
ASSEMBLY BILL NO. 165—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF EUREKA COUNTY)

FEBRUARY 19, 2003

Referred to Committee on Ways and Means

SUMMARY—Revises provisions relating to Public Employees' Benefits Program. (BDR 23-399)

FISCAL NOTE: Effect on Local Government: Yes.
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; requiring the Board of the Program to ensure that rates established for coverage are the same for all persons who participate in the Program for that coverage; prohibiting the offering of options for coverage in a particular geographic area of this state if such options are not made available in another geographic area of this state; and providing other matters properly relating thereto.

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

1 **Section 1.** NRS 287.023 is hereby amended to read as follows:
2 287.023 1. Whenever an officer or employee of the
3 governing body of any county, school district, municipal
4 corporation, political subdivision, public corporation or other public
5 agency of the State of Nevada retires under the conditions set forth
6 in NRS 1A.350 or 1A.480, or 286.510 or 286.620 and, at the time of
7 his retirement, was covered or had his dependents covered by any
8 group insurance or medical and hospital service established pursuant
9 to NRS 287.010 and 287.020, the officer or employee has the option
10 upon retirement to cancel or continue any such group insurance or
11 medical and hospital service coverage or join the Public Employees'
12 Benefits Program to the extent that such coverage is not provided to



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1 him or a dependent by the Health Insurance for the Aged Act, 42
2 U.S.C. §§ 1395 et seq.

3 2. A retired person who continues coverage under the Public
4 Employees' Benefits Program shall assume the portion of the
5 premium or ~~membership~~ *contribution* costs for the coverage
6 continued which the governing body does not pay on behalf of
7 retired officers or employees. A person who joins the Public
8 Employees' Benefits Program ~~for the first time~~ upon retirement
9 shall assume all *of the premium or contribution* costs for the
10 coverage. A dependent of such a retired person has the option,
11 which may be exercised to the same extent and in the same manner
12 as the retired person, to cancel or continue coverage in effect on the
13 date the retired person dies. The dependent is not required to
14 continue to receive retirement payments from the Public
15 Employees' Retirement System to continue coverage.

16 3. Except as otherwise provided in NRS 287.0235, notice of
17 the selection of the option must be given in writing to the last public
18 employer of the officer or employee within 60 days after the date of
19 retirement or death, as the case may be. If no notice is given by that
20 date, the retired employee and his dependents shall be deemed to
21 have selected the option to cancel the coverage or not to join the
22 Public Employees' Benefits Program, as the case may be.

23 4. The governing body of any county, school district,
24 municipal corporation, political subdivision, public corporation or
25 other public agency of this state may pay the cost, or any part of the
26 cost, of group insurance and medical and hospital service coverage
27 for persons eligible for that coverage pursuant to subsection 1, but it
28 must not pay a greater portion than it does for its current officers
29 and employees.

30 **Sec. 2.** NRS 287.043 is hereby amended to read as follows:

31 287.043 1. The Board shall:

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

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

36 (2) May include a program to reduce taxable compensation
37 or other forms of compensation other than deferred
38 compensation,

39 for the benefit of all ~~state officers and employees and other persons~~
40 ~~who participate~~ *participants* in the Program.

41 (b) Ensure that the Program is funded on an actuarially sound
42 basis and operated in accordance with sound insurance and business
43 practices.

44 2. In establishing and carrying out the Program, the Board
45 shall:



