
SENATE BILL NO. 544—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF DEPARTMENT OF ADMINISTRATION)

MARCH 22, 1999

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning programs for public employees. (BDR 23-230)

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 ~~for omitted material~~ is material to be omitted.

AN ACT relating to governmental administration; revising the provisions governing the state's program of group insurance and other benefits by replacing the committee on benefits with the board of the public employees' benefits program, changing the related powers and duties, requiring the appointment of an executive officer and certain other officers, providing education and experience requirements for members of the board and appointed officers and requiring members of the board and the executive officer to complete continuing education; creating a temporary interim benefits committee of the legislature to review the operation of the public employees' benefits program; removing the duty of the state risk manager to act as an adviser for group insurance and other employees' benefits; authorizing the state risk manager to employ necessary staff to perform his duties; requiring the commissioner of insurance to adopt regulations providing for uniform claim forms and billing codes and compatible electronic data transfers relating to the provision of health care, health care plans or health insurance for certain insurers and administrators; 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 281.129 is hereby amended to read as follows:
2 281.129 Any officer of the state, except the legislative fiscal officer,
3 who disburses money in payment of salaries and wages of officers and
4 employees of the state may, upon written requests of the officer or
5 employee specifying amounts, withhold those amounts and pay them to:
6 1. Charitable organizations;
7 2. Employee credit unions;

1 3. Insurers, if the ~~[committee on benefits]~~ **board of the public**
2 **employees' benefits program** has approved the request;

3 4. The United States for the purchase of savings bonds and similar
4 obligations of the United States; and

5 5. Employee organizations and labor organizations.

6 The state controller may adopt regulations necessary to withhold money
7 from the salaries or wages of officers and employees of the executive
8 department.

9 **Sec. 2.** NRS 284.355 is hereby amended to read as follows:

10 284.355 1. Except as otherwise provided in this section, all
11 employees in the public service, whether in the classified or unclassified
12 service, are entitled to sick and disability leave with pay of 1 1/4 working
13 days for each month of service, which may be cumulative from year to year.
14 After an employee has accumulated 90 working days of sick leave, the
15 amount of additional unused sick leave which he is entitled to carry forward
16 from one year to the next is limited to one-half of the unused sick leave
17 accrued during that year, but the department may by regulation provide for
18 subsequent use of unused sick leave accrued but not carried forward by
19 reason of this limitation in cases where the employee is suffering from a
20 long-term or chronic illness and has used all sick leave otherwise available
21 to him. Upon the retirement of an employee, his termination through no
22 fault of his own or his death while in public employment, the employee or
23 his beneficiaries are entitled to payment for his unused sick leave in excess
24 of 30 days, exclusive of any unused sick leave accrued but not carried
25 forward, according to his number of years of public service, except service
26 with a political subdivision of the state, as follows:

27 (a) For 10 years of service or more but less than 15 years, not more than
28 \$2,500.

29 (b) For 15 years of service or more but less than 20 years, not more than
30 \$4,000.

31 (c) For 20 years of service or more but less than 25 years, not more than
32 \$6,000.

33 (d) For 25 years of service or more, not more than \$8,000.

34 The department may by regulation provide for additional sick and disability
35 leave for long-term employees and for prorated sick and disability leave for
36 part-time employees.

37 2. An employee entitled to payment for unused sick leave pursuant to
38 subsection 1 may elect to receive the payment in any one or more of the
39 following forms:

40 (a) A lump-sum payment.

41 (b) An advanced payment of the premiums **or contributions** for
42 insurance coverage for which he is otherwise eligible pursuant to chapter
43 287 of NRS. If the insurance coverage is terminated and the money

1 advanced for premiums **or contributions** pursuant to this subsection
2 exceeds the amount which is payable for premiums **or contributions** for the
3 period for which the former employee was actually covered, the unused
4 portion of the advanced payment must be paid promptly to the former
5 employee or, if he is deceased, to his beneficiary.

6 (c) The purchase of additional retirement credit, if he is otherwise
7 eligible pursuant to chapter 286 of NRS.

8 3. Officers and members of the faculty of the University and
9 Community College System of Nevada are entitled to sick and disability
10 leave as provided by the regulations adopted pursuant to subsection 2 of
11 NRS 284.345.

12 4. The department may by regulation provide policies concerning
13 employees with mental or emotional disorders which:

14 (a) Utilize a liberal approach to the granting of sick leave or leave
15 without pay when it is necessary for them to be absent for treatment or
16 temporary hospitalization.

17 (b) Provide for the retention of their jobs for reasonable periods of
18 absence, and where extended absence necessitates separation or retirement,
19 provide for their reemployment if at all possible after recovery.

20 (c) Protect employee benefits such as retirement, life insurance and
21 health benefits.

22 5. The director shall establish by regulation a schedule for the accrual
23 of sick leave for employees who regularly work more than 40 hours per
24 week or 80 hours biweekly. The schedule must provide for the accrual of
25 sick leave at the same rate proportionately as employees who work a 40-
26 hour week accrue sick leave.

27 6. The department may investigate any instance in which it believes
28 that an employee has taken sick or disability leave to which he was not
29 entitled. If, after notice to the employee and a hearing, the commission
30 determines that he has in fact taken sick or disability leave to which he was
31 not entitled, the commission may order the forfeiture of all or part of his
32 accrued sick leave.

33 **Sec. 3.** NRS 286.615 is hereby amended to read as follows:

34 286.615 1. In addition to the options provided in NRS 287.023 and
35 subject to the requirements of that section, any officer or employee of the
36 governing body of any county, school district, municipal corporation,
37 political subdivision, public corporation or other public agency of the State
38 of Nevada, who retires under the conditions set forth in NRS 286.510 and,
39 at the time of his retirement, was covered or had his dependents covered by
40 any group insurance or medical and hospital service established pursuant to
41 NRS 287.010 and 287.020, has the option of having the executive officer
42 deduct and pay his premium **or contribution** for that group insurance or
43 medical and hospital service coverage, as well as the amount due or to

1 become due upon any obligation designated by the board pursuant to
2 subsection 2, from his monthly retirement allowance until:

3 (a) He notifies the executive officer to discontinue the deduction; or

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

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

12 3. The executive officer, board and system are not liable for any
13 damages resulting from errors or omissions concerning the deductions and
14 payment of premiums *or contributions* authorized pursuant to this section
15 unless willful neglect or gross negligence is proven.

16 **Sec. 4.** Chapter 287 of NRS is hereby amended by adding thereto the
17 provisions set forth as sections 5 to 12, inclusive, of this act.

18 **Sec. 5.** *As used in NRS 287.041 to 287.049, inclusive, and sections 5*
19 *to 12, inclusive, of this act, unless the context otherwise requires, the*
20 *words and terms defined in sections 6 and 7 of this act have the*
21 *meanings ascribed to them in those sections.*

22 **Sec. 6.** *"Board" means the board of the public employees' benefits*
23 *program created by NRS 287.041.*

24 **Sec. 7.** *"Program" means the public employees' benefits program*
25 *established pursuant to subsection 1 of NRS 287.043.*

26 **Sec. 8. 1.** *A majority of the members of the board constitutes a*
27 *quorum for the transaction of business.*

28 **2.** *The governor shall designate one of the members of the board to*
29 *serve as the chairman.*

30 **3.** *The board shall meet at least once every calendar quarter and at*
31 *other times upon the call of the chairman.*

32 **4.** *The board may meet in closed session:*

33 *(a) To discuss matters relating to personnel;*

34 *(b) To prepare a request for a proposal or other solicitation for bids to*
35 *be released by the board for competitive bidding; or*

36 *(c) As otherwise provided pursuant to chapter 241 of NRS.*

37 **5.** *As used in this section, "request for a proposal" has the meaning*
38 *ascribed to it in subsection 6 of NRS 333.020.*

39 **Sec. 9.** *The board may reimburse a witness whom the board requests*
40 *appear before it and who has expertise in a field that is relevant to the*
41 *program for any expenses relating to the testimony of the witness that the*
42 *board deems reasonable.*

