

**PROPOSED REGULATION OF THE
DEPARTMENT OF HUMAN RESOURCES**

LCB File No. R069-00

May 25, 2000

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

AUTHORITY: §§1-16, 25-27, 29 and 30, NRS 439.655; §§17-24 and 28, NRS 233B.050 and 439.655.

Section 1. Chapter 439 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 30, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 30, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 11, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Applicant” means a person who:*

- 1. Has purchased or will purchase a policy of health insurance from a contractor; and*
- 2. Applies to the department to receive a subsidy toward the cost of such a policy payable by the department pursuant to NRS 439.670.*

Sec. 4. *“Contractor” means a private insurer with whom the department has entered into a contract pursuant to NRS 439.665 to make available, at a reasonable cost, policies of health insurance that provide coverage to senior citizens for prescription drugs and pharmaceutical services.*

Sec. 5. *“Department” means the department of human resources.*

Sec. 6. *“Enrollee” means a person:*

- 1. Who purchased a policy of health insurance from a contractor;*

2. Who applied to the department to receive a subsidy toward the cost of such a policy which is payable by the department pursuant to NRS 439.670; and

3. Whom the department has determined is eligible to receive such a subsidy pursuant to NRS 439.665.

Sec. 7. “Hearing officer” means a person who:

1. Did not participate in the decision of the department that is the subject of the hearing; and

2. Is appointed by the director of the department to preside at a hearing conducted pursuant to sections 17 to 24, inclusive, of this regulation.

Sec. 8. “Household income” has the meaning ascribed to it in NRS 439.640.

Sec. 9. “Income” has the meaning ascribed to it in NRS 439.645.

Sec. 10. “Senior citizen” has the meaning ascribed to it in NRS 439.650.

Sec. 11. “Subsidy” means the amount of money that the department will pay to a contractor on behalf of a senior citizen who meets the criteria for receiving a subsidy set forth in NRS 439.665 toward the cost of a policy of health insurance that the senior citizen purchased from the contractor.

Sec. 12. 1. In addition to meeting the criteria for receiving a subsidy set forth in NRS 439.665, an applicant who wishes to receive a subsidy must:

(a) File a properly completed application for a subsidy with the department during the period prescribed in subsection 3; and

(b) Be 62 years of age or older on the date that the department receives his application.

2. The application must be made:

(a) On a form prescribed by the department; and

(b) Under oath as required by NRS 439.670.

3. Each year in which there is money available for such subsidies in the fund for a healthy Nevada, the department will determine a 30-day period during which applications for a subsidy must be filed.

4. An application shall be deemed received by the department on the date that the application and all of the documentation required in the application are received by the department.

Sec. 13. *1. Within 45 days after receiving an application for a subsidy, the department will provide written notice of its approval or denial of the application.*

2. If the application is approved:

(a) The notice must state:

(1) The amount of the subsidy that the department will pay to a contractor on behalf of the applicant; and

(2) That within 60 days after the date of the notice, the applicant is required to submit to the department proof that he has purchased a policy of health insurance from a contractor; and

(b) The department will send a copy of the notice to the contractor within 15 days after it receives from the applicant proof that he has purchased a policy of health insurance from the contractor.

3. If the application is denied, the notice must state:

(a) The reason for the denial;

(b) The procedure for requesting a hearing to review the decision of the department as set forth in section 17 of this regulation; and

(c) The procedures for a hearing before the department as set forth in sections 17 to 24, inclusive, of this regulation.

4. In addition to the requirements set forth in subsection 3, if the application is denied because there is insufficient money available in the fund for a healthy Nevada to pay a subsidy, the notice must state that the applicant has been placed on a waiting list in the order of priority described in section 14 of this regulation.

Sec. 14. The department will rank the applicants whose applications are approved based on their household income. The applicant with the lowest household income will receive priority over the other applicants. If the household income of two applicants is exactly the same amount, the applicant whose application was received earlier by the department will receive priority over the other applicant.

Sec. 15. 1. If an applicant whose application was approved fails to submit to the department, within 60 days after the date of a notice of approval provided pursuant to section 13 of this regulation, proof that he has purchased a policy of health insurance from a contractor, the department will provide written notice to the applicant of its intent to terminate his eligibility to receive a subsidy. The notice must state that the applicant is not eligible to receive a subsidy unless the applicant:

- (a) Requests a hearing in the manner set forth in section 17 of this regulation;*
- (b) Submits proof to the department before the date scheduled for the hearing that he has purchased a policy of health insurance from a contractor; or*
- (c) Establishes good cause for failing to purchase such a policy of health insurance.*

2. If an applicant fails to take any of the actions listed in subsection 1, the applicant is not eligible to receive a subsidy. The department will send written notice to that effect to the applicant. The notice must also state that the applicant:

(a) Is no longer eligible to be placed on the waiting list; and

(b) Must reapply during the period prescribed by the department pursuant to section 12 of this regulation if he wishes to be eligible to receive a subsidy in the future.

