

SENATE BILL NO. 446—COMMITTEE ON HUMAN RESOURCES
AND FACILITIES

(ON BEHALF OF LEGISLATIVE COMMITTEE
ON HEALTH CARE)

MARCH 15, 1999

Referred to Committee on Finance

SUMMARY—Requires committee on benefits to provide long-term care coverage for state employees and retirees. (BDR 23-1131)

FISCAL NOTE: Effect on Local Government: Yes.
Effect on the State or on Industrial Insurance: Contains Appropriation not included in Executive Budget.

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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; requiring the committee on benefits to provide long-term care coverage for state employees and retirees; making an appropriation to the committee on benefits to provide such coverage; requiring an assessment of certain state agencies for transfer to the committee on benefits to contribute towards such coverage; 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 287.010 is hereby amended to read as follows:
2 287.010 1. The governing body of any county, school district,
3 municipal corporation, political subdivision, public corporation or other
4 public agency of the State of Nevada may:
5 (a) Adopt and carry into effect a system of group life, accident , ~~health~~
6 health ***or long-term care*** insurance, or any combination thereof, for the
7 benefit of its officers and employees, and the dependents of officers and
8 employees who elect to accept the insurance and who, where necessary,
9 have authorized the governing body to make deductions from their
10 compensation for the payment of premiums on the insurance.
11 (b) Purchase group policies of life, accident , ~~health~~ health ***or long-term***
12 ***care*** insurance, or any combination thereof, for the benefit of such officers

1 and employees, and the dependents of such officers and employees, as have
2 authorized the purchase, from insurance companies authorized to transact
3 the business of such insurance in the State of Nevada, and, where
4 necessary, deduct from the compensation of officers and employees the
5 premiums upon insurance and pay the deductions upon the premiums.

6 (c) Provide group life, accident , ~~for~~ health *or long-term care* coverage
7 through a self-insurance reserve fund and, where necessary, deduct
8 contributions to the maintenance of the fund from the compensation of
9 officers and employees and pay the deductions into the fund. The money
10 accumulated for this purpose through deductions from the compensation of
11 officers and employees and contributions of the governing body must be
12 maintained as an internal service fund as defined by NRS 354.543. The
13 money must be deposited in a state or national bank authorized to transact
14 business in the State of Nevada. Any independent administrator of a fund
15 created under this section is subject to the licensing requirements of chapter
16 683A of NRS, and must be a resident of this state. Any contract with an
17 independent administrator must be approved by the commissioner of
18 insurance as to the reasonableness of administrative charges in relation to
19 contributions collected and benefits provided. The provisions of NRS
20 689B.030 to 689B.050, inclusive, apply to coverage provided pursuant to
21 this paragraph.

22 (d) Defray part or all of the cost of maintenance of a self-insurance fund
23 or of the premiums upon insurance. The money for contributions must be
24 budgeted for in accordance with the laws governing the county, school
25 district, municipal corporation, political subdivision, public corporation or
26 other public agency of the State of Nevada.

27 2. If a school district offers group insurance to its officers and
28 employees pursuant to this section, members of the board of trustees of the
29 school district must not be excluded from participating in the group
30 insurance. If the amount of the deductions from compensation required to
31 pay for the group insurance exceeds the compensation to which a trustee is
32 entitled, the difference must be paid by the trustee.

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

34 287.043 The committee on benefits shall:

35 1. Act as an advisory body on matters relating to group life, accident ,
36 ~~for~~ health *or long-term care* insurance, or any combination of these, a
37 program to reduce taxable compensation or other forms of compensation
38 other than deferred compensation, for the benefit of all state officers and
39 employees and other persons who participate in the state's program of
40 group insurance.

41 2. Except as otherwise provided in this subsection, negotiate and
42 contract with the governing body of any public agency enumerated in NRS
43 287.010 which is desirous of obtaining group insurance for its officers,

1 employees and retired employees by participation in the state's program of
2 group insurance. The committee shall establish separate rates and coverage
3 for those officers, employees and retired employees based on actuarial
4 reports.

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

9 4. Purchase policies of life, accident , ~~for~~ health *or long-term care*
10 insurance, or any combination of these, or a program to reduce the amount
11 of taxable compensation pursuant to 26 U.S.C. § 125, from any company
12 qualified to do business in this state or provide similar coverage through a
13 plan of self-insurance for the benefit of all eligible public officers,
14 employees and retired employees who participate in the state's program.

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

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

19 7. Adopt such regulations and perform such other duties as are
20 necessary to carry out the provisions of NRS 287.041 to 287.049, inclusive,
21 including the establishment of:

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

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

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

28 8. Appoint an independent certified public accountant. The accountant
29 shall provide an annual audit of the plan and report to the committee and
30 the legislative commission.

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

35 **Sec. 3.** NRS 287.0433 is hereby amended to read as follows:

36 287.0433 The committee on benefits may establish a plan of life,
37 accident , ~~for~~ health *or long-term care* insurance and provide for the
38 payment of contributions into the self-insurance fund, a schedule of benefits
39 and the disbursement of benefits from the fund. The committee may
40 reinsure any risk or any part of such a risk. Payments into and
41 disbursements from the fund must be so arranged as to keep the fund
42 solvent.

1 **Sec. 4.** NRS 287.044 is hereby amended to read as follows:

2 287.044 1. A part of the cost of the premiums or contributions for
3 that group insurance, not to exceed the amount specified by law, applied to
4 both group life and group accident or health *or long-term care* coverage,
5 for each public officer, except a senator or assemblyman, or employee
6 electing to participate in the group insurance program, may be paid by the
7 department, agency, commission or public agency which employs the
8 officer or employee in whose behalf that part is paid from money
9 appropriated to or authorized for that department, agency, commission or
10 public agency for that purpose. Participation by the state in the cost of
11 premiums or contributions must not exceed the amounts specified by law. If
12 an officer or employee chooses to cover his dependents, whenever this
13 option is made available by the committee on benefits, he must pay the
14 difference between the amount of the premium or contribution for the
15 coverage for himself and his dependents and the amount paid by the state.

16 2. A department, agency, commission or public agency shall not pay
17 any part of those premiums if the group life insurance or group accident or
18 health *or long-term care* insurance is not approved by the committee on
19 benefits.

20 **Sec. 5.** NRS 331.184 is hereby amended to read as follows:

21 331.184 The state risk manager shall:

22 1. Direct and supervise all administrative and technical activities of the
23 risk management division.

24 2. Determine the nature and extent of requirements for insurance, other
25 than group life, accident, ~~health~~ *or long-term care* insurance, on risks
26 of an insurable nature of the state and any of its agencies, the premiums for
27 which are payable in whole or in part from public money.

28 3. Negotiate for, procure, purchase and have placed, through a licensed
29 insurance agent or broker residing or domiciled in Nevada, or continued in
30 effect all insurance coverages, other than employee group life, accident,
31 ~~health~~ *or long-term care* insurance, which may be reasonably
32 obtainable, whether from insurers authorized to transact business in this
33 state or under the surplus lines provisions of chapter 685A of NRS.

34 4. Conduct periodic inspections of premises, property and risks to
35 determine insurability, risk and premium rate, and submit a written report
36 of each inspection and appraisal, together with any recommendations that
37 appear appropriate, to the administrator of the agency most responsible for
38 the premises, property or risk, and to the director of the department of
39 administration.

40 5. Provide for self-insurance if the potential loss is relatively
41 insignificant or if the risk is highly predictable and the probability of loss is
42 so slight that the cost of insuring the risk is not a prudent expenditure of

1 public ~~{funds,}~~ money, or if insurance is unavailable or unavailable at a
2 reasonable cost.

3 6. Select reasonable deductibles when it appears economically
4 advantageous to the state to do so.

5 7. Select comprehensive and blanket coverages insuring the property of
6 two or more state agencies when that appears economically advisable.

7 8. Investigate and determine the reliability and financial condition of
8 insurers, and the services they provide.

9 9. Minimize risks by adopting and promoting programs to control
10 losses and encourage safety.

11 10. Perform any of the services described in subsections 2, 3 and 4 for
12 any political subdivision of the state at the request of its managing officer
13 or governing body.

14 11. Act as adviser to the committee on benefits.

15 12. Perform any other function of risk management as directed by the
16 director of the department of administration.

17 **Sec. 6.** NRS 354.6145 is hereby amended to read as follows:

18 354.6145 The governing body of any local government may establish
19 an internal service fund in which contributions of employees and the
20 governing body are placed to provide for group life, accident, ~~{and}~~ health
21 **and long-term care** benefits on a self-insured basis.

22 **Sec. 7.** 1. There is hereby appropriated from the state general fund to
23 the committee on benefits the sum of \$35,148,594 for the long-term care
24 coverage for state employees and retirees from state employment that the
25 committee on benefits is required to provide pursuant to NRS 287.043, as
26 amended by this act.

27 2. Any remaining balance of the appropriation made pursuant to
28 subsection 1 must not be committed for expenditure after July 1, 2001, and
29 reverts to the state general fund as soon as all payments of money
30 committed have been made.

31 **Sec. 8.** 1. There is hereby appropriated from the state highway fund
32 to the committee on benefits the sum of \$5,140,624 for the long-term care
33 coverage for state employees and retirees from state employment that the
34 committee on benefits is required to provide pursuant to NRS 284.043, as
35 amended by this act.

36 2. Any remaining balance of the appropriation made pursuant to
37 subsection 1 must not be committed for expenditure after July 1, 2001, and
38 reverts to the state highway fund as soon as all payments of money
39 committed have been made.

40 **Sec. 9.** 1. When the committee on benefits enters into a contract for
41 long-term care coverage as required pursuant to NRS 287.042, as amended
42 by this act it shall report to the Budget Division of the Department of
43 Administration the amount of the contract. The Budget Division shall

1 assess state agencies whose budgets include the expenditure of money
2 received from the Federal Government and from any other sources other
3 than appropriation from the state general fund or the state highway fund in
4 an equal amount per employee that is calculated to equal the amount of the
5 contract attributable to those agencies, but not to exceed a total of
6 \$16,956,048, and transfer the money to the committee on benefits for the
7 long-term care coverage for state employees and retirees from state
8 employment that the committee on benefits is required to provide pursuant
9 to NRS 287.043, as amended by this act.

10 2. Notwithstanding the provisions of NRS 353.220, each agency that
11 receives an assessment made pursuant to subsection 1 shall revise such
12 work programs as necessary to pay the assessment as soon as practicable.

13 **Sec. 10.** This act becomes effective on July 1, 1999.

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