

AGENT COMMISSIONS AND APPLICATION PROCESSING DELAYS

The Department of Business and Industry, Division of Insurance (DOI), has received complaints from consumers and producers that certain health insurers may be in violation of the guaranteed availability provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

Some health insurers are setting agent commissions for the sales to HIPAA eligible persons and/or small employer groups so low that agents are discouraged from marketing policies to, or enrolling, such individuals or groups. Certain health insurers have adopted practices designed to unreasonably delay processing applications submitted by HIPAA eligible persons or small employer groups.

Health insurers may not deflect or in any way avoid the issuance of a policy to a HIPAA eligible person or a small employer group by reducing agent compensation (commissions, bonuses, or other rewards). Health insurers may not adopt separate distribution and marketing practices that are designed to eliminate the producer agent or producer broker and further delay the issuance of a policy. A health insurer's normal conduits for receiving applications and offering coverage must be open to a HIPAA eligible person and small employer groups. Health insurers may not intimidate, harass, or interfere in any other way with the producer agent or producer broker in the placement or representation of an eligible person or small employer group.

Health insurers have an obligation to furnish information promptly to applicants about available coverage options, including premiums. Health insurers are also required to issue certificates of creditable coverage promptly when coverage ends and at various other times. Health insurers may not avoid the issuance of health insurance coverage or credit for a prior pre-existing time frame solely because the applicant or employee does not have a certificate of creditable coverage.

The Commissioner of Insurance must aggressively pursue violations that constitute Unfair Trade Practices or circumvent the pertinent provisions of Title 57 of the NRS related to HIPAA.

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance