

Senate Bill No. 544—Committee on Government Affairs

CHAPTER.....

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; authorizing certain periodic state employees to receive extended coverage from the public employees' benefits program; renaming the interim retirement committee and expanding its duties to include the review of the operation of the public employees' benefits program; authorizing certain public employees to secure insurance from an insurer or employee benefit plan other than through 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:

**Section 1.** NRS 281.129 is hereby amended to read as follows:

281.129 Any officer of the state, except the legislative fiscal officer, who disburses money in payment of salaries and wages of officers and employees of the state may, upon written requests of the officer or employee specifying amounts, withhold those amounts and pay them to:

1. Charitable organizations;
2. Employee credit unions;
3. Insurers, if the ~~{committee on benefits}~~ **board of the public employees' benefits program** has approved the request;
4. The United States for the purchase of savings bonds and similar obligations of the United States; and
5. Employee organizations and labor organizations.

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

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

284.355 1. Except as otherwise provided in this section, all employees in the public service, whether in the classified or unclassified service, are entitled to sick and disability leave with pay of 1 1/4 working days for each month of service, which may be cumulative from year to year. After an employee has accumulated 90 working days of sick leave, the amount of additional unused sick leave which he is entitled to carry forward from one year to the next is limited to one-half of the unused sick leave

accrued during that year, but the department may by regulation provide for subsequent use of unused sick leave accrued but not carried forward by reason of this limitation in cases where the employee is suffering from a long-term or chronic illness and has used all sick leave otherwise available to him. Upon the retirement of an employee, his termination through no fault of his own or his death while in public employment, the employee or his beneficiaries are entitled to payment for his unused sick leave in excess of 30 days, exclusive of any unused sick leave accrued but not carried forward, according to his number of years of public service, except service with a political subdivision of the state, as follows:

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

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

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

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

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

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

(a) A lump-sum payment.

(b) An advanced payment of the premiums *or contributions* for insurance coverage for which he is otherwise eligible pursuant to chapter 287 of NRS. If the insurance coverage is terminated and the money advanced for premiums *or contributions* pursuant to this subsection exceeds the amount which is payable for premiums *or contributions* for the period for which the former employee was actually covered, the unused portion of the advanced payment must be paid promptly to the former employee or, if he is deceased, to his beneficiary.

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

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

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

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

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

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

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

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

**Sec. 2.3.** NRS 286.160 is hereby amended to read as follows:

286.160 1. The board shall employ an executive officer who serves at the pleasure of the board. The executive officer shall select an operations officer, investment officer, manager of information systems, administrative assistant and administrative analyst whose appointments are effective upon confirmation by the board. The operations officer, investment officer, manager of information systems, administrative assistant and administrative analyst serve at the pleasure of the executive officer.

2. The executive officer, operations officer, investment officer, manager of information systems, administrative assistant and administrative analyst are entitled to annual salaries fixed by the board with the approval of the interim retirement *and benefits* committee of the legislature ~~and~~ *created pursuant to section 36.5 of this act*. The salaries of these employees are exempt from the limitations of NRS 281.123.

3. The executive officer must:

(a) Be a graduate of a 4-year college or university with a degree in business administration or public administration or equivalent degree.

(b) Possess at least 5 years' experience in a high level administrative or executive capacity, including responsibility for a variety of administrative functions such as retirement, insurance, investment or fiscal operations.

4. The operations officer and the investment officer must each be a graduate of a 4-year college or university with a degree in business administration or public administration or an equivalent degree.

5. Except as otherwise provided in NRS 284.143, the executive officer shall not pursue any other business or occupation or perform the duties of any other office of profit during normal office hours unless on leave approved in advance. The executive officer shall not participate in any business enterprise or investment in real or personal property if the system owns or has a direct financial interest in that enterprise or property.

**Sec. 2.6.** NRS 286.211 is hereby amended to read as follows:

286.211 1. The board shall, with the advice of the interim retirement *and benefits* committee ~~and~~ *of the legislature created pursuant to section 36.5 of this act*:

(a) Adopt regulations for the evaluation of requests for enrollment under the police and firemen's retirement fund; and

(b) Determine those positions eligible under the early retirement provisions for police officers and firemen.

2. Service in any position which has not been determined by the board to be eligible does not entitle a member to early retirement as a fireman or police officer.

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

286.615 1. In addition to the options provided in NRS 287.023 and subject to the requirements of that section, any officer or employee of the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other public agency of the State of Nevada, who retires under the conditions set forth in NRS 286.510 and, at the time of his retirement, was covered or had his dependents covered by any group insurance or medical and hospital service established pursuant to NRS 287.010 and 287.020, has the option of having the executive officer deduct and pay his premium *or contribution* for that group insurance or medical and hospital service coverage, as well as the amount due or to become due upon any obligation designated by the board pursuant to subsection 2, from his monthly retirement allowance until:

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

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

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

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

**Sec. 4.** Chapter 287 of NRS is hereby amended by adding thereto the provisions set forth as sections 5 to 12.5, inclusive, of this act.

