

Members present:

Chairman Jeffrey	Assemblyman Sena
Vice Chairman Robinson	Assemblyman FitzPatrick
Assemblyman Bennett	Assemblyman Rusk
Assemblyman Bremner	Assemblyman Tanner
Assemblyman Chaney	Assemblyman Weise
Assemblyman Horn	

Guests present:

See attached list.

Chairman Jeffrey called the meeting to order at 3:00 p.m. and stated that the purpose of the meeting was to hear AB 272 and then AB 412.

AB 272: Assemblyman Jim Banner, sponsor of the bill, testified that during his campaigning he had talked to many people who had felt that there was a need for a review committee within the insurance division of the department of commerce which would be available to the public so that complaints could be considered by an impartial group of people and not be solely decided by the insurance commissioner. He stated that most people had indicated to him that they felt in order to bring a grievance to a hearing they had to obtain the services of an attorney and go through a lot of cost and expense. He stated he felt this bill would address that problem and he stated that it was based on a model law from Colorado. He said that he felt since the insurance commissioner, who is the one who is responsible for looking into alleged problems within the industry, is usually chosen from within the insurance industry that it results in a type of inbreeding and with the changes posed in this bill there would be lay persons added to the investigation process and it would hopefully lead to a better run division and something the consumers would feel more satisfied with. He further stated that due to the greater degree of accountability which would be brought about by the bill that it would ultimately benefit the insurance industry in general.

In answer to a question from Mr. Bremner, Mr Banner stated that the Governor would appoint the director mentioned on line 5 of the bill.

In answer to a point raised by Dr. Robinson relative to page 2, line 27, regarding the ability of the committee to carry out orders of the committee, Mr. Banner stated that this review committee would have similar powers to those of the NIC review committees. Dr. Robinson stated that he felt that authority to issue orders should be more clearly spelled out in the bill.

Mr. FitzPatrick stated that he felt there would be no way this bill could be implimented without having a large financial impact. Mr. Banner stated that the fiscal note issued on this bill (which is attached as Exhibit "A") reflects a rather modest cost of \$10,000.00 the first year, \$16,000.00 the second and \$20,000.00 in the third year.

Mr. Clarence Heckethorn, agent for Blue Shield of Nevada, was next to speak in support of this bill and stated that this bill would provide for exhaustive appellat and investagative procedures to be undertaken before a person would have to resort to court action. He said that this was necessary in light of the problems which have existed in the past in dealing with the insurance commissioner. Mr. Heckethorn stated the current procedures which have to be followed are in NRS 695.180 and 680A.210. He stated that in his case there had been an audit ordered by the insurance commissioner wherein the commissioner had insisted upon the handling the the problem in a manner which was not fair and there was no recourse except litigation.

In answer to a question from Mr. Weise, Mr. Heckethorn stated that he was, indeed, in favor of this legislation due to the appellate procedures which it established.

Next to address the committee was Leonard Saye, Continental Insurance Group., who stated that his company is the local claims administration agency for large group insurance accounts such as Clark and Washoe Counties, the City of Las Vegas, North Las Vegas, The MGM and the Teamsters Union and others. He stated that he had worked with Jim Banner on the legal part of this bill and had asked that Mr. Banner introduce legislation of this type. He stated that he did not intend by this bill to cast any derogations on the current staff of the insurance division, but that this is intended to help regardless of who is head of the division. He stated the establishment of this review committee would be valuable to the industry, consumers and the commission as it would make for seven times the personal contact, input and knowledge. He felt it would decentralize the authority and distribute information to the public and would help the public to regain a feeling of integrity with the division by elimination of the intimidation some people feel regarding the current setup.

Mr. Saye added that he did not feel that the office of the insurance commissioner should have the kind of power it has now. He felt that since the Attorney General has a regular deputy in the Insurance Division and since the governor appoints the commissioner to his post that this makes it terribly difficult to try to say or do anything against the division or commissioner because they have so much pull. Mr. Saye also referred to the fiscal note and stated that the revenue generated by the insurance industry in 1978 was some \$10,000,000.00 and that there was an actual expenditure of some \$20,000.00 less than the proposed budget for the insurance division this past year. He said he felt that the benefits which would be derived from this

review committee would more than outweigh the expenditure of some 2/10ths of one-percent of revenue received from this sector. He also noted again the feeling that seven people would be better than one and also that many people didn't feel they had the time and money to invest in fighting the insurance commissioner. And, he stated he felt this type of legislation was overdue for several reasons mainly because the office of the insurance commissioner had been abused in the past and he felt this would help to prevent that type of abuse in the future.

