

ASSEMBLY BILL NO. 80—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE PUBLIC EMPLOYEES’ BENEFITS PROGRAM)

DECEMBER 15, 2010

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to the Public Employees’ Benefits Program. (BDR 23-496)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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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; making various changes relating to the Program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Under existing law, the Board of the Public Employees’ Benefits Program is
- 2 required to submit various reports concerning the administration and operation of
- 3 the Program. (NRS 287.043, 287.04366) **Sections 3, 8 and 14** of this bill make the
- 4 Executive Officer of the Program, rather than the Board, responsible for submitting
- 5 such reports.
- 6 Under existing law, if a retired public officer or employee of the State or a local
- 7 governmental agency, or the surviving spouse of such a retired officer or employee,
- 8 who was formerly covered by health insurance provided under the Program, or
- 9 under a plan offered by the local governmental employer, reinstates such insurance,
- 10 the reinstated insurance excludes coverage for certain preexisting conditions during
- 11 the first 12 months after such reinstatement. (NRS 287.0205, 287.0475) **Sections 4**
- 12 **and 12** of this bill eliminate the exclusion for certain preexisting conditions as
- 13 called for in the Patient Protection and Affordable Care Act. (Pub. L. No. 111-148,
- 14 124 Stat. 119) **Section 12** also prohibits a public officer or employee who retired
- 15 from a local governmental agency, or his or her surviving spouse, from reinstating
- 16 health insurance under the Program if the Board has adopted regulations that
- 17 exclude such persons from participation in the Program because they are eligible
- 18 for health coverage from a health and welfare plan or trust that arose out of certain
- 19 collective bargaining agreements or under certain federal laws.
- 20 Under existing law, a state agency is required to pay to the Program a certain
- 21 amount to pay a portion of the cost of coverage under the Program for each state
- 22 officer or employee of that state agency who participates in the Program. State
- 23 officers and employees are required to pay the remaining portion of the costs of



24 their coverage as well as the full amount of covering their dependents under the
25 Program. The Board is authorized to allocate the money paid by the state agency
26 between the costs of coverage for such officers and employees and for their
27 dependents. (NRS 287.044) **Section 9** of this bill clarifies the manner in which the
28 Board may perform the allocation.

29 Existing law provides for the payment of a subsidy to cover a portion of the
30 costs of coverage under the Program for certain retired state officers and
31 employees. (NRS 287.046) **Section 10** of this bill clarifies that employees who are
32 initially hired by the State on or after January 1, 2010, are not entitled to the
33 subsidy for coverage under the Program if they retire with less than 15 years of
34 service, with the exception of disabled retirees, or if they fail to maintain
35 continuous coverage under the Program during retirement. **Section 6** of this bill
36 clarifies the application of this provision to persons who retire from employment
37 with local governmental agencies.

38 Existing law provides that if a state officer or employee or a dependent of a
39 state officer or employee incurs medical costs that are payable under the Program,
40 but for which a third person has the legal liability to pay, the Board is subrogated to
41 the rights of the officer, employee or dependent and may commence, join or
42 intervene in any legal action against the third person to enforce that legal liability.
43 (NRS 287.0465) **Section 11** of this bill extends this provision to apply to any
44 person who participates in the Program, including retired, as well as active, officers
45 and employees of the State and their dependents and to active and retired officers
46 and employees of local governments and their dependents who are covered under
47 the Program.

48 Existing law provides that the surviving spouse and any surviving child of a
49 police officer or firefighter who was killed in the line of duty are eligible to obtain
50 or continue coverage under the Program or a benefits plan established by his or her
51 local governmental employer under certain circumstances. The public employer of the
52 police officer or firefighter, or the State of Nevada in the case of a volunteer
53 firefighter, is required to pay the entire cost of the coverage for the surviving
54 spouse for life and the entire cost of the coverage for any surviving child at least
55 until the child reaches 18 years of age and until the child reaches 23 years of age so
56 long as the child is a full-time student. (NRS 287.0477) **Sections 5 and 13** of this
57 bill provide that neither the public employer nor the State is required to pay the cost
58 of the coverage for the surviving domestic partner of such a police officer or
59 firefighter.