1 **Sec. 10. 1.** *The board shall employ an executive officer who is in*
2 *the unclassified service of the state and serves at the pleasure of the*
3 *board. The board may delegate to the executive officer the exercise or*
4 *discharge of any power, duty or function vested in or imposed upon the*
5 *board.*

6 2. *The executive officer must:*

7 (a) *Be a graduate of a 4-year college or university with a degree in*
8 *business administration or public administration or an equivalent degree,*
9 *as determined by the board; and*

10 (b) *Possess at least 5 years' experience in a high-level administrative*
11 *or executive capacity in the field of insurance, management of*
12 *employees' benefits or risk management, including, without limitation,*
13 *responsibility for a variety of administrative functions such as personnel,*
14 *accounting, data processing or the structuring of insurance programs.*

15 3. *Except as otherwise provided in NRS 284.143, the executive*
16 *officer shall not pursue any other business or occupation or perform the*
17 *duties of any other office of profit during normal office hours unless on*
18 *leave approved in advance. The executive officer shall not participate in*
19 *any business enterprise or investment with any vendor or provider to the*
20 *program.*

21 4. *The executive officer is entitled to an annual salary fixed by the*
22 *board with the approval of the interim benefits committee created*
23 *pursuant to section 12 of this act. The salary of the executive officer is*
24 *exempt from the limitations set forth in NRS 281.123.*

25 **Sec. 11. 1.** *Each member of the board and the executive officer*
26 *shall complete at least 16 hours of continuing education relating to the*
27 *administration of group benefits for public employees each year.*

28 2. *While attending courses of continuing education, a member of the*
29 *board who is a public employee and the executive officer must be granted*
30 *administrative leave with pay and are entitled to receive the travel*
31 *expenses provided for state officers and employees generally.*

32 3. *While attending courses of continuing education, a member of the*
33 *board who is not a public employee is entitled to receive the per diem*
34 *allowance and travel expenses provided for state officers and employees*
35 *generally.*

36 **Sec. 12. 1.** *There is hereby created an interim benefits committee*
37 *of the legislature to review the operation of the program and to make*
38 *recommendations to the board, the legislative commission and the*
39 *legislature. The interim benefits committee consists of six members*
40 *appointed as follows:*

41 (a) *Three members of the senate, one of whom is appointed by the*
42 *chairman of the committee on finance during the preceding session and*
43 *two of whom are appointed by the majority leader of the senate.*

1 *(b) Three members of the assembly, one of whom is appointed by the*
2 *chairman of the committee on ways and means and two of whom are*
3 *appointed by the speaker of the assembly.*

4 *2. The interim benefits committee may exercise the powers conferred*
5 *on it by law only when the legislature is not in regular or special session*
6 *and shall meet at the call of the chairman.*

7 *3. The director of the legislative counsel bureau shall provide a*
8 *secretary for the interim benefits committee.*

9 *4. The members of the interim benefits committee are entitled to*
10 *receive the compensation provided for a majority of the members of the*
11 *legislature during the first 60 days of the preceding session, the per diem*
12 *allowance provided for state officers and employees generally and the*
13 *travel expenses provided by NRS 218.2207 for each day of attendance at*
14 *a meeting of the committee and while engaged in the business of the*
15 *committee. Per diem allowances, compensation and travel expenses of*
16 *the members of the committee must be paid from the legislative fund.*

17 **Sec. 13.** NRS 287.023 is hereby amended to read as follows:

18 287.023 1. Whenever an officer or employee of the governing body
19 of any county, school district, municipal corporation, political subdivision,
20 public corporation or other public agency of the State of Nevada retires
21 under the conditions set forth in NRS 286.510 or 286.620 and, at the time
22 of his retirement, was covered or had his dependents covered by any group
23 insurance or medical and hospital service established pursuant to NRS
24 287.010 and 287.020, the officer or employee has the option upon
25 retirement to cancel or continue any such group insurance or ~~join the~~
26 ~~state's program of group insurance or~~ medical and hospital service
27 coverage *or join the public employees' benefits program* to the extent that
28 such coverage is not provided to him or a dependent by the Health
29 Insurance for the Aged Act , ~~(42 U.S.C. §§ 1395 et seq. D.)~~

30 2. A retired person who continues coverage under the ~~{state's program~~
31 ~~of group insurance}~~ *public employees' benefits program* shall assume the
32 portion of the premium or membership costs for the coverage continued
33 which the governing body does not pay on behalf of retired officers or
34 employees. A person who joins the ~~{state's}~~ *public employees' benefits*
35 program for the first time upon retirement shall assume all costs for the
36 coverage. A dependent of such a retired person has the option, which may
37 be exercised to the same extent and in the same manner as the retired
38 person, to cancel or continue coverage in effect on the date the retired
39 person dies. The dependent is not required to continue to receive retirement
40 payments from the public employees' retirement system ~~{in order}~~ to
41 continue coverage.

42 3. Except as otherwise provided in NRS 287.0235, notice of the
43 selection of the option must be given in writing to the last public employer

1 of the officer or employee within 30 days after the date of retirement or
2 death, as the case may be. If no notice is given by that date, the retired
3 employee and his dependents shall be deemed to have selected the option
4 to cancel the coverage or not to join the ~~{state's}~~ **public employees'**
5 **benefits** program, as the case may be.

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

12 **Sec. 14.** NRS 287.0235 is hereby amended to read as follows:

13 287.0235 1. Notwithstanding the provisions of NRS 287.023 and
14 287.045, a person or the surviving spouse of a person who did not, at the
15 time of his retirement pursuant to the conditions set forth in NRS 286.510
16 or 286.620, have the option to participate in the ~~{state's program of group~~
17 ~~insurance}~~ **public employees' benefits program** may join the ~~{state's~~
18 ~~program of group insurance,}~~ **public employees' benefits program**, to the
19 extent that such coverage is not provided to him or a dependent by the
20 Health Insurance for the Aged Act, ~~{(42 U.S.C. §§ 1395 et seq., D)}~~ by:

21 (a) Providing the public employees' retirement board with written notice
22 of his intention to enroll in the ~~{state's}~~ **public employees' benefits**
23 **program** during a period of open enrollment;

24 (b) Showing evidence of his good health as a condition of enrollment;

25 (c) Accepting the ~~{state program's}~~ current plan of insurance **of the**
26 **public employees' benefits program** and any subsequent changes to the
27 plan; and

28 (d) Paying any portion of the ~~{policy's}~~ premiums **or contributions for**
29 **the program** in the manner set forth in NRS 286.615, which are due ~~{from}~~
30 **after** the date of enrollment.

31 The public employees' retirement board shall, beginning on September 1,
32 1997, have a biennial period of open enrollment between September 1 of
33 each odd-numbered year and January 31 of each even-numbered year
34 during which eligible retired persons may join the ~~{state's program of group~~
35 ~~insurance}~~ **public employees' benefits program** pursuant to this section.

36 2. The public employees' retirement board shall, on or before
37 September 1, 1997, and every September 1 of each odd-numbered year
38 thereafter, notify eligible retired persons described in subsection 1 of the
39 period of open enrollment by:

40 (a) Mailing a notice regarding the period of open enrollment to all
41 retired persons who are, according to its records, eligible to join the ~~{state's~~
42 ~~program of group insurance,}~~ **public employees' benefits program;**

1 (b) Posting a notice of the period of open enrollment at its principal
2 office and at least three other separate prominent places, such as a library,
3 community center or courthouse; and

4 (c) Publicizing the period of open enrollment in any other manner
5 reasonably calculated to inform additional eligible retired persons.

6 3. The public employees' retirement board shall notify the ~~{committee~~
7 ~~on benefits}~~ **board of the public employees' benefits program** of the
8 enrollment of any person on or before March 1 immediately following the
9 period of open enrollment. The ~~{committee on benefits}~~ **board of the public**
10 **employees' benefits program** shall approve or disapprove the request for
11 enrollment within 90 days after receipt of the request. Enrollment shall be
12 deemed to occur on the day the request is approved.

