

ASSEMBLY BILL NO. 352—ASSEMBLYMAN PICKARD

MARCH 20, 2017

Referred to Committee on Commerce and Labor

SUMMARY—Provides for continued coverage for health care for certain chronic health conditions. (BDR 57-592)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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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 coverage for health care; requiring an insurer under a policy of health insurance to continue coverage for a procedure, device, medication or other treatment for a chronic condition of an insured under certain circumstances; authorizing the imposition of a civil penalty for certain insurers which violate the requirement for continued coverage; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law allows insurers, with certain exceptions, to require prior
- 2 authorization before providing coverage for a health care condition. (NRS
- 3 687B.225) **Section 1** of this bill prohibits an insurer from requiring prior
- 4 authorization or other preconditions for coverage, or from denying coverage, for a
- 5 chronic condition for which approval for coverage had previously been provided
- 6 either by the present insurer or by the immediately preceding former insurer.
- 7 **Section 1** also authorizes the imposition of a civil penalty for certain insurers who
- 8 violate such requirements.
- 9 **Sections 3 and 4** of this bill make conforming changes to clarify that **section 1**
- 10 applies for the purposes of coverage for state and local governmental employees.

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. Except as otherwise provided in subsection 2, if an insurer,*
- 4 *pursuant to a policy of health insurance, approves coverage for a*



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1 *procedure, device, medication or any other treatment for a*
2 *condition for an insured, and the provider of health care for the*
3 *insured determines that the condition of the insured is a chronic*
4 *condition, the insurer shall not:*

5 *(a) Deny continued coverage for the treatment; or*

6 *(b) Require that the insured obtain prior authorization or*
7 *fulfill any other preconditions before continuing coverage for the*
8 *treatment.*

9 *2. An insurer subject to the provisions of subsection 1 may*
10 *deny continued coverage or require prior authorization or other*
11 *precondition for continuing coverage if, before the denial or*
12 *imposition of the required precondition, the insurer obtains*
13 *credible evidence that the chronic condition does not exist, no*
14 *longer exists or, if applicable, is in remission.*

15 *3. An insurer subject to the provisions of subsection 1 must*
16 *not require approval as a condition of the coverage required by*
17 *subsection 1, and for all purposes shall deem the procedure,*
18 *device, medication or other treatment to be approved if:*

19 *(a) The policy of health insurance covers the procedure,*
20 *device, medication or other treatment;*

21 *(b) The former insurer from which the insured received*
22 *coverage immediately preceding the present insurer approved the*
23 *procedure, device, medication or other treatment;*

24 *(c) The insured delivers to the present insurer reasonable*
25 *evidence of the approval from the former insurer as described in*
26 *paragraph (b); and*

27 *(d) The present insurer does not have credible evidence that*
28 *the chronic condition does not exist, no longer exists or, if*
29 *applicable, is in remission.*

30 *4. An insurer which violates this section and which is not a*
31 *governmental entity is subject, at the discretion of the*
32 *Commissioner, to the imposition of a civil penalty of not more*
33 *than \$500 per day for each day the violation continues.*

34 *5. As used in this section:*

35 *(a) "Chronic condition" means a condition of an insured that*
36 *is determined by a provider of health care, in the exercise of his or*
37 *her professional judgment, to be one from which the insured is*
38 *unlikely to recover or, if applicable, attain remission.*

39 *(b) "Insurer" includes, without limitation, a governmental*
40 *entity which offers, administers or otherwise provides a policy of*
41 *health insurance.*

42 *(c) "Health care service" means a service for the diagnosis,*
43 *prevention, treatment, care or relief of a health condition, illness,*
44 *injury or disease.*



1 (d) "Medicaid" has the meaning ascribed to it in
2 NRS 439B.120.

3 (e) "Policy of health insurance" means a policy, contract,
4 certificate, plan or agreement issued pursuant to or governed by
5 chapter 287, 689A, 689B, 689C, 695C, 695F or 695G of NRS for
6 the provision of, delivery of, arrangement for, payment for or
7 reimbursement for any of the costs of a health care service. The
8 term includes, without limitation, Medicaid and any other
9 program or plan offered by or through a governmental entity for
10 the provision of, delivery of, arrangement for, payment for or
11 reimbursement for any of the costs of a health care service.

12 (f) "Provider of health care" has the meaning ascribed to it in
13 NRS 629.031.

14 **Sec. 2.** NRS 687B.225 is hereby amended to read as follows:

15 687B.225 1. Except as otherwise provided in NRS
16 689A.0405, 689A.0413, 689A.044, 689A.0445, 689B.031,
17 689B.0313, 689B.0317, 689B.0374, 695B.1912, 695B.1914,
18 695B.1925, 695B.1942, 695C.1713, 695C.1735, 695C.1745,
19 695C.1751, 695G.170, 695G.171 and 695G.177, *and section 1 of*
20 *this act*, any contract for group, blanket or individual health
21 insurance or any contract by a nonprofit hospital, medical or dental
22 service corporation or organization for dental care which provides
23 for payment of a certain part of medical or dental care may require
24 the insured or member to obtain prior authorization for that care
25 from the insurer or organization. The insurer or organization shall:

26 (a) File its procedure for obtaining approval of care pursuant to
27 this section for approval by the Commissioner; and

28 (b) Respond to any request for approval by the insured or
29 member pursuant to this section within 20 days after it receives the
30 request.

