

SENATE BILL NO. 298—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF PUBLIC EMPLOYEES' BENEFITS PROGRAM)

MARCH 8, 2001

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to public employees' benefits program.  
(BDR 23-542)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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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 the public employees' benefits program; extending the period in which certain persons must notify the program of their decision regarding coverage under the program; revising the power of the board of the program to establish certain rates and coverage; requiring the board to appoint an attorney to review the program; requiring the board to establish a checking account for the payment of claims; 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 287.023 is hereby amended to read as follows:  
2     287.023 1. Whenever an officer or employee of the governing body  
3     of any county, school district, municipal corporation, political subdivision,  
4     public corporation or other public agency of the State of Nevada retires  
5     under the conditions set forth in NRS 286.510 or 286.620 and, at the time  
6     of his retirement, was covered or had his dependents covered by any group  
7     insurance or medical and hospital service established pursuant to NRS  
8     287.010 and 287.020, the officer or employee has the option upon  
9     retirement to cancel or continue any such group insurance or medical and  
10    hospital service coverage or join the public employees' benefits program to  
11    the extent that such coverage is not provided to him or a dependent by the  
12    Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.  
13    2. A retired person who continues coverage under the public  
14    employees' benefits program shall assume the portion of the premium or  
15    membership costs for the coverage continued which the governing body  
16    does not pay on behalf of retired officers or employees. A person who joins  
17    the public employees' benefits program for the first time upon retirement  
18    shall assume all costs for the coverage. A dependent of such a retired



1 person has the option, which may be exercised to the same extent and in  
2 the same manner as the retired person, to cancel or continue coverage in  
3 effect on the date the retired person dies. The dependent is not required to  
4 continue to receive retirement payments from the public employees'  
5 retirement system to continue coverage.

6 3. Except as otherwise provided in NRS 287.0235, notice of the  
7 selection of the option must be given in writing to the last public employer  
8 of the officer or employee within ~~30~~ 60 days after the date of retirement  
9 or death, as the case may be. If no notice is given by that date, the retired  
10 employee and his dependents shall be deemed to have selected the option  
11 to cancel the coverage or not to join the public employees' benefits  
12 program, as the case may be.

13 4. The governing body of any county, school district, municipal  
14 corporation, political subdivision, public corporation or other public  
15 agency of this state may pay the cost, or any part of the cost, of group  
16 insurance and medical and hospital service coverage for persons eligible  
17 for that coverage pursuant to subsection 1, but it must not pay a greater  
18 portion than it does for its current officers and employees.

19 **Sec. 2.** NRS 287.043 is hereby amended to read as follows:

20 287.043 1. The board shall:

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

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

25 (2) May include a program to reduce taxable compensation or other  
26 forms of compensation other than deferred compensation,  
27 for the benefit of all state officers and employees and other persons who  
28 participate in the program.

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

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

32 (a) Except as otherwise provided in this paragraph, negotiate and  
33 contract with the governing body of any public agency enumerated in NRS  
34 287.010 which is desirous of obtaining group insurance for its officers,  
35 employees and retired employees by participation in the program. The  
36 board ~~shall~~ may establish separate rates and coverage for those officers,  
37 employees and retired employees based on actuarial reports.

38 (b) Give public notice in writing of proposed changes in rates or  
39 coverage to each participating public employer who may be affected by the  
40 changes. Notice must be provided at least 30 days before the effective date  
41 of the changes.

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



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



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1     **Sec. 3.** NRS 287.0435 is hereby amended to read as follows:

2     287.0435 1. All money received for the program, including, without  
3     limitation, premiums and contributions, must be deposited in the state  
4     treasury for credit to the fund for the public employees' benefits program  
5     which is hereby created as a trust fund. The fund must be accounted for as  
6     an internal service fund. Payments into and disbursements from the fund  
7     must be so arranged as to keep the fund solvent at all times.

8     2. The money in the fund must be invested as other money of the state  
9     is invested and any income from investments paid into the fund for the  
10    benefit of the fund.

11    3. Disbursements from the fund must be made as any other claims  
12    against the state are paid.

13    4. The state treasurer may charge a reasonable fee for his services in  
14    administering the fund, but the state, the state general fund and the state  
15    treasurer are not liable to the fund for any loss sustained by the fund as a  
16    result of any investment made on behalf of the fund or any loss sustained in  
17    the operation of the program.

18    5. *The board shall deposit any disbursement received from the fund*  
19    *into an interest-bearing checking account in a bank or credit union*  
20    *qualified to receive deposits of public money. Claims that have been*  
21    *submitted to the program and approved must be paid from the account,*  
22    *and any refund of such a claim must be deposited into the account.*

23    **Sec. 4.** NRS 287.045 is hereby amended to read as follows:

24    287.045 1. Except as otherwise provided in this section, every officer  
25    or employee of the state is eligible to participate in the program on the first  
26    day of the month following the completion of 90 days of full-time  
27    employment.

28    2. Professional employees of the University and Community College  
29    System of Nevada who have annual employment contracts are eligible to  
30    participate in the program on:

31    (a) The effective dates of their respective employment contracts, if  
32    those dates are on the first day of a month; or

33    (b) The first day of the month following the effective dates of their  
34    respective employment contracts, if those dates are not on the first day of a  
35    month.

36    3. Every officer or employee who is employed by a participating  
37    public agency on a permanent and full-time basis on the date the agency  
38    enters into an agreement to participate in the program, and every officer or  
39    employee who commences his employment after that date, is eligible to  
40    participate in the program on the first day of the month following the  
41    completion of 90 days of full-time employment.

42    4. Every senator and assemblyman is eligible to participate in the  
43    program on the first day of the month following the 90th day after his  
44    initial term of office begins.

45    5. An officer or employee of the governing body of any county, school  
46    district, municipal corporation, political subdivision, public corporation or  
47    other public agency of the State of Nevada who retires under the conditions  
48    set forth in NRS 286.510 or 286.620 and was not participating in the  
49    program at the time of his retirement is eligible to participate in the



1 program ~~30~~ 60 days after notice of the selection to participate is given  
2 pursuant to NRS 287.023 or 287.0235. The board shall make a separate  
3 accounting for these retired persons. For the first year following  
4 enrollment, the rates charged must be the full actuarial costs determined by  
5 the actuary based upon the expected claims experience with these retired  
6 persons. The claims experience of these retired persons must not be  
7 commingled with the retired persons who were members of the program  
8 before their retirement, nor with active employees of the state. After the  
9 first year following enrollment, the rates charged must be the full actuarial  
10 costs determined by the actuary based upon the past claims experience of  
11 these retired persons since enrolling.

12 6. Notwithstanding the provisions of subsections 1, 3 and 4, if the  
13 board does not, pursuant to NRS 689B.580, elect to exclude the program  
14 from compliance with NRS 689B.340 to 689B.600, inclusive, and if the  
15 coverage under the program is provided by a health maintenance  
16 organization authorized to transact insurance in this state pursuant to  
17 chapter 695C of NRS, any affiliation period imposed by the program may  
18 not exceed the statutory limit for an affiliation period set forth in NRS  
19 689B.500.

20 **Sec. 5.** This act becomes effective upon passage and approval.