13 4. Enrollment in the ~~{state's program of group insurance}~~ **public**
14 **employees' benefits program** pursuant to this section excludes claims for
15 expenses for any condition for which medical advice, treatment or
16 consultation was rendered within 12 months before enrollment unless:

17 (a) The person has not received any medical advice, treatment or
18 consultation for a period of 6 consecutive months after enrollment; or

19 (b) The insurance coverage has been in effect more than 12 consecutive
20 months.

21 **Sec. 15.** NRS 287.025 is hereby amended to read as follows:

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

26 1. Negotiate and contract with any other such agency or with the
27 ~~{committee on benefits for the state's group insurance plan}~~ **board of the**
28 **public employees' benefits program** to secure group insurance for its
29 officers and employees and their dependents by participation in any group
30 insurance plan established or to be established or in the ~~{state's group~~
31 ~~insurance plan;}~~ **public employees' benefits program;** 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 or
35 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. 16.** NRS 287.030 is hereby amended to read as follows:

39 287.030 No provisions of law prohibiting, restricting or limiting the
40 assignment of or order for wages or salary shall be deemed in any way to
41 prohibit, restrict or limit the powers enumerated in NRS 287.010 and

1 287.020, nor the right and power of officers or employees to authorize and
2 approve payment of premiums *or contributions* by wage and salary
3 deductions.

4 **Sec. 17.** NRS 287.040 is hereby amended to read as follows:

5 287.040 The provisions of NRS 287.010 to 287.040, inclusive, do not
6 make it compulsory upon any governing body of any county, school
7 district, municipal corporation, political subdivision, public corporation or
8 other public agency of the State of Nevada to make any contributions for
9 the payment of any premiums or other costs for group insurance or medical
10 or hospital services, or upon any officer or employee of any county, school
11 district, municipal corporation, political subdivision, public corporation or
12 other public agency of this state to accept or join any plan of group
13 insurance or to assign his wages or salary or to authorize deductions from
14 his wages or salary in payment of premiums *or contributions* therefor.

15 **Sec. 18.** NRS 287.041 is hereby amended to read as follows:

16 287.041 **1.** There is hereby created the ~~{committee on benefits to be~~
17 ~~composed of five}~~ *board of the public employees' benefits program. The*
18 *board consists of seven* members *appointed* as follows:

19 ~~{1.—Two members must be selected by the board of directors of the~~
20 ~~State of Nevada Employees Association.~~

21 ~~—2.—One member must be the director of the department of~~
22 ~~administration.~~

23 ~~—3.—Two members, one of whom must be an employee retired from state~~
24 ~~service, must be appointed by the governor.}~~

25 *(a) One member who has an advanced degree in business*
26 *administration, economics, accounting, insurance, risk management or*
27 *health care administration, appointed by the governor from a list of*
28 *nominees submitted by organizations that represent employees of the*
29 *University and Community College System of Nevada.*

30 *(b) One member who is retired from employment by the State of*
31 *Nevada, appointed by the governor upon consideration of any*
32 *recommendations of organizations that represent retired public*
33 *employees.*

34 *(c) One member who is a classified employee of the state and is not a*
35 *member of an employee organization that represents classified employees*
36 *of the State of Nevada, appointed by the governor.*

37 *(d) One member appointed by the governor from a list of nominees*
38 *submitted by organizations that represent employees of the state.*

39 *(e) One member appointed by the governor from lists of nominees*
40 *submitted by employee organizations representing employees of local*
41 *governments that participate in the program. Each such organization*
42 *may submit a list of not more than three nominees.*

1 (f) One member who has substantial and demonstrated experience in
2 risk management, portfolio investment strategies or employee benefits
3 programs appointed by the governor. The governor may appoint the
4 executive officer of the public employees' retirement system to fill this
5 position.

6 (g) The director of the department of administration or his designee.

7 2. A person appointed to the board pursuant to paragraphs (b) to (e),
8 inclusive, of subsection 1 must be appointed on the basis of education or
9 proven experience in the management of employees' benefits, insurance,
10 risk management, health care administration or business administration.

11 3. Each person appointed as a member of the board must:

12 (a) Have been a participant in the program for at least 1 year before
13 his appointment;

14 (b) Be a current employee of the State of Nevada or another public
15 employer that participates in the program or a retired employee of the
16 State of Nevada; and

17 (c) Not be an elected officer of the State of Nevada or any of its
18 political subdivisions.

19 4. Except as otherwise provided in this subsection, after the initial
20 terms, the term of an appointed member of the board is 4 years and until
21 his successor is appointed and takes office unless the member no longer
22 possesses the qualifications for appointment set forth in this section. If a
23 member loses the requisite qualifications within the last 12 months of his
24 term, the member may serve the remainder of his term. Members are
25 eligible for reappointment. A vacancy occurring in the membership of
26 the board must be filled in the same manner as the original appointment.

27 5. The appointed members of the board serve at the pleasure of the
28 appointing authority in each case.

29 **Sec. 19.** NRS 287.042 is hereby amended to read as follows:

30 287.042 1. ~~[A majority of the members of the committee on benefits~~
31 ~~constitutes a quorum for the transaction of business.~~

32 ~~—2.]~~ No member who is a public employee may receive any
33 compensation for his services as a member of the ~~[committee.]~~ board. Any
34 member who is ~~[employed in the service of the state]~~ a public employee
35 must be granted administrative leave from his duties to engage in the
36 business of the ~~[committee]~~ board without loss of his regular
37 compensation. Such leave does not reduce the amount of the member's
38 ~~[annual leave.~~

39 ~~—3.]~~ other accrued leave.

40 2. A member of the ~~[committee]~~ board who is not a public employee is
41 entitled to receive \$80 per day for his attendance at meetings of the
42 ~~[committee.]~~ board.

1 **Sec. 20.** NRS 287.043 is hereby amended to read as follows:

2 287.043 ~~{The committee on benefits shall:~~

3 ~~—1.— Act as an advisory body on matters}~~

4 **1. The board shall:**

5 **(a) Establish and carry out a program to be known as the public**
6 **employees' benefits program which:**

7 **(1) Must include a program** relating to group life, accident or health
8 insurance, or any combination of these ~~{; and~~

9 **(2) May include** a program to reduce taxable compensation or other
10 forms of compensation other than deferred compensation,
11 for the benefit of all state officers and employees and other persons who
12 participate in the ~~{state's program of group insurance.~~

13 ~~—2.—} program.~~

14 **(b) Ensure that the program is funded on an actuarially sound basis**
15 **and operated in accordance with sound insurance and business practices.**

16 **2. In establishing and carrying out the program, the board shall:**

17 **(a)** Except as otherwise provided in this ~~{subsection,} paragraph,~~
18 negotiate and contract with the governing body of any public agency
19 enumerated in NRS 287.010 which is desirous of obtaining group insurance
20 for its officers, employees and retired employees by participation in the
21 ~~{state's program of group insurance. The committee}~~ **program. The board**
22 shall establish separate rates and coverage for those officers, employees
23 and retired employees based on actuarial reports.

24 ~~{3.—} (b)~~ Give public notice in writing of proposed changes in rates or
25 coverage to each participating public employer who may be affected by the
26 changes. Notice must be provided at least 30 days before the effective date
27 of the changes.

28 ~~{4.—} (c)~~ Purchase policies of life, accident or health insurance, or any
29 combination of these, or **, if applicable,** a program to reduce the amount of
30 taxable compensation pursuant to 26 U.S.C. § 125, from any company
31 qualified to do business in this state or provide similar coverage through a
32 plan of self-insurance **established pursuant to NRS 287.0433** for the
33 benefit of all eligible public officers, employees and retired employees who
34 participate in the ~~{state's program.~~

35 ~~—5.— Consult the state risk manager and obtain his advice in the~~
36 ~~performance of the duties set forth in this section.~~

37 ~~—6.—} program.~~

38 **(d)** Except as otherwise provided in this Title, develop and establish
39 other employee benefits as necessary.

