

ASSEMBLY BILL NO. 188—ASSEMBLYMEMBER CARTER

PREFILED FEBRUARY 3, 2025

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the Public Employees’ Benefits Program. (BDR 23-673)

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

CONTAINS UNFUNDED MANDATE (§ 4) (NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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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 Public Employees’ Benefits Program to report certain information relating to the costs of health insurance for certain retirees; revising provisions relating to the subsidy paid for certain health and welfare benefits for certain state employees who have retired with state service; revising requirements for certain retired public officers and employees to reinstate insurance under the Program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires the Office of Finance to establish an assessment to pay
2 for a portion of the costs of the premiums or contributions for the Public
3 Employees’ Benefits Program on behalf of persons who were initially hired before
4 January 1, 2012, and have retired with state service, which must be: (1) deposited in
5 the State Retirees’ Health and Welfare Benefits Fund to pay a portion of the current
6 and future health and welfare benefits of those retirees; and (2) based upon a base
7 amount approved by the Legislature each session. Existing law also requires that,
8 for retirees who receive health coverage through Medicare, the portion paid to the
9 Program from the Retirees’ Fund on behalf of these retirees must be: (1) for
10 persons who retired before January 1, 1994, the base funding level defined by the
11 Legislature multiplied by 15; and (2) for persons who retired on or after January 1,
12 1994, the base funding level multiplied by the years of service of the person,
13 excluding service purchased, up to a maximum of 20 years. (NRS 287.046) **Section**
14 **1** of this bill requires the Board of the Program to report, before August 31 of every
15 even-numbered year, to the Governor and the Interim Retirement and Benefits



16 Committee of the Legislature the typical full cost for such retirees to obtain
17 actuarially comparable health insurance as state retirees enrolled in the plan offered by
18 by the Program.

19 If the Board pays the subsidy for retirees enrolled in the federal TRICARE
20 program or Medicare into a health reimbursement arrangement, **section 3** of this
21 bill prohibits the Board, unless otherwise required by federal law, from: (1)
22 establishing limits on the yearly balance of such health reimbursement
23 arrangements; and (2) reverting money in a health reimbursement arrangement to
24 the Retirees' Fund unless the retiree has died or, for more than 2 consecutive years,
25 elected coverage other than coverage provided through TRICARE, Medicare or the
26 plan offered by the Program.

27 Under existing law, persons hired on or after January 1, 2012, are ineligible to
28 receive a subsidy to pay a portion of their current and future health and welfare
29 benefits upon retirement. (NRS 287.046) **Section 3** provides that persons hired on
30 and after January 1, 2012, are eligible to receive the subsidy from the Fund, subject
31 to the same adjustments and limitations as retirees who were initially hired on or
32 after January 1, 2010, which require, with certain exceptions, that the retiree must
33 have: (1) participated in the Program on a continuous basis since retirement; and (2)
34 15 years of service, which must include state service and may include local
35 governmental service.

36 Under existing law, a retired public officer or employee or the surviving spouse
37 of a retired public officer or employee who is deceased may reinstate any insurance
38 under the Program, except life insurance, if the public officer or employee did not
39 have more than one period during which the retired public officer or employee was
40 not covered by insurance under the Program on or after the later of October 1,
41 2011, or the date of retirement of the public officer or employee, and the officer or
42 employee retired from: (1) a participating state or local governmental agency under
43 certain circumstances or was enrolled in the retirement program established by the
44 Board of Regents of the University of Nevada for professional staff of the Nevada
45 System of Higher Education; or (2) a nonparticipating local government agency,
46 under certain circumstances. (NRS 287.046) To reinstate insurance, the public
47 officer or employee or surviving spouse must provide written notice to the Program
48 not later than 31 days before the commencement of the plan year. (NRS 287.0475)
49 **Section 4** of this bill: (1) removes the prohibition that the retired public officer or
50 employee not have more than one period during which he or she was not covered
51 by insurance under the Program to reinstate insurance; (2) authorizes the public
52 officer or employee or surviving spouse to reinstate coverage during any open
53 enrollment period for the plan of insurance; and (3) provides that the retired public
54 officer or employee is eligible, upon reinstatement, to receive the subsidy provided
55 for certain retired employees.

56 **Section 2** of this bill applies certain definitions in existing law relating to the
57 Program to the provisions of **section 1**.