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

1 **Section 1.** Chapter 287 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2.** *“Domestic partner” has the meaning ascribed to it*
4 *NRS 122A.030.*

5 **Sec. 3. 1.** *The Executive Officer shall, submit a report*
6 *regarding the administration and operation of the Program to the*
7 *Director of the Department of Administration, and to the Director*
8 *of the Legislative Counsel Bureau for transmittal to the*
9 *appropriate committees of the Legislature or, if the Legislature is*
10 *not in regular session, to the Legislative Commission and the*
11 *Interim Retirement and Benefits Committee of the Legislature*



1 *created by NRS 218E.420. The report must include, without*
2 *limitation:*

3 *(a) An audited financial statement of the Program Fund for*
4 *the immediately preceding plan year. The statement must be*
5 *prepared by an independent certified public accountant.*

6 *(b) An audited financial statement of the Retirees' Fund for*
7 *the immediately preceding plan year. The statement must be*
8 *prepared by an independent certified public accountant.*

9 *(c) A report of the utilization of the Program by participants*
10 *during the immediately preceding plan year.*

11 *(d) Material provided generally to participants or prospective*
12 *participants in connection with enrollment in the Program for the*
13 *current plan year, including, without limitation:*

14 *(1) Information regarding rates and the costs for*
15 *participation in the Program paid by participants on a monthly*
16 *basis; and*

17 *(2) A summary of the changes in the plan design for the*
18 *current plan year from the plan design for the immediately*
19 *preceding plan year.*

20 **2. The Executive Officer shall submit a biennial report to the**
21 **Director of the Department of Administration, and to the Director**
22 **of the Legislative Counsel Bureau for transmittal to the**
23 **appropriate committee or committees of the Legislature. The**
24 **report must include, without limitation:**

25 *(a) An independent biennial certified actuarial valuation and*
26 *report of the State's health and welfare benefits for current and*
27 *future state retirees, which are provided for the purpose of*
28 *developing the annual required contribution pursuant to the*
29 *statements issued by the Governmental Accounting Standards*
30 *Board.*

31 *(b) A biennial review of the Program to determine whether the*
32 *Program complies with federal and state laws relating to taxes and*
33 *employee benefits. The review must be conducted by an attorney*
34 *who specializes in employee benefits.*

35 **Sec. 4.** NRS 287.0205 is hereby amended to read as follows:

36 287.0205 1. A public officer or employee of any county,
37 school district, municipal corporation, political subdivision, public
38 corporation or other local governmental agency of the State of
39 Nevada who has retired pursuant to NRS 1A.350 or 1A.480, or
40 286.510 or 286.620, or is enrolled in a retirement program provided
41 pursuant to NRS 286.802, or the surviving spouse of such a retired
42 public officer or employee who is deceased, may, in any even-
43 numbered year, reinstate any insurance, except life insurance, that,
44 at the time of reinstatement, is provided by the last public employer



1 of the retired public officer or employee to the active officers and
2 employees and their dependents of that public employer:

3 (a) Pursuant to NRS 287.010, 287.015, 287.020 or paragraph
4 (b), (c) or (d) of subsection 1 of NRS 287.025; or

5 (b) Under the Public Employees' Benefits Program, if the last
6 public employer of the retired officer or employee participates in the
7 Public Employees' Benefits Program pursuant to paragraph (a) of
8 subsection 1 of NRS 287.025.

9 2. Reinstatement pursuant to paragraph (a) of subsection 1
10 must be requested by:

11 (a) Giving written notice of the intent of the public officer or
12 employee or surviving spouse to reinstate the insurance to the last
13 public employer of the public officer or employee not later than
14 January 31 of an even-numbered year;

15 (b) Accepting the public employer's current program or plan of
16 insurance and any subsequent changes thereto; and

17 (c) Except as otherwise provided in ~~[subparagraph (2) of]~~
18 paragraph (b) of subsection 4 of NRS 287.023, paying any portion
19 of the premiums or contributions of the public employer's program
20 or plan of insurance, in the manner set forth in NRS 1A.470 or
21 286.615, which is due from the date of reinstatement and not paid
22 by the public employer.

23 ↘ The last public employer shall give the insurer notice of the
24 reinstatement not later than March 31 of the year in which the public
25 officer or employee or surviving spouse gives notice of the intent to
26 reinstate the insurance.

27 3. Reinstatement pursuant to paragraph (b) of subsection 1
28 must be requested pursuant to NRS 287.0475.