40 ~~{7.—} (e)~~ Adopt such regulations and perform such other duties as are
41 necessary to carry out the provisions of NRS 287.041 to 287.049, inclusive,
42 **and sections 5 to 12, inclusive, of this act,** including **, without limitation,**
43 the establishment

of:

1 ~~{(a)}~~ (1) Fees for applications for participation in the ~~{state's}~~ program
2 and for the late payment of premiums ~~;~~

3 ~~—(b)—~~ **or contributions;**

4 (2) Conditions for entry and reentry into the ~~{state's}~~ program by
5 public agencies enumerated in NRS 287.010; ~~and~~

6 ~~—(c)—~~ (3) The levels of participation in the ~~{state's}~~ program required for
7 employees of participating public agencies ~~;~~

8 ~~—8.—~~; **and**

9 (4) *Specific procedures for the determination of contested claims.*

10 (f) Appoint an independent certified public accountant. The accountant
11 shall provide an annual audit of the ~~{plan}~~ **program** and report to the
12 ~~{committee}~~ **board** and the ~~{legislative commission. For the purposes of}~~
13 ~~interim benefits committee created by section 12 of this act.~~

14 (g) *Contract with an attorney who has experience in the laws relating*
15 *to employee benefits. The contract must provide for the attorney to*
16 *perform a biennial audit of the program to determine whether the*
17 *program complies with all applicable federal and state laws relating to*
18 *taxes and employee benefits and to provide the audit to the board.*

19 3. *The board may use any services provided to state agencies and*
20 *shall use the services of the purchasing division of the department of*
21 *administration to establish and carry out the program.*

22 4. *The board may make recommendations to the legislature*
23 *concerning legislation that it deems necessary and appropriate regarding*
24 *the program.*

25 5. *The state and any other public employers that participate in the*
26 *program are not liable for any obligation of the program other than*
27 *indemnification of the board and its employees against liability relating*
28 *to the administration of the program, subject to the limitations specified*
29 *in NRS 41.0349.*

30 6. *As used in* this section, “employee benefits” includes any form of
31 compensation provided to a state employee pursuant to this Title except
32 federal benefits, wages earned, legal holidays, deferred compensation and
33 benefits available pursuant to chapter 286 of NRS.

34 **Sec. 21.** NRS 287.0433 is hereby amended to read as follows:

35 287.0433 The ~~{committee on benefits}~~ **board** may establish a plan of
36 life, accident or health insurance and provide for the payment of
37 contributions into the ~~{self-insurance fund,}~~ **fund for the public employees’**
38 **benefits program established pursuant to NRS 287.0435**, a schedule of
39 benefits and the disbursement of benefits from the fund. The ~~{committee}~~
40 **board** may 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. 22.** NRS 287.0434 is hereby amended to read as follows:

2 287.0434 The ~~{committee on benefits}~~ **board** may:

3 1. Use its assets to pay the expenses of health care for its members and
4 covered dependents, to pay its employees' salaries and to pay
5 administrative and other expenses.

6 2. Enter into contracts relating to the administration of ~~{a plan of~~
7 ~~insurance,}~~ **the program**, including **, without limitation**, contracts with
8 licensed administrators and qualified actuaries.

9 3. Enter into contracts with physicians, surgeons, hospitals, health
10 maintenance organizations and rehabilitative facilities for medical, surgical
11 and rehabilitative care and the evaluation, treatment and nursing care of
12 members and covered dependents.

13 4. Enter into contracts for the services of other experts and specialists
14 as required by ~~{a plan of insurance,}~~ **the program**.

15 5. Charge and collect from an insurer, health maintenance organization,
16 organization for dental care or nonprofit medical service corporation, a fee
17 for the actual expenses incurred by the ~~{committee,}~~ **board**, the state or a
18 participating public employer in administering a plan of insurance offered
19 by that insurer, organization or corporation.

20 **Sec. 23.** NRS 287.0435 is hereby amended to read as follows:

21 287.0435 1. ~~{If any plan of self insurance is adopted by the~~
22 ~~committee on benefits, there is created a self insurance fund as a trust fund~~
23 ~~for the purpose of receiving contributions. The self insurance}~~ **All money**
24 **received for the program, including, without limitation, premiums and**
25 **contributions, must be deposited in the state treasury for credit to the**
26 **fund for the public employees' benefits program which is hereby created**
27 **as a trust fund. The** fund must be accounted for as an internal service fund.
28 **Payments into and disbursements from the fund must be so arranged as**
29 **to keep the fund solvent at all times.**

30 2. The money in the fund must be invested as other money of the state
31 is invested and any income from investments paid into the fund for the
32 benefit of the fund.

33 3. Disbursements from the fund must be made as any other claims
34 against the state are paid.

35 4. The state treasurer may charge a reasonable fee for his services in
36 administering the fund, but the state, the state general fund and the state
37 treasurer are not liable to the fund for any loss sustained by the fund as a
38 result of any investment made on behalf of the fund or any loss sustained in
39 the operation of the ~~{plan of self insurance. The state is liable for~~
40 ~~indemnification of the committee on benefits, the state risk manager and~~
41 ~~other employees of the state against liability relating to the administration~~
42 ~~of the state's program of group insurance, subject to the limitations~~
43 ~~specified in NRS 41.0349.}~~ **program.**

1 **Sec. 24.** NRS 287.0437 is hereby amended to read as follows:

2 287.0437 ~~{The committee on benefits may employ professional,~~
3 ~~technical and clerical personnel as necessary to assist it in the operation of~~
4 ~~the plan of self insurance. Their salaries and other costs must be paid out of~~
5 ~~the self insurance fund. The committee shall prepare a budget for these~~
6 ~~costs in the manner prescribed for state agencies.}~~

7 1. *The executive officer may appoint a quality control officer,*
8 *operations officer, accounting officer, information technology systems*
9 *officer and executive assistant who are in the unclassified service of the*
10 *state and serve at the pleasure of the executive officer. The appointment*
11 *and dismissal of the quality control officer are subject to the approval of*
12 *the board.*

13 2. *The quality control officer, operations officer, accounting officer*
14 *and information technology systems officer must each be a graduate of a*
15 *4-year college or university with a degree that is appropriate to their*
16 *respective responsibilities or possess equivalent experience as determined*
17 *by the board.*

18 3. *The quality control officer, operations officer, accounting officer,*
19 *information technology systems officer and executive assistant are*
20 *entitled to annual salaries fixed by the board with the approval of the*
21 *interim benefits committee created by section 12 of this act. The salaries*
22 *of these employees are exempt from the limitations set forth in NRS*
23 *281.123.*

24 4. *The executive officer may employ such staff in the classified*
25 *service of the state as are necessary for the performance of his duties,*
26 *within limits of legislative appropriations or other available money.*

27 **Sec. 25.** NRS 287.0438 is hereby amended to read as follows:

28 287.0438 Except for the files of individual members and former
29 members, the correspondence, files, minutes and books of the ~~{plan}~~
30 *program* are public records.

31 **Sec. 26.** NRS 287.0439 is hereby amended to read as follows:

32 287.0439 1. A participating public employer shall, on request,
33 furnish to the ~~{committee on benefits}~~ *board* any information necessary to
34 carry out the provisions of this chapter. Members of the ~~{committee}~~ *board*
35 and its employees or agents may examine under oath any officer, agent or
36 employee of a participating public employer concerning the information.

37 2. The books, records and payrolls of a participating public employer
38 must be available for inspection by members of the ~~{committee}~~ *board* and
39 its employees and agents to obtain any information necessary for the
40 administration of the ~~{plan,}~~ *program*, including , *without limitation*, the
41 accuracy of the payroll and identity of employees.

1 **Sec. 27.** 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 coverage, for each public
5 officer, except a senator or assemblyman, or employee electing to
6 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,}~~ **board**, he must
14 pay the difference between the amount of the premium or contribution for
15 the coverage for himself and his dependents and the amount paid by the
16 state.

