

ASSEMBLY BILL NO. 388—ASSEMBLYMEN KOIVISTO, PIERCE,
MCCLAIN, PARKS, OHRENSCHALL, ANDERSON, CHRISTENSEN,
CLABORN AND GIUNCHIGLIANI (BY REQUEST)

MARCH 17, 2003

Referred to Committee on Government Affairs

SUMMARY—Authorizes creation of health and welfare benefit trust for employees of local government employers. (BDR 23-762)

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 public employees; authorizing one or more local government employers and employee organizations to establish a trust fund to provide health and welfare benefits to participating employees and their dependents; establishing requirements for the administration of the trust; 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 286.615 is hereby amended to read as follows:
2 286.615 1. In addition to the options provided in NRS
3 287.023 and subject to the requirements of that section, any officer
4 or employee of the governing body of any county, school district,
5 municipal corporation, political subdivision, public corporation or
6 other public agency of the State of Nevada ~~;~~ who retires under the
7 conditions set forth in NRS 286.510 and, at the time of his
8 retirement, was covered or had his dependents covered by any group
9 insurance , *plan of benefits* or medical and hospital service
10 established pursuant to NRS 287.010 ~~[and 287.020,]~~ , *287.020 or*
11 *section 2 of this act*, has the option of having the Executive Officer
12 deduct and pay his premium or contribution for that ~~group~~



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1 ~~insurance or medical and hospital service~~ coverage, as well as the
2 amount due or to become due upon any obligation designated by the
3 Board pursuant to subsection 2, from his monthly retirement
4 allowance until:

5 (a) He notifies the Executive Officer to discontinue the
6 deduction; or

7 (b) Any of his dependents elect to assume the premium or
8 contribution applicable to the dependent's coverage before the death
9 of such a retired person and continue coverage pursuant to NRS
10 287.023 after his death.

11 2. The Board may adopt regulations to carry out the provisions
12 of subsection 1, including, but not limited to, regulations governing
13 the number and types of obligations, amounts for the payment of
14 which may be deducted and paid by the Board at the option of the
15 officer or employee pursuant to this section.

16 3. The Executive Officer, Board and System are not liable for
17 any damages resulting from errors or omissions concerning the
18 deductions and payment of premiums or contributions authorized
19 pursuant to this section unless willful neglect or gross negligence is
20 proven.

21 **Sec. 2.** Chapter 287 of NRS is hereby amended by adding
22 thereto a new section to read as follows:

23 *1. A local government employer and any employee*
24 *organization that is recognized by the employer pursuant to*
25 *chapter 288 of NRS may, by written agreement between*
26 *themselves or with other local government employers and*
27 *employee organizations, establish a trust fund to provide health*
28 *and welfare benefits to active and retired employees of the*
29 *participating employers and the dependents of those employees.*

30 *2. All contributions made to a trust fund established pursuant*
31 *to this section must be held in trust and used:*

32 *(a) To provide, from principal or income, or both, for the*
33 *benefit of the participating employees and their dependents,*
34 *medical, hospital, dental, vision, death, disability or accident*
35 *benefits, or any combination thereof, and any other benefit*
36 *appropriate for an entity that qualifies as a voluntary employees'*
37 *beneficiary association under Section 501(c)(9) of the Internal*
38 *Revenue Code of 1986, 26 U.S.C. § 501(c)(9), as amended; and*

39 *(b) To pay any reasonable administrative expenses incident to*
40 *the provision of these benefits and the administration of the trust.*

41 *3. The basis on which contributions are to be made to the*
42 *trust must be specified in a collective bargaining agreement*
43 *between each participating local government employer and*
44 *employee organization or in a written participation agreement*



1 *between the employer and employee organization, jointly, and the*
2 *trust.*

3 *4. The trust must be administered by a board of trustees on*
4 *which participating local government employers and employee*
5 *organizations are equally represented. The agreement that*
6 *establishes the trust must:*