29 4. ~~[Reinstatement of insurance pursuant to subsection 1
30 excludes claims for expenses for any condition for which medical
31 advice, treatment or consultation was rendered within 12 months
32 before reinstatement unless the reinstated insurance has been in
33 effect more than 12 consecutive months.~~

34 ~~—5.]~~ The last public employer of a retired officer or employee
35 who reinstates insurance, except life insurance, which was provided
36 to the retired officer or employee and the retired officer's or
37 employee's dependents at the time of retirement pursuant to NRS
38 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection
39 1 of NRS 287.025 shall, for the purpose of establishing actuarial
40 data to determine rates and coverage for such persons, commingle
41 the claims experience of such persons with the claims experience of
42 active and retired officers and employees and their dependents who
43 participate in that group insurance, plan of benefits or medical and
44 hospital service.



1 **Sec. 5.** NRS 287.021 is hereby amended to read as follows:

2 287.021 1. Except as otherwise provided in subsection 3, the
3 surviving spouse and any surviving child of a police officer or
4 firefighter who was:

5 (a) Employed by a local governmental agency that had
6 established group insurance, a plan of benefits or medical and
7 hospital service pursuant to NRS 287.010, 287.015, 287.020 or
8 paragraph (b), (c) or (d) of subsection 1 of NRS 287.025; and

9 (b) Killed in the line of duty,
10 ➔ may elect to accept or continue coverage under that group
11 insurance, plan or medical and hospital service if the police officer
12 or firefighter was a participant or would have been eligible to
13 participate in the group insurance, plan or medical and hospital
14 service on the date of the death of the police officer or firefighter. If
15 the surviving spouse or child elects to accept coverage under the
16 group insurance, plan or medical and hospital service in which the
17 police officer or firefighter would have been eligible to participate
18 or to discontinue coverage under the group insurance, plan or
19 medical and hospital service in which the police officer or
20 firefighter was a participant, the spouse, child or legal guardian of
21 the child must notify in writing the local governmental agency that
22 employed the police officer or firefighter within 60 days after the
23 date of death of the police officer or firefighter.

24 2. ~~[[The]~~ *Except as otherwise provided in this section and NRS*
25 *287.023, the* local governmental agency that employed the police
26 officer or firefighter shall pay the entire cost of the premiums or
27 contributions for the group insurance, plan of benefits or medical
28 and hospital service for the surviving spouse or child who meets the
29 requirements set forth in subsection 1.

30 3. A surviving spouse is eligible to receive coverage pursuant
31 to this section for the duration of the life of the surviving spouse. A
32 surviving child is eligible to receive coverage pursuant to this
33 section until the child reaches:

34 (a) The age of 18 years; or
35 (b) The age of 23 years, if the child is enrolled as a full-time
36 student in an accredited university, college or trade school.

37 4. *A local governmental agency is not required to pay the*
38 *entire cost of the premiums or contributions pursuant to*
39 *subsection 2 for a surviving domestic partner who meets the*
40 *requirements set forth in subsection 1.*

41 5. As used in this section “police officer” has the meaning
42 ascribed to it in NRS 617.135.

43 **Sec. 6.** NRS 287.023 is hereby amended to read as follows:

44 287.023 1. Whenever an officer or employee of the
45 governing body of any county, school district, municipal



1 corporation, political subdivision, public corporation or other local
2 governmental agency of the State of Nevada retires under the
3 conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or
4 286.620 and, during the period in which the person served as an
5 officer or employee, was eligible to be covered or had dependents
6 who were eligible to be covered by any group insurance, plan of
7 benefits or medical and hospital service established pursuant to NRS
8 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection
9 1 of NRS 287.025 or under the Public Employees' Benefits Program
10 pursuant to paragraph (a) of subsection 1 of NRS 287.025, the
11 officer or employee has the option upon retirement to cancel or
12 continue any such coverage to the extent that such coverage is not
13 provided to the officer or employee or a dependent by the Health
14 Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.

15 2. A retired person who continues coverage under the Public
16 Employees' Benefits Program shall assume the portion of the
17 premium or contribution costs for the coverage which the governing
18 body or the State does not pay on behalf of retired officers or
19 employees. A dependent of such a retired person has the option,
20 which may be exercised to the same extent and in the same manner
21 as the retired person, to cancel or continue coverage in effect on the
22 date the retired person dies. The dependent is not required to
23 continue to receive retirement payments from the Public
24 Employees' Retirement System to continue coverage.

25 3. Notice of the selection of the option must be given in writing
26 to the last public employer of the officer or employee within 60 days
27 after the date of retirement or death, as the case may be. If no notice
28 is given by that date, the retired officer or employee and any
29 dependents shall be deemed to have selected the option to cancel the
30 coverage for the group insurance, plan of benefits or medical and
31 hospital service established pursuant to NRS 287.010, 287.015,
32 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025
33 or coverage under the Public Employees' Benefits Program pursuant
34 to paragraph (a) of subsection 1 of NRS 287.025.

