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ASSEMBLY BILL NO. 529—ASSEMBLYMEN NEIGHBORS, BACHE, GIUNCHIGLIANI,  
WILLIAMS, LEE, CHOWNING, COLLINS AND PARKS

MARCH 15, 1999

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Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing group insurance for employees of certain local governmental entities. (BDR 23-728)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State or on Industrial Insurance: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

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AN ACT relating to programs for public employees; providing in skeleton form for the revision of provisions relating to group insurance for employees of certain local governmental entities; creating a committee on local government insurance; establishing the duties of the committee; authorizing the committee on benefits to hire certain employees; 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.** Chapter 287 of NRS is hereby amended by adding thereto  
2     the provisions set forth as sections 2 to 5, inclusive, of this act.  
3     **Sec. 2.** *The committee on local government insurance is hereby*  
4     *created. The committee consists of seven members appointed as follows:*  
5     1. *One member appointed by the governing body of the Nevada*  
6     *League of Cities, or its successor organization.*  
7     2. *One member appointed by the governing body of the Nevada*  
8     *Association of Counties, or its successor organization.*  
9     3. *One member appointed by the Nevada Association of School*  
10    *Boards, or its successor organization.*  
11    4. *Three members appointed by the governor from lists of persons*  
12    *nominated by employee organizations representing employees of local*  
13    *governments that participate in the local governments' program of group*  
14    *insurance.*  
15    5. *One member of the public at large appointed by the governor, who*  
16    *shall serve as the chairman of the committee.*

1     **Sec. 3.**   *The committee on local government insurance shall:*

2     1.   *Establish and carry out a program to be known as the local*  
3 *governments' program of group insurance to secure group life, accident*  
4 *or health insurance, or any combination of these for the benefit of*  
5 *officers, employees and retired employees of local governments that*  
6 *participate in the program.*

7     2.   *Except as otherwise provided in this subsection, negotiate and*  
8 *contract with the governing body of any local government enumerated in*  
9 *NRS 287.010 which is desirous of obtaining group insurance for its*  
10 *officers, employees and retired employees by participation in the local*  
11 *governments' program of group insurance.*

12    3.   *Give public notice in writing of proposed changes in rates or*  
13 *coverage to each participating local government that may be affected by*  
14 *the changes. Notice must be provided at least 30 days before the effective*  
15 *date of the changes.*

16    4.   *Purchase policies of life, accident or health insurance, or any*  
17 *combination of these, from any company qualified to do business in this*  
18 *state for the benefit of all eligible officers, employees and retired*  
19 *employees who participate in the local governments' program of group*  
20 *insurance.*

21    5.   *Except as otherwise provided in this Title, develop and establish*  
22 *other employee benefits as necessary.*

23    6.   *Adopt such regulations and perform such other duties as the*  
24 *committee determines to be necessary, including, without limitation,*  
25 *regulations to establish:*

26       (a) *Fees for applications for participation in the local governments'*  
27 *program of group insurance and for the late payment of premiums;*

28       (b) *Conditions for entry and reentry into the local governments'*  
29 *program of group insurance by local governments enumerated in NRS*  
30 *287.010; and*

31       (c) *The levels of participation in the local governments' program of*  
32 *group insurance required for officers, employees and retired employees*  
33 *of participating local governments.*

34    **Sec. 4.**   1.   *The committee on benefits shall employ an executive*  
35 *officer and a chief accountant, both of whom must be selected by*  
36 *majority vote of the committee. The executive officer and chief*  
37 *accountant are in the unclassified service of the state and serve at the*  
38 *pleasure of the committee.*

39    2.   *The executive officer must:*

40       (a) *Be a graduate of a 4-year college or university with a degree in*  
41 *business administration or public administration or an equivalent degree,*  
42 *as determined by the committee; and*

1 (b) Possess at least 5 years of experience in a high-level administrative  
2 or executive capacity in the field of insurance, management of  
3 employees' benefits or risk management.

4 3. The chief accountant must be a certified public accountant.