**Sec. 5.** *As used in NRS 287.041 to 287.049, inclusive, and sections 5 to 12.5, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 6 and 7 of this act have the meanings ascribed to them in those sections.*

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

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

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

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

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

4. The board may meet in closed session:

(a) To discuss matters relating to personnel;

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

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

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

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

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

2. The executive officer must:

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

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

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

4. The executive officer is entitled to an annual salary fixed by the board with the approval of the interim retirement and benefits committee of the legislature created pursuant to section 36.5 of this act. The salary of the executive officer is exempt from the limitations set forth in NRS 281.123.

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

2. While attending courses of continuing education, a member of the board who is a public employee and the executive officer must be granted

*administrative leave with pay and are entitled to receive the travel expenses provided for state officers and employees generally.*

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

*Sec. 11.5. 1. A participating state employee whose position is only authorized for 4 to 6 months every other year and who plans to return to the same or a similar position for the next period during which such a position is authorized may retain his membership in and his dependents' coverage by the program after his employment ceases for:*

*(a) Six full calendar months in addition to the period of extended coverage required by federal law following the termination of employment; or*

*(b) Twenty-four full calendar months, if no period of extended coverage is required by federal law.*

*2. An employee who elects to continue his participation in the program pursuant to subsection 1 shall pay the entire premium or contribution plus allowable administrative fees for his insurance until the date on which he is reemployed.*

*3. Failure to return to the same or a similar position for any reason, whether the decision was made by the former employee or the state, does not affect the application of this section.*

*Sec. 12. (Deleted by amendment.)*

*Sec. 12.5. 1. If approved by the board pursuant to this section, a group of not less than 300 officers, employees or retired employees, or any combination thereof, that participate in the program may leave the program and secure life, accident or health insurance, or any combination thereof, for the group from an:*

*(a) Insurer that is authorized by the commissioner of insurance to provide such insurance; or*

*(b) Employee benefit plan, as defined in 29 U.S.C. § 1002(3) that has been approved by the board. The board may approve an employee benefit plan unless the board finds that the plan is not operated pursuant to such sound accounting and financial management practices as to ensure that the group will continue to receive adequate benefits.*

*2. Before entering into a contract with the insurer or approved employee benefit plan, the group shall submit the proposed contract to the board for approval. The board may approve the contract unless the departure of the group from the program would cause an increase of more than 5 percent in the costs of premiums or contributions for the remaining participants in the program. In determining whether to approve a proposed contract, the board shall follow the criteria set forth in the regulations adopted by the board pursuant to subsection 4 and may consider the cumulative impact of groups that have left or are proposing to leave the program. Except as otherwise provided in this section, the*



*board has discretion in determining whether to approve a contract. If the board approves a proposed contract pursuant to this subsection, the group that submitted the proposed contract is not authorized to leave the program until 120 days after the date on which the board approves the proposed contract.*

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

*4. The board shall adopt regulations establishing the criteria pursuant to which the board will approve proposed contracts pursuant to subsection 2.*

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

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

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

3. Except as otherwise provided in NRS 287.0235, notice of the selection of the option must be given in writing to the last public employer of the officer or employee within 30 days after the date of retirement or death, as the case may be. If no notice is given by that date, the retired employee and his dependents shall be deemed to have selected the option

to cancel the coverage or not to join the ~~{state's}~~ **public employees' benefits** program, as the case may be.

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

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

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

- (a) Providing the public employees' retirement board with written notice of his intention to enroll in the ~~{state's}~~ **public employees' benefits** program during a period of open enrollment;
- (b) Showing evidence of his good health as a condition of enrollment;
- (c) Accepting the ~~{state program's}~~ current plan of insurance **of the public employees' benefits program** and any subsequent changes to the plan; and
- (d) Paying any portion of the ~~{policy's}~~ premiums **or contributions for the program** in the manner set forth in NRS 286.615, which are due ~~{from}~~ **after** the date of enrollment.

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

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

- (a) Mailing a notice regarding the period of open enrollment to all retired persons who are, according to its records, eligible to join the ~~{state's program of group insurance,}~~ **public employees' benefits program;**
- (b) Posting a notice of the period of open enrollment at its principal office and at least three other separate prominent places, such as a library, community center or courthouse; and
- (c) Publicizing the period of open enrollment in any other manner reasonably calculated to inform additional eligible retired persons.