35 4. The governing body of any county, school district,
36 municipal corporation, political subdivision, public corporation or
37 other local governmental agency of this State:

38 (a) May pay the cost, or any part of the cost, of coverage
39 established pursuant to NRS 287.010, 287.015 or 287.020 or
40 paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 for persons
41 who continue that coverage pursuant to subsection 1, but it must not
42 pay a greater portion than it does for its current officers and
43 employees.

44 (b) Shall pay the same portion of the cost of coverage under the
45 Public Employees' Benefits Program for *retired* persons who 



~~(1) Were initially hired before January 1, 2010, and who retire and] are covered under the Program [pursuant to subsection 1 or who subsequently reinstate coverage under the Program pursuant to NRS 287.0205; or~~

~~(2) Are initially hired on or after January 1, 2010, and who retire with:~~

~~(I) At least 15 years of service credit, which must include local governmental service and may include state service, and who have participated in the Program on a continuous basis since their retirement from such employment; or~~

~~(II) At least 5 years of service credit, which must include local governmental service and may include state service, who do not have at least 15 years of service credit to qualify under subparagraph (I) as a result of a disability for which disability benefits are received under the Public Employees' Retirement System or a retirement program for professional employees offered by or through the Nevada System of Higher Education;~~

~~as the State pays pursuant to [subsection 1 of] NRS 287.046 for persons retired with state service who participate in the [Public Employees' Benefits] Program.~~

5. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State shall, for the purpose of establishing actuarial data to determine rates and coverage for persons who continue coverage for group insurance, a plan of benefits or medical and hospital service with the governing body pursuant to subsection 1, commingle the claims experience of those persons with the claims experience of active officers and employees and their dependents who participate in the group insurance, a plan of benefits or medical and hospital service.

Sec. 7. NRS 287.0402 is hereby amended to read as follows:

287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and sections 2 and 3 of this act*, unless the context otherwise requires, the words and terms defined in NRS 287.0404 to 287.04064, inclusive, *and section 2 of this act* have the meanings ascribed to them in those sections.

Sec. 8. NRS 287.043 is hereby amended to read as follows:

287.043 1. The Board shall:

(a) Establish and carry out a program to be known as the Public Employees' Benefits Program which:

(1) Must include a program relating to group life, accident or health insurance, or any combination of these; and

(2) May include:

(I) A plan that offers flexibility in benefits, and for which the rates must be based only on the experience of the participants in



1 the plan and not in combination with the experience of participants
2 in any other plan offered under the Program; or

3 (II) A program to reduce taxable compensation or other
4 forms of compensation other than deferred compensation,
5 ➤ for the benefit of all state officers and employees and other
6 persons who participate in the Program.

7 (b) Ensure that the Program is funded on an actuarially sound
8 basis and operated in accordance with sound insurance and business
9 practices.

10 2. In establishing and carrying out the Program, the Board
11 shall:

12 (a) For the purpose of establishing actuarial data to determine
13 rates and coverage for active and retired state officers and
14 employees and their dependents, commingle the claims experience
15 of such active and retired officers and employees and their
16 dependents for whom the Program provides primary health
17 insurance coverage into a single risk pool.

18 (b) Except as otherwise provided in this paragraph, negotiate
19 and contract pursuant to paragraph (a) of subsection 1 of NRS
20 287.025 with the governing body of any county, school district,
21 municipal corporation, political subdivision, public corporation or
22 other local governmental agency of the State of Nevada that wishes
23 to obtain exclusive group insurance for all of its active and retired
24 officers and employees and their dependents, except as otherwise
25 provided in sub-subparagraph (III) of subparagraph (2) of paragraph
26 (h), by participation in the Program. The Board shall establish
27 separate rates and coverage for active and retired officers and
28 employees of those local governmental agencies and their
29 dependents based on actuarial reports that commingle the claims
30 experience of such active and retired officers and employees and
31 their dependents for whom the Program provides primary health
32 insurance coverage into a single risk pool.

33 (c) Except as otherwise provided in paragraph (d), provide
34 public notice in writing of any proposed changes in rates or
35 coverage to each participating public agency that may be affected by
36 the changes. Notice must be provided at least 30 days before the
37 effective date of the changes.

38 (d) If a proposed change is a change in the premium or
39 contribution charged for, or coverage of, health insurance, provide
40 written notice of the proposed change to all participants in the
41 Program. The notice must be provided at least 30 days before the
42 date on which a participant in the Program is required to select or
43 change the participant's policy of health insurance.

