ASSEMBLY BILL NO. 6–COMMITTEE ON HEALTH AND HUMAN SERVICES

(ON BEHALF OF THE PATIENT PROTECTION COMMISSION)

PREFILED NOVEMBER 16, 2022

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions relating to the cost of health care. (BDR 40-380)

FISCAL NOTE: Effect on Local Government: No.

Effect on the State: Yes.

EXPLANATION - Matter in bolded italics is new; matter between brackets [omitted material] is material to be omitted.

AN ACT relating to health care; providing for the establishment of a health care cost growth benchmark for each year as a target for the maximum growth of total health care spending during that year; requiring certain state agencies to collaborate to develop and engage relevant persons and entities to implement strategies for meeting the health care cost growth benchmark; requiring certain insurers to report information relating to health care spending in this State; requiring the Director of the Department of Health and Human Services to publish an annual report concerning health care spending in this State; requiring the Patient Protection Commission within the Office of the Director to make certain recommendations concerning the health care cost growth benchmark and hold an annual informational public hearing concerning health care spending in this State; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law: (1) creates the Patient Protection Commission within the Office of the Director of the Department of Health and Human Services; and (2) requires the Commission to perform certain duties relating to the provision of health care in this State. Such duties include conducting a systematic review of issues related to the health care needs of residents of this State and the quality, accessibility and affordability of health care in this State. (NRS 439.902-439.918) In 2021, the





Governor issued Executive Order 2021-29, which establishes targets, known as health care cost growth targets, for the growth of spending on health care for each year, beginning in 2022 and ending in 2026. Executive Order 2021-29 requires the Division of Insurance of the Department of Business and Industry, the Department of Health and Human Services and other relevant state agencies to engage relevant parties to develop strategies to meet those targets and monitor and publish certain reports concerning the growth of health care spending. (Executive Order 2021-29 (12-27-2021))

Sections 3-9 of this bill define terms relevant to health care cost growth benchmarks. Section 10 of this bill requires the Director of the Department to annually establish a health care cost growth benchmark for the immediately following year in an amount equal to the health care cost growth target established by the Governor in Executive Order 2021-29. Beginning in 2026 and every 5 years thereafter: (1) section 13 of this bill requires the Commission to establish and submit to the Director recommendations for health care cost growth benchmarks for each of the immediately following 5 years; and (2) section 18 of this bill requires the Director to consider those recommendations and establish the health care cost growth benchmark for each of those years. Section 13 authorizes the Commission to recommend that the Director modify the health care cost growth benchmark or the manner in which the growth in health care spending relative to the health care cost growth benchmark is assessed, if the Commission determines that economic conditions warrant the modification. **Section 10** authorizes the Director to modify the health care cost growth benchmark in response to such a recommendation. Section 10 requires the Department, the Division of Insurance of the Department of Business and Industry and other relevant state agencies to collaborate to develop and engage relevant persons and entities to implement strategies for meeting the health care cost growth benchmark.

Section 11 of this bill requires insurers to report to the Director certain data prescribed by regulation of the Director relating to health care spending. Section 11 also requires the Director to request certain information relating to health care spending from the Federal Government. Section 12 of this bill requires the Director to compile and submit to the Governor and the Legislature an annual report of certain data and analysis relating to health care spending in this State that is based on the data collected from insurers pursuant to section 11. Section 12 requires the report to include the rate of growth in total health care spending compared to the applicable health care cost growth benchmark. Beginning in 2025, section 14 of this bill requires the Commission to annually: (1) hold an informational public hearing to compare the rate of growth in total health care spending in the most recent year for which such information is available to the health care cost growth benchmark for that year; and (2) compile and submit to the Governor, the Director and the Legislature a report of recommendations for strategies to assist the health care system in this State in meeting the health care cost growth benchmark.

Existing law requires the Commission to examine the cost of health care and the primary factors impacting those costs as part of its systemic review of issues relating to health care in this State. (NRS 439.916) **Section 15** of this bill requires that examination to include an examination of the information contained in the report compiled by the Director pursuant to **section 12**. **Sections 16 and 17** of this bill make conforming changes to clarify that the activities of the Commission prescribed by **sections 13 and 14** are part of the duties of the Commission.



