

SENATE BILL NO. 343—COMMITTEE ON TAXATION

(ON BEHALF OF LONG-TERM CARE IN NEVADA (SCR 4))

MARCH 14, 2001

Referred to Committee on Finance

SUMMARY—Requires board of public employees' benefits program to provide long-term care coverage for state employees and retirees. (BDR 23-299)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Contains Appropriation not included in Executive Budget.

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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 public employees; requiring the board of the public employees' benefits program to provide long-term care coverage for state employees and retirees; making appropriations; requiring an assessment of certain state agencies for transfer to the board of the public employees' benefits program to contribute towards that coverage; 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 287.010 is hereby amended to read as follows:  
2     287.010 1. The governing body of any county, school district,  
3     municipal corporation, political subdivision, public corporation or other  
4     public agency of the State of Nevada may:  
5     (a) Adopt and carry into effect a system of group life, accident , ~~for~~  
6     health *or long-term care* insurance, or any combination thereof, for the  
7     benefit of its officers and employees, and the dependents of officers and  
8     employees who elect to accept the insurance and who, where necessary,  
9     have authorized the governing body to make deductions from their  
10    compensation for the payment of premiums on the insurance.  
11    (b) Purchase group policies of life, accident , ~~for~~ health *or long-term*  
12    *care* insurance, or any combination thereof, for the benefit of ~~such~~ *those*  
13    officers and employees, and the dependents of ~~such~~ *those* officers and  
14    employees, as have authorized the purchase, from insurance companies  
15    authorized to transact the business of such insurance in the State of  
16    Nevada, and, where necessary, deduct from the compensation of officers  
17    and employees the premiums upon insurance and pay the deductions upon  
18    the premiums.



1 (c) Provide group life, accident, ~~for~~ health *or long-term care* coverage  
2 through a self-insurance reserve fund and, where necessary, deduct  
3 contributions to the maintenance of the fund from the compensation of  
4 officers and employees and pay the deductions into the fund. The money  
5 accumulated for this purpose through deductions from the compensation of  
6 officers and employees and contributions of the governing body must be  
7 maintained as an internal service fund as defined by NRS 354.543. The  
8 money must be deposited in a state or national bank or credit union  
9 authorized to transact business in the State of Nevada. Any independent  
10 administrator of a fund created under this section is subject to the licensing  
11 requirements of chapter 683A of NRS, and must be a resident of this state.  
12 Any contract with an independent administrator must be approved by the  
13 commissioner of insurance as to the reasonableness of administrative  
14 charges in relation to contributions collected and benefits provided. The  
15 provisions of NRS 689B.030 to 689B.050, inclusive, apply to coverage  
16 provided pursuant to this paragraph, except that the provisions of NRS  
17 689B.0359 do not apply to ~~such~~ *that* coverage.

18 (d) Defray part or all of the cost of maintenance of a self-insurance fund  
19 or of the premiums upon insurance. The money for contributions must be  
20 budgeted for in accordance with the laws governing the county, school  
21 district, municipal corporation, political subdivision, public corporation or  
22 other public agency of the State of Nevada.

23 2. If a school district offers group insurance to its officers and  
24 employees pursuant to this section, members of the board of trustees of the  
25 school district must not be excluded from participating in the group  
26 insurance. If the amount of the deductions from compensation required to  
27 pay for the group insurance exceeds the compensation to which a trustee is  
28 entitled, the difference must be paid by the trustee.

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

30 287.043 1. The board shall:

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

33 (1) Must include a program relating to *long-term care insurance and*  
34 group life, accident or health insurance, or any combination of these; and

35 (2) May include a program to reduce taxable compensation or other  
36 forms of compensation other than deferred compensation,  
37 for the benefit of all state officers and employees and other persons who  
38 participate in the program.