Mr. Barney Horn, former state manager for American Surety and Family Life Insurance Company, stated that he supported the bill because of the injustices he felt had been done to him in the past. He stated the Dick Rottman, when he was the insurance commissioner, had put him out of business for 18 months for purely political reasons. He related to the committee the circumstances surrounding that problem with the insurance commissioner and stated that he had found no way during that time that he could effectively have any kind of recourse.

Mr. Mark Baker, independent insurance agent in life and health insurance, was next to speak and stated that he agreed with all the previous speakers and that he wished to say that this type of legislation would be a godsend to the consumer and would again give credibility to the insurance commissioner. He felt that the consumer currently has no one to turn to and felt that the committee would give them that without expending a great deal of time, effort and money. He said it would give the consumer a procedural base to work from. He told the committee that he also had been a victim of the former commissioner for some 14 months but that he didn't want to dwell on the situation. He also added that though the insurance consuming public was not really represented at the hearing that he hoped he could speak for them and on their behalf.

That concluded testimony in favor of the bill and those in opposition were next to speak.

George Vargas, attorney of Reno and representing various insurance agencies through the American Insurance Association, gave the committee a brief historical review of the office of the insurance commissioner and the insurance division as it has evolved since 1937. He stated that though there were many people who were dissatisfied with the actions of Dick Rottman while he served as insurance commissioner he did not feel that legislation such as this should be based on the actions of that one man. He also pointed out that this type of committee would not be conducive to decreasing insurance rates in the least. He also pointed out that there are currently provisions in 679B by which the commissioner has the power to appoint committees which can act in an advisory position for him and that the commissioner is already subject to disciplinary actions from the Director of the Department of Commerce. He also stated that the various divisions within each department now are overlooked by the heads of the departments and it is their responsibility to

make sure that these people are doing their jobs in a fair and efficient manner.

He also pointed out that there is a Division of Consumer Affairs which has been set up and that the consumer can turn to them if they feel they are not being treated fairly. He pointed out that there are many other divisions which do not have such a review committee within their division and he felt that there were other divisions which have as many or perhaps more complaints than does the insurance division. He also stated that he felt some of the language in the bill was confusing since it might mandate that a consumer would have to go through the entire review committee procedure, even if they wished to go directly to litigation. He also felt that since any decision of the review committee would be subject to judicial review, this would actually put an additional burden upon the consumer.

Next to speak in opposition to the bill was Mr. Richard Garrod, Farmers Insurance Group, who stated that because of the makeup of the committee (3 laymen and 3 representatives of the industry) it might be very difficult to get three representatives of the industry who would have broad enough knowledge in all phases of insurance matters who would be willing and able to be on the committee and since the committee would be appointed by the governor, a new committee would have to begin learning and assimilating information with each new election possibly.

He also pointed out that there was some question in the bill as to what would constitute a quorum and what effect that would have on action of the committee. And, he pointed out that the review committee, under the bill as presented, would apparently have the power to fire the insurance commissioner and he felt this was not going to work.

He further told the committee that in cases of possible insolvency of an insurance company that the commissioner had to have the ability to work quickly in order to avoid losing all the assets that might be used to pay off people. And, if the insurance commissioner had to wait for the decision of a review committee, the company might well be gone by the time they could act.

Mr. Larry Keas, Executive Vice President of Nevada Independent Insurance Agents, addressed the committee next and his remarks are attached in text form and marked as Exhibit "B".

Mr. Virgil Anderson, American Automobile Association, was next and stated that he agreed with the comments of the prior witnesses and he stated that he did not feel that the bill, as drafted, carried out what it was intended to do. He felt the bill was confusing in some aspects and that it might not deal fairly with the due process procedures which must be followed. He also stated that sections 4 and 5 on page 3 would be unnecessarily cumbersome.

Mr. Dave Byington, Nevada State Association of Life Underwriters, stated that he agreed with the other speakers who were opposed to this and noted that a watch dog provision is already in NRS 679A.140.