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 a new section to read as follows:

3 *On or before August 31 of each even-numbered year, the*
4 *Board shall submit to the Governor and the Director of the*
5 *Legislative Counsel Bureau for transmittal to the Interim*
6 *Retirement and Benefits Committee of the Legislature a report*



1 *setting forth the typical full cost in this State to obtain a plan of*
2 *health insurance for persons who retired with state service and are*
3 *provided coverage through the Program by an individual medical*
4 *plan offered pursuant to the Health Insurance for the Aged Act,*
5 *42 U.S.C. §§ 1395 et seq., that is actuarially comparable to the*
6 *plan of health insurance offered by the Program to retirees who*
7 *do not obtain coverage pursuant to the Health Insurance for the*
8 *Aged Act, which must include, without limitation:*

9 *1. The minimum cost of the premium charged for coverage*
10 *pursuant to Medicare Part B provided pursuant to Part B of Title*
11 *XVIII of the Social Security Act, 42 U.S.C. §§ 1395j et seq.;*

12 *2. The average cost in this State to obtain coverage through a*
13 *Medicare supplemental policy, as defined in 42 U.S.C. § 1395ss,*
14 *that provides comparable benefits to the plan offered to other*
15 *retirees by the Program;*

16 *3. The average cost in this State to obtain prescription drug*
17 *coverage through Medicare Part D, 42 U.S.C. §§ 1395w et seq.;*
18 *and*

19 *4. The average cost to obtain dental and vision coverage,*
20 *other than the limited coverage provided through a Medicare*
21 *Advantage plan under Medicare Part C, 42 U.S.C. §§ 1395w-21 et*
22 *seq.*

23 **Sec. 2.** NRS 287.0402 is hereby amended to read as follows:

24 287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*
25 *section 1 of this act*, unless the context otherwise requires, the
26 words and terms defined in NRS 287.0404 to 287.04064, inclusive,
27 have the meanings ascribed to them in those sections.

28 **Sec. 3.** NRS 287.046 is hereby amended to read as follows:

29 287.046 1. The Office of Finance shall establish an
30 assessment that is to be used to pay for a portion of the cost of
31 premiums or contributions for the Program for persons who ~~were~~
32 ~~initially hired before January 1, 2012, and~~ have retired with state
33 service.

34 2. The money assessed pursuant to subsection 1 must be
35 deposited into the Retirees' Fund and must be based upon a base
36 amount approved by the Legislature each session to pay for a
37 portion of the current and future health and welfare benefits for
38 persons who retired before January 1, 1994, or for persons who
39 retire on or after January 1, 1994, as adjusted by subsection 5.

40 3. Except as otherwise provided in subsections ~~7~~ 8 and ~~9~~,
41 10, the portion to be paid to the Program from the Retirees' Fund on
42 behalf of such persons must be equal to a portion of the cost for
43 each retiree and the retiree's dependents who are enrolled in the
44 plan, as defined for each year of the plan by the Program.



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

6 5. Except as otherwise provided in subsection 6, adjustments to
7 the portion of the amount approved by the Legislature as described
8 in subsection 2 to be paid by the Retirees' Fund for persons who
9 retire on or after January 1, 1994, with state service must be as
10 follows:

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

17 (b) For each year of service greater than 15 years, excluding
18 service purchased pursuant to NRS 1A.310 or 286.300, the portion
19 paid by the Retirees' Fund must be increased by an amount equal to
20 7.5 percent of the base funding level defined by the Legislature. In
21 no event may the adjustment exceed 37.5 percent of the base
22 funding level defined by the Legislature.

23 6. The portion to be paid to the Program from the Retirees'
24 Fund on behalf of a retired person whose coverage is provided
25 through the TRICARE program, as established pursuant to 32
26 C.F.R. § 199.17, or provided through the Program by an individual
27 medical plan offered pursuant to the Health Insurance for the Aged
28 Act, 42 U.S.C. §§ 1395 et seq., must be:

29 (a) For persons who retired before January 1, 1994, the base
30 funding level defined by the Legislature multiplied by 15.

31 (b) For persons who retired on or after January 1, 1994, the base
32 funding level defined by the Legislature multiplied by the number of
33 years of service of the person, excluding service purchased pursuant
34 to NRS 1A.310 or 286.300, up to a maximum of 20 years of service.

35 ➤ The Board may approve the payment of an additional amount to
36 retired persons described in this subsection that is in excess of the
37 amount paid pursuant to paragraph (a) or (b), or both, for those
38 persons from any money that is available for that purpose.

39 7. *Unless otherwise required by federal law, if the money paid*
40 *pursuant to subsection 6 is deposited by the Board into a health*
41 *reimbursement arrangement:*

42 (a) *The Board shall not establish yearly balance limits for any*
43 *account established for such retired persons; and*



1 (b) Any money deposited into the health reimbursement
2 arrangement must remain in the account and may not revert to the
3 Retirees' Fund until:

4 (1) The death of the retired person; or

5 (2) For a period of more than 2 consecutive years, the
6 retired person elects to obtain coverage other than coverage
7 provided through the TRICARE program, as established pursuant
8 to 32 C.F.R. § 199.17, or provided through the Program by an
9 individual medical plan offered pursuant to the Health Insurance
10 for the Aged Act, 42 U.S.C. §§ 1395 et seq., or the plan offered by
11 the Program.