- 1 (a) ~~For the purpose of establishing actuarial data to determine~~
2 ~~rates and coverage for active and retired state officers and~~
3 ~~employees and their dependents, commingle the claims experience~~
4 ~~of such active and retired officers and employees and their~~
5 ~~dependents.~~
6 ~~(b) Except as otherwise provided in this paragraph, negotiate]~~
7 *Notwithstanding any other provision of law, ensure that:*
8 *(1) Any rates established by the Board for coverage are the*
9 *same for all participants in the Program for that coverage; and*
10 *(2) The Program does not provide options for coverage to*
11 *participants in the Program who reside in a particular geographic*
12 *area of this state if such options for coverage are not provided to*
13 *participants in the Program who reside in another geographic*
14 *area of this state.*
15 (b) *Negotiate* and contract with the governing body of any
16 public agency enumerated in NRS 287.010 that wishes to obtain
17 group insurance for its *active and retired* officers ~~[, employees and~~
18 ~~retired]~~ *and* employees by participation in the Program. ~~[The Board~~
19 ~~shall establish separate rates and coverage for those officers,~~
20 ~~employees and retired employees based on actuarial reports.]~~
21 (c) Except as otherwise provided in paragraph (d), provide
22 public notice in writing of any proposed changes in rates or
23 coverage to each participating public employer . ~~[who may be~~
24 ~~affected by the changes.]~~ Notice must be provided at least 30 days
25 before the effective date of the changes.
26 (d) If a proposed change is a change in the premium *or*
27 *contribution* charged for or coverage of health insurance, provide
28 written notice of the proposed change to all ~~[state officers,~~
29 ~~employees, retired employees and other persons who participate in~~
30 ~~the Program who may be affected by the proposed change.]~~
31 *participants in the Program.* The notice must be provided at least
32 60 days before the date a ~~[state officer, employee, retired employee~~
33 ~~or other person]~~ *participant in the Program* is required to select or
34 change his policy of health insurance.
35 (e) Purchase policies of life, accident or health insurance, or any
36 combination of these, or, if applicable, a program to reduce the
37 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
38 any company qualified to do business in this state or provide similar
39 coverage through a plan of self-insurance established pursuant to
40 NRS 287.0433 for the benefit of all eligible ~~[public officers,~~
41 ~~employees and retired employees who participate in the Program.]~~
42 *participants in the Program.*
43 (f) Except as otherwise provided in this title, develop and
44 establish other employee benefits as necessary.



- 1 (g) Investigate and approve or disapprove any contract proposed
2 pursuant to NRS 287.0479.
- 3 (h) Adopt such regulations and perform such other duties as are
4 necessary to carry out the provisions of NRS 287.0402 to 287.049,
5 inclusive, including, without limitation, the establishment of:
- 6 (1) Fees for applications for participation in the Program and
7 for the late payment of premiums or contributions;
- 8 (2) Conditions for entry and reentry into the Program by
9 public agencies enumerated in NRS 287.010;
- 10 (3) ~~The levels of participation in the Program required for~~
11 ~~employees of participating public agencies;~~
- 12 ~~(4)~~ (4) Procedures by which a group of participants in the
13 Program may leave the Program pursuant to NRS 287.0479 and
14 conditions and procedures for reentry into the Program by those
15 participants; and
- 16 ~~(5)~~ (4) Specific procedures for the determination of
17 contested claims.
- 18 (i) Appoint an independent certified public accountant. The
19 accountant shall:
- 20 (1) Provide an annual audit of the Program; and
- 21 (2) Report to the Board and the Interim Retirement and
22 Benefits Committee of the Legislature created pursuant to
23 NRS 218.5373.
- 24 (j) Appoint an attorney who specializes in employee benefits.
25 The attorney shall:
- 26 (1) Perform a biennial review of the Program to determine
27 whether the Program complies with federal and state laws relating to
28 taxes and employee benefits; and
- 29 (2) Report to the Board and the Interim Retirement and
30 Benefits Committee of the Legislature created pursuant to
31 NRS 218.5373.
- 32 3. The Board shall submit an annual report regarding the
33 administration and operation of the Program to the Director of
34 the Legislative Counsel Bureau not more than 6 months before the
35 Board establishes rates and coverage for ~~members~~ *participants* for
36 the following calendar year. The report must include, without
37 limitation:
- 38 (a) The amount paid by the Program in the preceding calendar
39 year for the claims of active and retired ~~state officers and~~
40 ~~employees;~~ *participants in the Program*; and
- 41 (b) The amount paid by the Program in the preceding calendar
42 year for the claims of retired ~~members of~~ *participants in* the
43 Program who were provided coverage for medical or hospital
44 service, or both, by the Health Insurance for the Aged Act, 42
45 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.