Mr. Jim Wadhams, Director of the Department of Commerce and Mr. Donald W. Heath, present Commissioner of Insurance were next to speak to the committee. Mr. Wadhams stated that he did not feel this bill would work because he did not think it would eliminate the closeness between the commissioner and the industry which seems to be one of the prime reasons for suggesting the changes made in the bill. He also stated that putting three more industry people on the committee would only tend to increase that closeness. He pointed out that this, too, would add another layer of government within the division for the public to have to deal with and that due to the committee nature of it it would add to the time delays which are experienced with people trying to deal with the division, and also with the division trying to deal with unscrupulous individuals or companies. He agreed with Mr. Vargas inasmuch as the control mechanism has been historically established and since he is directly appointed by the governor and at the consent of the governor appoints the insurance commissioner; it is the director's responsibility to make sure that the commissioner conducts himself properly. He stated it was his feeling that if the commissioner got cut of control, the director is the one who ought to be replaced.

Mr. Wadhams added that 233B, The Administrative Procedures Act, has long been the law of Nevada and, pursuant to that, anyone who is aggrieved by the decision of any public official has access to the courts. He said that this recourse to the courts does not take the same tone a regular litigation because there is no trial, merely presenting the evidence to the judge, and then the judge makes the decision on his own review of the case; therefore, he stated he did not feel it would be expensive and time consuming. He said that the insurance commissioner's office has had a fine record in the past few years in regard to the amounts of money they have returned via claims (some 6,000+ per year) to the consumers. He stated that in the fifteen divisions of the Commerce department, currently only the real estate division has a review committee and he did not feel that this should be added on to the insurance division. He also pointed out that the case in Colorado was completely different than what is going on in Nevada because the insurance commissioner in Colorado was what is termed in Nevada a classified employee and the governor had no control over him because of that fact; therefore the governor had had the Colorado bill introduced to gain control. Mr. Wadhams then introduced Mr. Heath and submitted to the committee a prepared analysis by the insurance commissioner of the bill which is attached and marked as Exhibit "C".

In answer to a question posed by Mr. Horn, Mr. Wadhams stated that if the insurance commissioner, from investigation of the records, appears to have made a decision in a capricious or arbitrary manner, the director has the authority to reverse the decision.

Mr. Heath pointed out to the committee that he felt the proposed fiscal impact note was extremely conservative. Additionally, he stated that he is currently getting input not only from industry representatives within the state, but also from practitioners within the state and he anticipates expanding the roles of those established committees for their input because he feels it is a good and desirable thing to have. He said he would rather see the money in the fiscal note go toward further criminal investigations.

In answer to a question from Mr. Horn, Mr. Heath stated he didn't think he would feel comfortable having a review committee looking over his shoulder, but, more than that, he felt the demand on this time to act as chairman of the committee would be extremely taxing and would erode his current ability to do a good job. That concluded testimony on this bill.

Mr. Weise made a motion to Indefinitely Postpone AB 272. The motion did not carry as only the following members voted to do the same: Weise, Tanner, Rusk, Jeffrey and Sena. Mr. Bremner and Mr. FitzPatrick abstained and Mr. Bennett, Mr. Chaney and Dr. Robinson were out of the room at this time. Chairman Jeffrey stated the bill would be held and motions would again be asked for at a later time.

AB 163: Chairman Jeffrey stated that the committee would briefly hear from Dr. Harrie F. Hess, psychologist, regarding this bill. Mr. Hess's remarks are in text form and attached as Exhibit "D", together with his other items of information to the committee.

Chairman Jeffrey stated that it was the intention of the committee to amend the language of the bill to include the proposed amendment to SB 448 of the 59th session which had been given to the committee during the meeting held prior which is attached and marked Exhibit "E".

Mr. Rusk moved to AMEND AND DO PASS AB 163, as on Exhibit "E" and Mr. Bennett seconded the motion and it carried with Mr. Tanner and Mr. FitzPatrick voting against the motion and Dr. Robinson not present to vote.

AB 150: Mr. Horn stated that he had received a letter from Larry Lessly, attorney for University of Nevada agreeing that the proposed amendment to this bill which excludes events governed by NCCA or AIAW would make the bill completely acceptable to the University and he stated that the deletion of lines 7 and 8 of the bill would also be acceptable to him.