7 *(a) Set forth the powers and duties of the board of trustees,*
8 *which must not be inconsistent with the provisions of this section;*

9 *(b) Establish a procedure for resolving expeditiously any*
10 *deadlock that arises among the members of the board of trustees;*
11 *and*

12 *(c) Provide for an audit of the trust, at least annually, the*
13 *results of which must be reported to each participating employer*
14 *and employee organization.*

15 *5. As used in this section:*

16 *(a) "Employee organization" has the meaning ascribed to it in*
17 *NRS 288.040.*

18 *(b) "Local government employer" has the meaning ascribed to*
19 *it in NRS 288.060.*

20 **Sec. 3.** NRS 287.021 is hereby amended to read as follows:

21 287.021 1. Except as otherwise provided in subsection 3, the
22 surviving spouse and any surviving child of a police officer or
23 fireman who was:

24 (a) Employed by a public agency that had established group
25 insurance , *a plan of benefits* or medical and hospital service
26 pursuant to NRS 287.010, 287.020 or 287.025 ~~§~~ *or section 2 of*
27 *this act;* and

28 (b) Killed in the line of duty,
29 may elect to accept or continue coverage under that group insurance
30 , *plan* or medical and hospital service if the police officer or fireman
31 was a participant or would have been eligible to participate in the
32 group insurance , *plan* or medical and hospital service on the date of
33 the death of the police officer or fireman. If the surviving spouse or
34 child elects to accept coverage under the group insurance , *plan* or
35 medical and hospital service in which the police officer or fireman
36 would have been eligible to participate or to discontinue coverage
37 under the group insurance , *plan* or medical and hospital service in
38 which the police officer or fireman was a participant, the spouse,
39 child or legal guardian of the child must notify in writing the public
40 agency that employed the police officer or fireman within 60 days
41 after the date of death of the police officer or fireman.

42 2. The public agency that employed the police officer or
43 fireman shall pay the entire cost of the premiums or contributions
44 for the group insurance , *plan of benefits* or medical and hospital



1 service for the surviving spouse or child who meets the
2 requirements set forth in subsection 1.

3 3. A surviving spouse is eligible to receive coverage pursuant
4 to this section for the duration of the life of the surviving spouse. A
5 surviving child is eligible to receive coverage pursuant to this
6 section until the child reaches:

7 (a) The age of 18 years; or

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

10 4. As used in this section "police officer" has the meaning
11 ascribed to it in NRS 617.135.

12 **Sec. 4.** NRS 287.023 is hereby amended to read as follows:

13 287.023 1. Whenever an officer or employee of the
14 governing body of any county, school district, municipal
15 corporation, political subdivision, public corporation or other public
16 agency of the State of Nevada retires under the conditions set forth
17 in NRS 1A.350 or 1A.480, or 286.510 or 286.620 and, at the time of
18 his retirement, was covered or had his dependents covered by any
19 group insurance , *plan of benefits* or medical and hospital service
20 established pursuant to NRS 287.010 ~~[and 287.020,]~~ , *287.020 or*
21 *section 2 of this act*, the officer or employee has the option upon
22 retirement to cancel or continue any such ~~[group insurance or~~
23 ~~medical and hospital service]~~ coverage or join the Public
24 Employees' Benefits Program to the extent that such coverage is not
25 provided to him or a dependent by the Health Insurance for the
26 Aged Act, 42 U.S.C. §§ 1395 et seq.

27 2. A retired person who continues coverage under the Public
28 Employees' Benefits Program shall assume the portion of the
29 premium or membership costs for the coverage continued which the
30 governing body does not pay on behalf of retired officers or
31 employees. A person who joins the Public Employees' Benefits
32 Program for the first time upon retirement shall assume all costs for
33 the coverage. A dependent of such a retired person has the option,
34 which may be exercised to the same extent and in the same manner
35 as the retired person, to cancel or continue coverage in effect on the
36 date the retired person dies. The dependent is not required to
37 continue to receive retirement payments from the Public
38 Employees' Retirement System to continue coverage.