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

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

42 (a) Except as otherwise provided in this paragraph, negotiate and  
43 contract with the governing body of any public agency enumerated in NRS  
44 287.010 ~~[which is desirous of obtaining]~~ *that wishes to obtain* group  
45 insurance for its officers, employees and retired employees by participation  
46 in the program. The board shall establish separate rates and coverage for  
47 those officers, employees and retired employees based on actuarial reports.

48 (b) Give public notice in writing of proposed changes in rates or  
49 coverage to each participating public employer who may be affected by the



1 changes. Notice must be provided at least 30 days before the effective date  
2 of the changes.

3 (c) Purchase policies of *long-term care insurance and group* life,  
4 accident or health insurance, or any combination of these, or, if applicable,  
5 a program to reduce the amount of taxable compensation pursuant to 26  
6 U.S.C. § 125, from any company qualified to do business in this state or  
7 provide similar coverage through a plan of self-insurance established  
8 pursuant to NRS 287.0433 for the benefit of all eligible public officers,  
9 employees and retired employees who participate in the program.

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

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

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

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

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

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

23 (4) Procedures by which a group of participants in the program may  
24 leave the program pursuant to NRS 287.0479 and conditions and  
25 procedures for reentry into the program by ~~such~~ *those* participants; and

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

27 (g) Appoint an independent certified public accountant. The accountant  
28 shall provide:

29 (1) An annual audit of the program; and

30 (2) A biennial audit of the program to determine whether the program  
31 complies with federal and state laws relating to taxes and employee  
32 benefits.

33 The accountant shall report to the board and the interim retirement and  
34 benefits committee of the legislature created pursuant to NRS 218.5373.

35 3. *When purchasing a policy of long-term care insurance for the*  
36 *program pursuant to paragraph (c) of subsection 2, the board shall*  
37 *consider:*

38 (a) *The monetary limit and the period of coverage for care provided at*  
39 *a facility for long-term care;*

40 (b) *The monetary limit and the period of coverage for care provided by*  
41 *an agency to provide nursing in the home or any other provider of home*  
42 *health care;*

43 (c) *The length of any delay in eligibility for benefits; and*

44 (d) *Whether the coverage includes protection against inflation.*

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



1 ~~14.1~~ 5. The board may make recommendations to the legislature  
2 concerning legislation that it deems necessary and appropriate regarding  
3 the program.

4 ~~15.1~~ 6. The state and any other public employers that participate in the  
5 program are not liable for any obligation of the program other than  
6 indemnification of the board and its employees against liability relating to  
7 the administration of the program, subject to the limitations specified in  
8 NRS 41.0349.

9 ~~16.1~~ 7. As used in this section ~~1~~“employee”:

10 (a) “Agency to provide nursing in the home” has the meaning  
11 ascribed to it in NRS 449.0015.

12 (b) “Employee benefits” includes any form of compensation provided  
13 to a state employee pursuant to this Title except federal benefits, wages  
14 earned, legal holidays, deferred compensation and benefits available  
15 pursuant to chapter 286 of NRS.

16 (c) “Facility for long-term care” has the meaning ascribed to it in  
17 NRS 632.0155.

18 **Sec. 3.** NRS 287.0433 is hereby amended to read as follows:

19 287.0433 The board may establish a plan of *long-term care insurance*  
20 *and group* life, accident or health insurance and provide for the payment of  
21 contributions into the fund for the public employees’ benefits program  
22 established pursuant to NRS 287.0435, a schedule of benefits and the  
23 disbursement of benefits from the fund. The board may reinsure any risk or  
24 any part of such a risk.

25 **Sec. 4.** NRS 287.044 is hereby amended to read as follows:

26 287.044 1. A part of the cost of the premiums or contributions for  
27 that group insurance, not to exceed the amount specified by law, applied to  
28 ~~both~~ group life and group accident or health *or long-term care* coverage,  
29 for each public officer, except a senator or assemblyman, or employee  
30 electing to participate in the program, may be paid by the department,  
31 agency, commission or public agency which employs the officer or  
32 employee in whose behalf that part is paid from money appropriated to or  
33 authorized for that department, agency, commission or public agency for  
34 that purpose. Participation by the state in the cost of premiums or  
35 contributions must not exceed the amounts specified by law. If an officer  
36 or employee chooses to cover his dependents, whenever this option is made  
37 available by the board, except as otherwise provided in NRS 287.021 and  
38 287.0477, he must pay the difference between the amount of the premium  
39 or contribution for the coverage for himself and his dependents and the  
40 amount paid by the state.