Mr. Bennett moved to AMEND AND DO PASS AB 150, Mr. Sena seconded the motion and it carried with Mr. Bremner and Mr. Weise voting against the motion and Dr. Robinson not present to vote.

Chairman Jeffrey asked the committee's approval on some bill drafting requests for committee introduction; there were no objections.

Mr. Weise asked the committee's approval on a request for a bill draft regarding a bill concerning the Incline Village General Improvement District; there were no objections.

At this time Mr. Terrell Scott of Las Vegas was allowed to give oral testimony on AB 421 which had been originally scheduled for this day. His comments will be found with the minutes for March 8, 1979 meeting as an exhibit. Also given to the committee as an exhibit to accompany AB 421 was a proposed amendment from the Nevada Insurance Division.

There being no further business to come before the committee, Chairman Jeffrey adjourned the meeting at 4:30 p.m.

Respectfully submitted,

Linda Chandler
Linda Chandler
Secretary

Note: Also included in the minutes is a letter from Neil Swissman, M.D. which is in support of AB 272 and which is marked Exhibit "F".

ASSEMBLY COMMERCE COMMITTEE

ROLL CALL:

Hearing date: 2/28/79 , 1979

CHAIRMAN JEFFREY
VICE CHAIRMAN ROBINSON
MR. BENNETT
MR. BREMNER
MR. CHANEY
MR. HORN
MR. SENA
MR. FITZPATRICK
MR. RUSK
MR. TANNER
MR. WEISE

Present	Absent	Excused
x		
x		
x		
x		
x		
x		
x		
x		
x		
x		

ASSEMBLY COMMERCE COMMITTEE

GUEST LIST

NAME (Please print)	REPRESENTING (organization)	WISH TO SPEAK	
		Yes	No.
Richard GARD	FARMERS INS Group (272)	✓	
CLARENCE HACKETT	Blue Shield of NEVADA	✓	
HARRIE HESS	Board of Psy. Examiners of self	✓	AB 163
MARV A. GLOVINSKY	Nevada Psychological Association & self	✓	163
ROBERT McQUEEN	DEPT. OF PSYCHOLOGY / U. N. R. / NEV. BD. PSY. EXAM		A.B. 163
TERRELL L. SCOTT	DENTURIST	✓	AB 421
LARRY KEES	NEVADA INDEPENDENT INSURANCE AGENTS	ABX	272
Pete Keller	" " " "		X
GEORGE VARGAS	AMEX. INS. ASSN & PERSONAL	AB	1272
DAVE BUNINGTON	NEV. STATE ASSOC. of Life Ins. WRITERS	✓	
LEONARD SAYE	Continental Group Agency	✓	
MARK P BAKER	INDEPENDENT AGENT - LKH.	✓	
CHUCK KING	CENTRAL TELEPHONE CO		✓
Patsy Richmond	Insurance Commission		✓
Jim Williams	Commerce Dept.	✓	
John Smith	Insurance Division		✓
Georgia Murray	Insurance Division written amendment AB 421		✓
Bonnie F. Love	Ins. agent		



LARRY KEES
EXECUTIVE VICE PRESIDENT

310 N. Stewart St., P.O. Box 645, Carson City, Nv. 89701 - (702) 882-1366

On behalf of the members of the Nevada Independent Insurance Agents Association I would like to express our views on Assembly Bill 272.

It is our supposition that this legislation has been introduced to restrain present and future commissioners of insurance from the excesses which some feel were committed in the past. The bill appears to place a watchdog committee on the commissioner and, while we can sympathize with its purpose, we must register our opposition to it . . . at least for the present.

First, it is our opinion that there is already sufficient authority placed over the office of insurance commissioner. He is answerable to the Director of the Department of Commerce and, of course, to the Governor of our State. Both of these men are available to receive complaints against the commissioner's actions and both have the power to counsel him, to correct him or, to replace him, if that drastic step is necessary.

Second, the judicial system is already provided in the insurance code as a formal source of appeal from the acts of the insurance commission.

Third, we feel strongly that a person appointed to a position of responsibility deserves whole-hearted support rather than second guessing on as routine a basis as this bill provides. There are

already provisions in the code for advisory committees which can be appointed and called on by the commissioner for expert input and constructive comment. In short, there are plenty of competent sources of assistance available to a commissioner and, at the same time there are adequate sources of control.