44 (e) Purchase policies of life, accident or health insurance, or any
45 combination of these, or, if applicable, a program to reduce the



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1 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
2 any company qualified to do business in this State or provide similar
3 coverage through a plan of self-insurance established pursuant to
4 NRS 287.0433 for the benefit of all eligible participants in the
5 Program.

6 (f) Except as otherwise provided in this title, develop and
7 establish other employee benefits as necessary.

8 (g) Investigate and approve or disapprove any contract proposed
9 pursuant to NRS 287.0479.

10 (h) Adopt such regulations and perform such other duties as are
11 necessary to carry out the provisions of NRS 287.010 to 287.245,
12 inclusive, *and sections 2 and 3 of this act*, including, without
13 limitation, the establishment of:

14 (1) Fees for applications for participation in the Program and
15 for the late payment of premiums or contributions;

16 (2) Conditions for entry and reentry into and exit from the
17 Program by local governmental agencies pursuant to paragraph (a)
18 of subsection 1 of NRS 287.025, which:

19 (I) Must include a minimum period of 4 years of
20 participation for entry into the Program;

21 (II) Must include a requirement that participation of any
22 retired officers and employees of the local governmental agency
23 whose last continuous period of enrollment with the Program began
24 after November 30, 2008, terminates upon termination of the local
25 governmental agency's contract with the Program; and

26 (III) May allow for the exclusion of active and retired
27 officers and employees of the local governmental agency who are
28 eligible for health coverage from a health and welfare plan or trust
29 that arose out of collective bargaining under chapter 288 of NRS or
30 a trust established pursuant to 29 U.S.C. § 186;

31 (3) Procedures by which a group of participants in the
32 Program may leave the Program pursuant to NRS 287.0479 and
33 conditions and procedures for reentry into the Program by those
34 participants;

35 (4) Specific procedures for the determination of contested
36 claims;

37 (5) Procedures for review and notification of the termination
38 of coverage of persons pursuant to paragraph (b) of subsection 4 of
39 NRS 287.023; and

40 (6) Procedures for the payments that are required to be made
41 pursuant to paragraph (b) of subsection 4 of NRS 287.023.

42 ~~[(i) Appoint an independent certified public accountant. The
43 accountant shall:~~

44 ~~— (1) Provide an annual audit of the Program; and~~



~~1 (2) Report to the Board and the Interim Retirement and
2 Benefits Committee of the Legislature created pursuant to
3 NRS 218E.420.~~

~~4 (j) Appoint an attorney who specializes in employee benefits.
5 The attorney shall:~~

~~6 (1) Perform a biennial review of the Program to determine
7 whether the Program complies with federal and state laws relating to
8 taxes and employee benefits; and~~

~~9 (2) Report to the Board and the Interim Retirement and
10 Benefits Committee of the Legislature created pursuant to
11 NRS 218E.420.}~~

~~12 3. [The Board shall submit an annual report regarding the
13 administration and operation of the Program to the Director of the
14 Legislative Counsel Bureau for transmittal to the appropriate
15 committees of the Legislature, or to the Legislative Commission
16 when the Legislature is not in regular session, for acceptance or
17 rejection not more than 6 months before the Board establishes rates
18 and coverage for participants for the following plan year. The report
19 must include, without limitation:~~

~~20 (a) Detailed financial results for the Program for the preceding
21 plan year, including, without limitation, identification of the sources
22 of revenue for the Program and a detailed accounting of expenses
23 which are segregated by each type of benefit offered by the
24 Program, and administrative costs. The results must be provided
25 separately concerning:~~

~~26 (1) Participants who are active and retired state officers and
27 employees and their dependents;~~

~~28 (2) All participants in the Program other than those
29 described in subparagraph (1); and~~

~~30 (3) Within the groups described in subparagraphs (1) and
31 (2), active participants, retired participants for which the Program
32 provides primary health insurance coverage and retired participants
33 in the Program who are provided coverage for medical or hospital
34 service, or both, by the Health Insurance for the Aged Act, 42
35 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.~~

~~36 (b) An assessment of actuarial accuracy and reserves for the
37 current plan year and the immediately preceding plan year.~~

~~38 (c) A summary of the plan design for the current plan year,
39 including, without limitation, information regarding rates and any
40 changes in the vendors with which the Program has entered into
41 contracts, and a comparison of the plan design for the current plan
42 year to the plan design for the immediately preceding plan year. The
43 information regarding rates provided pursuant to this paragraph
44 must set forth the costs for participation in the Program paid by
45 participants and employers on a monthly basis.~~



1 ~~—(d) A description of all written communications provided~~
2 ~~generally to all participants by the Program during the preceding~~
3 ~~plan year.~~

4 ~~—(e) A discussion of activities of the Board concerning~~
5 ~~purchasing coalitions.~~

6 ~~—4.]~~ The Board may use any services provided to state agencies
7 and shall use the services of the Purchasing Division of the
8 Department of Administration to establish and carry out the
9 Program.