12 8. Except as otherwise provided in subsection ~~[8.]~~ 9, no money
13 may be paid by the Retirees' Fund on behalf of a retired person who
14 is initially hired by the State ~~[~~

15 ~~—(a) On] on~~ or after January 1, 2010, ~~[but before January 1,~~
16 ~~2012,]~~ and who:

17 ~~[(1)] (a)~~ Has not participated in the Program on a continuous
18 basis since retirement from such employment; or

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

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

36 ~~—8.] 9.~~ The provisions of subsection ~~[7]~~ 8 do not apply to a
37 person who was employed by the State on or before January 1,
38 2012, who has a break in service and returns to work for the State at
39 the same or another participating state agency after that date,
40 regardless of the length of the break in service, so long as the person
41 did not withdraw from and was eligible to participate in the Public
42 Employees' Retirement System before or during the break in
43 service.

44 ~~[9.] 10.~~ If the amount calculated pursuant to subsection 5 or 6
45 exceeds the actual premium or contribution for the plan of the



1 Program that the retired participant selects, the balance must be
2 credited to the Program Fund.

3 ~~{10}~~ 11. For the purposes of this section:

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

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

7 ~~{11}~~ 12. The Office of Finance shall agree through the Board
8 with the insurer for billing of remaining premiums or contributions
9 for the retired participant and the retired participant's dependents to
10 the retired participant and to the retired participant's dependents
11 who elect to continue coverage under the Program after the retired
12 participant's death.

13 **Sec. 4.** NRS 287.0475 is hereby amended to read as follows:

14 287.0475 1. Except as otherwise provided in subsection 3, a
15 retired public officer or employee or the surviving spouse of a
16 retired public officer or employee who is deceased may reinstate
17 any insurance under the Program, except life insurance, that, at the
18 time of reinstatement, is provided by the Program if the retired
19 public officer or employee ~~{}~~ **retired:**

20 (a) ~~{Retired:~~

21 ~~—(1)~~ Pursuant to NRS 1A.350 or 1A.480, or 286.510 or
22 286.620, from a participating state agency or was enrolled in a
23 retirement program provided pursuant to NRS 286.802;

24 ~~{(2)}~~ (b) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or
25 286.620, from employment with a county, school district, municipal
26 corporation, political subdivision, public corporation or other local
27 governmental agency of the State which is a participating local
28 governmental agency at the time of the request for reinstatement; or

29 ~~{(3)}~~ (c) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or
30 286.620, from employment with a county, school district, municipal
31 corporation, political subdivision, public corporation or other local
32 governmental agency of the State which is not a participating local
33 governmental agency at the time of the request for reinstatement
34 and:

35 ~~{(1)}~~ (1) Was enrolled in the Program as a retired public
36 officer or employee on November 30, 2008; and

37 ~~{(2)}~~ (2) Is enrolled in Medicare Part A provided
38 pursuant to Part A of Title XVIII of the Social Security Act, 42
39 U.S.C. §§ 1395c et seq., and Medicare Part B provided pursuant to
40 Part B of Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395j
41 et seq., at the time of the request for reinstatement. ~~{; and~~

42 ~~—(b) Did not have more than one period during which the retired~~
43 ~~public officer or employee was not covered by insurance under the~~
44 ~~Program on or after October 1, 2011, or on or after the date of~~
45 ~~retirement of the public officer or employee, whichever is later.]~~



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

3 (a) Giving written notice to the Program of the intent of the
4 public officer or employee or surviving spouse to reinstate the
5 insurance ~~[not later than 31 days before the commencement of]~~
6 *during any open enrollment period for* the plan ~~[year;]~~ *of*
7 *insurance;*

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

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

15 3. If a retired public officer or employee retired pursuant to
16 NRS 1A.350 or 1A.480, or 286.510 or 286.620, from employment
17 with a county, school district, municipal corporation, political
18 subdivision, public corporation or other local governmental agency,
19 the retired public officer or employee, or the surviving spouse of
20 such a retired public officer or employee who is deceased, may not
21 reinstate health insurance pursuant to subsection 1 if he or she is
22 excluded from participation in the Program pursuant to sub-
23 subparagraph (III) of subparagraph (2) of paragraph (h) of
24 subsection 2 of NRS 287.043.

25 ***4. If a retired public officer or employee reinstates the plan of***
26 ***insurance provided by the Program pursuant to this section, the***
27 ***retired officer or employee is eligible, upon reinstatement, to***
28 ***receive any portion of the premium or contributions paid to the***
29 ***Program on behalf of a retired person pursuant to NRS 287.023 or***
30 ***287.046.***

31 **Sec. 5.** The provisions of NRS 218D.380 do not apply to any
32 provision of this act which adds or revises a requirement to submit a
33 report to the Legislature.

34 **Sec. 6.** The provisions of NRS 354.599 do not apply to any
35 additional expenses of a local government that are related to the
36 provisions of this act.