Like all taxpayers, our membership is also concerned about the creation of another level of government and the resulting fiscal impact. By simple arithmetic I can see annual salary, per diem and travel costs of at least \$5,000. and these, of course, are only conservative, obvious expenses. In our opinion, the need does not justify the cost.

In summary, we consider ourselves fortunate to have today and to have had for many, many years ^{SEVERAL} highly qualified and capable insurance commissioners. The insurance code, in the section on qualifications of the commissioner, virtually assures this and we encourage you to share our faith in his ability to regulate our industry in a professional and economically responsible fashion.

Thank you for considering our point of view. If you have questions I will be happy to attempt to answer them.



STATE OF NEVADA
DEPARTMENT OF COMMERCE
INSURANCE DIVISION

201 SOUTH FALL STREET
CARSON CITY, NEVADA 89710

(702) 885-4270

DONALD W. HEATH, CLU
Commissioner of Insurance

ROBERT LIST
Governor

JAMES L. WADHAMS
Director

February 28, 1979

TO: ASSEMBLY COMMERCE COMMITTEE

FROM: DONALD W. HEATH, COMMISSIONER OF INSURANCE

RE: A.B. 272

A review of this bill by my staff and me indicates it would cost Nevada taxpayers approximately \$15,000 a biennium assuming a minimum of twelve meetings a year to include per diem, expenses and transportation based upon a conservative transportation cost projection of only \$40 per commission member per trip, and does not take into consideration the cost of secretarial support or hearing expenses. The costs would increase further in direct proportion to the number of additional meetings held assuming all members attend.

Obviously, this would be a significant and additional expenditure for the Insurance Division. A more pressing priority involves the need for additional investigative type personnel, at least one of whom could be funded by the kind of money this bill would require as a minimum.

Moreover, the Nevada Revised Statutes provide qualifications for the appointment of Insurance Commissioner at NRS 679B.030. Further, faith in the Director to pick, with the consent of the Governor, a fair individual who serves at his pleasure is an added protection against any potential abuse of power that could otherwise occur. Direct administrative oversight is provided by the Director of Commerce to whom the Insurance Commissioner reports. Parenthetically, the current Commerce Director has an extensive insurance regulatory background and is my immediate predecessor. In a small state such as Nevada, the Governor is accessible should further executive review of the Insurance Commissioner be necessary. Of course, the court system is always available for anyone, including companies, brokers or agents to redress any suspected grievances regarding the Insurance Commissioner's actions, proper or otherwise (re: NRS 233B and 679B.370).

EXHIBIT "C"

Assembly Commerce Committee
February 28, 1979
Page -2-

In terms of field and consumer input and resource availability, the Insurance Division is authorized by NRS 679B.160 to have, and does have, in existence a Life and Health Advisory Committee, a Property and Casualty Advisory Committee and a Title Insurance Advisory Committee (see attachments). Also field and consumer experience and expertise is utilized as much as possible in various other vehicles including the Guaranty Associations (see attachments).

Therefore, it seems contrary to the public will to superimpose another layer of government at a time when the public is calling for less, not more, government! Should the legislature wish to increase the Insurance Division's budget at this time, as mentioned above, it is recommended that that money could be better used for the addition of a criminal investigator.

The Insurance Division and its staff is available to provide further information and assistance if required.

DWH:ph

LIFE AND HEALTH ADVISORY COMMITTEE

Dave Byington, CLU

Lewis Musgrove

Roger Burnley, CLU

Phyliss Hawes

PROPERTY AND CASUALTY ADVISORY COMMITTEE

Loren House, Chairman, CPCU

Jim Talbot

David Lee, CPCU

Lon La Porta

Nick Stosic

Eloy Martinet, Chairman	Martinet & Garrett P.O. Box 42694 Las Vegas, Nevada 89104
* James V. Corica, Secy-Treas	1148 Manor Drive Reno, Nevada 89509
* George L. Ciapusci	State Farm Insurance Co. 2905 West Charleston Blvd. Las Vegas, Nevada 89102
Keith M. Askew	1701 Vassar Street Reno, Nevada 89502
Fredrick L. Boehm	American Bankers In Co of Florida 600 Brickell Miami, Florida 33131
* J. Stewart Laird	New Hampshire Inc, Co P.O. Box 3000 Fort Collin, Colorado 80554
* Dennis C. Paulsen	Ins. Co of North America 415 Newport Center Drive Newport Beach, California 92660
Perry Daniel	All State Ins. Co 1934 E. Sahara Las Vegas, Nevada 89104

* These members go off the Board February 1979. They will have to be reappointed or new members appointed by the Commissioner.