3. The public employees' retirement board shall notify the ~~{committee on benefits}~~ **board of the public employees' benefits program** of the



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

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

- (a) The person has not received any medical advice, treatment or consultation for a period of 6 consecutive months after enrollment; or
- (b) The insurance coverage has been in effect more than 12 consecutive months.

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

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

1. Negotiate and contract with any other such agency or with the ~~{committee on benefits for the state's group insurance plan}~~ **board of the public employees' benefits program** to secure group insurance for its officers and employees and their dependents by participation in any group insurance plan established or to be established or in the ~~{state's group insurance plan;}~~ **public employees' benefits program;** and

2. To secure group health, ~~{or}~~ life **or workers' compensation** insurance for its officers and employees and their dependents, participate as a member of a nonprofit cooperative association or nonprofit corporation that has been established in this state to secure such insurance for its members from an insurer licensed pursuant to the provisions of Title 57 of NRS.

3. In addition to the provisions of subsection 2, participate as a member of a nonprofit cooperative association or nonprofit corporation that has been established in this state to:

(a) Facilitate contractual arrangements for the provision of medical services to its members' officers and employees and their dependents and for related administrative services.

(b) Procure health-related information and disseminate that information to its members' officers and employees and their dependents.

**Sec. 16.** NRS 287.030 is hereby amended to read as follows:

287.030 No provisions of law prohibiting, restricting or limiting the assignment of or order for wages or salary shall be deemed in any way to prohibit, restrict or limit the powers enumerated in NRS 287.010 and 287.020, nor the right and power of officers or employees to authorize and approve payment of premiums **or contributions** by wage and salary deductions.

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

287.040 The provisions of NRS 287.010 to 287.040, inclusive, and section 2 of *Senate Bill No. 404 of this ~~act,~~ session*, do not make it compulsory upon any governing body of any county, school district, municipal corporation, political subdivision, public corporation or other public agency of the State of Nevada to, except as otherwise provided in section 2 of *Senate Bill No. 404 of this ~~act,~~ session*, make any contributions for the payment of any premiums or other costs for group insurance or medical or hospital services, or upon any officer or employee of any county, school district, municipal corporation, political subdivision, public corporation or other public agency of this state to accept or join any plan of group insurance or to assign his wages or salary or to authorize deductions from his wages or salary in payment of premiums *or contributions* therefor.

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

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

- ~~[1.—Two members must be selected by the board of directors of the State of Nevada Employees Association.~~
- ~~—2.—One member must be the director of the department of administration.~~
- ~~—3.—Two members, one of whom must be an employee retired from state service, must be appointed by the governor.]~~

*(a) One member who is a professional employee of the University and Community College System of Nevada, appointed by the governor upon consideration of any recommendations of organizations that represent employees of the University and Community College System of Nevada.*

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

*(c) Two members who are employees of the state, appointed by the governor upon consideration of any recommendations of organizations that represent state employees.*

*(d) One member appointed by the governor upon consideration of any recommendations of organizations that represent employees of local governments that participate in the program.*

*(e) One member who is employed by this state in a managerial capacity and has substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the governor. The governor may appoint the executive officer of the public employees' retirement system to fill this position.*

*(f) Two members who have substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the governor.*

- (g) *The director of the department of administration or his designee.*
2. *Of the six persons appointed to the board pursuant to paragraphs (a) to (e), inclusive, of subsection 1, at least one member must have an advanced degree in business administration, economics, accounting, insurance, risk management or health care administration, and at least two members must have education or proven experience in the management of employees' benefits, insurance, risk management, health care administration or business administration.*
3. *Each person appointed as a member of the board must:*
- (a) *Except for a member appointed pursuant to paragraph (f) of subsection 1, have been a participant in the program for at least 1 year before his appointment;*
- (b) *Except for a member appointed pursuant to paragraph (f) of subsection 1, be a current employee of the State of Nevada or another public employer that participates in the program or a retired public employee who is a participant in the program; and*
- (c) *Not be an elected officer of the State of Nevada or any of its political subdivisions.*
4. *Except as otherwise provided in this subsection, after the initial terms, the term of an appointed member of the board is 4 years and until his successor is appointed and takes office unless the member no longer possesses the qualifications for appointment set forth in this section or is removed by the governor. If a member loses the requisite qualifications within the last 12 months of his term, the member may serve the remainder of his term. Members are eligible for reappointment. A vacancy occurring in the membership of the board must be filled in the same manner as the original appointment.*
5. *The appointed members of the board serve at the pleasure of the governor. If the governor wishes to remove a member from the board for any reason other than malfeasance or misdemeanor, the governor shall provide the member with written notice which states the reason for and the effective date of the removal.*

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

- 287.042 1. ~~[A majority of the members of the committee on benefits constitutes a quorum for the transaction of business.~~
- ~~—2.]~~ No member who is a public employee may receive any compensation for his services as a member of the ~~[committee.]~~ **board**. Any member who is ~~[employed in the service of the state]~~ **a public employee** must be granted **administrative** leave from his duties to engage in the business of the ~~[committee]~~ **board** without loss of his regular compensation. Such leave does not reduce the amount of the member's ~~[annual leave.~~
- ~~—3.]~~ **other accrued leave.**
2. A member of the ~~[committee]~~ **board** who is not a public employee is entitled to receive \$80 per day for his attendance at meetings of the ~~[committee.]~~ **board**.