10 ~~[5.]~~ 4. The Board may make recommendations to the
11 Legislature concerning legislation that it deems necessary and
12 appropriate regarding the Program.

13 ~~[6.]~~ 5. A participating public agency is not liable for any
14 obligation of the Program other than indemnification of the Board
15 and its employees against liability relating to the administration of
16 the Program, subject to the limitations specified in NRS 41.0349.

17 ~~[7.]~~ 6. As used in this section, “employee benefits” includes
18 any form of compensation provided to a public employee except
19 federal benefits, wages earned, legal holidays, deferred
20 compensation and benefits available pursuant to chapter 286 of
21 NRS.

22 **Sec. 9.** NRS 287.044 is hereby amended to read as follows:

23 287.044 1. Except as otherwise provided in subsection 2,
24 each participating state agency shall pay to the Program an amount
25 specified by law for every state officer or employee who
26 is employed by a participating public agency on a permanent and
27 full-time basis and elects to participate in the Program.

28 2. A member of the Senate or Assembly who elects to
29 participate in the Program shall pay the entire premium or
30 contribution for the member’s insurance.

31 3. State officers and employees who elect to participate in the
32 Program must authorize deductions from their compensation for the
33 payment of premiums or contributions for the Program. Any
34 deduction from the compensation of a state officer or employee for
35 the payment of such a premium or contribution must be based on the
36 actual amount of the premium or contribution after deducting any
37 amount ~~[of the premium or contribution which is paid]~~ *allocated by*
38 *the Board* pursuant to subsection ~~[1.]~~ 6.

39 4. If a state officer or employee chooses to cover any
40 dependents, whenever this option is made available by the Board,
41 except as otherwise provided in NRS 287.021 and 287.0477, the
42 state officer or employee must pay the difference between the
43 amount of the premium or contribution for the coverage for the state
44 officer or employee and such dependents and ~~[the]~~ *any* amount



1 ~~[paid by the participating state agency that employs the officer or~~
2 ~~employee.] allocated by the Board pursuant to subsection 6.~~

3 5. A participating state agency shall not pay any part of those
4 premiums or contributions if the group life insurance or group
5 accident or health insurance is not approved by the Board.

6 6. The Board may allocate the money paid to the Program
7 pursuant to ~~[this section]~~ *subsection 1* between the cost of premiums
8 and contributions for group insurance for each state officer or
9 employee, except a member of the Senate or Assembly, and the
10 dependents of each state officer or employee.

11 **Sec. 10.** NRS 287.046 is hereby amended to read as follows:

12 287.046 1. The Department of Administration shall establish
13 an assessment that is to be used to pay for a portion of the cost of
14 premiums or contributions for the Program for persons who have
15 retired with state service . ~~[before January 1, 1994, or under the~~
16 ~~circumstances set forth in paragraph (a), (b) or (c) of subsection 3.]~~

17 2. The money assessed pursuant to subsection 1 must be
18 deposited into the Retirees' Fund and must be based upon an
19 amount approved by the Legislature each session to pay for a
20 portion of the current and future health and welfare benefits for such
21 retirees. Except as otherwise provided in subsection ~~[4.]~~ 5, the
22 portion to be paid to the Program from the Retirees' Fund on behalf
23 of such persons must be equal to a portion of the cost for each
24 retiree and the retiree's dependents who are enrolled in the plan, as
25 defined for each year of the plan by the Program.

26 3. ~~[Adjustments]~~ *Except as otherwise provided in subsection*
27 *4, adjustments* to the portion *of the amount approved by the*
28 *Legislature pursuant to subsection 2 to be* paid by the Retirees'
29 Fund ~~[must be as follows:~~

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

32 ~~—(1)] must be as follows:~~

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

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

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



1 **4. No money may be paid by the Retirees' Fund on behalf of**
2 **a retired person who is** initially hired by the State on or after
3 January 1, 2010, and who ~~[retire with at least 15 years of service~~
4 ~~credit, which must include state service and may include local~~
5 ~~governmental service, and who have] :~~

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

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

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

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

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

38 ~~4.] 5.~~ If the amount calculated pursuant to subsection 3 exceeds
39 the actual premium or contribution for the plan of the Program that
40 the retired participant selects, the balance must be credited to the
41 Program Fund.