31 2. The procedure for prior authorization may not discriminate
32 among persons licensed to provide the covered care.

33 **Sec. 3.** NRS 287.010 is hereby amended to read as follows:

34 287.010 1. The governing body of any county, school
35 district, municipal corporation, political subdivision, public
36 corporation or other local governmental agency of the State of
37 Nevada may:

38 (a) Adopt and carry into effect a system of group life, accident
39 or health insurance, or any combination thereof, for the benefit of its
40 officers and employees, and the dependents of officers and
41 employees who elect to accept the insurance and who, where
42 necessary, have authorized the governing body to make deductions
43 from their compensation for the payment of premiums on the
44 insurance.



1 (b) Purchase group policies of life, accident or health insurance,
2 or any combination thereof, for the benefit of such officers and
3 employees, and the dependents of such officers and employees, as
4 have authorized the purchase, from insurance companies authorized
5 to transact the business of such insurance in the State of Nevada,
6 and, where necessary, deduct from the compensation of officers and
7 employees the premiums upon insurance and pay the deductions
8 upon the premiums.

9 (c) Provide group life, accident or health coverage through a
10 self-insurance reserve fund and, where necessary, deduct
11 contributions to the maintenance of the fund from the compensation
12 of officers and employees and pay the deductions into the fund. The
13 money accumulated for this purpose through deductions from the
14 compensation of officers and employees and contributions of the
15 governing body must be maintained as an internal service fund as
16 defined by NRS 354.543. The money must be deposited in a state or
17 national bank or credit union authorized to transact business in the
18 State of Nevada. Any independent administrator of a fund created
19 under this section is subject to the licensing requirements of chapter
20 683A of NRS, and must be a resident of this State. Any contract
21 with an independent administrator must be approved by the
22 Commissioner of Insurance as to the reasonableness of
23 administrative charges in relation to contributions collected and
24 benefits provided. The provisions of NRS 687B.408, 689B.030 to
25 689B.050, inclusive, and 689B.287 *and section 1 of this act* apply
26 to coverage provided pursuant to this paragraph.

27 (d) Defray part or all of the cost of maintenance of a self-
28 insurance fund or of the premiums upon insurance. The money for
29 contributions must be budgeted for in accordance with the laws
30 governing the county, school district, municipal corporation,
31 political subdivision, public corporation or other local governmental
32 agency of the State of Nevada.

33 2. If a school district offers group insurance to its officers and
34 employees pursuant to this section, members of the board of trustees
35 of the school district must not be excluded from participating in the
36 group insurance. If the amount of the deductions from compensation
37 required to pay for the group insurance exceeds the compensation to
38 which a trustee is entitled, the difference must be paid by the trustee.

39 3. In any county in which a legal services organization exists,
40 the governing body of the county, or of any school district,
41 municipal corporation, political subdivision, public corporation or
42 other local governmental agency of the State of Nevada in the
43 county, may enter into a contract with the legal services
44 organization pursuant to which the officers and employees of the
45 legal services organization, and the dependents of those officers and



1 employees, are eligible for any life, accident or health insurance
2 provided pursuant to this section to the officers and employees, and
3 the dependents of the officers and employees, of the county, school
4 district, municipal corporation, political subdivision, public
5 corporation or other local governmental agency.

6 4. If a contract is entered into pursuant to subsection 3, the
7 officers and employees of the legal services organization:

8 (a) Shall be deemed, solely for the purposes of this section, to be
9 officers and employees of the county, school district, municipal
10 corporation, political subdivision, public corporation or other local
11 governmental agency with which the legal services organization has
12 contracted; and

13 (b) Must be required by the contract to pay the premiums or
14 contributions for all insurance which they elect to accept or of which
15 they authorize the purchase.

16 5. A contract that is entered into pursuant to subsection 3:

17 (a) Must be submitted to the Commissioner of Insurance for
18 approval not less than 30 days before the date on which the contract
19 is to become effective.

20 (b) Does not become effective unless approved by the
21 Commissioner.

22 (c) Shall be deemed to be approved if not disapproved by the
23 Commissioner within 30 days after its submission.

24 6. As used in this section, "legal services organization" means
25 an organization that operates a program for legal aid and receives
26 money pursuant to NRS 19.031.

27 **Sec. 4.** NRS 287.04335 is hereby amended to read as follows:

28 287.04335 If the Board provides health insurance through a
29 plan of self-insurance, it shall comply with the provisions of NRS
30 689B.255, 695G.150, 695G.160, 695G.162, 695G.164, 695G.1645,
31 695G.1665, 695G.167, 695G.170 to 695G.173, inclusive, 695G.177,
32 695G.200 to 695G.230, inclusive, 695G.241 to 695G.310, inclusive,
33 and 695G.405, *and section 1 of this act* in the same manner as an
34 insurer that is licensed pursuant to title 57 of NRS is required to
35 comply with those provisions.

36 **Sec. 5.** This act becomes effective on July 1, 2017.

