
ASSEMBLY BILL NO. 553—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF THE DIVISION OF BUDGET AND PLANNING)

MARCH 28, 2011

Referred to Committee on Ways and Means

SUMMARY—Revises provisions governing subsidies for the coverage of certain persons under the Public Employees’ Benefits Program. (BDR 23-1222)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the Public Employees’ Benefits Program; revising provisions governing subsidies for the coverage of certain persons under the Program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, a state agency is required to pay a share of the costs of
2 coverage under the Public Employees’ Benefits Program of its active officers and
3 employees. The amount of this share is established by the Legislature based on
4 permanent, full-time employment. (NRS 287.044) **Section 1** of this bill provides
5 for a proration of the amount of this subsidy for officers and employees who are not
6 employed on a full-time basis.
7 Existing law provides for the payment of a subsidy to cover a portion of the
8 cost of coverage under the Public Employees’ Benefits Program for certain retired
9 officers and employees with state service. (NRS 287.046) **Section 2** of this bill
10 provides that officers and employees initially hired after July 1, 2011, with state
11 service are not eligible for a subsidy upon retirement. The calculation of a subsidy
12 for officers and employees with state service who are initially hired before July 1,
13 2011, and who retire after July 1, 2012, is also limited by **section 2** to the person’s
14 number of years of full-time service as of June 30, 2012. **Section 2** of this bill does
15 not change the calculation of subsidies for: (1) persons who retired before
16 January 1, 1994, and who receive the entire base funding level defined by the
17 Legislature under existing law; and (2) persons who retired on or after January 1,
18 1994, but before July 1, 2012, and who receive the base funding level, as adjusted
19 by their years of service, under existing law.



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

- 1 **Section 1.** NRS 287.044 is hereby amended to read as follows:
2 287.044 1. Except as otherwise provided in ~~subsection 2,~~
3 *this section*, each participating state agency shall pay to the Program
4 an amount specified by law for every state officer or employee who
5 is employed by a participating public agency on a permanent and
6 full-time basis and elects to participate in the Program.
7 2. A member of the Senate or Assembly who elects to
8 participate in the Program shall pay the entire premium or
9 contribution for the member's insurance.
10 3. State officers and employees who elect to participate in the
11 Program must authorize deductions from their compensation for the
12 payment of premiums or contributions for the Program. Any
13 deduction from the compensation of a state officer or employee for
14 the payment of such a premium or contribution must be based on the
15 actual amount of the premium or contribution after deducting any
16 amount of the premium or contribution which is paid pursuant to
17 subsection 1.
18 4. If a state officer or employee chooses to cover any
19 dependents, whenever this option is made available by the Board,
20 except as otherwise provided in NRS 287.021 and 287.0477, the
21 state officer or employee must pay the difference between the
22 amount of the premium or contribution for the coverage for the state
23 officer or employee and such dependents and the amount paid by the
24 participating state agency that employs the officer or employee.
25 5. A participating state agency shall not pay any part of those
26 premiums or contributions if the group life insurance or group
27 accident or health insurance is not approved by the Board.
28 6. The Board may allocate the money paid to the Program
29 pursuant to this section between the cost of premiums and
30 contributions for group insurance for each state officer or employee,
31 except a member of the Senate or Assembly, and the dependents of
32 each state officer or employee.
33 7. *If a state officer or employee:*
34 (a) *Works 75 percent or more of the full-time equivalent of his*
35 *or her position, the employer shall pay to the Program 100 percent*
36 *of the amount specified by law in accordance with subsection 1 for*
37 *that person.*
38 (b) *Works half-time or more but less than 75 percent of the*
39 *full-time equivalent of his or her position, the employer shall pay*
40 *to the Program 60 percent of the amount specified by law in*
41 *accordance with subsection 1 for that person.*



1 (c) Works less than half-time of the full-time equivalent of his
2 or her position, the officer or employee is not eligible for any
3 portion of the amount specified by law in accordance with
4 subsection 1.

5 **Sec. 2.** NRS 287.046 is hereby amended to read as follows:

6 287.046 1. The Department of Administration shall establish
7 an assessment that is to be used to pay for a portion of the cost of
8 premiums or contributions for the Program for persons who *were*
9 *initially hired before July 1, 2011, and* have retired with state
10 service . ~~[before January 1, 1994, or under the circumstances set~~
11 ~~forth in paragraph (a), (b) or (c) of subsection 3.]~~

12 2. The money assessed pursuant to subsection 1 must be
13 deposited into the Retirees' Fund and must be based upon an
14 amount approved by the Legislature each session to pay for a
15 portion of the current and future health and welfare benefits for such
16 retirees. Except as otherwise provided in subsection ~~[4.]~~ 6, the
17 portion to be paid to the Program from the Retirees' Fund on behalf
18 of such persons must be equal to a portion of the cost for each
19 retiree and the retiree's dependents who are enrolled in the plan, as
20 defined for each year of the plan by the Program.