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



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

8 **Sec. 5.** NRS 287.024 is hereby amended to read as follows:

9 287.024 1. If a member of the board of trustees of a school
10 district who has served at least one full term of office does not seek
11 reelection or is defeated for reelection and, upon the expiration of
12 his term of office, was covered or had his dependents covered by
13 any group insurance, *plan of benefits* or medical and hospital
14 service established pursuant to NRS 287.010 ~~and 287.020,~~ ,
15 *287.020 or section 2 of this act*, the board member has the option
16 upon the expiration of his term of office to cancel or continue any
17 such ~~group insurance~~ coverage to the extent that ~~such~~ coverage
18 is not provided to him or a dependent by the Health Insurance for
19 the Aged Act, 42 U.S.C. §§ 1395 et seq. A board member who
20 continues coverage ~~under the program of group insurance~~
21 *pursuant to this section* shall assume all costs for the continued
22 coverage. A dependent of such a board member has the option,
23 which may be exercised to the same extent and in the same manner
24 as the board member, to cancel or continue coverage in effect on the
25 date the board member dies.

26 2. Notice of the selection of the option must be given in writing
27 to the board of trustees of the school district within 30 days after the
28 expiration of the board member's term of office or the date of his
29 death, as the case may be. If no notice is given by that date, the
30 board member and his dependents shall be deemed to have selected
31 the option to cancel the coverage.

32 **Sec. 6.** NRS 287.025 is hereby amended to read as follows:

33 287.025 The governing body of any county, school district,
34 municipal corporation, political subdivision, public corporation or
35 other public agency of the State of Nevada may, in addition to the
36 other powers granted in NRS 287.010 and 287.020 ~~and~~ *and section 2*
37 *of this act*:

38 1. Negotiate and contract with any other such agency or with
39 the Board of the Public Employees' Benefits Program to secure
40 group insurance for its officers and employees and their dependents
41 by participation in any group insurance plan established or to be
42 established or in the Public Employees' Benefits Program. Each
43 such contract:



1 (a) Must be submitted to the Commissioner of Insurance not less
2 than 30 days before the date on which the contract is to become
3 effective for approval.

4 (b) Does not become effective unless approved by the
5 Commissioner.

6 (c) Shall be deemed to be approved if not disapproved by the
7 Commissioner ~~[of Insurance]~~ within 30 days after its submission.

8 2. To secure group health, life or workers' compensation
9 insurance for its officers and employees and their dependents,
10 participate as a member of a nonprofit cooperative association or
11 nonprofit corporation that has been established in this state to secure
12 such insurance for its members from an insurer licensed pursuant to
13 the provisions of title 57 of NRS.

14 3. In addition to the provisions of subsection 2, participate as a
15 member of a nonprofit cooperative association or nonprofit
16 corporation that has been established in this state to:

17 (a) Facilitate contractual arrangements for the provision of
18 medical services to its members' officers and employees and their
19 dependents and for related administrative services.

20 (b) Procure health-related information and disseminate that
21 information to its members' officers and employees and their
22 dependents.

23 **Sec. 7.** NRS 287.030 is hereby amended to read as follows:

24 287.030 No provisions of law prohibiting, restricting or
25 limiting the assignment of or order for wages or salary shall be
26 deemed in any way to prohibit, restrict or limit the powers
27 enumerated in NRS 287.010 and 287.020, *and section 2 of this act*,
28 nor the right and power of officers or employees to authorize and
29 approve payment of premiums or contributions by wage and salary
30 deductions.