17 2. A department, agency, commission or public agency shall not pay
18 any part of those premiums **or contributions** if the group life insurance or
19 group accident or health insurance is not approved by the ~~{committee on~~
20 ~~benefits,}~~ **board**.

21 **Sec. 28.** NRS 287.0445 is hereby amended to read as follows:

22 287.0445 The department, agency, commission or public agency which
23 employed an officer or employee who:

24 1. Was injured in the course of that employment;

25 2. Receives compensation for a temporary total disability pursuant to
26 NRS 616C.475; and

27 3. Was a member of the ~~{state's program of group insurance}~~ **program**
28 at the time of the injury,
29 shall pay the state's share of the cost of the premiums ~~{of the group~~
30 ~~insurance}~~ **or contributions for the program** for that officer or employee
31 for ~~{a period of}~~ not more than 9 months **after the injury** or until the officer
32 or employee is able to return to work, whichever is less. If the previous
33 injury recurs within 1 month after the employee returns to work and the
34 employee again receives compensation pursuant to NRS 616C.475 as a
35 result of the previous injury, the department, agency, commission or public
36 agency shall not, except as otherwise provided in this subsection, pay the
37 state's share of the cost of the premiums **or contributions** for the period
38 during which the employee is unable to work as a result of the recurring
39 previous injury. If the initial period of disability was less than 9 months, the
40 department, agency, commission or public agency shall pay, during the
41 recurrence, the state's share of the costs of the premiums **or contributions**
42 for a period which, when added to the initial period, equals not more than 9
43 months.

1 **Sec. 29.** NRS 287.045 is hereby amended to read as follows:

2 287.045 1. Except as otherwise provided in this section, every officer
3 or employee of the state is eligible to participate in the program on the first
4 day of the month following the completion of 90 days of full-time
5 employment.

6 2. Professional employees of the University and Community College
7 System of Nevada who have annual employment contracts are eligible to
8 participate in the program on:

9 (a) The effective dates of their respective employment contracts, if those
10 dates are on the first day of a month; or

11 (b) The first day of the month following the effective dates of their
12 respective employment contracts, if those dates are not on the first day of a
13 month.

14 3. Every officer or employee who is employed by a participating public
15 agency on a permanent and full-time basis on the date the agency enters
16 into an agreement to participate in the ~~{state's group insurance}~~ program,
17 and every officer or employee who commences his employment after that
18 date is eligible to participate in the program on the first day of the month
19 following the completion of 90 days of full-time employment.

20 4. Every senator and assemblyman is eligible to participate in the
21 program on the first day of the month following the 90th day after his initial
22 term of office begins.

23 5. An officer or employee of the governing body of any county, school
24 district, municipal corporation, political subdivision, public corporation or
25 other public agency of the State of Nevada who retires under the conditions
26 set forth in NRS 286.510 or 286.620 and was not participating in the
27 ~~{state's group insurance}~~ program at the time of his retirement is eligible to
28 participate in the program 30 days after notice of the selection to participate
29 is given pursuant to NRS 287.023 or 287.0235. The ~~{committee on~~
30 ~~benefits}~~ **board** shall make a separate accounting for these retired persons.
31 For the first year following enrollment, the rates charged must be the full
32 actuarial costs determined by the actuary based upon the expected claims
33 experience with these retired persons. The claims experience of these
34 retired persons must not be commingled with the retired persons who were
35 members of the ~~{state's}~~ program before their retirement, nor with active
36 employees of the state. After the first year following enrollment, the rates
37 charged must be the full actuarial costs determined by the actuary based
38 upon the past claims experience of these retired persons since enrolling.

39 6. Notwithstanding the provisions of subsections 1, 3 and 4, if the
40 ~~{committee on benefits}~~ **board** does not, pursuant to NRS 689B.580, elect
41 to exclude the program from compliance with NRS 689B.340 to 689B.600,
42 inclusive, and if the coverage under the program is provided by a health
43 maintenance organization authorized to transact insurance in this state

1 pursuant to chapter 695C of NRS, any affiliation period imposed by the
2 program may not exceed the statutory limit for an affiliation period set forth
3 in NRS 689B.500.

4 **Sec. 30.** NRS 287.046 is hereby amended to read as follows:

5 287.046 1. Except as otherwise provided in subsection 6, any state or
6 other participating officer or employee who elects to participate in the
7 ~~{state's group insurance}~~ program may participate, and the department,
8 agency, commission or public agency that employs the officer or employee
9 shall pay the state's share of the cost of the premiums or contributions for
10 the ~~{group insurance}~~ **program** from money appropriated or authorized as
11 provided in NRS 287.044. Employees who elect to participate in the
12 ~~{state's group insurance}~~ program must authorize deductions from their
13 compensation for the payment of premiums or contributions ~~{on the~~
14 ~~insurance.}~~ **for the program.**

15 2. The department of personnel shall pay a percentage of the base
16 amount provided by law for that fiscal year toward the cost of the premiums
17 or contributions for ~~{group insurance}~~ **the program** for persons retired from
18 the service of the state who have continued to participate ~~{ }~~ **in the**
19 **program.** Except as otherwise provided in subsection 3, the percentage to
20 be paid must be calculated as follows:

21 (a) For those persons who retire before January 1, 1994, 100 percent of
22 the base amount provided by law for that fiscal year.

23 (b) For those persons who retire on or after January 1, 1994, with at
24 least 5 years of **state** service, 25 percent plus an additional 7.5 percent for
25 each year of service in excess of 5 years to a maximum of 137.5 percent,
26 excluding service purchased pursuant to NRS 286.300, of the base amount
27 provided by law for that fiscal year.

28 3. If the amount calculated pursuant to subsection 2 exceeds the actual
29 premium ~~{of}~~ **or contribution for** the plan **of the program that** the retired
30 participant selects, the balance must be credited to the ~~{self-insurance}~~ fund
31 **for the public employees' benefits program** created pursuant to NRS
32 287.0435.

33 4. For the purposes of subsection 2:

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

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

37 5. The department shall agree through the ~~{committee on benefits}~~
38 **board** with the insurer for billing of remaining premiums or contributions
39 for the retired participant and his dependents to the retired participant and
40 to his dependents who elect to continue coverage under the ~~{group~~
41 ~~insurance}~~ **program** after his death.

1 6. A senator or assemblyman who elects to participate in the ~~{state's~~
2 ~~group insurance}~~ program shall pay the entire premium or contribution for
3 his insurance.

4 **Sec. 31.** NRS 287.0465 is hereby amended to read as follows:

5 287.0465 1. If an officer or employee of the state or a dependent of
6 such an officer or employee incurs an illness or injury for which medical
7 services are payable under the plan for self-insurance ~~{adopted}~~ **established**
8 by the ~~{committee on benefits}~~ **board** and the illness or injury is incurred
9 under circumstances creating a legal liability in some person, other than the
10 officer, employee or dependent, to pay all or part of the cost of those
11 services, the ~~{committee on benefits}~~ **board** is subrogated to the right of the
12 officer, employee or dependent to the extent of all such costs, and may join
13 or intervene in any action by the officer, employee or dependent or his
14 successors in interest, to enforce that legal liability.

15 2. If an officer, employee or dependent or his successors in interest fail
16 or refuse to commence an action to enforce that legal liability, the
17 ~~{committee on benefits}~~ **board** may commence an independent action, after
18 notice to the officer, employee or dependent or his successors in interest, to
19 recover all costs to which it is entitled. In any such action by the
20 ~~{committee on benefits,}~~ **board**, the officer, employee or dependent may be
21 joined as a third party defendant.

