

## (REPRINTED WITH ADOPTED AMENDMENTS)

## SECOND REPRINT

A.B. 123

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; 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 ~~H~~ *and section 2 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- 12 act or omission, be amended, rescinded or determined by a judicial or other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.



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1     **Sec. 2.** Chapter 287 of NRS is hereby amended by adding thereto a  
2 new section to read as follows:

3     *If the board provides health insurance through a plan of self-*  
4 *insurance, it 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. 3.** NRS 287.0402 is hereby amended to read as follows:  
9     287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and section*  
10 *2 of this act*, unless the context otherwise requires, the words and terms  
11 defined in NRS 287.0404 and 287.0406 have the meanings ascribed to  
12 them in those sections.

13     **Sec. 4.** NRS 287.043 is hereby amended to read as follows:

14     287.043 1. The board shall:

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

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

19     (2) May include a program to reduce taxable compensation or other  
20 forms of compensation other than deferred compensation,  
21 for the benefit of all state officers and employees and other persons who  
22 participate in the program.

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

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

26     (a) Except as otherwise provided in this paragraph, negotiate and  
27 contract with the governing body of any public agency enumerated in NRS  
28 287.010 ~~which is desirous of obtaining~~ *that wishes to obtain* group  
29 insurance for its officers, employees and retired employees by participation  
30 in the program. The board may establish separate rates and coverage for  
31 those officers, employees and retired employees based on actuarial reports.

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

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

44     (d) Purchase policies of life, accident or health insurance, or any  
45 combination of these, or, if applicable, a program to reduce the amount of  
46 taxable compensation pursuant to 26 U.S.C. § 125, from any company  
47 qualified to do business in this state or provide similar coverage through a  
48 plan of self-insurance established pursuant to NRS 287.0433 for the benefit



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1 of all eligible public officers, employees and retired employees who  
2 participate in the program.  
3 ~~[(d)]~~ (e) Except as otherwise provided in this Title, develop and  
4 establish other employee benefits as necessary.  
5 ~~[(e)]~~ (f) Investigate and approve or disapprove any contract proposed  
6 pursuant to NRS 287.0479.  
7 ~~[(f)]~~ (g) Adopt such regulations and perform such other duties as are  
8 necessary to carry out the provisions of NRS 287.0402 to 287.049,  
9 inclusive, *and section 2 of this act*, including, without limitation, the  
10 establishment of:  
11 (1) Fees for applications for participation in the program and for the  
12 late payment of premiums or contributions;  
13 (2) Conditions for entry and reentry into the program by public  
14 agencies enumerated in NRS 287.010;  
15 (3) The levels of participation in the program required for employees  
16 of participating public agencies;  
17 (4) Procedures by which a group of participants in the program may  
18 leave the program pursuant to NRS 287.0479 and conditions and  
19 procedures for reentry into the program by ~~[(such)]~~ *those* participants; and  
20 (5) Specific procedures for the determination of contested claims.  
21 ~~[(g)]~~ (h) Appoint an independent certified public accountant. The  
22 accountant shall:  
23 (1) Provide an annual audit of the program; and  
24 (2) Report to the board and the interim retirement and benefits  
25 committee of the legislature created pursuant to NRS 218.5373.  
26 ~~[(h)]~~ (i) Appoint an attorney who specializes in employee benefits. The  
27 attorney shall:  
28 (1) Perform a biennial review of the program to determine whether  
29 the program complies with federal and state laws relating to taxes and  
30 employee benefits; and  
31 (2) Report to the board and the interim retirement and benefits  
32 committee of the legislature created pursuant to NRS 218.5373.  
33 3. The board may use any services provided to state agencies and shall  
34 use the services of the purchasing division of the department of  
35 administration to establish and carry out the program.  
36 4. The board may make recommendations to the legislature concerning  
37 legislation that it deems necessary and appropriate regarding the program.  
38 5. The state and any other public employers that participate in the  
39 program are not liable for any obligation of the program other than  
40 indemnification of the board and its employees against liability relating to  
41 the administration of the program, subject to the limitations specified in  
42 NRS 41.0349.  
43 6. As used in this section, "employee benefits" includes any form of  
44 compensation provided to a public employee except federal benefits, wages  
45 earned, legal holidays, deferred compensation and benefits available  
46 pursuant to chapter 286 of NRS.  
47 **Sec. 5.** NRS 287.046 is hereby amended to read as follows:  
48 287.046 1. Except as otherwise provided in subsection 6, any state or  
49 other participating officer or employee who elects to participate in the



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1 program may participate, and the department, agency, commission or  
2 public agency that employs the officer or employee shall pay the state's  
3 share of the cost of the premiums or contributions for the program from  
4 money appropriated or authorized as provided in NRS 287.044. Employees  
5 who elect to participate in the program must authorize deductions from  
6 their compensation for the payment of premiums or contributions for the  
7 program. *Any deduction from the compensation of an employee for the*  
8 *payment of a premium for health insurance must be based on the actual*  
9 *cost of providing that health insurance after deducting any amount of the*  
10 *premium which is paid by the department, agency, commission or public*  
11 *agency that employs the employee. As used in this subsection, "actual*  
12 *cost" includes any amount which has been approved by the board and*  
13 *which is paid by any department, agency, commission or public agency of*  
14 *this state for:*

- 15 (a) *A program of supplemental insurance;*  
16 (b) *Subsidization of premiums for health insurance for dependents*  
17 *and retired participants;*  
18 (c) *Administrative costs relating to the provision of the health*  
19 *insurance; and*  
20 (d) *Costs required to maintain adequate reserves.*

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

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

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

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

38 4. For the purposes of subsection 2:

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

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

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

46 6. A senator or assemblyman who elects to participate in the program  
47 shall pay the entire premium or contribution for his insurance.

48 **Sec. 6.** This act becomes effective on January 1, 2002.