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

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

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

**1. The board shall:**

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

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

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

~~2.} program.~~

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

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

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

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

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

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

~~6.} program.~~

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

~~{7.} (e)~~ **Investigate and approve or disapprove any contract proposed pursuant to section 12.5 of this act.**

**(f)** Adopt such regulations and perform such other duties as are necessary to carry out the provisions of NRS 287.041 to 287.049, inclusive, and sections 2 and 3 of **Senate Bill No. 404 of this {act,} session, and sections 5 to 12.5, inclusive, of this act,** including , **without limitation,** the establishment of:

~~[(a)]~~ (1) Fees for applications for participation in the ~~[state's]~~ program and for the late payment of premiums ~~[-]~~

~~-(b)]~~ *or contributions;*

(2) Conditions for entry and reentry into the ~~[state's]~~ program by public agencies enumerated in NRS 287.010; ~~[and]~~

~~-(c)]~~ (3) The levels of participation in the ~~[state's]~~ program required for employees of participating public agencies ~~[-]~~

~~-8.];~~

*(4) Procedures by which a group of participants in the program may leave the program pursuant to section 12.5 of this act and conditions and procedures for reentry into the program by such participants; and*

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

(g) Appoint an independent certified public accountant. The accountant shall provide ~~[an]~~ :

*(1) An annual audit of the ~~[plan-and]~~ program; and*

*(2) A biennial audit of the program to determine whether the program complies with federal and state laws relating to taxes and employee benefits.*

*The accountant shall report to the ~~[committee]~~ board and the ~~[legislative commission. For the purposes of]~~ interim retirement and benefits committee of the legislature created pursuant to section 36.5 of this act.*

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

287.0433 The ~~[committee-on-benefits]~~ *board* may establish a plan of life, accident or health insurance and provide for the payment of contributions into the ~~[self-insurance-fund,]~~ *fund for the public employees' benefits program established pursuant to NRS 287.0435*, a schedule of benefits and the disbursement of benefits from the fund. The ~~[committee]~~ *board* may reinsure any risk or any part of such a risk. ~~[Payments into and disbursements from the fund must be so arranged as to keep the fund solvent.]~~

**Sec. 22.** NRS 287.0434 is hereby amended to read as follows:

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

1. Use its assets to pay the expenses of health care for its members and covered dependents, to pay its employees' salaries and to pay administrative and other expenses.
2. Enter into contracts relating to the administration of ~~{a plan of insurance,}~~ **the program**, including **, without limitation**, contracts with licensed administrators and qualified actuaries.
3. Enter into contracts with physicians, surgeons, hospitals, health maintenance organizations and rehabilitative facilities for medical, surgical and rehabilitative care and the evaluation, treatment and nursing care of members and covered dependents.
4. Enter into contracts for the services of other experts and specialists as required by ~~{a plan of insurance.}~~ **the program.**
5. Charge and collect from an insurer, health maintenance organization, organization for dental care or nonprofit medical service corporation, a fee for the actual expenses incurred by the ~~{committee,}~~ **board**, the state or a participating public employer in administering a plan of insurance offered by that insurer, organization or corporation.

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

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

2. The money in the fund must be invested as other money of the state is invested and any income from investments paid into the fund for the benefit of the fund.
3. Disbursements from the fund must be made as any other claims against the state are paid.
4. The state treasurer may charge a reasonable fee for his services in administering the fund, but the state, the state general fund and the state treasurer are not liable to the fund for any loss sustained by the fund as a result of any investment made on behalf of the fund or any loss sustained in the operation of the ~~{plan of self insurance. The state is liable for indemnification of the committee on benefits, the state risk manager and other employees of the state against liability relating to the administration of the state's program of group insurance, subject to the limitations specified in NRS 41.0349.}~~ **program.**

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

287.0437 ~~{The committee on benefits may employ professional, technical and clerical personnel as necessary to assist it in the operation of~~



~~the plan of self insurance. Their salaries and other costs must be paid out of the self insurance fund. The committee shall prepare a budget for these costs in the manner prescribed for state agencies.]~~