41 2. A department, agency, commission or public agency shall not pay  
42 any part of those premiums or contributions if the group life insurance or  
43 group accident or health *or long-term care* insurance is not approved by  
44 the board.

45 **Sec. 5.** NRS 287.0479 is hereby amended to read as follows:

46 287.0479 1. If approved by the board pursuant to this section, a  
47 group of not less than 300 officers, employees or retired employees, or any  
48 combination thereof, that participate in the program may leave the program



1 and secure *long-term care insurance and group* life, accident or health  
2 insurance, or any combination thereof, for the group from an:

3 (a) Insurer that is authorized by the commissioner of insurance to  
4 provide ~~such~~ *that* insurance; or

5 (b) Employee benefit plan, as defined in 29 U.S.C. § 1002(3), that has  
6 been approved by the board. The board may approve an employee benefit  
7 plan unless the board finds that the plan is not operated pursuant to such  
8 sound accounting and financial management practices as to ensure that the  
9 group will continue to receive adequate benefits.

10 2. Before entering into a contract with the insurer or approved  
11 employee benefit plan, the group shall submit the proposed contract to the  
12 board for approval. The board may approve the contract unless the  
13 departure of the group from the program would cause an increase of more  
14 than 5 percent in the costs of premiums or contributions for the remaining  
15 participants in the program. In determining whether to approve a proposed  
16 contract, the board shall follow the criteria set forth in the regulations  
17 adopted by the board pursuant to subsection 4 and may consider the  
18 cumulative ~~impact~~ *effect* of groups that have left or are proposing to  
19 leave the program. Except as otherwise provided in this section, the board  
20 has discretion in determining whether to approve a contract. If the board  
21 approves a proposed contract pursuant to this subsection, the group that  
22 submitted the proposed contract is not authorized to leave the program  
23 until 120 days after the date on which the board approves the proposed  
24 contract.

25 3. The board shall disburse periodically to the insurer or employee  
26 benefit plan with which a group contracts pursuant to this section the total  
27 amount set forth in the contract for premiums or contributions for the  
28 members of the group for that period but not to exceed the amount  
29 appropriated to or authorized for the department, agency, commission or  
30 public agency that employs the members of the group for premiums or  
31 contributions for the members of the group for that period, after deducting  
32 any administrative costs related to the group.

33 4. The board shall adopt regulations establishing the criteria  
34 pursuant to which the board will approve proposed contracts pursuant to  
35 subsection 2.

36 **Sec. 6.** NRS 331.184 is hereby amended to read as follows:

37 331.184 The state risk manager shall:

38 1. Direct and supervise all administrative and technical activities of the  
39 risk management division ~~of the~~ *of the department of administration.*

40 2. Determine the nature and extent of requirements for insurance, other  
41 than group life, accident, ~~or~~ health *or long-term care* insurance, on risks  
42 of an insurable nature of the state and any of its agencies, the premiums for  
43 which are payable in whole or in part from public money.

44 3. Negotiate for, procure, purchase and have placed, through a licensed  
45 insurance agent or broker residing or domiciled in Nevada, or continued in  
46 effect all insurance coverages, other than employee group life, accident,  
47 ~~or~~ health *or long-term care* insurance, which may be reasonably  
48 obtainable, whether from insurers authorized to transact business in this  
49 state or under the surplus lines provisions of chapter 685A of NRS.



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1 4. Conduct periodic inspections of premises, property and risks to  
2 determine insurability, risk and premium rate, and submit a written report  
3 of each inspection and appraisal, together with any recommendations that  
4 appear appropriate, to the administrator of the agency most responsible for  
5 the premises, property or risk, and to the director of the department of  
6 administration.

