

(REPRINTED WITH ADOPTED AMENDMENTS)

FIRST REPRINT

A.B. 564

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; reorganizing the interim retirement and benefits committee of the legislature into the interim retirement committee of the legislature and the interim benefits committee of the legislature; making an appropriation; 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 286.160 is hereby amended to read as follows:
- 2 286.160 1. The board shall employ an executive officer who serves
- 3 at the pleasure of the board. The executive officer shall select an operations
- 4 officer, investment officer, manager of information systems, administrative
- 5 assistant and administrative analyst whose appointments are effective upon
- 6 confirmation by the board. The operations officer, investment officer,
- 7 manager of information systems, administrative assistant and
- 8 administrative analyst serve at the pleasure of the executive officer.
- 9 2. The executive officer, operations officer, investment officer,
- 10 manager of information systems, administrative assistant and
- 11 administrative analyst are entitled to annual salaries fixed by the board
- 12 with the approval of the interim retirement ~~and benefits~~ committee of the
- 13 legislature created pursuant to NRS 218.5373. The salaries of these
- 14 employees are exempt from the limitations of NRS 281.123.
- 15 3. The executive officer must:



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

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

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

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

15 **Sec. 2.** NRS 286.211 is hereby amended to read as follows:

16 286.211 1. The board shall, with the advice of the interim retirement
17 ~~and benefits~~ committee of the legislature created pursuant to NRS
18 218.5373:

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

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

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

26 **Sec. 3.** Chapter 287 of NRS is hereby amended by adding thereto a
27 new section to read as follows:

28 *If a retired member of the program or his dependent is eligible for and*
29 *elects to be provided coverage for medical or hospital service, or both, by*
30 *the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., or a*
31 *plan that provides similar coverage, the board shall coordinate the*
32 *benefits provided to the retired member or his dependent by the program*
33 *in such a manner that the combined payments under the Health*
34 *Insurance for the Aged Act or similar plan and the program cover 100*
35 *percent of the eligible charges incurred by the retired member or his*
36 *dependent, in excess of any applicable deductible, for medical or hospital*
37 *services, or both, and supplies that are covered by:*

38 1. *The program; or*

39 2. *The Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.,*
40 *or a plan that provides similar coverage.*

41 **Sec. 4.** NRS 287.0424 is hereby amended to read as follows:

42 287.0424 1. The board shall employ an executive officer who is in
43 the unclassified service of the state and serves at the pleasure of the board.
44 The board may delegate to the executive officer the exercise or discharge
45 of any power, duty or function vested in or imposed upon the board.

46 2. The executive officer must:

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



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

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

12 4. The executive officer is entitled to an annual salary fixed by the
13 board with the approval of the interim ~~retirement and~~ benefits committee
14 of the legislature created pursuant to ~~NRS 218.5373-~~ *section 7 of this act*.
15 The salary of the executive officer is exempt from the limitations set forth
16 in NRS 281.123.

17 **Sec. 5.** NRS 287.0426 is hereby amended to read as follows:

18 287.0426 1. The executive officer may appoint a quality control
19 officer, operations officer, accounting officer, information technology
20 systems officer and executive assistant who are in the unclassified service
21 of the state and serve at the pleasure of the executive officer. The
22 appointment and dismissal of the quality control officer are subject to the
23 approval of the board.

24 2. The quality control officer, operations officer, accounting officer
25 and information technology systems officer must each be a graduate of a 4-
26 year college or university with a degree that is appropriate to their
27 respective responsibilities or possess equivalent experience as determined
28 by the board.

29 3. The quality control officer, operations officer, accounting officer,
30 information technology systems officer and executive assistant are entitled
31 to annual salaries fixed by the board with the approval of the interim
32 ~~retirement and~~ benefits committee of the legislature created pursuant to
33 ~~NRS 218.5373-~~ *section 7 of this act*. The salaries of these employees are
34 exempt from the limitations set forth in NRS 281.123.

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

38 **Sec. 6.** NRS 287.043 is hereby amended to read as follows:

39 287.043 1. The board shall:

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

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

44 (2) May include a program to reduce taxable compensation or other
45 forms of compensation other than deferred compensation,
46 for the benefit of all state officers and employees and other persons who
47 participate in the program.