*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 retirement and benefits committee of the legislature created pursuant to section 36.5 of this act. The salaries of these employees are exempt from the limitations set forth in NRS 281.123.*

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

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

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

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

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

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

**Sec. 27.** NRS 287.044 is hereby amended to read as follows:

287.044 1. A part of the cost of the premiums or contributions for that group insurance, not to exceed the amount specified by law, applied to both group life and group accident or health coverage, for each public officer, except a senator or assemblyman, or employee electing to participate in the ~~{group insurance}~~ program, may be paid by the department, agency, commission or public agency which employs the officer or employee in whose behalf that part is paid from money

appropriated to or authorized for that department, agency, commission or public agency for that purpose. Participation by the state in the cost of premiums or contributions must not exceed the amounts specified by law. If an officer or employee chooses to cover his dependents, whenever this option is made available by the ~~{committee on benefits,}~~ **board**, except as otherwise provided in sections 2 and 3 of **Senate Bill No. 404 of this {act,} session**, he must pay the difference between the amount of the premium or contribution for the coverage for himself and his dependents and the amount paid by the state.

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

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

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

1. Was injured in the course of that employment;
2. Receives compensation for a temporary total disability pursuant to NRS 616C.475; and
3. Was a member of the ~~{state's program of group insurance}~~ **program** at the time of the injury,

shall pay the state's share of the cost of the premiums ~~{of the group insurance}~~ **or contributions for the program** for that officer or employee for ~~{a period of}~~ not more than 9 months **after the injury** or until the officer or employee is able to return to work, whichever is less. If the previous injury recurs within 1 month after the employee returns to work and the employee again receives compensation pursuant to NRS 616C.475 as a result of the previous injury, the department, agency, commission or public agency shall not, except as otherwise provided in this subsection, pay the state's share of the cost of the premiums **or contributions** for the period during which the employee is unable to work as a result of the recurring previous injury. If the initial period of disability was less than 9 months, the department, agency, commission or public agency shall pay, during the recurrence, the state's share of the costs of the premiums **or contributions** for a period which, when added to the initial period, equals not more than 9 months.

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

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

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

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

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

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

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

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

6. Notwithstanding the provisions of subsections 1, 3 and 4, if the ~~{committee on benefits}~~ **board** does not, pursuant to NRS 689B.580, elect to exclude the program from compliance with NRS 689B.340 to 689B.590, inclusive, and if the coverage under the program is provided by a health maintenance organization authorized to transact insurance in this state pursuant to chapter 695C of NRS, any affiliation period imposed by the program may not exceed the statutory limit for an affiliation period set forth in NRS 689B.500.

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

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

compensation for the payment of premiums or contributions ~~for the insurance.~~ **for the program.**

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

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

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

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

4. For the purposes of subsection 2:

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

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

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

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

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

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

2. If an officer, employee or dependent or his successors in interest fail or refuse to commence an action to enforce that legal liability, the ~~committee on benefits~~ **board** may commence an independent action, after

notice to the officer, employee or dependent or his successors in interest, to recover all costs to which it is entitled. In any such action by the ~~{committee on benefits,}~~ **board**, the officer, employee or dependent may be joined as a third party defendant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

287.048 NRS 287.041 to 287.047, inclusive, **and sections 5 to 12.5, inclusive, of this act**, do not require any officer or employee of the State of Nevada to accept or join the ~~{state's program of group insurance,}~~ **program**, or to assign his wages or salary to or authorize deductions from his wages or salary in payment of premiums or contributions for ~~{group insurance.}~~ **the program.**

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

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

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

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

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

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



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

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

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

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

(1) Collection of money deducted;

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

(3) Payment for eligible uses.

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

(1) Consolidated billing;

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

(3) The control and safeguarding of assets;

(4) Programs for communication with employees; and

(5) The administration and coordination of the program.

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

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

**Sec. 36.5.** Chapter 218 of NRS is hereby amended by adding thereto a new section to read as follows:

***1. There is hereby created an interim retirement and benefits committee of the legislature to review the operation of the public employees' retirement system and the public employees' benefits program and to make recommendations to the public employees' retirement board and the board of the public employees' benefits program, the legislative commission and the legislature. The interim retirement and benefits committee consists of six members appointed as follows:***

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

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

*2. The immediate past chairman of the senate standing committee on finance is the chairman of the interim retirement and benefits committee for the period ending with the convening of each odd-numbered session of the legislature. The immediate past chairman of the assembly standing committee on ways and means is the chairman of the interim retirement and benefits committee during the next legislative interim, and the chairmanship alternates between the houses of the legislature according to this pattern.*

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

*4. The director of the legislative counsel bureau shall provide a secretary for the interim retirement and benefits committee.*

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

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

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

- (a) The governor.
- (b) The department of prisons.
- (c) The University and Community College System of Nevada.
- (d) The office of the military.
- (e) The state gaming control board.
- (f) The Nevada gaming commission.
- (g) The welfare division of the department of human resources.
- (h) The division of health care financing and policy of the department of human resources.
- (i) The state board of examiners acting pursuant to chapter 217 of NRS.
- (j) Except as otherwise provided in NRS 533.365, the office of the state engineer.