 $\frac{1}{30}$



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- **Section 1.** Chapter 439 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 14, inclusive, of this act.
- Sec. 2. As used in sections 2 to 14, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 9, inclusive, of this act have the meanings ascribed to them in those sections.
- Sec. 3. "Commission" means the Patient Protection Commission created by NRS 439.908.
- Sec. 4. "Covered person" means a policyholder, subscriber, enrollee or other person covered by a third party.
- Sec. 5. "Health care cost growth benchmark" means a percentage established by the Director pursuant to section 10 of this act as the target maximum amount for the growth of total health care spending in this State during a calendar year.
- Sec. 6. "Health care provider entity" means an organized group of providers of health care that:
- 1. Is treated as a single entity for the purpose of contracting or billing;
 - 2. Includes at least one provider of primary care; and
- 3. Provides care to a sufficient number of persons to participate in contracting based on the total cost of providing care to a group of covered persons, even if they are not engaged in such a contract.
- Sec. 7. "Provider of health care" has the meaning ascribed to it in NRS 629.031.
 - Sec. 8. "Third party" means:
 - 1. An insurer, as that term is defined in NRS 679B.540;
- 2. A health benefit plan, as that term is defined in NRS 687B.470, for employees which provides coverage for health care or prescription drugs;
- 3. A participating public agency, as that term is defined in NRS 287.04052, and any other local governmental agency of the State of Nevada which provides a system of health insurance for the benefit of its officers and employees, and the dependents of officers and employees, pursuant to chapter 287 of NRS; or
- 4. Any other insurer or organization providing coverage or benefits for health care or prescription drugs in accordance with state or federal law.
 - → The term does not include an insurer that provides coverage under a policy of casualty or property insurance.





- Sec. 9. "Total health care spending" means the sum of all spending on health care in this State, or for a particular market, third party or health care provider entity, during a calendar year, including, without limitation:
 - 1. Money paid to providers of health care;
 - 2. Cost sharing paid by covered persons; and
- 3. The difference between premiums paid to third parties and benefits provided by third parties, including, without limitation:
- (a) Expenditures by third parties for advertising, commissions, administrative costs and other operating costs;
- (b) Net additions or subtractions from reserves, rate credits and dividends;
 - (c) Premium taxes; and
 - (d) Profits or losses.

- Sec. 10. 1. On or before July 1 of each year, the Director shall:
- (a) Establish the health care cost growth benchmark for the immediately following year in an amount equal to the health care cost growth target established by the Governor in Executive Order 2021-29, issued on December 27, 2021; and
- (b) Post the health care cost growth benchmark on an Internet website maintained by the Department.
- 2. The Director may modify the health care cost growth benchmark in response to a recommendation from the Commission pursuant to subsection 3 of section 13 of this act.
- 3. The Department, the Division of Insurance of the Department of Business and Industry and any other relevant agencies of the Executive Branch of the State Government shall collaborate to develop and engage relevant persons and entities to implement strategies for meeting the health care cost growth benchmark that are practicable and based on evidence and data.
- Sec. 11. 1. Except as otherwise provided in subsection 3, on or before August 15 of each year, each third party shall report to the Director the aggregated data prescribed by regulation of the Director, in the form prescribed by the Director, for at least the immediately preceding 2 years. The regulations adopted pursuant to this section must:
- (a) Require a third party to report such information as necessary to compile the report described in section 12 of this act and include, without limitation, data concerning expenditures by third parties acting on behalf of self-insured employers; and
- (b) For the purposes of reporting the information described in section 12 of this act relating to primary care and giving consideration to approaches used by other states and national organizations, prescribe:





(1) Categories of providers of health care who are considered to be providers of primary care;

(2) Specific codes used in generally accepted coding systems for billing in health care that correspond to procedures that are deemed to be primary care; and

- (3) Categories of payments and practices relating to payment, including, without limitation, payment that is not based on claims, that should be included when calculating spending on primary care.
- 2. A provider of health coverage for federal employees, a provider of health coverage that is subject to the Employee Retirement Income Security Act of 1974 or the administrator of a Taft-Hartley trust formed pursuant to 29 U.S.C. § 186(c)(5) are not required to but may submit the data prescribed by the Director pursuant to this section.
- 3. The Director shall annually submit to the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services a request for information relating to the unadjusted total medical expenses of residents of this State.
- Sec. 12. 1. On or before March 31 of each year, the Director shall compile a report concerning health care spending in this State that is based on the data reported pursuant to section 11 of this act in the immediately preceding year and submit the report to the Governor and the Director of the Legislative Counsel Bureau for transmittal to:
- (a) The Joint Interim Standing Committee on Health and Human Services; and
- (b) In even-numbered years, the next regular session of the Legislature.
- 2. The report compiled pursuant to subsection 1 must include, for the immediately preceding year:
- (a) The total health care spending for this State and the rate of growth of total health care spending compared to the applicable health care cost growth benchmark;
- (b) The rate of growth in total health care spending by market for each market listed in subsection 3 and the rate of growth in total health care spending for each such market compared to the applicable health care cost growth benchmark;
- (c) A specific identification of each third party that reported information pursuant to section 11 of this act and, for each such third party, the rate of growth of total health care spending by the third party for each market listed in subsection 3 in which the third party operates compared to the applicable health care cost growth benchmark;