5 4. The committee may delegate to the executive officer the exercise  
6 or discharge of any power, duty or function vested in or imposed upon  
7 the committee.

8 5. The chief accountant shall conduct an annual audit of the state's  
9 program of group insurance and perform such other duties as the  
10 committee on benefits may require.

11 6. The executive officer and the chief accountant are entitled to an  
12 annual salary fixed by the committee. The salaries of the executive  
13 officer and the chief accountant are exempt from the limitations set forth  
14 in NRS 281.123.

15 7. The executive officer and the chief accountant shall not:

16 (a) Except as otherwise provided in NRS 284.143, pursue any other  
17 business or occupation or perform the duties of any other office of profit  
18 during normal office hours unless on leave approved in advance; or

19 (b) Participate in any business enterprise or investment with any  
20 vendor or provider to the state's program of group insurance.

21 Sec. 5. The committee on benefits may employ such staff as is  
22 necessary to carry out the administration of the state's program of group  
23 insurance, including, without limitation, the processing of claims for  
24 benefits.

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

26 287.023 1. Whenever an officer or employee of the governing body  
27 of any county, school district, municipal corporation, political subdivision,  
28 public corporation or other public agency of the State of Nevada retires  
29 under the conditions set forth in NRS 286.510 or 286.620 and, at the time  
30 of his retirement, was covered or had his dependents covered by any group  
31 insurance or medical and hospital service established pursuant to NRS  
32 287.010 and 287.020, the officer or employee has the option upon  
33 retirement to cancel or continue any such group insurance or join the  
34 ~~{state's}~~ local governments' program of group insurance or medical and  
35 hospital service coverage to the extent that such coverage is not provided  
36 to him or a dependent by the Health Insurance for the Aged Act, ~~{H}~~ 42  
37 U.S.C. §§ 1395 et seq. ~~{D}~~

38 2. A retired person who continues coverage under the ~~{state's}~~ local  
39 governments' program of group insurance shall assume the portion of the  
40 premium or membership costs for the coverage continued which the  
41 governing body does not pay on behalf of retired officers or employees. A  
42 person who joins the ~~{state's}~~ local governments' program of group  
43 insurance for the first time upon retirement shall assume all costs for the

1 coverage. A dependent of such a retired person has the option, which may  
2 be exercised to the same extent and in the same manner as the retired  
3 person, to cancel or continue coverage in effect on the date the retired  
4 person dies. The dependent is not required to continue to receive  
5 retirement payments from the public employees' retirement system in  
6 order to continue coverage.

7 3. Except as otherwise provided in NRS 287.0235, notice of the  
8 selection of the option must be given in writing to the last public employer  
9 of the officer or employee within 30 days after the date of retirement or  
10 death, as the case may be. If ~~no~~ notice is *not* given by that date, the  
11 retired employee and his dependents shall be deemed to have selected the  
12 option to cancel the coverage or not to join the ~~{state's program,}~~ *local*  
13 *governments' program of group insurance*, as the case may be.

14 4. The governing body of any county, school district, municipal  
15 corporation, political subdivision, public corporation or other public  
16 agency of this state may pay the cost, or any part of the cost, of group  
17 insurance and medical and hospital service coverage for persons eligible  
18 for that coverage under subsection 1, but it must not pay a greater portion  
19 than it does for its current officers and employees.

20 **Sec. 7.** NRS 287.025 is hereby amended to read as follows:

21 287.025 The governing body of any county, school district, municipal  
22 corporation, political subdivision, public corporation or other public  
23 agency of the State of Nevada may, in addition to the other powers granted  
24 in NRS 287.010 and 287.020:

25 1. Negotiate and contract with any other such agency or with the  
26 committee on ~~{benefits}~~ *local government insurance* for the ~~{state's}~~ *local*  
27 *governments' program of* group insurance ~~{plan}~~ to secure group  
28 insurance for its officers and employees and their dependents by  
29 participation in any group insurance plan established or to be established or  
30 in the ~~{state's}~~ *local governments' program of* group insurance ; ~~{plan;}~~  
31 and

32 2. To secure group health insurance or related medical services for its  
33 officers and employees and their dependents, excluding industrial  
34 insurance, participate as a member of a nonprofit cooperative association  
35 or nonprofit corporation established in this state solely to purchase such  
36 insurance or medical services for its members from an insurer licensed  
37 pursuant to the provisions of Title 57 of NRS.