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

3. The special provisions of:

- (a) Chapter 612 of NRS for the distribution of regulations by and the judicial review of decisions of the employment security division of the department of employment, training and rehabilitation;
- (b) Chapters 616A to 617, inclusive, of NRS for the determination of contested claims;
- (c) Chapter 703 of NRS for the judicial review of decisions of the public utilities commission of Nevada;
- (d) Chapter 91 of NRS for the judicial review of decisions of the administrator of the securities division of the office of the secretary of state; and
- (e) NRS 90.800 for the use of summary orders in contested cases, prevail over the general provisions of this chapter.

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

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

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

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

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

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

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

- (a) Casualty insurance, as that term is defined in NRS 681A.020;
- (b) Marine and transportation insurance, as that term is defined in NRS 681A.050;
- (c) Property insurance, as that term is defined in NRS 681A.060;
- (d) Surety insurance, as that term is defined in NRS 681A.070;
- (e) Health insurance, as that term is defined in NRS 681A.030; or
- (f) Insurance for any combination of these kinds of protection.

2. Any political subdivision of the state, any agency of the state or the University and Community College System of Nevada which participates in the ~~state's program of group insurance~~ **public employees' benefits**

*program* shall obtain the approval of the ~~[committee on benefits]~~ *board of the public employees' benefits program* before it enters into a cooperative agreement for the purchase of health insurance pursuant to paragraph (e) of subsection 1.

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

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

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

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

331.184 The state risk manager shall:

1. Direct and supervise all administrative and technical activities of the risk management division.
2. Determine the nature and extent of requirements for insurance, other than group life, accident or health insurance, on risks of an insurable nature of the state and any of its agencies, the premiums for which are payable in whole or in part from public money.
3. Negotiate for, procure, purchase and have placed, through a licensed insurance agent or broker residing or domiciled in Nevada, or continued in effect all insurance coverages, other than employee group life, accident or health insurance, which may be reasonably obtainable, whether from insurers authorized to transact business in this state or under the surplus lines provisions of chapter 685A of NRS.
4. Conduct periodic inspections of premises, property and risks to determine insurability, risk and premium rate, and submit a written report of each inspection and appraisal, together with any recommendations that appear appropriate, to the administrator of the agency most responsible for the premises, property or risk, and to the director of the department of administration.
5. Provide for self-insurance if the potential loss is relatively insignificant or if the risk is highly predictable and the probability of loss is so slight that the cost of insuring the risk is not a prudent expenditure of public funds, or if insurance is unavailable or unavailable at a reasonable cost.
6. Select reasonable deductibles when it appears economically advantageous to the state to do so.
7. Select comprehensive and blanket coverages insuring the property of two or more state agencies when that appears economically advisable.
8. Investigate and determine the reliability and financial condition of insurers, and the services they provide.
9. Minimize risks by adopting and promoting programs to control losses and encourage safety.

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

11. ~~Act as adviser to the committee on benefits.~~  
~~12.]~~ Perform any other function of risk management as directed by the director of the department of administration.

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

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

*2. As used in this section:*

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

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

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

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

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

(b) Except as otherwise provided in subsection 2, provide benefits which are at least as extensive as the benefits provided by the previous policy or coverage, except that benefits may be reduced or excluded to the extent that such a reduction or exclusion was permissible under the terms of the previous policy or coverage,

if that replacement policy is issued within 60 days after the date on which the previous policy or coverage was discontinued.

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

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

what benefits were provided and what exclusions or reductions were in effect under the previous policy or coverage.

4. The provisions of this section:

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

(b) Do not apply to the ~~{state's program of group insurance}~~ **public employees' benefits program** established pursuant to NRS 287.041 to 287.049, inclusive ~~{H}~~, **and sections 5 to 12.5, inclusive, of this act.**

**Sec. 42.5.** Section 18 of this act is hereby amended to read as follows:

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

287.041 1. There is hereby created the board of the public employees' benefits program. The board consists of ~~{nine}~~ **seven** members appointed as follows:

(a) One member who is an employee of the University and Community College System of Nevada, appointed by the governor upon consideration of any recommendations of organizations that represent employees of the University and Community College System of Nevada.

(b) One member who is retired from public employment, appointed by the governor upon consideration of any recommendations of organizations that represent retired public employees.