- (d) A specific identification of each health care provider entity for which information was reported pursuant to section 11 of this act and, for each such health care provider entity, the rate of growth of total health care spending compared to the applicable health care cost growth benchmark;
- (e) The net cost of private health insurance provided by each third party that issues such insurance for each market listed in subsection 3 in which the third party operates;
- (f) Total spending on primary care as a percentage of total health care spending;
 - (g) The rate of growth in total spending on primary care;
- (h) The average monthly spending for each covered person on commercial health insurance premiums;
- (i) The rate of growth in health insurance premiums for each market listed in subsection 3 and each third party that reported information pursuant to section 11 of this act;
- (j) The average monthly spending for each covered person on cost sharing:
- (k) The rate of growth in cost sharing for each market listed in subsection 3 and each third party that reported information pursuant to section 11 of this act;
- (l) An analysis of the drivers of growth in health care spending for different categories of services, including, without limitation, the relative contribution of utilization and price on the rate of growth; and
- (m) Any information necessary to provide context for the information described in paragraphs (a) to (l), inclusive, including, without limitation:
 - (1) The impact of the rate of inflation;
- (2) The impact of health care spending and the growth of such spending on access to health care; and
- (3) Responses to public health crises or other similar emergencies.
- 3. The information reported pursuant to paragraphs (b), (c), (e), (i) and (k) of subsection 2 must include:
 - (a) The individual commercial insurance market;
 - (b) The small group commercial insurance market;
 - (c) The large group commercial insurance market;
 - (d) The self-insured commercial insurance market;
 - (e) Medicaid; and
 - (f) Medicare.
- 4. Upon receiving the report submitted pursuant to subsection 1, the Governor shall post the report on an Internet website maintained by the Governor.





- Sec. 13. 1. On or before May 1, 2026, and every 5 years thereafter, the Commission shall establish and submit to the Director recommendations for health care cost growth benchmarks for each of the immediately following 5 years and any information or analysis used to inform the recommendations. In developing such recommendations, the Commission shall consider:
- (a) Any historical or forecasted changes in median per capita income in this State and the rate of growth in potential gross state product;
 - (b) The rate of inflation;

- (c) The most recent annual report compiled by the Director pursuant to section 12 of this act; and
 - (d) Input from the public.
- 2. To solicit input from the public pursuant to paragraph (d) of subsection 1, the Commission may:
 - (a) Hold a public hearing;
- (b) Convene an advisory committee consisting of such members as are appointed by the Commission; or
- (c) Conduct any other activities that the Commission determines to be useful in soliciting public input.
- 3. The Commission may submit to the Director a recommendation to modify a health care cost growth benchmark or the manner in which the Director assesses the rate of growth in health care spending relative to the health care cost growth benchmark, if the Commission determines that economic conditions, including, without limitation, the rate of inflation, warrant the modification.
- 4. As used in this section, "potential gross state product" means the sum of the expected percentage of growth in the productivity of the national labor force, the expected percentage of growth in the labor force of this State and the expected national rate of inflation, minus the expected percentage of growth in population of this State.
- Sec. 14. 1. On or before June 30 of each year, the Commission shall hold an informational public hearing to compare the rate of growth in total health care spending in the most recent year for which such information is available to the health care cost growth benchmark for that year. The hearing must include, without limitation, an examination of:
- (a) The report compiled by the Director pursuant to section 12 of this act for the applicable year;
- (b) The spending of health care provider entities and third parties including, without limitation:
 - (1) Trends in the cost of providing health care;