3. If an applicant is not eligible to receive a subsidy pursuant to subsection 2, the department will grant a subsidy to an applicant on the waiting list in the order of priority described in section 14 of this regulation. If, at any time, the department determines that it will discontinue paying a subsidy on behalf of an enrollee and there is money available for paying a subsidy in the fund for a healthy Nevada, the department may grant a subsidy to an applicant on the waiting list in the order of priority described in section 14 of this regulation. If the department grants a subsidy pursuant to this subsection, it will provide written notice to the applicant as set forth in section 13 of this regulation.

Sec. 16. Upon request, the department will provide information to an applicant relating to the criteria for receiving a subsidy, including, without limitation, the documentation that the applicant will be required to provide to the department.

Sec. 17. 1. An applicant or enrollee who is aggrieved by a decision of the department concerning a subsidy and who wishes to have a hearing before the department must file a written request for a hearing with the department within 30 days after the date of the notice of the decision from the department.

2. The department will schedule a hearing within 45 days after it receives the request for a hearing.

Sec. 18. 1. *The department will deny a request for a hearing received pursuant to section 17 of this regulation if:*

(a) The sole issue being contested is an issue that may only be resolved by amending the provisions of NRS 439.635 to 439.690, inclusive;

(b) The sole issue being contested is that the department denied, discontinued or reduced the amount of a subsidy if that action by the department was based only upon the limits of the money available in the fund for a healthy Nevada;

(c) The sole issue being contested is an issue that relates to a determination of the coverage of the policy of health insurance purchased by an enrollee and the enrollee has failed to complete a process for resolving disputes established by the contractor; or

(d) The request is not received by the department within the limit on time set forth in section 17 of this regulation.

2. *If a person who filed a request for a hearing wishes to have the hearing dismissed, he must submit a written request for the dismissal of the hearing, signed by him, to the hearing officer before the date of the hearing. Upon receipt of the request for dismissal, the hearing officer shall dismiss the hearing and notify the person requesting the dismissal and the department of the dismissal.*

Sec. 19. *All testimony to be considered in a hearing must be taken under oath. Except as otherwise provided in section 22 of this regulation, before testifying, a person must swear before the hearing officer to the truthfulness of the testimony he is about to give in the hearing.*

Sec. 20. 1. *Except as otherwise provided in section 22 of this regulation, a hearing must be conducted in person by a hearing officer.*

2. *An applicant or enrollee may represent himself or may, in writing, authorize a person to represent him at the hearing, including, without limitation, an attorney.*

3. *Upon request, each party to the hearing shall submit to the hearing officer before the hearing copies of any evidence or exhibit that the party will present during the hearing. The provisions of this subsection do not preclude:*

(a) A party from presenting additional evidence during the hearing; or

(b) An applicant or enrollee from presenting additional evidence after the hearing if requested by the hearing officer.

Sec. 21. 1. *The decision of a hearing officer must be in writing and be based exclusively on evidence presented at the hearing or, if requested by the hearing officer pursuant to section 20 of this regulation, after the hearing.*

2. *Within 30 days after the date of the hearing, the department will send the decision of the hearing officer by certified mail to the applicant or enrollee and to his authorized representative, if any.*

Sec. 22. 1. *The hearing officer may conduct the hearing over the telephone if he determines it is in the best interest of each party to the hearing to do so.*

2. *A hearing that is conducted over the telephone must be conducted at the office of a state agency which has an agreement with the department that includes provisions requiring a person designated by the state agency to:*

(a) Be available to answer the telephone call the hearing officer places to the state agency to begin the hearing;

(b) Administer the oath required pursuant to section 19 of this regulation to the applicant or enrollee; and

(c) Receive any additional evidence that the applicant or enrollee wishes to submit and transmit it to the hearing officer by facsimile machine.

3. As used in this section, “facsimile machine” means a device which sends or receives a reproduction or facsimile of a document or photograph which is transmitted electronically or telephonically by telecommunications lines.

Sec. 23. 1. The department will maintain the record of the hearing and retain it for 3 years after the date the decision of the hearing officer is issued or until the resolution of any judicial review of the decision, whichever occurs later.

2. As used in this section, “record of the hearing” means:

(a) All of the documents filed with the department concerning the hearing;

(b) The official recording of the hearing or a summary of the hearing prepared by a person designated by the director of the department;

(c) All of the evidence presented at the hearing and, if requested by the hearing officer pursuant to section 20 of this regulation, after the hearing; and

(d) The decision of the hearing officer.

Sec. 24. 1. The hearing officer presiding over a hearing conducted pursuant to sections 17 to 24, inclusive, of this regulation, shall cause the hearing to be recorded on audiotape or any other means of sound reproduction. The department will consider that recording to be the official recording of the hearing.

2. A person may obtain a copy of the official recording of a hearing in which he was a party if he submits to the department:

(a) A written request; and

(b) The fee charged by the department for an official recording.