(c) Two members who are employees of the state, appointed by the governor upon consideration of any recommendations of organizations that represent state employees.

(d) One member appointed by the governor upon consideration of any recommendations of organizations that represent employees of local governments that participate in the program.

(e) One member who is employed by this state in a managerial capacity and has substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the governor. The governor may appoint the executive officer of the public employees' retirement system to fill this position.

(f) ~~{Two members who have substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the governor.~~

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

2. Of the six persons appointed to the board pursuant to paragraphs (a) to (e), inclusive, of subsection 1, at least one member must have an advanced degree in business administration, economics, accounting, insurance, risk management or health care administration, and at least two members must have education or proven experience in the management of employees' benefits,



insurance, risk management, health care administration or business administration.

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

- (a) ~~{Except for a member appointed pursuant to paragraph (f) of subsection 1, have}~~ **Have** been a participant in the program for at least 1 year before his appointment;
- (b) ~~{Except for a member appointed pursuant to paragraph (f) of subsection 1, be}~~ **Be** a current employee of the State of Nevada or another public employer that participates in the program or a retired public employee who is a participant in the program; and
- (c) Not be an elected officer of the State of Nevada or any of its political subdivisions.

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

5. The appointed members of the board serve at the pleasure of the governor. If the governor wishes to remove a member from the board for any reason other than malfeasance or misdemeanor, the governor shall provide the member with written notice which states the reason for and the effective date of the removal.

**Sec. 42.7.** Section 3 of Assembly Bill No. 12 of this session is hereby amended to read as follows:

**Sec. 3.** NRS 233B.039 is hereby amended to read as follows:

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

- (a) The governor.
- (b) The department of prisons.
- (c) The University and Community College System of Nevada.
- (d) The office of the military.
- (e) The state gaming control board.
- (f) The Nevada gaming commission.
- (g) The welfare division of the department of human resources.
- (h) The division of health care financing and policy of the department of human resources.
- (i) The state board of examiners acting pursuant to chapter 217 of NRS.
- (j) Except as otherwise provided in NRS 533.365, the office of the state engineer.

*(k) The division of industrial relations of the department of business and industry acting to enforce the provisions of NRS 618.375.*

*(l) The board to review claims in adopting resolutions to carry out its duties pursuant to NRS 590.830.*

2. Except as otherwise provided in NRS 391.323, the department of education, the board of the public employees' benefits program and the commission on professional standards in education are subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

3. The special provisions of:

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

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

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

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

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

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

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

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

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

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

**Secs. 43-46.** (Deleted by amendment.)

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

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

~~2. On and after the effective date of this act, the~~ *until the members of the board of the public employees' benefits program are appointed pursuant to section 48 of Senate Bill No. 544 of this session.*

2. *The* Governor, or his designee, shall administer the provisions of NRS 287.041 to 287.049, inclusive ~~{ }~~, *until the members of the board of the public employees' benefits program are appointed pursuant to section 48 of Senate Bill No. 544 of this session.* For this purpose, the Governor or his designee are hereby granted all powers necessary and proper to ensure the efficient and effective operation of the plan of self-insurance for state officers and employees and all other programs and benefits authorized by NRS 287.041 to 287.049, inclusive, and shall act on behalf of the Committee on Benefits in all matters relating to any contracts or other matters to which the committee is a party.

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

**Sec. 47.2.** Section 3 of Senate Bill No. 404 of this session is hereby amended to read as follows:

**Sec. 3.** 1. Except as otherwise provided in subsection 4, the surviving spouse and any surviving child of a police officer or fireman who was employed by a participating public agency and who was killed in the line of duty may join or continue coverage under the ~~{state's program of group insurance}~~ *public employees' benefits program* if the police officer or fireman was a participant or would have been eligible to participate on the date of the death of the police officer or fireman. If the surviving spouse or child elects to join or discontinue coverage under the ~~{state's program of group insurance}~~ *public employees' benefits program* pursuant to this subsection, the spouse, child or legal guardian of the child must notify in writing the participating public agency that employed the police officer or fireman within 60 days after the date of death of the police officer or fireman.

2. Except as otherwise provided in subsection 4, the surviving spouse and any surviving child of a volunteer fireman who was killed in the line of duty and who was officially a member of a

volunteer fire department in this state is eligible to join the ~~{state's program of group insurance.}~~ **public employees' benefits program.** If such a spouse or child elects to join the ~~{state's program of group insurance.}~~ **public employees' benefits program,** the spouse, child or legal guardian of the child must notify in writing the ~~{committee on benefits}~~ **board** within 60 days after the date of death of the volunteer fireman.

