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PREPARED BY  
RESEARCH DIVISION  
LEGISLATIVE COUNSEL BUREAU  
Nonpartisan Staff of the Nevada State Legislature

**BILL SUMMARY**  
72<sup>nd</sup> REGULAR SESSION  
OF THE NEVADA STATE LEGISLATURE

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**ASSEMBLY BILL 79**  
**(Second Reprint)**

Topic

Assembly Bill 79 provides for external review of certain determinations made by managed care organizations and health maintenance organizations.

Summary

Assembly Bill 79 allows an insured person to obtain an external review of a final adverse determination made by a managed care organization (MCO) or a health maintenance organization (HMO). An adverse determination is a decision to deny a health care service on the basis that the service either is not medically necessary or appropriate or is experimental or investigational. The bill also requires an external review organization to be certified by the Commissioner of Insurance before conducting an external review of a final adverse determination. Each MCO and HMO must establish a system for conducting external reviews.

The bill specifies the circumstances under which a request for an external review can be made, including that the amount required to be paid for the provided health care service must be at least \$500 and the request must be made within 60 days after receiving a notice of the final adverse determination. The Office for Consumer Health Assistance is required to assign a request for external review on a rotating basis from a list of external review organizations that have been certified by the Commissioner. The external review organization is required to approve, modify, or reverse a final adverse determination within 15 days after it receives the information required to make that determination. Also, A.B. 79 provides that an MCO shall approve or deny a request for an external review in an expedited manner in cases where the life or health of an insured person may be jeopardized by a delay in making such a decision.

A decision of an external review organization in favor of an insured person is final and binding upon the managed care organization. An external review organization is not liable in a civil action for damages relating to a determination made by the external review organization if the determination is made in good faith and without gross negligence. The cost of conducting an external review must be paid by the managed care organization that made the final adverse determination.

### Effective Date

This measure is effective upon passage and approval for the purposes of adopting regulations and certifying external review organizations; on January 1, 2004, for the purposes of filing notice of and approving any material modifications to operations of HMOs; and on July 1, 2004, for all other purposes.