Ophthalmology (NAO)	20 F. Street, NW Suite 400 Washington, DC 20001-6700	202-737-6662	Not given

<b>Name</b>	<b>Entity/Organization Represented</b>	<b>Business Address</b>	<b>Telephone No./ Business Telephone No.</b>	<b>E-Mail Address</b>
Karen Sartell	Nevada Patient Access Coalition Members as follows: Arthritis Foundation, Pacific Region American Academy of Pain Management Colors of Lupus Nevada National MS Society National Patient Advocate Foundation Power of Pain Foundation US Pain Foundation	Not given	702-371-5577	<a href="mailto:k.sartell@sncrf.org">k.sartell@sncrf.org</a>
Rev. Diane Drach-Mienel	Religious Alliance in Nevada	Not given	Not given	Not given
John Albertini	American College of Mohs Surgery	Not given	Not given	Not given