Benedict J. Dasher, Chairman

President
Universe Life Ins. Co.
300 East First Street
Reno, Nevada 89501

Arland Connors

HOME ADDRESS:

Farmers Ins. Group
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Reno, Nevada 89509

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Vice President
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Ray O'Brien, Chairman	Executive Vice President and General Manager First Commercial Title, Inc 1400 South Virginia Street Reno, Nevada 89502
Edna Benna	8500 Dieringer Drive Reno, Nevada, 89511
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M. Edward Fike	President Lawyers Title Of Las Vegas P.O. Box 1957 Las Vegas, Nevada 89101
Paul W. Means	Nevada Development Authority McCarran Field P.O. Box 11207 Las Vegas, Nevada 89111
Harold WandesFord	Title Insurance & Trust Co 309 South 3rd Street Las Vegas, Nevada 89101
Nazir A. Ansari, Ph.D. <i>ADVISOR</i>	11105 Caribou Road Reno, Nevada 89511

GOVERNING BOARD
NEVADA ASSIGNED CLAIMS PLAN

1979

Perry Daniels, Chairman

All State Insurance Co
P.O. Box 7496
Las Vegas, Nevada 89101

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Accounting Dept.
Reno, Nevada 89507

James Chivers

Underwriters Adjusting Co.
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Las Vegas, Nevada 89101

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California State Automobile Ass
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Carol Dolecheck, Member-at-Large

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Richard Walsh

State Farm Insurance Co.
2905 West Charleston
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HARRIE F. HESS, PH.D., LTD.
DIPLOMATE IN CLINICAL PSYCHOLOGY
1212 WYOMING AVE.
BOULDER CITY, NV. 89005
PH. 293-3506

February 21, 1979

Assemblyman Jack Jeffrey,
Chair, Assembly Commerce Committee
c/o Nevada Legislature
Carson City, Nevada

re: AB 163

Dear Mr. Jeffrey,

I am writing you to seek your support for AB 163, the Psychology "Freedom of choice" law (copy enclosed). The effect of this brief bill is to allow consumers of mental health services to use the service provider of their choice. Presently, some insurers require the insured to select an M.D. mental health service provider. The irony of the present situation can be seen if you realize that an M.D. general practitioner or any other M.D. can be paid for rendering mental health services, while in some cases, a Nevada psychologist, performing his licensed function as defined in Nevada law, cannot! Another irony in the current situation is that doctoral graduates of our own state university program in Clinical Psychology, cannot be reimbursed by some companies for performing the health services for which they are trained (at considerable state expense) in their arduous eight year program.

Someone might argue, "Well, the consumers shouldn't have their choice: they'd be better off going to a psychiatrist." The answer is: It just "ain't so!" Consumers who need the service of a psychologist for services which may be better-performed by a psychologist (such as evaluation of children's learning disabilities, or cognitive deficits; group psychotherapeutic treatment, or psychodiagnostic testing) cannot be reimbursed under some policies if they go to the appropriate practitioner, a psychologist. Yet, if they go to someone probably not trained to do the foregoing, such as a G.P. or psychiatrist, the consumer is reimbursed! Consider this analogy: you've got a sore foot, a condition covered under your insurance policy. But the policy requires that you get your treatment from an eye doctor!

Please note that the proposed law:

- (1) Does not change the policy coverage (it only gives a choice of practitioner).