7 5. Provide for self-insurance if the potential loss is relatively  
8 insignificant or if the risk is highly predictable and the probability of loss is  
9 so slight that the cost of insuring the risk is not a prudent expenditure of  
10 public ~~funds,~~ money, or if insurance is unavailable or unavailable at a  
11 reasonable cost.

12 6. Select reasonable deductibles when it appears economically  
13 advantageous to the state to do so.

14 7. Select comprehensive and blanket coverages insuring the property  
15 of two or more state agencies when that appears economically advisable.

16 8. Investigate and determine the reliability and financial condition of  
17 insurers, and the services they provide.

18 9. Minimize risks by adopting and promoting programs to control  
19 losses and encourage safety.

20 10. Perform any of the services described in subsections 2, 3 and 4 for  
21 any political subdivision of the state at the request of its managing officer  
22 or governing body.

23 11. Perform any other function of risk management as directed by the  
24 director of the department of administration.

25 **Sec. 7.** NRS 354.6145 is hereby amended to read as follows:

26 354.6145 The governing body of any local government may establish  
27 an internal service fund in which contributions of employees and the  
28 governing body are placed to provide for group life, accident, ~~and~~ health  
29 ~~and long-term care~~ benefits on a self-insured basis.

30 **Sec. 8.** 1. There is hereby appropriated from the state general fund  
31 to the board of the public employees' benefits program the sum of  
32 \$4,644,000 for the long-term care coverage for state employees and retirees  
33 from state employment that the board of the public employees' benefits  
34 program is required to provide pursuant to NRS 287.043, as amended by  
35 this act.

36 2. Any remaining balance of the appropriation made pursuant to  
37 subsection 1 must not be committed for expenditure after June 30, 2003,  
38 and reverts to the state general fund as soon as all payments of money  
39 committed have been made.

40 **Sec. 9.** 1. There is hereby appropriated from the state highway fund  
41 to the board of the public employees' benefits program the sum of  
42 \$676,800 for the long-term care coverage for state employees and retirees  
43 from state employment that the board of the public employees' benefits  
44 program is required to provide pursuant to NRS 287.043, as amended by  
45 this act.

46 2. Any remaining balance of the appropriation made pursuant to  
47 subsection 1 must not be committed for expenditure after June 30, 2003,  
48 and reverts to the state highway fund as soon as all payments of money  
49 committed have been made.



1     **Sec. 10.** 1. When the board of the public employees' benefits  
2 program enters into a contract for long-term care coverage as required  
3 pursuant to NRS 287.043, as amended by this act, it shall report to the  
4 budget division of the department of administration the amount of the  
5 contract. The budget division shall assess state agencies whose budgets  
6 include the expenditure of money received from the Federal Government  
7 and from any other sources other than appropriation from the state general  
8 fund or the state highway fund in an equal amount per employee that is  
9 calculated to equal the amount of the contract attributable to those  
10 agencies, but not to exceed a total of \$1,879,200, and transfer the money to  
11 the board of the public employees' benefits program for the long-term care  
12 coverage for state employees and retirees from state employment that the  
13 board of the public employees' benefits program is required to provide  
14 pursuant to NRS 287.043, as amended by this act.

15     2. Notwithstanding the provisions of NRS 353.220, each agency that  
16 receives an assessment made pursuant to subsection 1 shall revise such  
17 work programs as necessary to pay the assessment as soon as practicable.

18     **Sec. 11.** This act becomes effective upon passage and approval for the  
19 purpose of authorizing the board of the public employees' benefits program  
20 to perform such administrative tasks as it considers necessary to provide  
21 the long-term care coverage for state employees and retirees from state  
22 employment that the board is required to provide on January 1, 2003,  
23 pursuant to NRS 287.043, as amended by this act, and on January 1, 2003,  
24 for all other purposes.