42 ~~[5.] 6.~~ For the purposes of subsection 1:

43 (a) Credit for service must be calculated in the manner provided
44 by chapter 286 of NRS.

45 (b) No proration may be made for a partial year of state service.



1 ~~[6.]~~ 7. The Department shall agree through the Board with the
2 insurer for billing of remaining premiums or contributions for
3 the retired participant and the retired participant's dependents to the
4 retired participant and to the retired participant's dependents who
5 elect to continue coverage under the Program after the retired
6 participant's death.

7 **Sec. 11.** NRS 287.0465 is hereby amended to read as follows:

8 287.0465 1. If ~~{an officer or employee of the State or a~~
9 ~~dependent of such an officer or employee}~~ **a member** incurs an
10 illness or injury for which medical services are payable under the
11 plan for self-insurance established by the Board and the illness or
12 injury is incurred under circumstances creating a legal liability in
13 some person, other than the ~~{officer, employee or dependent,}~~
14 **member**, to pay all or part of the cost of those services, the Board is
15 subrogated to the right of the ~~{officer, employee or dependent}~~
16 **member** to the extent of all such costs, and may join or intervene in
17 any action by the ~~{officer, employee or dependent}~~ **member** or any
18 ~~{successors}~~ **successor** in interest, to enforce that legal liability.

19 2. If ~~{an officer, employee or dependent}~~ **a member** or any
20 ~~{successors}~~ **successor** in interest fail or refuse to commence an
21 action to enforce that legal liability, the Board may commence an
22 independent action, after notice to the ~~{officer, employee or~~
23 ~~dependent}~~ **member** or any ~~{successors}~~ **successor** in interest, to
24 recover all costs to which it is entitled. In any such action by the
25 Board, the ~~{officer, employee or dependent}~~ **member** may be joined
26 as a third party defendant.

27 3. If the Board is subrogated to the rights of the ~~{officer,~~
28 ~~employee or dependent}~~ **member** or any ~~{successors}~~ **successor** in
29 interest as provided in subsection 1, the Board has a lien upon the
30 total proceeds of any recovery from the persons liable, whether the
31 proceeds of the recovery are by way of a judgment or settlement or
32 otherwise. Within 15 days after recovery by receipt of the proceeds
33 of the judgment, settlement or other recovery, the ~~{officer, employee~~
34 ~~or dependent}~~ **member** or any successors in interest shall notify the
35 Board of the recovery and pay the Board the amount due to it
36 pursuant to this section. The ~~{officer, employee or dependent}~~
37 **member** or any successors in interest are not entitled to double
38 recovery for the same injury.

39 4. The ~~{officer, employee or dependent}~~ **member** or any
40 successors in interest shall notify the Board in writing before
41 entering any settlement or agreement or commencing any action to
42 enforce the legal liability referred to in subsection 1.



1 **5. As used in this section, "member" means:**

2 (a) *An active or retired officer or employee of the State or a*
3 *dependent of such an officer or employee who is covered under*
4 *the Program; and*

5 (b) *An active or retired officer or employee of a local*
6 *governmental agency or a dependent of such an officer or*
7 *employee who is covered under the Program.*

8 **Sec. 12.** NRS 287.0475 is hereby amended to read as follows:

9 287.0475 1. A retired public officer or employee or the
10 surviving spouse of a retired public officer or employee who is
11 deceased may, in any even-numbered year, reinstate any insurance
12 under the Program, except life insurance, that, at the time of
13 reinstatement, is provided by the Program if the retired public
14 officer or employee retired:

15 (a) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620,
16 from a participating state agency or was enrolled in a retirement
17 program provided pursuant to NRS 286.802; or

18 (b) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620,
19 from employment with a county, school district, municipal
20 corporation, political subdivision, public corporation or other local
21 governmental agency of the State which is a participating local
22 governmental agency at the time of the request for reinstatement ~~[-],~~
23 *unless the retired public officer or employee is excluded from*
24 *participation in the Program pursuant to sub-subparagraph (III)*
25 *of subparagraph (2) of paragraph (h) of subsection 2 of*
26 *NRS 287.043.*

27 2. Reinstatement pursuant to subsection 1 must be requested
28 by:

29 (a) Giving written notice to the Program of the intent of the
30 public officer or employee or surviving spouse to reinstate the
31 insurance not later than March 15 of an even-numbered year;

32 (b) Accepting the Program's current plan of insurance and any
33 subsequent changes thereto; and

34 (c) Except as otherwise provided in NRS 287.046, paying any
35 portion of the premiums or contributions for coverage under the
36 Program, in the manner set forth in NRS 1A.470 or 286.615, which
37 are due from the date of reinstatement and not paid by the public
38 employer.

