

ASSEMBLY BILL NO. 123--ASSEMBLYMEN DE BRAGA, CHOWNING, FREEMAN, GIBBONS, ANDERSON, BERMAN, CLABORN, COLLINS, GIUNCHIGLIANI, KOIVISTO, LEE, MANENDO, MORTENSON, OCEGUERA, PARKS, PARNELL AND SMITH

FEBRUARY 13, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to health insurance provided by public employees' benefits program. (BDR 57-603)

FISCAL NOTE: Effect on Local Government: Yes. Effect on the State: Yes.

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

AN ACT relating to health insurance; requiring the board of the public employees' benefits program to comply with certain provisions concerning health insurance applicable to other insurers with regard to health insurance it provides through a plan of self-insurance; requiring the board to notify certain persons of a proposed change in the premium charged for or coverage of health insurance provided by the public employees' benefits program; requiring the board to offer certain persons who participate in the program a choice of a policy of health insurance purchased by the board from an insurer or a policy of health insurance provided by the board through a plan of self-insurance; 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 679B.130 is hereby amended to read as follows:
- 2 679B.130 1. The commissioner may adopt reasonable regulations for
- 3 the administration of any provision of this code or chapters 616A to 617,
- 4 inclusive, of NRS ~~1~~ *and sections 3 and 4 of this act.*
- 5 2. A person who willfully violates any regulation of the commissioner
- 6 is subject to such suspension or revocation of a certificate of authority or
- 7 license, or administrative fine in lieu of such suspension or revocation, as
- 8 may be applicable under this code or chapter 616A, 616B, 616C, 616D or
- 9 617 of NRS for violation of the provision to which the regulation relates.
- 10 No penalty applies to any act done or omitted in good faith in conformity
- 11 with any such regulation, notwithstanding that the regulation may, after the
- 12 act or omission, be amended, rescinded or determined by a judicial or other
- 13 authority to be invalid for any reason.



1 **Sec. 2.** Chapter 287 of NRS is hereby amended by adding thereto the
2 provisions set forth as sections 3 and 4 of this act.

3 **Sec. 3.** *In providing health insurance through a plan of self-*
4 *insurance, the board shall comply with the provisions of NRS 689B.255,*
5 *695G.150, 695G.160, 695G.170 and 695G.200 to 695G.230, inclusive, in*
6 *the same manner as an insurer that is licensed pursuant to Title 57 of*
7 *NRS is required to comply with those provisions.*

8 **Sec. 4.** 1. *The board shall offer each state officer, employee,*
9 *retired employee and any other person who is eligible to participate in the*
10 *program, a choice of a policy of health insurance:*

11 (a) *Purchased by the board from an insurer; or*
12 (b) *Provided by the board through a plan of self-insurance established*
13 *pursuant to NRS 287.0433.*

14 2. *On or before November 1 of each year, the board shall provide a*
15 *written statement to each state officer, employee, retired employee and*
16 *any other person who participates in the program. The statement must*
17 *include information for the preceding fiscal year concerning:*

18 (a) *The amount of the premium charged for health insurance for that*
19 *state officer, employee, retired employee or other person;*

20 (b) *For a state officer or employee, the amount of that premium which*
21 *was paid by the department, agency, commission or public agency that*
22 *employs the officer or employee on whose behalf the premium was paid;*

23 (c) *For a retired employee, the amount of that premium which was*
24 *paid by the department of personnel pursuant to NRS 287.046; and*

25 (d) *Such other information as the commissioner of insurance may*
26 *require by regulation.*

27 **Sec. 5.** NRS 287.0402 is hereby amended to read as follows:
28 287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*
29 *sections 3 and 4 of this act*, unless the context otherwise requires, the
30 words and terms defined in NRS 287.0404 and 287.0406 have the
31 meanings ascribed to them in those sections.

32 **Sec. 6.** NRS 287.043 is hereby amended to read as follows:
33 287.043 1. The board shall:

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

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

39 (2) May include a program to reduce taxable compensation or other
40 forms of compensation other than deferred compensation,
41 for the benefit of all state officers and employees and other persons who
42 participate in the program.