- (2) Does not require that any policy must cover mental health conditions. Only requires that when a condition is covered, then the patient has his choice of doctor.
- (3) Does not require insurance reimbursement to be paid to sub-doctoral practitioners. The Nevada Psychology licensing act requires that psychologists have the doctoral degree.
- (4) Does not set fees. Fees are determined by the practitioner, as has been the case in the past. The only difference is that under AB 163, the M.D. monopoly required by some policies will be broken, and fees will be determined by freer market competition.
- (5) Does not change the scope of the psychologist's practice, which remains as defined in Nevada law for the past sixteen years.
- (6) Does not mean increased insurance rates. Rather, as a consequence of competition for the patient's dollar, the effect may well be to permit lower rates.
- (7) Does not contradict policy of the insurance industry. On the contrary, HIAA (The Health Insurance Association of America), the members of which underwrite 80% of the United States private health insurance, has cooperated with psychologists in drafting "model" "Freedom-of-Choice" legislation (copy enclosed). (The proposed Nevada Law, briefer and less stringent than that supported by HIAA was drafted in consultation with the State of Nevada Insurance Division.)
- (8) Does not set a new precedent. Already under Nevada Law consumers have free choice of the services of the following Health-Service Providers: optometrists, osteopaths, chiropractists, acupunturists, chiropractors. And most consumers throughout the United States are already guaranteed access to psychological services by Freedom-of-Choice laws in most states, including populous states such as New York and California. We also have a National "Freedom-of-Choice" law, passed by the U.S. Congress, guaranteeing reimbursement of services provided by psychologists to the millions of citizens already covered under the Federal Employee's Health Benefits Plan (FEHB). Nevada Senators Paul Laxalt and Howard Cannon are co-sponsors of S.123, which will provide direct access to psychological services under Medicare, and Nevada Congressman James Santini is a co-sponsor of H.R.2270, the companion bill in the House.

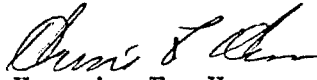
Here's what AB 163 does:

- (1) It guarantees the insured consumer that he will be reimbursed for the expense of mental-health care provided by the practitioner of his choice.

- (2) It implements the recommendation adopted by a Blue-Ribbon Panel of distinguished Nevada citizens in the Nevada Plan for Health, the 1977 volume outlining health care needs in Nevada. (Because of the size of that volume, I have not included a copy in this mailing, but a copy of the page including this particular recommendation is attached.)

If you have any questions, please phone me at my University office 739-3305, or at my Boulder City home, 293-3506. Thank you.

Sincerely,



Harrie F. Hess
Diplomate in Clinical Psychology

cc: Members of the Assembly Commerce Committee

Assemblymen: Jeffrey
Robinson
Bennett
Bremner
Chaney
Horn
Sena
FitzPatrick
Rusk
Tanner
Weise

MODEL PSYCHOLOGIST DIRECT RECOGNITION BILL

developed by the
Committee on Health Insurance of the ¹⁹⁷⁶
American Psychological Association
and
Health Insurance Association of America

No health insurance policy providing benefits for services rendered for the care and treatment of sickness and injury shall deny such benefits for services legally rendered by a psychologist who is duly licensed or certified in the state where the service is rendered and has a doctorate degree in psychology and has had at least two years clinical experience in a recognized health setting, or has met the standards of the National Register of Health Service Providers in Psychology, provided such services are covered by the terms of the policy if rendered by a licensed physician or doctor of medicine. For purposes of this Act the term "health insurance policy" means a hospital or medical expense policy, nonprofit service corporation plan or self-funded employee health and welfare plan, which is delivered or issued for delivery in this State on and after the effective date of this Act, and such existing group policy or plan on its next anniversary or renewal date or the expiration of the applicable collective bargaining contract, if any, whichever is the later.

Attempts to reach an agreement with the health insurance industry on model legislation were initiated by Drs. Jack Wiggins, Ohio, now an AAP Trustee, and Gene Shapiro, New Jersey. Passage of comparable legislation in 23 states and the District of Columbia assisted the process. The Standards for the Providers of Psychological Services and the National Register guided the definition. The model bill is thus consistent with APA's policy and has been endorsed by HIAA's Governmental Relations Committee, which will circulate it to all its members and state insurance commissioners shortly.