31 **Sec. 8.** NRS 287.040 is hereby amended to read as follows:

32 287.040 The provisions of NRS 287.010 to 287.040, inclusive,
33 *and section 2 of this act*, do not make it compulsory upon any
34 governing body of any county, school district, municipal
35 corporation, political subdivision, public corporation or other public
36 agency of the State of Nevada, ~~[to]~~ except as otherwise provided in
37 NRS 287.021 ~~[]~~ *or in an agreement entered into pursuant to*
38 *subsection 3 of section 2 of this act, to* make any contributions for
39 the payment of any premiums or other costs for group insurance, *a*
40 *plan of benefits*, or medical or hospital services, or upon any officer
41 or employee of any county, school district, municipal corporation,
42 political subdivision, public corporation or other public agency of
43 this state to accept ~~[or join any plan of group insurance]~~ *any such*
44 *coverage* or to assign his wages or salary or to authorize deductions



1 from his wages or salary in payment of premiums or contributions
2 therefor.

3 **Sec. 9.** NRS 683A.025 is hereby amended to read as follows:

4 683A.025 1. Except as limited by this section,
5 “administrator” means a person who:

6 (a) Directly or indirectly underwrites or collects charges or
7 premiums from or adjusts or settles claims of residents of this state
8 or any other state from within this state in connection with workers’
9 compensation insurance, life or health insurance coverage or
10 annuities, including coverage or annuities provided by an employer
11 for his employees;

12 (b) Administers an internal service fund pursuant to
13 NRS 287.010;

14 (c) *Administers a trust established pursuant to section 2 of this*
15 *act, under a contract with the trust;*

16 (d) Administers a program of self-insurance for an employer;

17 ~~(e)~~ (e) Administers a program which is funded by an
18 employer and which provides pensions, annuities, health benefits,
19 death benefits or other similar benefits for his employees; or

20 ~~(f)~~ (f) Is an insurance company that is licensed to do business
21 in this state or is acting as an insurer with respect to a policy
22 lawfully issued and delivered in a state where the insurer is
23 authorized to do business, if the insurance company performs any
24 act described in paragraphs (a) to ~~(e)~~ (e), inclusive, for or on
25 behalf of another insurer.

26 2. “Administrator” does not include:

27 (a) An employee authorized to act on behalf of an administrator
28 who holds a certificate of registration from the Commissioner.

29 (b) An employer acting on behalf of his employees or the
30 employees of a subsidiary or affiliated concern.

31 (c) A labor union acting on behalf of its members.

32 (d) Except as otherwise provided in paragraph ~~(e)~~ (f) of
33 subsection 1, an insurance company licensed to do business in this
34 state or acting as an insurer with respect to a policy lawfully issued
35 and delivered in a state in which the insurer was authorized to do
36 business.

37 (e) A producer of life or health insurance licensed in this state,
38 when his activities are limited to the sale of insurance.

39 (f) A creditor acting on behalf of his debtors with respect to
40 insurance covering a debt between the creditor and debtor.

41 (g) A trust and its trustees, agents and employees acting for it, if
42 the trust was established under the provisions of 29 U.S.C. § 186.

43 (h) *Except as otherwise provided in paragraph (c) of*
44 *subsection 1, a trust and its trustees, agents and employees acting*
45 *for it, if the trust was established pursuant to section 2 of this act.*



1 *(i)* A trust which is exempt from taxation under section 501(a)
2 of the Internal Revenue Code, 26 U.S.C. § 501(a), its trustees and
3 employees, and a custodian, his agents and employees acting under
4 a custodial account which meets the requirements of section 401(f)
5 of the Internal Revenue Code, 26 U.S.C. § 401(f).

6 ~~*(j)*~~ *(j)* A bank, credit union or other financial institution which
7 is subject to supervision by federal or state banking authorities.

8 ~~*(k)*~~ *(k)* A company which issues credit cards, and which
9 advances for and collects premiums or charges from credit card
10 holders who have authorized it to do so, if the company does not
11 adjust or settle claims.

12 ~~*(l)*~~ *(l)* An attorney at law who adjusts or settles claims in the
13 normal course of his practice or employment, but who does not
14 collect charges or premiums in connection with life or health
15 insurance coverage or with annuities.

16 **Sec. 10.** Sections 1 to 9, inclusive, of this act do not apply to
17 any trust established before July 1, 2003.

18 **Sec. 11.** This act becomes effective on July 1, 2003.