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

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

46 (a) Except as otherwise provided in this paragraph, negotiate and
47 contract with the governing body of any public agency enumerated in NRS
48 287.010 ~~which is desirous of obtaining~~ *that wishes to obtain* group
49 insurance for its officers, employees and retired employees by participation



1 in the program. The board shall establish separate rates and coverage for
2 those officers, employees and retired employees based on actuarial reports.

3 (b) ~~Give~~ *Except as otherwise provided in paragraph (c), provide*
4 public notice in writing of *any* proposed changes in rates or coverage to
5 each participating public employer who may be affected by the changes.
6 Notice must be provided at least 30 days before the effective date of the
7 changes.

8 (c) *If a proposed change is a change in the premium charged for or*
9 *coverage of health insurance, provide written notice of the proposed*
10 *change to all state officers, employees, retired employees and other*
11 *persons who participate in the program who may be affected by the*
12 *proposed change. The notice must be provided at least 60 days before the*
13 *date a state officer, employee, retired employee or other person is*
14 *required to select or change his policy of health insurance.*

15 (d) Purchase policies of life ~~or accident or health~~ or accident insurance,
16 or ~~any combination of these,~~ both, or, if applicable, a program to reduce
17 the amount of taxable compensation pursuant to 26 U.S.C. § 125, from any
18 company qualified to do business in this state or provide similar coverage
19 through a plan of self-insurance established pursuant to NRS 287.0433 for
20 the benefit of all eligible public officers, employees and retired employees
21 who participate in the program.

22 ~~(d)~~ (e) *Purchase a policy of health insurance from an insurer and*
23 *provide similar coverage through a plan of self-insurance established*
24 *pursuant to NRS 287.0433 for the purpose of providing a choice of*
25 *coverage for health insurance to eligible public officers, employees and*
26 *retired employees who participate in the program.*

27 (f) Except as otherwise provided in this Title, develop and establish
28 other employee benefits as necessary.

29 ~~(e)~~ (g) Investigate and approve or disapprove any contract proposed
30 pursuant to NRS 287.0479.

31 ~~(f)~~ (h) Adopt such regulations and perform such other duties as are
32 necessary to carry out the provisions of NRS 287.0402 to 287.049,
33 inclusive, *and sections 3 and 4 of this act*, including, without limitation,
34 the establishment of:

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

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

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

41 (4) Procedures by which a group of participants in the program may
42 leave the program pursuant to NRS 287.0479 and conditions and
43 procedures for reentry into the program by ~~such~~ those participants; and

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

45 ~~(e)~~ (i) Appoint an independent certified public accountant. The
46 accountant shall provide:

47 (1) An annual audit of the program; and



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

4 The accountant shall report to the board and the interim retirement and
5 benefits committee of the legislature created pursuant to NRS 218.5373.

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

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

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

16 6. As used in this section ~~“employee”~~ :

17 (a) *“Employee benefits”* includes any form of compensation provided
18 to a state employee pursuant to this Title except federal benefits, wages
19 earned, legal holidays, deferred compensation and benefits available
20 pursuant to chapter 286 of NRS.

21 (b) *“Insurer”* has the meaning ascribed to it in NRS 679B.540.

22 **Sec. 7.** NRS 287.0433 is hereby amended to read as follows:

23 287.0433 The board ~~may~~ :

24 1. *May* establish a plan of life ~~“accident or health”~~ or *accident*
25 insurance and provide for the payment of contributions into the fund for the
26 public employees’ benefits program established pursuant to NRS 287.0435,
27 a schedule of benefits and the disbursement of benefits from the fund. ~~The~~
28 ~~board may~~

29 2. *Shall establish a plan of health insurance and provide for the*
30 *payment of contributions into the fund for the public employees’ benefits*
31 *program established pursuant to NRS 287.0435, a schedule of benefits*
32 *and the disbursement of benefits for health insurance from the fund.*

33 3. *May* reinsure any risk or any part of such a risk.

34 **Sec. 8.** NRS 287.044 is hereby amended to read as follows:

35 287.044 1. A part of the cost of the premiums or contributions for
36 that group insurance, not to exceed the amount specified by law, applied to
37 both group life and group accident or health coverage, for each public
38 officer, except a senator or assemblyman, or employee electing to
39 participate in the program, may be paid by the department, agency,
40 commission or public agency which employs the officer or employee in
41 whose behalf that part is paid from money appropriated to or authorized for
42 that department, agency, commission or public agency for that purpose.
43 Participation by the state in the cost of premiums or contributions must not
44 exceed the amounts specified by law. If an officer or employee chooses to
45 cover his dependents, whenever this option is made available by the board,
46 except as otherwise provided in NRS 287.021 and 287.0477, he must pay
47 the difference between the amount of the premium or contribution for the
48 coverage for himself and his dependents and the amount paid by the state.



