

SENATE BILL NO. 316—SENATOR O’CONNELL

MARCH 5, 1999

Referred to Committee on Government Affairs

SUMMARY—Authorizes certain public employees to secure insurance from insurer or employee benefit plan other than through state’s program of group insurance under certain circumstances. (BDR 23-856)

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.

AN ACT relating to programs for public employees; authorizing certain public employees to secure insurance from an insurer or employee benefit plan other than through the state’s program of group insurance under certain circumstances; 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 a
2 new section to read as follows:
3 ***1. If approved by the committee on benefits pursuant to this section,***
4 ***a group of not less than 300 officers, employees or retired employees, or***
5 ***any combination thereof, that participate in the state’s program of group***
6 ***insurance may leave the state’s program and secure life, accident or***
7 ***health insurance, or any combination thereof, for the group from an:***
8 ***(a) Insurer that is authorized by the commissioner of insurance to***
9 ***provide such insurance; or***
10 ***(b) Employee benefit plan, as defined in 29 U.S.C. § 1002(3) that has***
11 ***been approved by the committee on benefits. The committee on benefits***
12 ***shall approve an employee benefit plan unless the committee finds that***
13 ***the plan is not operated pursuant to such sound accounting and financial***
14 ***management practices as to ensure that the group will continue to***
15 ***receive adequate benefits.***
16 ***2. Before entering into a contract with the insurer or approved***
17 ***employee benefit plan, the group shall submit the proposed contract to***

1 *the committee on benefits for approval. The committee on benefits shall*
2 *approve the contract unless the departure of the group from the state's*
3 *program would cause an increase of more than 10 percent in the costs of*
4 *premiums or contributions for the remaining participants in the state's*
5 *program.*

6 *3. The committee on benefits shall disburse periodically to the*
7 *insurer or employee benefit plan with which a group contracts pursuant*
8 *to this section the total amount set forth in the contract for premiums or*
9 *contributions for the members of the group for that period but not to*
10 *exceed the amount appropriated to or authorized for the department,*
11 *agency, commission or public agency that employs the members of the*
12 *group for premiums or contributions for the members of the group for*
13 *that period, after deducting any administrative costs related to the group.*

14 *4. The committee on benefits shall adopt such regulations as are*
15 *necessary to carry out the provisions of this section, including, without*
16 *limitation, regulations that establish:*

17 *(a) Procedures by which a group of participants in the state's program*
18 *of group insurance may leave the state's program; and*

19 *(b) Conditions and procedures for reentry into the state's program of*
20 *group insurance by persons who leave the state's program pursuant to*
21 *this section.*

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

23 287.043 ~~[The]~~ *Except as otherwise provided in section 1 of this act,*
24 *the committee on benefits shall:*

25 1. Act as an advisory body on matters relating to group life, accident or
26 health insurance, or any combination of these, a program to reduce taxable
27 compensation or other forms of compensation other than deferred
28 compensation, for the benefit of all state officers and employees and other
29 persons who participate in the state's program of group insurance.

30 2. Except as otherwise provided in this subsection, negotiate and
31 contract with the governing body of any public agency enumerated in NRS
32 287.010 which is desirous of obtaining group insurance for its officers,
33 employees and retired employees by participation in the state's program of
34 group insurance. The committee shall establish separate rates and coverage
35 for those officers, employees and retired employees based on actuarial
36 reports.

37 3. Give public notice in writing of proposed changes in rates or
38 coverage to each participating public employer who may be affected by the
39 changes. Notice must be provided at least 30 days before the effective date
40 of the changes.

41 4. Purchase policies of life, accident or health insurance, or any
42 combination of these, or a program to reduce the amount of taxable
43 compensation pursuant to 26 U.S.C. § 125, from any company qualified to

1 do business in this state or provide similar coverage through a plan of self-
2 insurance for the benefit of all eligible public officers, employees and
3 retired employees who participate in the state's program.

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

6 6. Except as otherwise provided in this Title, develop and establish
7 other employee benefits as necessary.

8 7. Adopt such regulations and perform such other duties as are
9 necessary to carry out the provisions of NRS 287.041 to 287.049, inclusive,
10 **and section 1 of this act**, including , **without limitation**, the establishment
11 of:

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

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

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

18 8. Appoint an independent certified public accountant. The accountant
19 shall provide an annual audit of the plan and report to the committee and
20 the legislative commission.

21 For the purposes of this section, "employee benefits" includes any form of
22 compensation provided to a state employee pursuant to this Title except
23 federal benefits, wages earned, legal holidays, deferred compensation and
24 benefits available pursuant to chapter 286 of NRS.

25 **Sec. 3.** This act becomes effective on July 1, 1999.