

**ADOPTED REGULATION OF THE
COMMISSIONER OF INSURANCE**

LCB File No. R113-00

Effective March 30, 2001

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

AUTHORITY: §§1 and 3, NRS 679B.130; §§2 and 4, NRS 679B.130, 689C.155 and 689C.940.

Section 1. Chapter 689B of NAC is hereby amended by adding thereto a new section to read as follows:

1. An insurer shall not issue a policy for stop-loss insurance for a group health plan subject to the provisions of this chapter and chapter 689B of NRS if the policy for stop-loss insurance:

(a) Has an annual attachment point for claims incurred per individual that is lower than \$10,000;

(b) Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:

(1) The number of group members times \$4,000;

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars;

(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or

(d) Provides direct coverage of health care expenses of an individual.

2. For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.

3. If a policy for stop-loss insurance for a group health plan does not meet the criteria set forth in this section, the policy will be deemed to be a health benefit plan for the purposes of this chapter and chapter 689B of NRS.

4. As used in this section:

(a) "Attachment point" means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.

(b) "Expected claims" means the amount of claims that, in the absence of a stop-loss policy or other insurance, are projected to be incurred by an insured group through its health plan.

(c) "Stop-loss insurance" means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.

Sec. 2. Chapter 689C of NAC is hereby amended by adding thereto a new section to read as follows:

1. An insurer shall not issue a policy for stop-loss insurance that:

(a) Has an annual attachment point for claims incurred per individual that is lower than \$10,000;

(b) Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:

(1) The number of group members times \$4,000;

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars.

2. *For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.*

3. *If a policy for stop-loss insurance does not meet the criteria set forth in this section, the policy will be deemed to be a health benefit plan for the purposes of this chapter and chapter 689C of NRS.*

4. *As used in this section:*

(a) *“Attachment point” means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.*

(b) *“Expected claims” means the amount of claims that, in the absence of stop-loss insurance or other insurance, are projected to be incurred by an insured group through its health plan.*

(c) *“Stop-loss insurance” means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.*

Sec. 3. Chapter 695B of NAC is hereby amended by adding thereto a new section to read as follows:

1. *An insurer shall not issue a policy for stop-loss insurance for a hospital, medical or dental service plan subject to the provisions of this chapter and chapter 695B of NRS if the policy for stop-loss insurance:*

(a) *Has an annual attachment point for claims incurred per individual that is lower than \$10,000;*

(b) *Has an annual aggregate attachment point for groups of not more than 50 persons that is lower than the greater of:*

(1) *The number of group members times \$4,000;*

(2) One hundred and twenty percent of expected claims; or

(3) Ten thousand dollars;

(c) Has an annual aggregate attachment point for groups of more than 50 persons that is lower than 110 percent of expected claims; or

(d) Provides direct coverage of health care expenses of an individual.

2. For the purposes of this section, an insurer shall determine the number of persons in a group on a consistent basis at least annually.

3. If a policy for stop-loss insurance for a hospital, medical or dental service plan does not meet the criteria set forth in this section, the policy will be deemed to be a health benefit plan for the purposes of this chapter and chapter 695C of NRS.

4. As used in this section:

(a) "Attachment point" means the amount of claims incurred by an insured group beyond which an insurer incurs a liability for payment.

(b) "Expected claims" means the amount of claims that, in the absence of a stop-loss policy or other insurance, are projected to be incurred by an insured group through its health plan.

(c) "Stop-loss insurance" means insurance purchased by an employer to limit exposure to claim expenses under a health benefit plan provided by the employer.

Sec. 4. NAC 689C.240 is hereby repealed.

TEXT OF REPEALED SECTION

689C.240 Stop-loss policy. (NRS 679B.130, 689C.155, 689C.940) 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 for an amount less than \$10,000; or
2. The claims made by all the employees and their dependents for an amount less than 115 percent of expected claims.

NOTICE OF ADOPTION OF LCB FILE NO. R113-00

The Division of Insurance of the department of Business and Industry adopted LCB File No. R113-00 which establishes the minimum attachment points for stop-loss policies of health insurance.

Notice date: 9/6/00

Date of Adoption by Agency: 2/15/01

Hearing date: 10/10/00

Filing date: 3/30/01

INFORMATIONAL STATEMENT

A public workshop and public hearing were held on October 10, 2000, in Carson City, Nevada, regarding the adoption of the regulation concerning stop-loss health insurance.

Public comment was solicited by posting notice of the hearing in the following public locations: 788 Fairview Drive, Legislative Counsel Bureau, Capitol Building Lobby, Blasdel Building, Carson City Courthouse, State Library, Clark County Library, Capitol Press Room and the Division's Las Vegas Office.

In addition, the Department of Business and Industry, Division of Insurance (Division), maintains a list of interested parties, comprised mainly of insurance companies, agencies and other persons regulated by the Division. These persons were notified of the hearing and that copies of the regulation could be obtained from or examined at the offices of the Division in Carson City.

The October 10, 2000 hearing was attended by nine people. Oral testimony was provided by two representatives of the Division and two written comments were received. Copies of any comments received by the Division can be obtained from the Division at 788 Fairview Drive, Suite 300, Carson City, Nevada 89701-5491, telephone number (775) 687-4270.

In consideration of the written comments and the comments by those attending the hearing, the Commissioner has issued an order adopting the regulation, as amended, as a permanent regulation of the Division.

Based on the comments received, the regulation has been changed from the proposed regulation as follows:

1. Section 1 has been amended by adding a new subsection 4 to read, "If a policy issued as a stop-loss policy does not meet the above criteria, it is a health benefit plan for the purposes of this chapter and chapter 689B of NRS."

2. Section 2 has been amended by adding a new subsection 4 to read, "If a policy issued as a stop-loss policy does not meet the above criteria, it is a health benefit plan for the purposes of this chapter and chapter 689C of NRS."

3. In Section 3, NAC 689C.240 has been repealed.

4. Section 4 has been amended by adding a new subsection 4 to read, “If a policy issued as a stop-loss policy does not meet the above criteria, it is a health benefit plan for the purposes of this chapter and chapter 695B of NRS.”

The economic impact of the regulation is as follows:

(a) Regulated Insurance Industry: None.

(b) Public: None.

The regulation imposes no direct costs upon members of the public at large. The regulation should not impose any additional cost upon the agency to enforce the regulation.

This regulation does not duplicate or overlap any other regulation.