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



- 1 2. In establishing and carrying out the program, the board shall:
- 2 (a) *For the purpose of establishing actuarial data to determine rates*
- 3 *and coverage for active and retired state officers and employees and their*
- 4 *dependents, commingle the claims experience of such active and retired*
- 5 *officers and employees and their dependents. The rates established for*
- 6 *retired state officers and employees and their dependents must be*
- 7 *reduced for those retired state officers and employees and their*
- 8 *dependents who are eligible for and have elected to be provided coverage*
- 9 *by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., or a*
- 10 *plan that provides similar coverage.*
- 11 (b) Except as otherwise provided in this paragraph, negotiate and
- 12 contract with the governing body of any public agency enumerated in NRS
- 13 287.010 which is desirous of obtaining group insurance for its officers,
- 14 employees and retired employees by participation in the program. The
- 15 board shall establish separate rates and coverage for those officers,
- 16 employees and retired employees based on actuarial reports.
- 17 ~~(b)~~ (c) Give public notice in writing of proposed changes in rates or
- 18 coverage to each participating public employer who may be affected by the
- 19 changes. Notice must be provided at least 30 days before the effective date
- 20 of the changes.
- 21 ~~(c)~~ (d) Purchase policies of life, accident or health insurance, or any
- 22 combination of these, or, if applicable, a program to reduce the amount of
- 23 taxable compensation pursuant to 26 U.S.C. § 125, from any company
- 24 qualified to do business in this state or provide similar coverage through a
- 25 plan of self-insurance established pursuant to NRS 287.0433 for the benefit
- 26 of all eligible public officers, employees and retired employees who
- 27 participate in the program.
- 28 ~~(d)~~ (e) Except as otherwise provided in this Title, develop and
- 29 establish other employee benefits as necessary.
- 30 ~~(e)~~ (f) Investigate and approve or disapprove any contract proposed
- 31 pursuant to NRS 287.0479.
- 32 ~~(f)~~ (g) Adopt such regulations and perform such other duties as are
- 33 necessary to carry out the provisions of NRS 287.0402 to 287.049,
- 34 inclusive, *and section 3 of this act*, including, without limitation, the
- 35 establishment of:
- 36 (1) Fees for applications for participation in the program and for the
- 37 late payment of premiums or contributions;
- 38 (2) Conditions for entry and reentry into the program by public
- 39 agencies enumerated in NRS 287.010;
- 40 (3) The levels of participation in the program required for employees
- 41 of participating public agencies;
- 42 (4) Procedures by which a group of participants in the program may
- 43 leave the program pursuant to NRS 287.0479 and conditions and
- 44 procedures for reentry into the program by such participants; and
- 45 (5) Specific procedures for the determination of contested claims.
- 46 ~~(g)~~ (h) Appoint an independent certified public accountant. The
- 47 accountant shall provide:
- 48 (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 *section 7 of this act.*

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

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

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

19 4. The board may use any services provided to state agencies and shall
20 use the services of the purchasing division of the department of
21 administration to establish and carry out the program.

22 ~~14.1~~ 5. The board may make recommendations to the legislature
23 concerning legislation that it deems necessary and appropriate regarding
24 the program.

25 ~~15.1~~ 6. The state and any other public employers that participate in the
26 program are not liable for any obligation of the program other than
27 indemnification of the board and its employees against liability relating to
28 the administration of the program, subject to the limitations specified in
29 NRS 41.0349.

30 ~~16.1~~ 7. As used in this section, "employee benefits" includes any form
31 of compensation provided to a state employee pursuant to this Title except
32 federal benefits, wages earned, legal holidays, deferred compensation and
33 benefits available pursuant to chapter 286 of NRS.

34 **Sec. 7.** Chapter 218 of NRS is hereby amended by adding thereto a
35 new section to read as follows:

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

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

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

48 2. *The immediate past chairman of the assembly standing committee*
49 *on ways and means is the chairman of the interim benefits committee for*



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

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

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

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

19 **Sec. 8.** NRS 218.5373 is hereby amended to read as follows:

20 218.5373 1. There is hereby created an interim retirement ~~{and~~
21 ~~benefits}~~ committee of the legislature to review the operation of the public
22 employees' retirement system ~~{and the public employees' benefits~~
23 ~~program}~~ and to make recommendations to the public employees'
24 retirement board , ~~{and the board of the public employees' benefits~~
25 ~~program}~~, the legislative commission and the legislature. The interim
26 retirement ~~{and benefits}~~ committee consists of six members appointed as
27 follows:

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

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

34 2. The immediate past chairman of the senate standing committee on
35 finance is the chairman of the interim retirement ~~{and benefits}~~ committee
36 for the period ending with the convening of each odd-numbered session of
37 the legislature. The immediate past chairman of the assembly standing
38 committee on ways and means is the chairman of the interim retirement
39 ~~{and benefits}~~ committee during the next legislative interim, and the
40 chairmanship alternates between the houses of the legislature according to
41 this pattern.

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

45 4. The director of the legislative counsel bureau shall provide a
46 secretary for the interim retirement ~~{and benefits}~~ committee.

47 5. The members of the interim retirement ~~{and benefits}~~ committee are
48 entitled to receive the compensation provided for a majority of the
49 members of the legislature during the first 60 days of the preceding



1 session, the per diem allowance provided for state officers and employees
2 generally and the travel expenses provided by NRS 218.2207 for each day
3 of attendance at a meeting of the committee and while engaged in the
4 business of the committee. Per diem allowances, compensation and travel
5 expenses of the members of the committee must be paid from the
6 legislative fund.

7 **Sec. 9.** 1. There is hereby appropriated from the state general fund
8 to the board of the public employees' benefits program created by NRS
9 287.041 the sum of \$100,000 to provide reproductive services for
10 participants in the public employees' benefits program who reside in
11 northern Nevada and are not entitled to receive those services from the
12 health maintenance organization offered by the program.

13 2. Any remaining balance of the appropriation made by subsection 1
14 must not be committed for expenditure after June 30, 2003, and reverts to
15 the state general fund as soon as all payments of money committed have
16 been made.

17 **Sec. 10.** 1. This section and section 9 of this act become effective on
18 July 1, 2001.

19 2. Sections 1 to 8, inclusive, of this act become effective on January 1,
20 2002.

21 **Sec. 11.** The legislative counsel shall:

22 1. In preparing the reprint and supplements to the Nevada Revised
23 Statutes, with respect to any section which is not amended by this act or is
24 further amended by another act, appropriately change any references to the
25 interim retirement and benefits committee to the interim retirement
26 committee or the interim benefits committee, as appropriate.

27 2. In preparing supplements to the Nevada Administrative Code,
28 appropriately change any references to the interim retirement and benefits
29 committee to the interim retirement committee or the interim benefits
30 committee, as appropriate.