22 3. If the ~~{committee on benefits}~~ **board** is subrogated to the rights of
23 the officer, employee or dependent or his successors in interest as provided
24 in subsection 1, the ~~{committee on benefits}~~ **board** has a lien upon the total
25 proceeds of any recovery from the persons liable, whether the proceeds of
26 the recovery are by way of a judgment or settlement or otherwise. Within
27 15 days after recovery by receipt of the proceeds of the judgment,
28 settlement or other recovery, the officer, employee or dependent or his
29 successors in interest shall notify the ~~{committee on benefits}~~ **board** of the
30 recovery and pay the ~~{committee on benefits}~~ **board** the amount due to it
31 pursuant to this section. The officer, employee or dependent or his
32 successors in interest are not entitled to double recovery for the same
33 injury.

34 4. The officer, employee or dependent or his successors in interest
35 shall notify the ~~{committee on benefits}~~ **board** in writing before entering
36 any settlement or agreement or commencing any action to enforce the legal
37 liability referred to in subsection 1.

38 **Sec. 32.** NRS 287.047 is hereby amended to read as follows:

39 287.047 If the retention is consistent with the terms of any agreement
40 between the state and the insurance company which issued the policies
41 pursuant to the program or with the plan of self-insurance ~~{}~~ **of the**
42 **program:**

1 1. A participating state employee who retires on or after July 1, 1985,
2 may retain his membership in and his dependents' coverage by the ~~{state's~~
3 ~~program of group insurance.}~~ **program.**

4 2. A participating legislator who retires from the service of the state or
5 who completes 8 years of service as such may retain his membership in and
6 his dependents' coverage by the ~~{state's program of group insurance.}~~
7 **program.**

8 **Sec. 33.** NRS 287.0475 is hereby amended to read as follows:

9 287.0475 1. A public employee who has retired pursuant to NRS
10 286.510 or 286.620 or a retirement program provided pursuant to NRS
11 286.802, or the surviving spouse of such a retired public employee who is
12 deceased may, in any even-numbered year, reinstate any insurance, except
13 life insurance, which was provided to him and his dependents at the time of
14 his retirement ~~{under NRS 287.010, 287.020 or 287.0433}~~ **pursuant to**
15 **NRS 287.010 or 287.020 or the program** as a public employee by:

16 (a) Giving written notice of his intent to reinstate the insurance to the
17 employee's last public employer not later than January 31, of an even-
18 numbered year;

19 (b) Accepting the public employer's current program or plan of
20 insurance and any subsequent changes thereto; and

21 (c) Paying any portion of the ~~{policy's premiums,}~~ **premiums or**
22 **contributions of the public employer's program or plan of insurance,** in
23 the manner set forth in NRS 286.615, which are due from the date of
24 reinstatement and not paid by the public employer.

25 The last public employer shall give the insurer notice of the reinstatement
26 no later than March 31, of the year in which the public employee or
27 surviving spouse gives notice of his intent to reinstate the insurance. The
28 insurer shall approve or disapprove the request for reinstatement within 90
29 days after the date of the request.

30 2. Reinstatement of insurance excludes claims for expenses for any
31 condition for which medical advice, treatment or consultation was rendered
32 within ~~{12}~~ **6** months before reinstatement unless:

33 (a) The person has not received any medical advice, treatment or
34 consultation for a period of 6 consecutive months after the reinstatement; or

35 (b) The reinstated insurance has been in effect more than 12 consecutive
36 months.

37 ~~{3. —The retired public employee, his dependents and the surviving~~
38 ~~spouse of a retired public employee who is deceased must show evidence~~
39 ~~of their good health as a condition of the reinstatement.}~~

40 **Sec. 34.** NRS 287.048 is hereby amended to read as follows:

41 287.048 NRS 287.041 to 287.047, inclusive, **and sections 5 to 12,**
42 **inclusive, of this act,** do not require any officer or employee of the State of
43 Nevada to accept or join the ~~{state's program of group insurance,}~~

1 **program**, or to assign his wages or salary to or authorize deductions from
2 his wages or salary in payment of premiums or contributions for ~~{group~~
3 ~~insurance.}~~ **the program.**

4 **Sec. 35.** NRS 287.049 is hereby amended to read as follows:

5 287.049 The cost of premiums or contributions for ~~{group insurance}~~
6 **the program** as provided in NRS 287.044 must be budgeted for as other
7 expenditures of the state are budgeted for.

8 **Sec. 36.** NRS 287.245 is hereby amended to read as follows:

9 287.245 1. The state may agree with any of its employees, and the
10 board of regents of the University of Nevada may agree with any of its
11 employees, to reduce the amount of taxable compensation due to an
12 employee in accordance with a program established pursuant to 26 U.S.C. §
13 125 by the ~~{committee on benefits.}~~ **board of the public employees'**
14 **benefits program.**

15 2. Political subdivisions of this state may agree with any of their
16 employees to reduce the amount of taxable compensation due to an
17 employee in accordance with a program established pursuant to 26 U.S.C. §
18 125.

19 3. The employer shall deduct an amount from the taxable
20 compensation of an employee pursuant to the agreement between the
21 employer and the employee.

22 4. An employer shall not make any reduction in the taxable
23 compensation of an employee pursuant to this section until the program
24 established meets the requirements of 26 U.S.C. § 125 for eligibility.

25 5. The ~~{committee on benefits}~~ **board of the public employees'**
26 **benefits program** may establish and administer a program pursuant to 26
27 U.S.C. § 125. The ~~{committee}~~ **board** may:

28 (a) Create an appropriate fund for administration of money and other
29 assets resulting from the money deducted ~~{under}~~ **pursuant to** the program.

30 (b) Delegate to one or more state agencies or institutions of the
31 University and Community College System of Nevada the responsibility for
32 administering the program for their respective employees, including ~~{;}~~,
33 **without limitation:**

34 (1) Collection of money deducted;

35 (2) Transmittal of money collected to depositories within the state
36 designated by the ~~{committee;}~~ **board;** and

37 (3) Payment for eligible uses.

38 (c) Contract with a natural person, corporation, institution or other
39 entity, directly or through a state agency or institution of the University and
40 Community College System of Nevada, for services necessary to the
41 administration of the plan, including ~~{;}~~, **without limitation:**

42 (1) Consolidated

billing;

1 (2) The keeping of records for each participating employee and the
2 program;

3 (3) The control and safeguarding of assets;

4 (4) Programs for communication with employees; and

5 (5) The administration and coordination of the program.

6 6. Each employee who participates in a program established by the
7 ~~{committee}~~ **board of the public employees' benefits program** pursuant to
8 this section shall pay a proportionate share of the cost to administer the
9 program as determined by the ~~{committee-}~~ **board**.

10 7. The provisions of this section do not supersede, make inoperative or
11 reduce the benefits provided by the public employees' retirement system or
12 by any other retirement, pension or benefit program established by law.

13 **Sec. 37.** NRS 233B.039 is hereby amended to read as follows:

14 233B.039 1. The following agencies are entirely exempted from the
15 requirements of this chapter:

16 (a) The governor.

17 (b) The department of prisons.

18 (c) The University and Community College System of Nevada.

19 (d) The office of the military.

20 (e) The state gaming control board.

21 (f) The Nevada gaming commission.

22 (g) The welfare division of the department of human resources.

23 (h) The state board of examiners acting pursuant to chapter 217 of NRS.

24 (i) Except as otherwise provided in NRS 533.365, the office of the state
25 engineer.

26 2. Except as otherwise provided in NRS 391.323, the department of
27 education, the ~~{committee-on-benefits}~~ **board of the public employees'**
28 **benefits program** and the commission on professional standards in
29 education are subject to the provisions of this chapter for the purpose of
30 adopting regulations but not with respect to any contested case.

31 3. The special provisions of:

32 (a) Chapter 612 of NRS for the distribution of regulations by and the
33 judicial review of decisions of the employment security division of the
34 department of employment, training and rehabilitation;

35 (b) Chapters 616A to 617, inclusive, of NRS for the determination of
36 contested claims;

37 (c) Chapter 703 of NRS for the judicial review of decisions of the public
38 utilities commission of Nevada;

39 (d) Chapter 91 of NRS for the judicial review of decisions of the
40 administrator of the securities division of the office of the secretary of state;
41 and

42 (e) NRS 90.800 for the use of summary orders in contested cases,
43 prevail over the general provisions of this chapter.