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

39 287.040 The provisions of NRS 287.010 to 287.040, inclusive, *and*  
40 *sections 2 and 3 of this act* do not make it compulsory upon any governing  
41 body of any county, school district, municipal corporation, political  
42 subdivision, public corporation or other public agency of the State of  
43 Nevada to make any contributions for the payment of any premiums or

1 other costs for group insurance or medical or hospital services, or upon any  
2 officer or employee of any county, school district, municipal corporation,  
3 political subdivision, public corporation or other public agency of this state  
4 to accept or join any plan of group insurance or to assign his wages or  
5 salary or to authorize deductions from his wages or salary in payment of  
6 premiums therefor.

7 **Sec. 9.** NRS 287.043 is hereby amended to read as follows:

8 287.043 The committee on benefits shall:

9 1. Act as an advisory body on matters relating to group life, accident  
10 or health insurance, or any combination of these, a program to reduce  
11 taxable compensation or other forms of compensation other than deferred  
12 compensation, for the benefit of all state officers and employees . ~~and~~

13 ~~other persons who participate in the state's program of group insurance.~~

14 ~~—2.— Except as otherwise provided in this subsection, negotiate and~~  
15 ~~contract with the governing body of any public agency enumerated in NRS~~  
16 ~~287.010 which is desirous of obtaining group insurance for its officers,~~  
17 ~~employees and retired employees by participation in the state's program of~~  
18 ~~group insurance. The committee shall establish separate rates and coverage~~  
19 ~~for those officers, employees and retired employees based on actuarial~~  
20 ~~reports.~~

21 ~~—3.—~~ 2. Give public notice in writing of proposed changes in rates or  
22 coverage to each participating public employer who may be affected by the  
23 changes. Notice must be provided at least 30 days before the effective date  
24 of the changes.

25 ~~[4.]~~ 3. Purchase policies of life, accident or health insurance, or any  
26 combination of these, or a program to reduce the amount of taxable  
27 compensation pursuant to 26 U.S.C. § 125, from any company qualified to  
28 do business in this state or provide similar coverage through a plan of self-  
29 insurance for the benefit of all eligible ~~[public]~~ **state** officers, employees  
30 and retired employees who participate in the state's program.

31 ~~[5.]~~ 4. Consult the state risk manager and obtain his advice in the  
32 performance of the duties set forth in this section.

33 ~~[6.]~~ 5. Except as otherwise provided in this Title, develop and establish  
34 other employee benefits as necessary.

35 ~~[7.]~~ 6. Adopt such regulations and perform such other duties as are  
36 necessary to carry out the provisions of NRS 287.041 to 287.049,  
37 inclusive, **and sections 4 and 5 of this act** including **, without limitation,**  
38 the establishment of:

39 (a) Fees for applications for participation in the state's program and for  
40 the late payment of premiums;

41 (b) Conditions for entry and reentry into the state's program by public  
42 agencies enumerated in NRS 287.010;

and

1 (c) The levels of participation in the state's program required for  
2 employees of participating public agencies.

3 ~~{8. — Appoint an independent certified public accountant. The~~  
4 ~~accountant shall provide an annual audit of the plan and report to the~~  
5 ~~committee and the legislative commission. For the purposes of}~~

6 **7. As used in** this section, "employee benefits" includes any form of  
7 compensation provided to a state employee pursuant to this Title except  
8 federal benefits, wages earned, legal holidays, deferred compensation and  
9 benefits available pursuant to chapter 286 of NRS.

10 **Sec. 10.** 1. This section and sections 4 and 5 of this act become  
11 effective on July 1, 1999.

12 2. Sections 1, 2, 3 and 6 to 9, inclusive, of this act become effective on  
13 January 1, 2000.

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