34. A single agency should be responsible for developing a coordinated network of child abuse and neglect programs in Clark County. This agency should be the recipient of the available funds to develop a coordinated network. The Clark County District Health Department is a recommended agency since it is prevention and treatment oriented. (Priority ranking - #63)
35. All agencies providing services to emotionally disturbed and mentally retarded children should develop a mechanism to implement generational planning. The goal of generational planning is the provision of services to children such that they may graduate from one program to another along a continuum of programs aimed at the development of the persons to their greatest potential. (Priority ranking - #34)

Mental Health Manpower

36. Mental Health Associations are encouraged to develop internal professional review mechanisms similar to the PSRO framework for the medical profession. (Priority ranking - #29)
37. Licensure boards should clarify all criteria for licensure and develop appeal procedures outside of the board. (Priority ranking - #31)
38. The requirements for education and training of mental health technicians involved in individual therapy should be upgraded and formalized. A certification process modeled on the Bureau of Alcohol and Drug Abuse certification procedures should be implemented for mental health technicians. The career ladder concept is supported in place of doctoral degrees. (Priority ranking - #32)
39. Development of mechanisms to allow client and consumer evaluation of the quality and types of services offered by public mental health programs is supported. (Priority ranking - #33)
40. The University and Community College Systems are encouraged to become involved in the education and training of mental health technicians and master and doctoral level practitioners. (Priority ranking - #36)
41. Passage of "freedom of choice legislation," which protects the consumer's right to select the mental health practitioner of his choice and ensure that insurance companies will reimburse for the service is supported. (Priority ranking - #38)
42. The certification law for psychologists should be modified to allow for certification of persons at the master degree level and for provisional licenses to be issued to persons waiting for full licensure. The work being done by the State Psychological Association in revising the law is supported. (Priority ranking - #39)
43. Passage of legislation making clear that health regulatory boards do have power to enforce continuing education requirements which are adopted by licensing boards is supported. (Priority ranking - #48)
44. A study should be conducted to determine the legality and quality of mental health services being offered by practitioners not licensed by a State board, e.g., sex therapists. (Priority ranking - #51)
45. Increased salary for State personnel providing direct services to clients is encouraged in conjunction with upgrading the training education requirements of those providing direct services. (Priority ranking - #55)

~~EXHIBIT "E"~~
1977
AMENDMENTS TO S.B. 448

Submitted by Milos Terzich representing Health Insurance Association of America.

Delete Lines 3 through 6 and insert in their place and stead as follows:

1. If any policy provides coverage for treatment of illness which is within the permitted scope of the practice of a qualified psychologist, the insured is entitled to ~~reimbursement~~ reimbursement.
~~_____~~
~~_____~~
2. As used in Subsection 1, a qualified psychologist means:
 - (a) A person who has been certified by this state as a psychologist;
 - (b) Has received a doctorate in psychology approved by the Board of Pshychological Examiners; and
 - (c) Has at least two years of clinical experience in an organized health setting.

EXHIBIT "E"

NEVADA STATE MEDICAL ASSOCIATION

NEIL SWISSMAN, M.D., President
RICHARD C. INSKIP, M.D., President-elect
GORDON L. NITZ, M.D., Secretary-Treasurer
ROBERT L. BROWN, M.D., Immed. Past President
LESLIE A. MOREN, M.D., AMA Delegate
LEONARD H. RAIZIN, M.D., AMA Alternate Delegate
RICHARD G. PUGH, CAE, Executive Director

3660 Baker Lane • Reno, Nevada 89509 • (702) 825-6788

February 28, 1979

John D. Jeffrey, Chairman
Assembly Commerce Committee
NEVADA STATE LEGISLATURE
Carson City, Nevada 89710

Dear Mr. Jeffrey:

The Nevada State Medical Association has been active in recent legislative sessions to effect changes in Nevada law to help alleviate problems associated with cost and availability of professional liability insurance. We have worked closely with the Insurance Division and the Director of Commerce in reaching workable solutions to many of the problems involving organized medicine.

Your committee will receive testimony today on AB 272, a bill which would appreciably alter the administrative structure of the Insurance Division by making the Commissioner responsible to a review board. We feel that the present system has been highly efficient and that this bill would create numerous problems. For example, there are many occasions when the Commissioner must out of necessity reach an immediate decision on an issue. If this bill were enacted, there would undoubtedly be delays which would indeed be costly. I might add that any costs incurred in the administration of a review panel would be an added burden to the taxpayers of Nevada.

I urge you and your committee to vote a DO NOT PASS on AB 272.

Sincerely,



NEIL SWISSMAN, M.D.
President

NS:d

EXHIBIT "F"