1 2. A department, agency, commission or public agency shall not pay
2 any part of those premiums or contributions if the group life insurance or
3 group accident or health insurance is not approved by the board.

4 **3. *If a department, agency, commission or public agency pays any***
5 ***part of the premiums for group health coverage, it shall pay the same***
6 ***amount for a policy of health insurance:***

- 7 (a) *Purchased by the board from an insurer; or*
- 8 (b) *Provided by the board through a plan of self-insurance established*
9 *pursuant to NRS 287.0433.*

10 **Sec. 9.** NRS 287.046 is hereby amended to read as follows:

11 287.046 1. Except as otherwise provided in subsection 6, any state or
12 other participating officer or employee who elects to participate in the
13 program may participate, and the department, agency, commission or
14 public agency that employs the officer or employee shall pay the state's
15 share of the cost of the premiums or contributions for the program from
16 money appropriated or authorized as provided in NRS 287.044. Employees
17 who elect to participate in the program must authorize deductions from
18 their compensation for the payment of premiums or contributions for the
19 program. ***Any deduction from the compensation of an employee for the***
20 ***payment of a premium for health insurance must be based on the actual***
21 ***cost of providing that health insurance after deducting any amount of the***
22 ***premium which is paid by the department, agency, commission or public***
23 ***agency that employs the employee.***

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

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

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

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

41 4. For the purposes of subsection 2:

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

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

45 5. The department shall agree through the board with the insurer for
46 billing of remaining premiums or contributions for the retired participant
47 and his dependents to the retired participant and to his dependents who
48 elect to continue coverage under the program after his death.



- 1 6. A senator or assemblyman who elects to participate in the program
2 shall pay the entire premium or contribution for his insurance.
- 3 **Sec. 10.** NRS 331.184 is hereby amended to read as follows:
4 331.184 The state risk manager shall:
- 5 1. Direct and supervise all administrative and technical activities of the
6 risk management division ~~of the~~ *of the department of administration.*
 - 7 2. Determine the nature and extent of requirements for insurance, other
8 than group life, accident or health insurance, on risks of an insurable nature
9 of the state and any of its agencies, the premiums for which are payable in
10 whole or in part from public money.
 - 11 3. Negotiate for, procure, purchase and have placed, through a licensed
12 insurance agent or broker residing or domiciled in Nevada, or continued in
13 effect all insurance coverages, other than employee group life, accident or
14 health insurance, which may be reasonably obtainable, whether from
15 insurers authorized to transact business in this state or under the surplus
16 lines provisions of chapter 685A of NRS.
 - 17 4. Conduct periodic inspections of premises, property and risks to
18 determine insurability, risk and premium rate, and submit a written report
19 of each inspection and appraisal, together with any recommendations that
20 appear appropriate, to the administrator of the agency most responsible for
21 the premises, property or risk, and to the director of the department of
22 administration.
 - 23 5. ~~Provide~~ *Except as otherwise provided in NRS 287.0433, provide*
24 for self-insurance if the potential loss is relatively insignificant or if the risk
25 is highly predictable and the probability of loss is so slight that the cost of
26 insuring the risk is not a prudent expenditure of public funds, or if
27 insurance is unavailable or unavailable at a reasonable cost.
 - 28 6. Select reasonable deductibles when it appears economically
29 advantageous to the state to do so.
 - 30 7. Select comprehensive and blanket coverages insuring the property
31 of two or more state agencies when that appears economically advisable.
 - 32 8. Investigate and determine the reliability and financial condition of
33 insurers, and the services they provide.
 - 34 9. Minimize risks by adopting and promoting programs to control
35 losses and encourage safety.
 - 36 10. Perform any of the services described in subsections 2, 3 and 4 for
37 any political subdivision of the state at the request of its managing officer
38 or governing body.
 - 39 11. Perform any other function of risk management as directed by the
40 director of the department of administration.