1 4. The provisions of NRS 233B.122, 233B.124, 233B.125 and
2 233B.126 do not apply to the department of human resources in the
3 adjudication of contested cases involving the issuance of letters of approval
4 for health facilities and agencies.

5 5. The provisions of this chapter do not apply to:

6 (a) Any order for immediate action, including, but not limited to,
7 quarantine and the treatment or cleansing of infected or infested animals,
8 objects or premises, made under the authority of the state board of
9 agriculture, the state board of health, the state board of sheep
10 commissioners or any other agency of this state in the discharge of a
11 responsibility for the preservation of human or animal health or for insect
12 or pest control; or

13 (b) An extraordinary regulation of the state board of pharmacy adopted
14 pursuant to NRS 453.2184.

15 6. The state board of parole commissioners is subject to the provisions
16 of this chapter for the purpose of adopting regulations but not with respect
17 to any contested case.

18 **Sec. 38.** NRS 277.067 is hereby amended to read as follows:

19 277.067 1. Except as otherwise provided in subsection 2, any two or
20 more political subdivisions of this state, agencies of the state or the
21 University and Community College System of Nevada may enter into a
22 cooperative agreement for the purchase of insurance or the establishment of
23 a self-insurance reserve or fund for coverage under a plan of:

24 (a) Casualty insurance, as that term is defined in NRS 681A.020;

25 (b) Marine and transportation insurance, as that term is defined in NRS
26 681A.050;

27 (c) Property insurance, as that term is defined in NRS 681A.060;

28 (d) Surety insurance, as that term is defined in NRS 681A.070;

29 (e) Health insurance, as that term is defined in NRS 681A.030; or

30 (f) Insurance for any combination of these kinds of protection.

31 2. Any political subdivision of the state, any agency of the state or the
32 University and Community College System of Nevada which participates in
33 the ~~{state's program of group insurance}~~ **public employees' benefits**
34 **program** shall obtain the approval of the ~~{committee on benefits}~~ **board of**
35 **the public employees' benefits program** before it enters into a cooperative
36 agreement for the purchase of health insurance pursuant to paragraph (e) of
37 subsection 1.

38 3. Any such agreement may obligate the respective parties to pledge
39 revenues or contribute money to secure the obligations or pay the expenses
40 of the cooperative undertaking and may provide for the establishment of a
41 separate entity to administer the undertaking.

1 **Sec. 39.** Chapter 331 of NRS is hereby amended by adding thereto a
2 new section to read as follows:

3 *The state risk manager may employ such staff as is necessary for the*
4 *performance of his duties, within limits of legislative appropriations or*
5 *other available money.*

6 **Sec. 40.** NRS 331.184 is hereby amended to read as follows:

7 331.184 The state risk manager shall:

8 1. Direct and supervise all administrative and technical activities of the
9 risk management division.

10 2. Determine the nature and extent of requirements for insurance, other
11 than group life, accident or health insurance, on risks of an insurable nature
12 of the state and any of its agencies, the premiums for which are payable in
13 whole or in part from public money.

14 3. Negotiate for, procure, purchase and have placed, through a licensed
15 insurance agent or broker residing or domiciled in Nevada, or continued in
16 effect all insurance coverages, other than employee group life, accident or
17 health insurance, which may be reasonably obtainable, whether from
18 insurers authorized to transact business in this state or under the surplus
19 lines provisions of chapter 685A of NRS.

20 4. Conduct periodic inspections of premises, property and risks to
21 determine insurability, risk and premium rate, and submit a written report
22 of each inspection and appraisal, together with any recommendations that
23 appear appropriate, to the administrator of the agency most responsible for
24 the premises, property or risk, and to the director of the department of
25 administration.

26 5. Provide for self-insurance if the potential loss is relatively
27 insignificant or if the risk is highly predictable and the probability of loss is
28 so slight that the cost of insuring the risk is not a prudent expenditure of
29 public funds, or if insurance is unavailable or unavailable at a reasonable
30 cost.

31 6. Select reasonable deductibles when it appears economically
32 advantageous to the state to do so.

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

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

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

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

42 11. ~~{Act as adviser to the committee on benefits.~~

1 ~~—12.1~~ Perform any other function of risk management as directed by the
2 director of the department of administration.

3 **Sec. 41.** Chapter 679B of NRS is hereby amended by adding thereto a
4 new section to read as follows:

5 ***1. The commissioner shall adopt regulations which require the use of***
6 ***uniform claim forms and billing codes and the ability to make***
7 ***compatible electronic data transfers for all insurers and administrators***
8 ***authorized to conduct business in this state relating to a health care plan***
9 ***or health insurance or providing or arranging for the provision of health***
10 ***care services, including, without limitation, an insurer that issues a***
11 ***policy of health insurance, an insurer that issues a policy of group health***
12 ***insurance, a carrier serving small employers, a fraternal benefit society,***
13 ***a hospital or medical service corporation, a health maintenance***
14 ***organization, a plan for dental care and a prepaid limited health service***
15 ***organization.***

16 ***2. As used in this section:***

17 ***(a) "Administrator" has the meaning ascribed to it in NRS 683A.025.***

18 ***(b) "Health care plan" means a policy, contract, certificate or***
19 ***agreement offered or issued by an insurer to provide, deliver, arrange***
20 ***for, pay for or reimburse any of the costs of health care services.***

21 **Sec. 42.** NRS 689B.065 is hereby amended to read as follows:

22 689B.065 1. A policy of group health insurance issued to replace any
23 discontinued policy or coverage for group health insurance must:

24 (a) Provide coverage for all persons who were covered under the
25 previous policy or coverage on the date it was discontinued; and

26 (b) Except as otherwise provided in subsection 2, provide benefits
27 which are at least as extensive as the benefits provided by the previous
28 policy or coverage, except that benefits may be reduced or excluded to the
29 extent that such a reduction or exclusion was permissible under the terms of
30 the previous policy or coverage,
31 if that replacement policy is issued within 60 days after the date on which
32 the previous policy or coverage was discontinued.

33 2. If an employer obtains a replacement policy pursuant to subsection 1
34 to cover his employees, any benefits provided by the previous policy or
35 coverage may be reduced if notice of the reduction is given to his
36 employees pursuant to NRS 608.1577.

37 3. Any insurer which issues a replacement policy pursuant to
38 subsection 1 may submit a written request to the insurer who provided the
39 previous policy or coverage for a statement of benefits which were
40 provided under that policy or coverage. Upon receiving such a request, the
41 insurer who provided the previous policy or coverage shall give a written

1 statement to the insurer providing the replacement policy which indicates
2 what benefits were provided and what exclusions or reductions were in
3 effect under the previous policy or coverage.

4 4. The provisions of this section:

5 (a) Apply to a self-insured employer who provides health benefits to his
6 employees and replaces those benefits with a policy of group health
7 insurance.

8 (b) Do not apply to the ~~state's program of group insurance~~ **public**
9 **employees' benefits program** established pursuant to NRS 287.041 to
10 287.049, inclusive ~~11~~, **and sections 5 to 12, inclusive, of this act.**

11 **Sec. 43.** NRS 287.0432 is hereby repealed.

12 **Sec. 44.** Section 10 of this act is hereby amended to read as follows:

13 Sec. 10. 1. The board shall employ an executive officer who
14 is in the unclassified service of the state and serves at the pleasure
15 of the board. The board may delegate to the executive officer the
16 exercise or discharge of any power, duty or function vested in or
17 imposed upon the board.

18 2. The executive officer must:

19 (a) Be a graduate of a 4-year college or university with a degree
20 in business administration or public administration or an equivalent
21 degree, as determined by the board; and

22 (b) Possess at least 5 years' experience in a high-level
23 administrative or executive capacity in the field of insurance,
24 management of employees' benefits or risk management, including,
25 without limitation, responsibility for a variety of administrative
26 functions such as personnel, accounting, data processing or the
27 structuring of insurance programs.

