

ASSEMBLY BILL NO. 564—COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 26, 2001

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to public employees' benefits program.
(BDR 23-1346)

FISCAL NOTE: Effect on Local Government: No.
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 programs for public employees; requiring the board of the public employees' benefits program to coordinate the benefits of certain retired members of the program; requiring the commingling of the claims experience of active and retired state employees to determine rates and coverage; requiring the reduction of the rates of certain retired members of the program to reflect coverage by a plan other than the program; requiring the board to provide an annual report regarding the administration and operation of the program to the director of the legislative counsel bureau; 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.** Chapter 287 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 *If a retired member of the program or his dependent is provided*
4 *coverage for medical and hospital service by the Health Insurance for*
5 *the Aged Act, 42 U.S.C. §§ 1395 et seq., or a plan that provides similar*
6 *coverage, the board shall coordinate the benefits provided to the retired*
7 *member or his dependent by the program in such a manner that the*
8 *combined payments under the Health Insurance for the Aged Act or*
9 *similar plan and the program cover 100 percent of the charges incurred*
10 *by the retired member or his dependent, in excess of any applicable*
11 *deductible, for medical services and supplies that are covered by:*
12 1. *The program; or*
13 2. *The Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.,*
14 *or a plan that provides similar coverage.*
15 **Sec. 2.** NRS 287.043 is hereby amended to read as follows:
16 287.043 1. The board shall:



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

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

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

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

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

12 (a) *For the purpose of establishing actuarial data to determine rates*
13 *and coverage for active and retired state officers and employees and their*
14 *dependents, commingle the claims experience of such active and retired*
15 *officers and employees and their dependents. The rates established for*
16 *retired state officers and employees must be reduced to reflect coverage*
17 *provided by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et*
18 *seq., or a plan that provides similar coverage.*

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

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

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

36 ~~(d)~~ (e) Except as otherwise provided in this Title, develop and
37 establish other employee benefits as necessary.

38 ~~(e)~~ (f) Investigate and approve or disapprove any contract proposed
39 pursuant to NRS 287.0479.

40 ~~(f)~~ (g) Adopt such regulations and perform such other duties as are
41 necessary to carry out the provisions of NRS 287.0402 to 287.049,
42 inclusive, *and section 1 of this act*, including, without limitation, the
43 establishment of:

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

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

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



1 (4) Procedures by which a group of participants in the program may
2 leave the program pursuant to NRS 287.0479 and conditions and
3 procedures for reentry into the program by such participants; and
4 (5) Specific procedures for the determination of contested claims.
5 ~~(e)~~ (h) Appoint an independent certified public accountant. The
6 accountant shall provide:
7 (1) An annual audit of the program; and
8 (2) A biennial audit of the program to determine whether the program
9 complies with federal and state laws relating to taxes and employee
10 benefits.
11 The accountant shall report to the board and the interim retirement and
12 benefits committee of the legislature created pursuant to NRS 218.5373.
13 3. *The board shall submit an annual report regarding the*
14 *administration and operation of the program to the director of the*
15 *legislative counsel bureau not more than 6 months before the board*
16 *establishes rates and coverage for members for the following calendar*
17 *year. The report must include, without limitation:*
18 *(a) The amount paid by the program in the preceding calendar year*
19 *for the claims of active and retired state officers and employees; and*
20 *(b) The amount paid by the program in the preceding calendar year*
21 *for the claims of retired members of the program who were provided*
22 *coverage for medical and hospital service coverage by the Health*
23 *Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., or a plan that*
24 *provides similar coverage.*
25 4. The board may use any services provided to state agencies and shall
26 use the services of the purchasing division of the department of
27 administration to establish and carry out the program.
28 ~~14~~ 5. The board may make recommendations to the legislature
29 concerning legislation that it deems necessary and appropriate regarding
30 the program.
31 ~~15~~ 6. The state and any other public employers that participate in the
32 program are not liable for any obligation of the program other than
33 indemnification of the board and its employees against liability relating to
34 the administration of the program, subject to the limitations specified in
35 NRS 41.0349.
36 ~~16~~ 7. As used in this section, "employee benefits" includes any form
37 of compensation provided to a state employee pursuant to this Title except
38 federal benefits, wages earned, legal holidays, deferred compensation and
39 benefits available pursuant to chapter 286 of NRS.
40 **Sec. 3.** This act becomes effective on January 1, 2002.