3. *The fee for the official recording must not be more than the actual cost to the department of the audiotape or other medium of sound reproduction used to record the hearing, plus the cost of shipping and handling if applicable.*

Sec. 25. 1. *If the department approves an application for a subsidy, the enrollee remains eligible to receive the subsidy as long as he continues to meet the criteria for receiving a subsidy set forth in this chapter and chapter 439 of NRS.*

2. *The department will review the eligibility of each enrollee at least annually. In conducting this review the department will compare the information it has received from the enrollee with information concerning the enrollee that is maintained by other state agencies.*

3. *If the department is unable to determine the continuing eligibility of the enrollee in the manner set forth in subsection 2, the department may require the enrollee to provide additional documentation.*

Sec. 26. 1. *If an enrollee wishes to have the department discontinue paying a subsidy on his behalf, he must submit a written request to that effect to the department and notify the contractor in writing. The department will discontinue paying the subsidy on behalf of the enrollee upon receipt of the request.*

2. *If, based on information the department receives, the department reasonably believes that an enrollee no longer meets the criteria for receiving a subsidy because one of the circumstances set forth in subsection 3 applies to the enrollee, it shall, after providing notice as set forth in section 27 of this regulation and an opportunity for a hearing, discontinue paying a subsidy to a contractor on behalf of the enrollee.*

3. *The circumstances in which an enrollee no longer meets the criteria for receiving a subsidy, include, without limitation, that:*

(a) The enrollee has failed to pay, in a timely manner, the premiums on a policy of health insurance that he purchased from a contractor;

(b) The enrollee is eligible for Medicaid;

(c) The household income of the enrollee exceeds the maximum household income set forth in NRS 439.665; or

(d) The enrollee knowingly provided incorrect information on the application that he filed with the department pursuant to section 12 of this regulation and failed to correct the information within a reasonable time as determined by the department.

4. If the department determines that it will discontinue paying a subsidy on behalf of an enrollee based upon the circumstances set forth in paragraph (a) of subsection 3, the notice provided to the enrollee must state that the contractor may terminate coverage as provided in the policy of health insurance purchased by the enrollee regardless of whether the enrollee requests a hearing before the department.

5. The department will discontinue paying a subsidy on behalf of an enrollee if the enrollee does not request a hearing within 30 days after the date of the notice provided to the enrollee pursuant to subsection 2.

Sec. 27. *If the department determines that an enrollee no longer meets the criteria for receiving a subsidy set forth in this chapter and chapter 439 of NRS, it will notify the enrollee in writing that it will discontinue paying the subsidy. The notice must inform the enrollee:*

1. Of the reason the department will discontinue paying the subsidy;

2. Of the procedures set forth in section 17 of this regulation for requesting a hearing to review the decision of the department;

3. *Of any free or inexpensive legal services available in the area and provide telephone numbers of the organizations providing those services; and*

4. *That if he wishes to continue the coverage provided by the policy of health insurance he purchased from a contractor he must pay to the contractor, in a timely manner, the entire premium established by the contractor.*

Sec. 28. 1. *If a hearing officer overturns the decision of the department to deny or discontinue a subsidy, the department will pay:*

(a) *The amount of the subsidy due the contractor from the date that the applicant or the enrollee appealed the decision of the department to the date that the decision of the hearing officer was issued if the applicant or enrollee had:*

(1) *Purchased a policy of health insurance from a contractor as of the date that the applicant or enrollee appealed the decision of the department; and*

(2) *Paid all of the premiums due the contractor as of the date that the decision of the hearing officer was issued.*

(b) *The amount of the subsidy due the contractor from the date that the applicant purchases a policy of health insurance from a contractor upon receipt of proof that the applicant has purchased the policy if the applicant had failed to purchase such a policy as of the date that the applicant appealed the decision of the department.*

2. *The provisions of this section apply regardless of whether the department appeals the decision of the hearing officer.*

Sec. 29. 1. *An applicant or enrollee shall cooperate with the department in securing all information necessary to determine the eligibility of the applicant or continued eligibility of the enrollee to receive a subsidy. If the applicant or enrollee fails so to cooperate, the*

department will deny the application or discontinue paying the subsidy on behalf of the enrollee.

2. An enrollee shall update the information contained in the application filed with the department pursuant to section 12 of this regulation that relates to his eligibility to receive a subsidy, including, without limitation, a change in his:

- (a) Address;*
- (b) Name;*
- (c) Household income;*
- (d) Marital status;*
- (e) Eligibility for Medicaid; or*
- (f) Eligibility for supplemental security income,*

FLUSH *by notifying the department in writing within 20 days after the information becomes available to him.*

Sec. 30. 1. *The department will pursue all legal remedies for the collection of debt, including, without limitation, those remedies set forth in chapter 353C of NRS, to recoup a subsidy that was paid in error, including, without limitation, a subsidy that was paid to:*

- (a) A contractor who was not entitled to receive payment of the subsidy;*
- (b) An enrollee whose application for a subsidy was submitted with fraudulent intent; or*
- (c) An enrollee who was otherwise not qualified to receive the subsidy.*

2. The department will deposit all money it collects for a subsidy that was paid in error with the state treasurer for credit to the fund for a healthy Nevada.

3. The department may offset any amount due the department from a contractor because the contractor was not entitled to receive payment of a subsidy or was paid an amount in

excess of that which he was entitled to receive for payment of a subsidy against any amount owing to that contractor by the department for payment of a subsidy.