3. The participating public agency that employed the police officer or fireman shall pay the entire cost of the premiums or contributions for the ~~{state's program of group insurance}~~ **public employees' benefits program** for the surviving spouse or child who meets the requirements set forth in subsection 1. The State of Nevada shall pay the entire cost of the premiums or contributions for the ~~{state's program of group insurance}~~ **public employees' benefits program** for the surviving spouse or child who elects to join the ~~{state's program of group insurance}~~ **public employees' benefits program** pursuant to subsection 2.

4. A surviving spouse is eligible to receive coverage pursuant to this section for the duration of the life of the surviving spouse. A surviving child is eligible to receive coverage pursuant to this section until the child reaches:

- (a) The age of 18 years; or
- (b) The age of 23 years, if the child is enrolled as a full-time student in an accredited university, college or trade school.

5. As used in this section "police officer" has the meaning ascribed to it in NRS 617.135.

**Sec. 47.3.** Section 3 of Senate Bill No. 404 of this session is hereby amended to read as follows:

**Sec. 3.** 1. Except as otherwise provided in subsection 4, the surviving spouse and any surviving child of a police officer or fireman who was employed by a participating public agency and who was killed in the line of duty may join or continue coverage under the public employees' benefits program **or another insurer or employee benefit plan approved by the board pursuant to section 12.5 of Senate Bill No. 544 of this session** if the police officer or fireman was a participant or would have been eligible to participate on the date of the death of the police officer or fireman. If the surviving spouse or child elects to join or discontinue coverage under the public employees' benefits program pursuant to this subsection, the spouse, child or legal guardian of the child must notify in writing the participating public agency that employed the police officer or fireman within 60 days after the date of death of the police officer or fireman.

2. Except as otherwise provided in subsection 4, the surviving spouse and any surviving child of a volunteer fireman who was killed in the line of duty and who was officially a member of a

volunteer fire department in this state is eligible to join the public employees' benefits program. If such a spouse or child elects to join the public employees' benefits program the spouse, child or legal guardian of the child must notify in writing the board within 60 days after the date of death of the volunteer fireman.

3. The participating public agency that employed the police officer or fireman shall pay the entire cost of the premiums or contributions for the public employees' benefits program *or another insurer or employee benefit plan approved by the board pursuant to section 12.5 of Senate Bill No. 544 of this session* for the surviving spouse or child who meets the requirements set forth in subsection 1. The State of Nevada shall pay the entire cost of the premiums or contributions for the public employees' benefits program for the surviving spouse or child who elects to join the public employees' benefits program pursuant to subsection 2.

4. A surviving spouse is eligible to receive coverage pursuant to this section for the duration of the life of the surviving spouse. A surviving child is eligible to receive coverage pursuant to this section until the child reaches:

- (a) The age of 18 years; or
- (b) The age of 23 years, if the child is enrolled as a full-time student in an accredited university, college or trade school.

5. As used in this section "police officer" has the meaning ascribed to it in NRS 617.135.

**Sec. 47.5.** NRS 286.113 and 287.0432 are hereby repealed.

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

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

- (a) Member will serve an initial term that begins on July 1, 1999, and expires on July 1, 2000;
- (b) Member will serve an initial term that begins on July 1, 1999, and expires on July 1, 2001;
- (c) Member will serve an initial term that begins on July 1, 1999, and expires on July 1, 2002; and
- (d) Two members will serve initial terms that begin on July 1, 1999, and expire on July 1, 2003.

**Sec. 48.5.** On or before February 5, 2001, the board of the public employees' benefits program created pursuant to NRS 287.041 shall submit a copy of the regulations adopted by the board pursuant to section 12.5 of this act to the 71st session of the Nevada Legislature.

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

2. Sections 1 to 12, inclusive, 13 to 28, inclusive, 30 to 40, inclusive, 42, 42.7, 47.2, 48.5 and 50 of this act become effective on July 1, 1999.

3. Section 29 of this act becomes effective at 12:01 a.m. on July 1, 1999.

4. Section 12.5 and 47.3 of this act become effective on July 1, 1999, for the purpose of adopting regulations, and on January 1, 2001, for all other purposes.

5. Section 18 of this act expires by limitation on July 1, 2003.

6. Section 42.5 of this act becomes effective on July 1, 2003.

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

1. In preparing the reprint and supplements to the Nevada Revised Statutes, with respect to any section that is not amended by this act or is further amended by another act, appropriately change any reference to:

(a) "Committee on benefits" to "board of the public employees' benefits program."

(b) "State's program of group insurance" to "public employees' benefits program."

2. In preparing supplements to the Nevada Administrative Code, appropriately change any reference to:

(a) "Committee on benefits" to "board of the public employees' benefits program."

(b) "State's program of group insurance" to "public employees' benefits program."

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