- (2) The factors contributing to the cost of providing health care; and
 - (3) Spending on primary care as a percentage of total medical expenses; and
 - (c) Any other matters deemed relevant by the Commission.
 - 2. On or before September 1 of each year, the Commission shall:
 - (a) Compile a report of recommendations for strategies to assist the health care system in this State, including, without limitation, health care provider entities and third parties, in meeting the health care cost growth benchmark; and
 - (b) Submit the report to the Governor, the Director of the Department and the Director of the Legislative Counsel Bureau for transmittal to:
 - (1) In even-numbered years, the Joint Interim Standing Committee on Health and Human Services; and
 - (2) In odd-numbered years, the next regular session of the Legislature.
 - 3. When compiling a report pursuant to subsection 2, the Commission shall examine, without limitation, data and findings from:
 - (a) The report most recently compiled by the Director pursuant to section 12 of this act; and
 - (b) The most recent informational public hearing held pursuant to subsection 1.
 - **Sec. 15.** NRS 439.916 is hereby amended to read as follows:
 - 439.916 1. The Commission shall systematically review issues related to the health care needs of residents of this State and the quality, accessibility and affordability of health care, including, without limitation, prescription drugs, in this State. The review must include, without limitation:
 - (a) Comprehensively examining the system for regulating health care in this State, including, without limitation, the licensing and regulation of health care facilities and providers of health care and the role of professional licensing boards, commissions and other bodies established to regulate or evaluate policies related to health care.
 - (b) Identifying gaps and duplication in the roles of such boards, commissions and other bodies.
 - (c) Examining the cost of health care and the primary factors impacting those costs [.], including, without limitation, by examining the information contained in the report compiled pursuant to section 12 of this act.





(d) Examining disparities in the quality and cost of health care between different groups, including, without limitation, minority groups and other distinct populations in this State.

(e) Reviewing the adequacy and types of providers of health care who participate in networks established by health carriers in this State and the geographic distribution of the providers of health care who participate in each such network.

(f) Reviewing the availability of health benefit plans, as defined in NRS 687B.470, in this State.

- (g) Reviewing the effect of any changes to Medicaid, including, without limitation, the expansion of Medicaid pursuant to the Patient Protection and Affordable Care Act, Public Law 111-148, on the cost and availability of health care and health insurance in this State.
- (h) If a data dashboard is established pursuant to NRS 439.245, using the data dashboard to review access by different groups and populations in this State to services provided through telehealth and evaluating policies to make such access more equitable.
- (i) Reviewing proposed and enacted legislation, regulations and other changes to state and local policy related to health care in this State.
- (j) Researching possible changes to state or local policy in this State that may improve the quality, accessibility or affordability of health care in this State, including, without limitation:
- (1) The use of purchasing pools to decrease the cost of health care;
- (2) Increasing transparency concerning the cost or provision of health care;
- (3) Regulatory measures designed to increase the accessibility and the quality of health care, regardless of geographic location or ability to pay;
- (4) Facilitating access to data concerning insurance claims for medical services to assist in the development of public policies;
- (5) Resolving problems relating to the billing of patients for medical services;
- (6) Leveraging the expenditure of money by the Medicaid program and reimbursement rates under Medicaid to increase the quality and accessibility of health care for low-income persons; and
- (7) Increasing access to health care for uninsured populations in this State, including, without limitation, retirees and children.
- (k) Monitoring and evaluating proposed and enacted federal legislation and regulations and other proposed and actual changes to federal health care policy to determine the impact of such changes on the cost of health care in this State.





- (1) Evaluating the degree to which the role, structure and duties of the Commission facilitate the oversight of the provision of health care in this State by the Commission and allow the Commission to perform activities necessary to promote the health care needs of residents of this State.
- (m) Making recommendations to the Governor, the Legislature, the Department of Health and Human Services, local health authorities and any other person or governmental entity to increase the quality, accessibility and affordability of health care in this State, including, without limitation, recommendations concerning the items described in this subsection.
- 2. The Commission may request that any state or local governmental entity submit not more than two reports each year containing or analyzing information that is not confidential by law concerning the cost of health care, consolidation among entities that provide or pay for health care or other issues related to access to health care. To the extent that a governmental entity from which such a report is requested has the resources to compile the report and the disclosure of the information requested is authorized by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, the governmental entity shall provide the report to the Executive Director of the Commission and submit a copy of the report to the Attorney General.
- 3. If a data dashboard is established pursuant to NRS 439.245, the Commission shall make available on an Internet website maintained by the Commission a hyperlink to the data dashboard.
 - 4. As used in this section:
- (a) "Health carrier" has the meaning ascribed to it in NRS 687B.625.
 - (b) "Network" has the meaning ascribed to it in NRS 687B.640.
 - (c) "Telehealth" has the meaning ascribed to it in NRS 629.515.
 - **Sec. 16.** NRS 439.918 is hereby amended to read as follows:
- 439.918 1. In addition to conducting the review described in NRS 439.916 [...] and performing the duties described in section 13 of this act, the Commission shall:
- (a) Attempt to identify and facilitate collaboration between existing state governmental entities that study or address issues relating to the quality, accessibility and affordability of health care in this State, including, without limitation, the regional behavioral health policy boards created by NRS 433.429;
- (b) Attempt to coordinate with such entities to reduce any duplication of efforts among and between those entities and the Commission;
- (c) Establish, submit to the Director and annually update a plan to increase access by patients to their medical records and provide





for the interoperability of medical records between providers of health care in accordance with the requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and any other applicable federal law or regulations; and

