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THIRD REPRINT

EXEMPT

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 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:

- 1 **Section 1.** NRS 287.043 is hereby amended to read as follows:
2 287.043 1. The board shall:
3 (a) Establish and carry out a program to be known as the public
4 employees' benefits program which:
5 (1) Must include a program relating to group life, accident or health
6 insurance, or any combination of these; and
7 (2) May include a program to reduce taxable compensation or other
8 forms of compensation other than deferred compensation,
9 for the benefit of all state officers and employees and other persons who
10 participate in the program.
11 (b) Ensure that the program is funded on an actuarially sound basis and
12 operated in accordance with sound insurance and business practices.
13 2. In establishing and carrying out the program, the board shall:
14 (a) *For the purpose of establishing actuarial data to determine rates*
15 *and coverage for active and retired state officers and employees and their*
16 *dependents, commingle the claims experience of such active and retired*
17 *officers and employees and their dependents.*
18 (b) Except as otherwise provided in this paragraph, negotiate and
19 contract with the governing body of any public agency enumerated in NRS
20 287.010 which is desirous of obtaining group insurance for its officers,



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

4 ~~[(b)]~~ (c) Give public notice in writing of proposed changes in rates or
5 coverage to each participating public employer who may be affected by the
6 changes. Notice must be provided at least 30 days before the effective date
7 of the changes.

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

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

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

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

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

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

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

28 (4) Procedures by which a group of participants in the program may
29 leave the program pursuant to NRS 287.0479 and conditions and
30 procedures for reentry into the program by such participants; and

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

32 ~~[(g)]~~ (h) Appoint an independent certified public accountant. The
33 accountant shall:

34 (1) Provide an annual audit of the program; and

35 (2) Report to the board and the interim retirement and benefits
36 committee of the legislature created pursuant to NRS 218.5373.

37 ~~[(h)]~~ (i) Appoint an attorney who specializes in employee benefits. The
38 attorney shall:

39 (1) Perform a biennial review of the program to determine whether
40 the program complies with federal and state laws relating to taxes and
41 employee benefits; and

42 (2) Report to the board and the interim retirement and benefits
43 committee of the legislature created pursuant to NRS 218.5373.

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



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

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

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

11 ~~14.1~~ 5. The board may make recommendations to the legislature
12 concerning legislation that it deems necessary and appropriate regarding
13 the program.

14 ~~15.1~~ 6. The state and any other public employers that participate in the
15 program are not liable for any obligation of the program other than
16 indemnification of the board and its employees against liability relating to
17 the administration of the program, subject to the limitations specified in
18 NRS 41.0349.

19 ~~16.1~~ 7. As used in this section, "employee benefits" includes any form
20 of compensation provided to a public employee except federal benefits,
21 wages earned, legal holidays, deferred compensation and benefits available
22 pursuant to chapter 286 of NRS.

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

24 287.0434 The board may:

25 1. Use its assets to pay the expenses of health care for its members and
26 covered dependents, to pay its employees' salaries and to pay
27 administrative and other expenses.

28 2. Enter into contracts relating to the administration of the program,
29 including, without limitation, contracts with licensed administrators and
30 qualified actuaries. Each such contract with a licensed administrator:

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

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

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

38 3. Enter into contracts with physicians, surgeons, hospitals, health
39 maintenance organizations and rehabilitative facilities for medical, surgical
40 and rehabilitative care and the evaluation, treatment and nursing care of
41 members and covered dependents. *The board shall not enter into a*
42 *contract pursuant to this subsection unless:*

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

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



1 4. Enter into contracts for the services of other experts and specialists
2 as required by the program.

3 5. Charge and collect from an insurer, health maintenance
4 organization, organization for dental care or nonprofit medical service
5 corporation, a fee for the actual expenses incurred by the board, the state or
6 a participating public employer in administering a plan of insurance offered
7 by that insurer, organization or corporation.

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

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

