

SENATE BILL NO. 392—COMMITTEE ON FINANCE

MARCH 19, 2001

Referred to Committee on Finance

SUMMARY—Provides for state contribution to cost of certain group insurance or medical and hospital coverage for retired employees of school district. (BDR S-610)

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; providing for the payment by the state under certain circumstances of a portion of the cost of certain group insurance or medical and hospital service coverage for a retired employee of a school district; 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.** Notwithstanding the provisions of NRS 287.023, 287.0235,  
2 287.040 and 287.0475:

3 1. For the fiscal year 2002-2003, the Director of the Department of  
4 Administration, based on information provided to him by the Public  
5 Employees' Retirement System, shall, to the extent of the appropriation  
6 made in section 2 of this act, pay to each school district a pro rata portion  
7 of the premium, membership cost or contribution for group insurance or  
8 medical and hospital service coverage on behalf of each person who retired  
9 from the service of that school district with at least 5 years of service and  
10 who is eligible for that coverage pursuant to NRS 287.023, 287.0235,  
11 287.045 or 287.0475. All money received by a school district pursuant to  
12 this subsection must:

13 (a) If the school district self-funds such coverage, be applied by the  
14 school district to reduce the premium, membership cost or contribution that  
15 would otherwise be paid by the retired person.

16 (b) If the school district does not self-fund such coverage, be transferred  
17 by the school district to the appropriate insurer to reduce the premium,  
18 membership cost or contribution that would otherwise be paid by the  
19 retired person.



1 The money received by a school district pursuant to this subsection may  
2 not be expended for any other purpose and must not be considered as  
3 existing available revenue for the purposes of NRS 288.217.

4 2. Except as otherwise provided in this subsection, the amount to be  
5 paid on behalf of a retired person pursuant to subsection 1 must, to the  
6 extent of legislative appropriations, be equal to the monthly base amount of  
7 \$2.10 multiplied by the number of years of service credited to the retired  
8 person, excluding any service purchased pursuant to NRS 286.300. The  
9 amount paid must not exceed the actual cost of the coverage selected by the  
10 retired person. For the purposes of this subsection:

11 (a) Credit for service must be calculated in the manner set forth in  
12 chapter 286 of NRS.

13 (b) No proration may be made for a partial year of service.

14 (c) If the amount of the legislative appropriation for this purpose is less  
15 than or exceeds the amount necessary to pay a credit calculated on a  
16 monthly base amount of \$2.10, the amount of the actual credits must be  
17 adjusted proportionally.

18 (d) If the payment of all or part of the cost of such insurance coverage is  
19 currently paid by a school district for retired employees, the amount of the  
20 payment required pursuant to this section is in addition to the amount  
21 currently paid, not to exceed the actual cost of the coverage selected.

22 3. The school district, if self-funded, shall apply a credit pursuant to  
23 subsection 2 and thereafter bill the remaining premiums, membership costs  
24 or contributions for the retired person to the retired person. If the school  
25 district is not self-funded, the school district shall enter into an agreement  
26 with the insurer for the insurer to apply the credit and thereafter bill the  
27 remaining premiums, membership costs or contributions for the retired  
28 person to the retired person. If coverage is provided through the state's  
29 group insurance program, this agreement must be made through the Board  
30 of the Public Employees' Benefits Program.

31 4. Each school district shall set forth separately in the information it  
32 submits pursuant to NRS 387.303 to the Superintendent of Public  
33 Instruction and the Department of Taxation:

34 (a) For each fund of the school district, the actual expenditures made in  
35 the prior fiscal year on behalf of persons retired from the service of a school  
36 district for the payment of the cost of health insurance pursuant to  
37 subsection 1, the number of retired persons for whom those payments were  
38 made and an explanation of the policy of the school district concerning the  
39 making of those payments; and

40 (b) For each fund of the school district, an estimate of the expenditure  
41 requirements on behalf of persons retired from the service of a school  
42 district for the payment of the cost of health insurance in accordance with  
43 subsection 1 for the current fiscal year, the estimated number of retired  
44 persons for whom those payments will be made and any revisions of the  
45 policy of the school district concerning the making of those payments.

46 5. For the purposes of preparing the biennial budget request for fiscal  
47 years 2003-2004 and 2004-2005 for the state distributive school account in  
48 the state general fund, the actual expenditures made in the prior fiscal year  
49 on behalf of persons retired from the service of a school district for payment



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1 of the cost of health insurance and estimates for each of the years in the  
2 upcoming biennium must be separately identified.

3 **Sec. 2.** 1. There is hereby appropriated from the state general fund  
4 to the Department of Administration, for the fiscal year 2002-2003, the  
5 sum of \$3,000,000 to make, on a one-time basis, the payments required  
6 pursuant to section 1 of this act. The amount is a one-time appropriation  
7 and must not be included in the adjusted base budget or in the estimates of  
8 the cost to maintain the current level of service for the biennium budget for  
9 fiscal years 2003-2004 and 2004-2005.

10 2. The money appropriated pursuant to subsection 1 must not be  
11 committed for expenditure after June 30, 2003, and reverts to the state  
12 general fund as soon as all payments of money committed have been made.

13 **Sec. 3.** This act becomes effective on July 1, 2001.