- (d) Make recommendations to the Director and the Legislature concerning:
- (1) The analysis and use of data to improve access to and the quality of health care in this State, including, without limitation, using data to establish priorities for addressing health care needs; and
- (2) Ensuring that data concerning health care in this State is publicly available and transparent.
- 2. On or before January 1 and July 1 of each year, the Commission shall:
- (a) Compile a report describing the meetings of the Commission and the activities of the Commission during the immediately preceding 6 months. The report must include, without limitation, a description of any issues identified as negatively impacting the quality, accessibility or affordability of health care in this State and any recommendations for legislation, regulations or other changes to policy or budgets to address those issues.
- (b) Submit the report to the Governor and the Director of the Legislative Counsel Bureau for transmittal to:
- (1) In January of odd-numbered years, the next regular session of the Legislature.
- (2) In all other cases, to the Joint Interim Standing Committee on Health and Human Services.
- 3. Upon receiving a report pursuant to subsection 2, the Governor shall post the report on an Internet website maintained by the Governor.
- 4. The Commission may prepare and publish additional reports on specific topics at the direction of the Chair.
 - Sec. 17. NRS 439.918 is hereby amended to read as follows:
- 439.918 1. In addition to conducting the review described in NRS 439.916 and performing the duties described in **[section]** sections 13 and 14 of this act, the Commission shall:
- (a) Attempt to identify and facilitate collaboration between existing state governmental entities that study or address issues relating to the quality, accessibility and affordability of health care in this State, including, without limitation, the regional behavioral health policy boards created by NRS 433.429;
- (b) Attempt to coordinate with such entities to reduce any duplication of efforts among and between those entities and the Commission:





- (c) Establish, submit to the Director and annually update a plan to increase access by patients to their medical records and provide for the interoperability of medical records between providers of health care in accordance with the requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, and any other applicable federal law or regulations; and
- (d) Make recommendations to the Director and the Legislature concerning:
- (1) The analysis and use of data to improve access to and the quality of health care in this State, including, without limitation, using data to establish priorities for addressing health care needs; and
- (2) Ensuring that data concerning health care in this State is publicly available and transparent.
- 2. On or before January 1 and July 1 of each year, the Commission shall:
- (a) Compile a report describing the meetings of the Commission and the activities of the Commission during the immediately preceding 6 months. The report must include, without limitation, a description of any issues identified as negatively impacting the quality, accessibility or affordability of health care in this State and any recommendations for legislation, regulations or other changes to policy or budgets to address those issues.
- (b) Submit the report to the Governor and the Director of the Legislative Counsel Bureau for transmittal to:
- (1) In January of odd-numbered years, the next regular session of the Legislature.
- (2) In all other cases, to the Joint Interim Standing Committee on Health and Human Services.
- 3. Upon receiving a report pursuant to subsection 2, the Governor shall post the report on an Internet website maintained by the Governor.
- 4. The Commission may prepare and publish additional reports on specific topics at the direction of the Chair.
- **Sec. 18.** Section 10 of this act is hereby amended to read as follows:
 - Sec. 10. 1. On or before July 1 [of each year,], 2026, and every 5 years thereafter, the Director shall:
 - (a) [Establish] After considering the recommendations made by the Commission pursuant to subsection 1 of section 13 of this act and any information or analysis used to inform that recommendation, establish the health care cost growth benchmark for each of the immediately following [year in an amount equal to the health care cost growth target





established by the Governor in Executive Order 2021-29, issued on December 27, 2021;] 5 years; and

(b) Post the health or a cost growth [health or a cost growth]

(b) Post the health care cost growth [benchmark] benchmarks on an Internet website maintained by the Department.

- 2. The Director may modify the health care cost growth [benchmark] benchmarks in response to a recommendation from the Commission pursuant to subsection 3 of section 13 of this act.
- 3. [The] After considering the recommendations made by the Commission pursuant to section 14 of this act, the Department, the Division of Insurance of the Department of Business and Industry and any other relevant agencies of the Executive Branch of the State Government shall collaborate to develop and engage relevant persons and entities to implement strategies to meet the health care cost growth [benchmark] benchmarks that are practicable and based on evidence and data.
- **Sec. 19.** The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.
 - **Sec. 20.** 1. This section and sections 1 to 13, inclusive, 15, 16 and 19 of this act become effective upon passage and approval.
- 2. Sections 14 and 17 of this act become effective on January 1, 2025.
 - 3. Section 18 of this act becomes effective on January 1, 2026.





