

CHAPTER.....

AN ACT relating to programs for public employees; requiring the commingling of the claims experience of active and retired state employees to determine rates and coverage; prohibiting the board of the public employees' benefits program from entering into certain contracts; 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:

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

287.043 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 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) *For the purpose of establishing actuarial data to determine rates and coverage for active and retired state officers and employees and their dependents, commingle the claims experience of such active and retired officers and employees and their dependents.*

(b) Except as otherwise provided in this 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 program. The board may establish separate rates and coverage for those officers, employees and retired employees based on actuarial reports.

~~(b)~~ (c) 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.

~~(c)~~ (d) 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 program.

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

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

~~144~~ (g) Adopt such regulations and perform such other duties as are necessary to carry out the provisions of NRS 287.0402 to 287.049, inclusive, including, without limitation, the establishment of:

- (1) Fees for applications for participation in the program and for the late payment of premiums or contributions;
- (2) Conditions for entry and reentry into the program by public agencies enumerated in NRS 287.010;
- (3) The levels of participation in the program required for employees of participating public agencies;
- (4) Procedures by which a group of participants in the program may leave the program pursuant to NRS 287.0479 and conditions and procedures for reentry into the program by such participants; and
- (5) Specific procedures for the determination of contested claims.

~~145~~ (h) Appoint an independent certified public accountant. The accountant shall:

- (1) Provide an annual audit of the program; and
- (2) Report to the board and the interim retirement and benefits committee of the legislature created pursuant to NRS 218.5373.

~~146~~ (i) Appoint an attorney who specializes in employee benefits. The attorney shall:

- (1) Perform a biennial review of the program to determine whether the program complies with federal and state laws relating to taxes and employee benefits; and
- (2) Report to the board and the interim retirement and benefits committee of the legislature created pursuant to NRS 218.5373.

3. *The board shall submit an annual report regarding the administration and operation of the program to the director of the legislative counsel bureau not more than 6 months before the board establishes rates and coverage for members for the following calendar year. The report must include, without limitation:*

*(a) The amount paid by the program in the preceding calendar year for the claims of active and retired state officers and employees; and*

*(b) The amount paid by the program in the preceding calendar year for the claims of retired members of the program who were provided coverage for medical or hospital service, or both, by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.*

4. 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.

~~147~~ 5. The board may make recommendations to the legislature concerning legislation that it deems necessary and appropriate regarding the program.

~~148~~ 6. 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.

~~149~~ 7. As used in this section, "employee benefits" includes any form of compensation provided to a public employee except federal benefits,

wages earned, legal holidays, deferred compensation and benefits available pursuant to chapter 286 of NRS.

**Sec. 2.** NRS 287.0434 is hereby amended to read as follows:

287.0434 The 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 the program, including, without limitation, contracts with licensed administrators and qualified actuaries. Each such contract with a licensed administrator:

(a) Must be submitted to the commissioner of insurance not less than 30 days before the date on which the contract is to become effective for approval as to the reasonableness of administrative charges in relation to contributions collected and benefits provided.

(b) Does not become effective unless approved by the commissioner.

(c) Shall be deemed to be approved if not disapproved by the commissioner of insurance within 30 days after its submission.

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. *The board shall not enter into a contract pursuant to this subsection unless:*

*(a) Provision is made by the board to offer all the services specified in the request for proposals, either by a health maintenance organization or through separate action of the board.*

*(b) The rates set forth in the contract are based on the commingled claims experience of active and retired state officers and employees and their dependents.*

4. Enter into contracts for the services of other experts and specialists as required by 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 board, the state or a participating public employer in administering a plan of insurance offered by that insurer, organization or corporation.

**Sec. 3.** On or after January 1, 2002, the board of the public employees' benefits program shall not enter into or renew any contract that does not comply with subsection 3 of NRS 287.0434, as amended by this act.

**Sec. 4.** This act becomes effective on January 1, 2002.