39 ~~[3. Reinstatement of insurance excludes claims for expenses~~
40 ~~for any condition for which medical advice, treatment or~~
41 ~~consultation was rendered within 12 months before reinstatement~~
42 ~~unless the reinstated insurance has been in effect more than 12~~
43 ~~consecutive months.]~~



1 **Sec. 13.** NRS 287.0477 is hereby amended to read as follows:

2 287.0477 1. Except as otherwise provided in subsection 4,
3 the surviving spouse and any surviving child of a police officer or
4 firefighter who was employed by a participating public agency and
5 who was killed in the line of duty may join or continue coverage
6 under the Public Employees' Benefits Program or another insurer or
7 employee benefit plan approved by the Board pursuant to NRS
8 287.0479 if the police officer or firefighter was a participant or
9 would have been eligible to participate on the date of the death of
10 the police officer or firefighter. If the surviving spouse or child
11 elects to join or discontinue coverage under the Public Employees'
12 Benefits Program pursuant to this subsection, the spouse, child or
13 legal guardian of the child must notify in writing the participating
14 public agency that employed the police officer or firefighter within
15 60 days after the date of death of the police officer or firefighter.

16 2. Except as otherwise provided in subsection 4, the surviving
17 spouse and any surviving child of a volunteer firefighter who was
18 killed in the line of duty and who was officially a member of a
19 volunteer fire department in this State is eligible to join the Public
20 Employees' Benefits Program. If such a spouse or child elects to
21 join the Public Employees' Benefits Program, the spouse, child or
22 legal guardian of the child must notify in writing the Board within
23 60 days after the date of death of the volunteer firefighter.

24 3. ~~[[The]~~ *Except as otherwise provided in this section, the*
25 participating public agency that employed the police officer or
26 firefighter shall pay the entire cost of the premiums or contributions
27 for the Public Employees' Benefits Program or another insurer or
28 employee benefit plan approved by the Board pursuant to NRS
29 287.0479 for the surviving spouse or child who meets the
30 requirements set forth in subsection 1. The State of Nevada shall
31 pay the entire cost of the premiums or contributions for the Public
32 Employees' Benefits Program for the surviving spouse or child who
33 elects to join the Public Employees' Benefits Program pursuant to
34 subsection 2.

35 4. A surviving spouse is eligible to receive coverage pursuant
36 to this section for the duration of the life of the surviving spouse. A
37 surviving child is eligible to receive coverage pursuant to this
38 section until the child reaches:

39 (a) The age of 18 years; or

40 (b) The age of 23 years, if the child is enrolled as a full-time
41 student in an accredited university, college or trade school.

42 5. *A participating public agency and the State of Nevada are*
43 *not required to pay the entire cost of the premiums or*
44 *contributions pursuant to subsection 3 for a surviving domestic*



1 *partner who elects to join the Public Employees' Benefits Program*
2 *pursuant to subsection 2.*

3 **6.** As used in this section "police officer" has the meaning
4 ascribed to it in NRS 617.135.

5 **Sec. 14.** NRS 287.04366 is hereby repealed.

6 **Sec. 15.** 1. This section and sections 4 and 12 of this act
7 become effective on July 1, 2011.

8 2. Sections 1, 2, 3, 5 to 11, inclusive, 13 and 14 of this act
9 become effective on October 1, 2011.

TEXT OF REPEALED SECTION

287.04366 Audits and reports. The Board shall provide to the Department of Administration and to the Interim Retirement and Benefits Committee of the Legislature, created by NRS 218E.420:

1. An annual audit of the Retirees' Fund to be conducted by an independent certified public accountant;
2. An annual report concerning the Retirees' Fund; and
3. An independent biennial certified actuarial valuation and report of the State's health and welfare benefits for current and future state retirees, which are provided for the purpose of developing the annual required contribution pursuant to the statements issued by the Governmental Accounting Standards Board.

