

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 480

FINAL READING

Introduced by McCollister, 20; Lindstrom, 18.

Read first time January 17, 2017

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to insurance; to amend section 47-701, Reissue
- 2 Revised Statutes of Nebraska; to provide requirements relating to
- 3 health insurance policies and coverage for insureds in temporary
- 4 jail custody; to harmonize provisions; to provide a duty for the
- 5 Revisor of Statutes; and to repeal the original section.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) For purposes of this section:

2 (a) Notwithstanding section 44-3,131, health insurance policy means
3 (i) any individual or group sickness and accident insurance policy or
4 subscriber contract delivered, issued for delivery, or renewed in this
5 state and any hospital, medical, or surgical expense-incurred policy,
6 except for a policy that provides coverage for a specified disease or
7 other limited-benefit coverage, and (ii) any self-funded employee benefit
8 plan to the extent not preempted by federal law;

9 (b) Jail means a city or county correctional or jail facility
10 operated by a political subdivision of the state;

11 (c) Pending disposition of charges means up until the time of
12 sentencing and shall not include any time after sentencing as may occur
13 due to appeals; and

14 (d) Temporary custody means in the custody of a jail pending
15 disposition of charges.

16 (2) Except as provided in subsection (4) of this section, an insurer
17 offering a health insurance policy may not (i) cancel the coverage of an
18 insured while the insured is in temporary custody on the basis of such
19 custody or (ii) deny coverage for any medical services or supplies
20 covered by the policy and received while the insured is in temporary
21 custody if such services or supplies were provided to the insured by an
22 employee or contractor of a jail who meets the credentialing criteria of
23 the health insurance policy.

24 (3) Except as set forth under section 47-704, an insurer offering a
25 health insurance policy shall pay claims for covered medical services or
26 supplies provided by an out-of-network health care provider to an insured
27 who is in temporary custody in an amount that is not less than one
28 hundred percent of the medicare rate for such services or supplies. The
29 political subdivision acting as an out-of-network provider shall notify
30 the insurer of the cost incurred by the insured while in temporary
31 custody.

1 (4) An insurer offering a health insurance policy may:

2 (a) Deny coverage for the treatment of injuries resulting from a
3 violation of law by the insured;

4 (b) Exclude from any requirements for reporting quality outcomes or
5 performance any covered medical services provided to an insured in
6 temporary custody;

7 (c) Impose the same contractual provisions, including requirements
8 for billing and medical coding, under the policy for medical services
9 provided to insureds who are in temporary custody as imposed for medical
10 services provided to insureds who are not in such custody;

11 (d) Deny coverage of diagnostic tests or health evaluations required
12 as a matter of course for all individuals who are in temporary custody;

13 (e) Limit coverage of hospital and ambulatory surgical center
14 services provided to an insured in temporary custody to medical services
15 provided by in-network hospitals and ambulatory surgical centers;

16 (f) Deny coverage for costs of medical services made necessary by
17 the negligence, recklessness, or intentional misconduct of the jail or
18 its employees as set forth in section 47-705; and

19 (g) If an insured is incarcerated after the disposition of charges
20 or is committed to the custody or supervision of the Department of
21 Correctional Services, cancel coverage or deny coverage for any medical
22 services or supplies covered by the plan and provided during such
23 incarceration or while in the custody or supervision of the department.

24 (5) If an insured is incarcerated after the disposition of charges
25 or is committed to the custody or supervision of the Department of
26 Correctional Services, a jail which has sought reimbursement for medical
27 services under this section shall notify the insurer that the insured has
28 been subsequently incarcerated or placed in such custody.

29 (6)(a) An insurer may not refuse to credential a health care
30 provider who is an employee or a contractor of a political subdivision on
31 the basis that the employee or contractor provides medical services in a

1 jail.

2 (b) If an insurer refuses to credential a health care provider who
3 is an employee or a contractor of a political subdivision who provides
4 medical services in a jail, the insurer must give written notice to the
5 provider explaining the reasons for the refusal.

6 (7) This section shall not:

7 (a) Apply to coverage for an insured in custody following the
8 disposition of charges;

9 (b) Impair any right of an employer to remove an employee from
10 coverage under a health insurance plan;

11 (c) Release an insurer from the requirement to coordinate benefits
12 for persons who are insured by more than one insurer; or

13 (d) Limit an insurer's right to rescind coverage in accordance with
14 law.

15 (8) A political subdivision shall not pay health insurance policy
16 premiums on behalf of a person who is in temporary custody.

17 (9) This section applies to health insurance policies issued or
18 renewed on or after January 1, 2019, and to claims for reimbursement
19 based on such policies for costs incurred on or after January 1, 2019.

20 Sec. 2. Section 47-701, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 47-701 (1) Notwithstanding any other provision of law, and except as
23 provided in section 1 of this act, sections 47-701 to 47-705 shall govern
24 responsibility for payment of the costs of medical services for any
25 person ill, wounded, injured, or otherwise in need of such services at
26 the time such person is arrested, detained, taken into custody, or
27 incarcerated.

28 (2) For purposes of sections 47-701 to 47-705, the term medical
29 services includes medical and surgical care and treatment,
30 hospitalization, transportation, medications and prescriptions, and other
31 associated items.

1 Sec. 3. The Revisor of Statutes shall assign section 1 of this act
2 to Chapter 44, article 7.

3 Sec. 4. Original section 47-701, Reissue Revised Statutes of
4 Nebraska, is repealed.