

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 Existing law provides for the payment of a subsidy to cover a portion of the
2 cost of coverage under the Public Employees’ Benefits Program for certain retired
3 officers and employees with state service. (NRS 287.046) **Section 2** of this bill
4 provides that officers and employees initially hired on or after January 1, 2012, by
5 the State are not eligible for a subsidy upon retirement. Such persons may
6 participate in the Program, paying the entire cost of that coverage, until they are
7 eligible for coverage under an individual medical plan offered by Medicare.

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

1 **Section 1.** (Deleted by amendment.)
2 **Sec. 2.** NRS 287.046 is hereby amended to read as follows:
3 287.046 1. The Department of Administration shall establish
4 an assessment that is to be used to pay for a portion of the cost of
5 premiums or contributions for the Program for persons who *were*
6 *initially hired before January 1, 2012, and* have retired with state



* A B 5 5 3 R 1 *

1 service . ~~before January 1, 1994, or under the circumstances set~~
2 ~~forth in paragraph (a), (b) or (c) of subsection 3.~~

3 2. The money assessed pursuant to subsection 1 must be
4 deposited into the Retirees' Fund and must be based upon an
5 amount approved by the Legislature each session to pay for a
6 portion of the current and future health and welfare benefits for such
7 retirees.

8 3. Except as otherwise provided in ~~subsection 4,~~ *subsections*
9 *7 and 8*, the portion to be paid to the Program from the Retirees'
10 Fund on behalf of such persons must be equal to a portion of the
11 cost for each retiree and the retiree's dependents who are enrolled in
12 the plan, as defined for each year of the plan by the Program.

13 ~~[3.—Adjustments]~~

14 4. *Except as otherwise provided in subsection 6, the portion*
15 *of the amount approved by the Legislature as described in*
16 *subsection 2 to be paid to the Program from the Retirees' Fund for*
17 *persons who retired before January 1, 1994, with state service is*
18 *the base funding level defined for each year of the plan by the*
19 *Program.*

20 5. *Except as otherwise provided in subsection 6, adjustments*
21 *to the portion of the amount approved by the Legislature as*
22 *described in subsection 2 to be paid by the Retirees' Fund* ~~must be~~
23 ~~as follows:~~

24 ~~—(a) For~~ *for* persons who retire on or after January 1, 1994, with
25 state service ~~;~~

26 ~~—(1)~~ *must be as follows:*

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

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

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

40 6. *No money may be paid by the Retirees' Fund on behalf of*
41 *a retired person who is* initially hired by the State ~~on~~ *:*

42 (a) *On* or after January 1, 2010, *but before January 1, 2012,*
43 and who ~~retire with at least 15 years of service credit, which must~~
44 ~~include state service and may include local governmental service,~~
45 ~~and who have~~ *:*



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

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

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

21 ~~—(1) For each year of service less than 15 years, excluding~~
22 ~~service purchased pursuant to NRS 1A.310 or 286.300, the portion~~
23 ~~paid by the Retirees' Fund must be reduced by an amount equal to~~
24 ~~7.5 percent of the base funding level defined by the Legislature. In~~
25 ~~no event may the adjustment exceed 75 percent of the base funding~~
26 ~~level defined by the Legislature.~~

27 ~~—(2) For each year of service greater 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 increased 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 37.5 percent of the base~~
32 ~~funding level defined by the Legislature.~~

33 ~~—4.]~~ (b) *On or after January 1, 2012. The provisions of this*
34 *paragraph must not be construed to prohibit a retired person who*
35 *was hired on or after January 1, 2012, from participating in the*
36 *Program until the retired person is eligible for coverage under an*
37 *individual medical plan offered pursuant to the Health Insurance*
38 *for the Aged Act, 42 U.S.C. §§ 1395 et seq. The retired person*
39 *shall pay the entire premium or contribution for his or her*
40 *participation in the Program.*

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

45 ~~[5-]~~ 8. For the purposes of ~~[subsection 1-]~~ *this section:*



- 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~~
4 service.
5 ~~6.1~~ 9. The Department shall agree through the Board with
6 the insurer for billing of remaining premiums or contributions for
7 the retired participant and the retired participant's dependents to the
8 retired participant and to the retired participant's dependents who
9 elect to continue coverage under the Program after the retired
10 participant's death.
11 **Sec. 3.** This act becomes effective on July 1, 2011.