1 4. The Board may use any services provided to state agencies
2 and shall use the services of the Purchasing Division of the
3 Department of Administration to establish and carry out the
4 Program.

5 5. The Board may make recommendations to the Legislature
6 concerning legislation that it deems necessary and appropriate
7 regarding the Program.

8 6. The State and any other public employers that participate in
9 the Program are not liable for any obligation of the Program other
10 than indemnification of the Board and its employees against liability
11 relating to the administration of the Program, subject to the
12 limitations specified in NRS 41.0349.

13 7. As used in this section, "employee benefits" includes any
14 form of compensation provided to a public employee except federal
15 benefits, wages earned, legal holidays, deferred compensation and
16 benefits available pursuant to chapter 286 of NRS.

17 **Sec. 3.** NRS 287.0434 is hereby amended to read as follows:
18 287.0434 The Board may:

19 1. Use its assets to pay the expenses of health care for its
20 members and covered dependents, to pay its employees' salaries and
21 to pay administrative and other expenses.

22 2. Enter into contracts relating to the administration of the
23 Program, including, without limitation, contracts with licensed
24 administrators and qualified actuaries. Each such contract with a
25 licensed administrator:

26 (a) Must be submitted to the Commissioner of Insurance not less
27 than 30 days before the date on which the contract is to become
28 effective for approval as to the reasonableness of administrative
29 charges in relation to contributions collected and benefits provided.

30 (b) Does not become effective unless approved by the
31 Commissioner.

32 (c) Shall be deemed to be approved if not disapproved by the
33 Commissioner of Insurance within 30 days after its submission.

34 3. Enter into contracts with physicians, surgeons, hospitals,
35 health maintenance organizations and rehabilitative facilities for
36 medical, surgical and rehabilitative care and the evaluation,
37 treatment and nursing care of members and covered dependents.
38 The Board shall not enter into a contract pursuant to this subsection
39 unless:

40 (a) Provision is made by the Board to offer all the services
41 specified in the request for proposals, either by a health maintenance
42 organization or through separate action of the Board.

43 (b) The rates set forth in the contract are based on the
44 commingled claims experience of ~~active and retired state officers~~



1 ~~and employees and their dependents.] all participants in the~~
2 ~~Program.~~

3 4. Enter into contracts for the services of other experts and
4 specialists as required by the Program.

5 5. Charge and collect from an insurer, health maintenance
6 organization, organization for dental care or nonprofit medical
7 service corporation, a fee for the actual expenses incurred by the
8 Board, the State or a participating public employer in administering
9 a plan of insurance offered by that insurer, organization or
10 corporation.

11 **Sec. 4.** NRS 287.045 is hereby amended to read as follows:

12 287.045 1. Except as otherwise provided in this section,
13 every officer or employee of the State is eligible to participate in the
14 Program on the first day of the month following the completion of
15 90 days of full-time employment.

16 2. Professional employees of the University and Community
17 College System of Nevada who have annual employment contracts
18 are eligible to participate in the Program on:

19 (a) The effective dates of their respective employment contracts,
20 if those dates are on the first day of a month; or

21 (b) The first day of the month following the effective dates of
22 their respective employment contracts, if those dates are not on the
23 first day of a month.

24 3. Every officer or employee who is employed by a
25 participating public agency on a permanent and full-time basis on
26 the date the agency enters into an agreement to participate in the
27 Program, and every officer or employee who commences his
28 employment after that date, is eligible to participate in the Program
29 on the first day of the month following the completion of 90 days of
30 full-time employment.

31 4. Every Senator and Assemblyman is eligible to participate in
32 the Program on the first day of the month following the 90th day
33 after his initial term of office begins.