28 3. Except as otherwise provided in NRS 284.143, the executive
29 officer shall not pursue any other business or occupation or perform
30 the duties of any other office of profit during normal office hours
31 unless on leave approved in advance. The executive officer shall
32 not participate in any business enterprise or investment with any
33 vendor or provider to the program.

34 4. The executive officer is entitled to an annual salary fixed by
35 the board . ~~[with the approval of the interim benefits committee~~
36 ~~created pursuant to section 12 of this act.]~~ The salary of the
37 executive officer is exempt from the limitations set forth in NRS
38 281.123.

39 **Sec. 45.** Section 20 of this act is hereby amended to read as follows:

40 Sec. 20. NRS 287.043 is hereby amended to read as follows:

41 287.043 1. The board shall:

42 (a) Establish and carry out a program to be known as the public
43 employees' benefits program

which:

1 (1) Must include a program relating to group life, accident or
2 health insurance, or any combination of these; and

3 (2) May include a program to reduce taxable compensation or
4 other forms of compensation other than deferred compensation,
5 for the benefit of all state officers and employees and other persons
6 who participate in the program.

7 (b) Ensure that the program is funded on an actuarially sound
8 basis and operated in accordance with sound insurance and business
9 practices.

10 2. In establishing and carrying out the program, the board shall:

11 (a) Except as otherwise provided in this paragraph, negotiate and
12 contract with the governing body of any public agency enumerated
13 in NRS 287.010 which is desirous of obtaining group insurance for
14 its officers, employees and retired employees by participation in the
15 program. The board shall establish separate rates and coverage for
16 those officers, employees and retired employees based on actuarial
17 reports.

18 (b) Give public notice in writing of proposed changes in rates or
19 coverage to each participating public employer who may be
20 affected by the changes. Notice must be provided at least 30 days
21 before the effective date of the changes.

22 (c) Purchase policies of life, accident or health insurance, or any
23 combination of these, or, if applicable, a program to reduce the
24 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
25 any company qualified to do business in this state or provide similar
26 coverage through a plan of self-insurance established pursuant to
27 NRS 287.0433 for the benefit of all eligible public officers,
28 employees and retired employees who participate in the program.

29 (d) Except as otherwise provided in this Title, develop and
30 establish other employee benefits as necessary.

31 (e) Adopt such regulations and perform such other duties as are
32 necessary to carry out the provisions of NRS 287.041 to 287.049,
33 inclusive, and sections 5 to ~~12~~ 11, inclusive, of this act, including,
34 without limitation, the establishment of:

35 (1) Fees for applications for participation in the program and
36 for the late payment of premiums or contributions;

37 (2) Conditions for entry and reentry into the program by
38 public agencies enumerated in NRS 287.010;

39 (3) The levels of participation in the program required for
40 employees of participating public agencies; and

41 (4) Specific procedures for the determination of contested
42 claims.

(f) Appoint an independent certified public accountant. The accountant shall provide an annual audit of the program and report to the board . ~~{and the interim benefits committee created by section 12 of this act.}~~

(g) Contract with an attorney who has experience in the laws relating to employee benefits. The contract must provide for the attorney to perform a biennial audit of the program to determine whether the program complies with all applicable federal and state laws relating to taxes and employee benefits and to provide the audit to the board.

3. The board may use any services provided to state agencies and shall use the services of the purchasing division of the department of administration to establish and carry out the program.

4. The board may make recommendations to the legislature concerning legislation that it deems necessary and appropriate regarding the program.

5. The state and any other public employers that participate in the program are not liable for any obligation of the program other than indemnification of the board and its employees against liability relating to the administration of the program, subject to the limitations specified in NRS 41.0349.

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

Sec. 46. Section 24 of this act is hereby amended to read as follows:

Sec. 24. NRS 287.0437 is hereby amended to read as follows:

287.0437 1. The executive officer may appoint a quality control officer, operations officer, accounting officer, information technology systems officer and executive assistant who are in the unclassified service of the state and serve at the pleasure of the executive officer. The appointment and dismissal of the quality control officer are subject to the approval of the board.

2. The quality control officer, operations officer, accounting officer and information technology systems officer must each be a graduate of a 4-year college or university with a degree that is appropriate to their respective responsibilities or possess equivalent experience as determined by the board.

3. The quality control officer, operations officer, accounting officer, information technology systems officer and executive assistant are entitled to annual salaries fixed by the board . ~~{with the approval of the interim benefits committee created by section 12 of~~

1 ~~this act.~~ The salaries of these employees are exempt from the
2 limitations set forth in NRS 281.123.

3 4. The executive officer may employ such staff in the classified
4 service of the state as are necessary for the performance of his
5 duties, within limits of legislative appropriations or other available
6 money.

7 **Sec. 47.** Section 3 of Assembly Bill No. 176 of this session is hereby
8 amended to read as follows:

9 Sec. 3. 1. Notwithstanding the provisions of NRS 287.041 to
10 287.049, inclusive, to the contrary, the operation of the Committee
11 on Benefits, created by NRS 287.041, is hereby ~~indefinitely~~
12 suspended and the committee shall not transact any business or hold
13 any meetings ~~{after the effective date of this act.~~

14 ~~—2.—On and after the effective date of this act, the~~ **until July 1,**
15 **1999.**

16 2. **The** Governor, or his designee, shall administer the
17 provisions of NRS 287.041 to 287.049, inclusive ~~H.~~, **until July 1,**
18 **1999.** For this purpose, the Governor or his designee are hereby
19 granted all powers necessary and proper to ensure the efficient and
20 effective operation of the plan of self-insurance for state officers
21 and employees and all other programs and benefits authorized by
22 NRS 287.041 to 287.049, inclusive, and shall act on behalf of the
23 Committee on Benefits in all matters relating to any contracts or
24 other matters to which the committee is a party.

25 3. The State of Nevada is liable for indemnification of the
26 Governor and his designee against liability relating to the
27 administration of the state's program of group insurance, subject to
28 the limitations specified in NRS 41.0349.

29 **Sec. 48.** 1. The terms of the persons who are members of the
30 committee on benefits on June 30, 1999, expire on that date.

31 2. As soon as practicable on or before July 1, 1999, the appointing
32 authorities set forth in subsection 1 of NRS 287.041, as amended by this
33 act, shall appoint members of the board. The initial appointed members of
34 the board shall, at the first meeting of the board after their appointment,
35 draw lots to determine which:

36 (a) Member will serve an initial term that begins on July 1, 1999, and
37 expires on July 1, 2000;

38 (b) Member will serve an initial term that begins on July 1, 1999, and
39 expires on July 1, 2001;

40 (c) Member will serve an initial term that begins on July 1, 1999, and
41 expires on July 1, 2002; and

42 (d) Two members will serve initial terms that begin on July 1, 1999, and
43 expire on July 1, 2003.

1 **Sec. 49.** 1. This section and sections 41, 47 and 48 of this act
2 become effective upon passage and approval.

3 2. Sections 1 to 40, inclusive, 42, 43 and 50 of this act become
4 effective on July 1, 1999.

5 3. Sections 44, 45 and 46 of this act become effective on July 1, 2001.

6 4. Section 12 of this act expires by limitation on July 1, 2001.

7 **Sec. 50.** The legislative counsel shall:

8 1. In preparing the reprint and supplements to the Nevada Revised
9 Statutes, with respect to any section that is not amended by this act or is
10 further amended by another act, appropriately change any reference to
11 “committee on benefits” to “board of the public employees’ benefits
12 program.”

13 2. In preparing supplements to the Nevada Administrative Code,
14 appropriately change any reference to “committee on benefits” to “board of
15 the public employees’ benefits program.”

TEXT OF REPEALED SECTION

287.0432 Committee on benefits: Procedures for contested claims.

The committee on benefits shall by regulation provide for specific procedures for the determination of contested claims.