21 3. ~~[Adjustments]~~ *Except as otherwise provided in subsections*
22 *4 and 5, adjustments to the portion of the amount approved by the*
23 *Legislature pursuant to subsection 2 to be paid by the Retirees'*
24 *Fund must be as follows:*

25 ~~—(a) For]~~ *for persons who retire on or after January 1, 1994, but*
26 *before July 1, 2012, with state service [:*

27 ~~—(1)] must be as follows:~~

28 (a) For each year of service less than 15 years, excluding service
29 purchased pursuant to NRS 1A.310 or 286.300, the portion paid by
30 the Retirees' Fund must be reduced by an amount equal to 7.5
31 percent of the base funding level defined by the Legislature. In no
32 event may the adjustment exceed 75 percent of the base funding
33 level defined by the Legislature.

34 ~~[(2)]~~ (b) For each year of service greater than 15 years,
35 excluding service purchased pursuant to NRS 1A.310 or 286.300,
36 the portion paid by the Retirees' Fund must be increased by an
37 amount equal to 7.5 percent of the base funding level defined by the
38 Legislature. In no event may the adjustment exceed 37.5 percent of
39 the base funding level defined by the Legislature.

40 ~~[(b) For persons who are]~~

41 4. *For the purposes of calculating the adjustment pursuant to*
42 *subsection 3, the years of service of a person who retires on or*
43 *after July 1, 2012, is limited to the years of full-time service of the*
44 *person as of June 30, 2012.*



1 **5. No money may be paid by the Retirees' Fund on behalf of**
2 **a retired person who is** initially hired by the State ~~[on]~~ :

3 (a) **On** or after January 1, 2010, **but before July 1, 2012**, and
4 who ~~[retire with at least 15 years of service credit, which must~~
5 ~~include state service and may include local governmental service,~~
6 ~~and who have]~~ :

7 (1) **Has not** participated in the Program on a continuous
8 basis since ~~[their]~~ retirement from such employment ~~[, for each year~~
9 ~~of service greater than 15 years, excluding service purchased~~
10 ~~pursuant to NRS 1A.310 or 286.300, the portion paid by the~~
11 ~~Retirees' Fund must be increased by an amount equal to 7.5 percent~~
12 ~~of the base funding level defined by the Legislature. In no event~~
13 ~~may the adjustment exceed 37.5 percent of the base funding level~~
14 ~~defined by the Legislature.~~

15 ~~—(c) For persons who are initially hired by the State on or after~~
16 ~~January 1, 2010, and who retire with at least 5 years of service~~
17 ~~credit, which must include state service and may include local~~
18 ~~governmental service, who do]~~ ; **or**

19 (2) **Does** not have at least 15 years of service ~~[credit to~~
20 ~~qualify under paragraph (b) as]~~ , **unless the retired person does not**
21 **have at least 15 years of service as** a result of a disability for which
22 disability benefits are received under the Public Employees'
23 Retirement System or a retirement program for professional
24 employees offered by or through the Nevada System of Higher
25 Education, and ~~[who have]~~ **has** participated in the Program on a
26 continuous basis since ~~[their]~~ retirement from such employment . ~~[-~~

27 ~~—(1) For each year of service less than 15 years, excluding~~
28 ~~service purchased pursuant to NRS 1A.310 or 286.300, the portion~~
29 ~~paid by the Retirees' Fund must be reduced by an amount equal to~~
30 ~~7.5 percent of the base funding level defined by the Legislature. In~~
31 ~~no event may the adjustment exceed 75 percent of the base funding~~
32 ~~level defined by the Legislature.~~

33 ~~—(2) For each year of service greater than 15 years, excluding~~
34 ~~service purchased pursuant to NRS 1A.310 or 286.300, the portion~~
35 ~~paid by the Retirees' Fund must be increased by an amount equal to~~
36 ~~7.5 percent of the base funding level defined by the Legislature. In~~
37 ~~no event may the adjustment exceed 37.5 percent of the base~~
38 ~~funding level defined by the Legislature.~~

39 ~~—4.]~~ (b) **On or after July 1, 2012.**

40 **6.** If the amount calculated pursuant to subsection 3 **or 4**
41 exceeds the actual premium or contribution for the plan of the
42 Program that the retired participant selects, the balance must be
43 credited to the Program Fund.

44 ~~[5.]~~ **7.** For the purposes of subsection 1:



- 1 (a) Credit for service must be calculated in the manner provided
2 by chapter 286 of NRS.
3 (b) No proration may be made for a partial year of state service.
4 ~~[6.]~~ 8. The Department shall agree through the Board with
5 the insurer for billing of remaining premiums or contributions for
6 the retired participant and the retired participant's dependents to the
7 retired participant and to the retired participant's dependents who
8 elect to continue coverage under the Program after the retired
9 participant's death.
10 **Sec. 3.** This act becomes effective on July 1, 2011.