34 5. An officer or employee of the governing body of any
35 county, school district, municipal corporation, political subdivision,
36 public corporation or other public agency of the State of Nevada
37 who retires under the conditions set forth in NRS 1A.350 or 1A.480,
38 or 286.510 or 286.620 and was not participating in the Program at
39 the time of his retirement is eligible to participate in the Program 60
40 days after notice of the selection to participate is given pursuant to
41 NRS 287.023 or 287.0235. ~~{The Board shall make a separate~~
42 ~~accounting for these retired persons. For the first year following~~
43 ~~enrollment, the rates charged must be the full actuarial costs~~
44 ~~determined by the actuary based upon the expected claims~~
45 ~~experience with these retired persons. The claims experience of~~



1 ~~these retired persons must not be commingled with the retired~~
2 ~~persons who were members of the Program before their retirement,~~
3 ~~nor with active employees of the State. After the first year following~~
4 ~~enrollment, the rates charged must be the full actuarial costs~~
5 ~~determined by the actuary based upon the past claims experience of~~
6 ~~these retired persons since enrolling.]~~

7 6. Notwithstanding the provisions of subsections 1, 3 and 4, if
8 the Board does not, pursuant to NRS 689B.580, elect to exclude the
9 Program from compliance with NRS 689B.340 to 689B.590,
10 inclusive, and if the coverage under the Program is provided by a
11 health maintenance organization authorized to transact insurance in
12 this state pursuant to chapter 695C of NRS, any affiliation period
13 imposed by the Program may not exceed the statutory limit for an
14 affiliation period set forth in NRS 689B.500.

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

16 287.046 1. Except as otherwise provided in subsection 6, any
17 state or other participating officer or employee who elects to
18 participate in the Program may participate, and the department,
19 agency, commission or public agency that employs the officer or
20 employee shall pay the State's share of the cost of the premiums
21 or contributions for the Program from money appropriated or
22 authorized as provided in NRS 287.044. Employees who elect to
23 participate in the Program must authorize deductions from their
24 compensation for the payment of premiums or contributions for the
25 Program. Any deduction from the compensation of an employee for
26 the payment of a premium *or contribution* for health insurance must
27 be based on the actual ~~[cost of providing that health insurance]~~
28 *amount of the premium or contribution* after deducting any amount
29 of the premium *or contribution* which is paid by the department,
30 agency, commission or public agency that employs the employee.
31 ~~[As used in this subsection, "actual cost" includes any amount~~
32 ~~which has been approved by the Board and which is paid by any~~
33 ~~department, agency, commission or public agency of this state for:~~
34 ~~—(a) A program of supplemental insurance;~~
35 ~~—(b) Subsidization of premiums for health insurance for~~
36 ~~dependents and retired participants;~~
37 ~~—(c) Administrative costs relating to the provision of the health~~
38 ~~insurance; and~~
39 ~~—(d) Costs required to maintain adequate reserves.]~~

40 2. The Department of Personnel shall pay a percentage of the
41 base amount provided by law for that fiscal year toward the cost of
42 the premiums or contributions for the Program for persons retired
43 from the service of the State who have continued to participate in
44 the Program. Except as otherwise provided in subsection 3, the
45 percentage to be paid must be calculated as follows:



1 (a) For those persons who retire before January 1, 1994, 100
2 percent of the base amount provided by law for that fiscal year.

3 (b) For those persons who retire on or after January 1, 1994,
4 with at least 5 years of state service, 25 percent plus an additional
5 7.5 percent for each year of service in excess of 5 years to a
6 maximum of 137.5 percent, excluding service purchased pursuant to
7 NRS 1A.310 or 286.300, of the base amount provided by law for
8 that fiscal year.

9 3. If the amount calculated pursuant to subsection 2 exceeds
10 the actual premium or contribution for the plan of the Program that
11 the retired participant selects, the balance must be credited to the
12 Fund for the Public Employees' Benefits Program created pursuant
13 to NRS 287.0435.

14 4. For the purposes of subsection 2:

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

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

18 5. The Department shall agree through the Board with the
19 insurer for billing of remaining premiums or contributions for the
20 retired participant and his dependents to the retired participant and
21 to his dependents who elect to continue coverage under the Program
22 after his death.

23 6. A Senator or Assemblyman who elects to participate in the
24 Program shall pay the entire premium or contribution for his
25 insurance.

26 **Sec. 6.** This act becomes effective upon passage and approval.

