

ASSEMBLY BILL NO. 438—ASSEMBLYMEN KOIVISTO, PARNELL,
MCCLAIN, DENIS, OCEGUERA AND PERKINS

MARCH 25, 2005

Referred to Committee on Ways and Means

SUMMARY—Revises provisions governing health insurance for certain retired public officers and employees. (BDR 23-792)

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 personnel; revising the provisions governing the payment of a portion of the costs of coverage under the Public Employees' Benefits Program for certain retired public officers and employees who join or remain in the Program upon retirement; 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
3 governing body of any county, school district, municipal
4 corporation, political subdivision, public corporation or other local
5 governmental agency of the State of Nevada retires under the
6 conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or
7 286.620 and, at the time of his retirement, was covered or had his
8 dependents covered by any group insurance, plan of benefits or
9 medical and hospital service established pursuant to NRS 287.010,
10 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS
11 287.025, the officer or employee has the option upon retirement to
12 cancel or continue any such coverage or join the Public Employees'
13 Benefits Program to the extent that such coverage is not provided to



1 him or a dependent by the Health Insurance for the Aged Act, 42
2 U.S.C. §§ 1395 et seq.

3 2. A retired person who joins the Public Employees' Benefits
4 Program upon retirement pursuant to subsection 1 or continues
5 coverage under the Public Employees' Benefits Program shall
6 assume the portion of the premium or contribution costs for the
7 coverage which the governing body or the State does not pay on
8 behalf of retired officers or employees. A dependent of such a
9 retired person has the option, which may be exercised to the same
10 extent and in the same manner as the retired person, to cancel or
11 continue coverage in effect on the date the retired person dies. The
12 dependent is not required to continue to receive retirement payments
13 from the Public Employees' Retirement System to continue
14 coverage.

15 3. Notice of the selection of the option must be given in writing
16 to the last public employer of the officer or employee within 60 days
17 after the date of retirement or death, as the case may be. If no notice
18 is given by that date, the retired officer or employee and his
19 dependents shall be deemed to have selected the option to cancel the
20 coverage for the group insurance, plan of benefits or medical and
21 hospital service established pursuant to NRS 287.010, 287.015,
22 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025
23 or not to join the Public Employees' Benefits Program, as the case
24 may be.

25 4. The governing body of any county, school district,
26 municipal corporation, political subdivision, public corporation or
27 other local governmental agency of this State:

28 (a) May pay the cost, or any part of the cost, of coverage
29 established pursuant to NRS 287.010, 287.015 or 287.020 or
30 paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 for persons
31 who continue that coverage pursuant to subsection 1, but it must not
32 pay a greater portion than it does for its current officers and
33 employees.

34 (b) Shall pay the same portion of the cost of coverage under the
35 Public Employees' Benefits Program for persons who join the
36 Program upon retirement pursuant to subsection 1 *on or after*
37 *October 1, 2003*, as the State pays pursuant to subsection 2 of NRS
38 287.046 for persons retired from state service who have continued to
39 participate in the Program.

40 5. The governing body of any county, school district,
41 municipal corporation, political subdivision, public corporation or
42 other local governmental agency of this State shall, for the purpose
43 of establishing actuarial data to determine rates and coverage for
44 persons who continue coverage for group insurance, a plan of
45 benefits or medical and hospital service with the governing body



1 pursuant to subsection 1, commingle the claims experience of those
2 persons with the claims experience of active officers and employees
3 and their dependents who participate in the group insurance, a plan
4 of benefits or medical and hospital service.

5 **Sec. 2.** NRS 287.046 is hereby amended to read as follows:

6 287.046 1. Except as otherwise provided in subsection 6, any
7 active state officer or employee who elects to participate in the
8 Program may participate, and the participating state agency that
9 employs the officer or employee shall pay the State's share of the
10 cost of the premiums or contributions for the Program from money
11 appropriated or authorized as provided in NRS 287.044. State
12 officers and employees who elect to participate in the Program must
13 authorize deductions from their compensation for the payment of
14 premiums or contributions for the Program. Any deduction from the
15 compensation of a state officer or employee for the payment of a
16 premium or contribution for health insurance must be based on the
17 actual amount of the premium or contribution after deducting any
18 amount of the premium or contribution which is paid by the
19 participating state agency that employs the employee.

20 2. The Department of Personnel shall pay a percentage of the
21 base amount provided by law for that fiscal year toward the cost of
22 the premiums or contributions for the Program for persons who have
23 retired with state service and who elect to participate in the
24 Program. Except as otherwise provided in subsection 3, the
25 percentage to be paid must be calculated as follows:

26 (a) For those persons who retire before January 1, 1994, 100
27 percent of the base amount provided by law for that fiscal year.

28 (b) For those persons who retire on or after January 1, 1994, *and*
29 *before July 1, 2004*, with at least 5 years of state service, 25 percent
30 plus an additional 7.5 percent for each year of ~~state~~ service in
31 excess of 5 years to a maximum of 137.5 percent, excluding service
32 purchased pursuant to NRS 1A.310 or 286.300, of the base amount
33 provided by law for that fiscal year.

34 *(c) For those persons who retire on or after July 1, 2004, with*
35 *at least 5 years of state service, 25 percent plus an additional 7.5*
36 *percent for each year of state service in excess of 5 years to a*
37 *maximum of 137.5 percent, excluding service purchased pursuant*
38 *to NRS 1A.310 or 286.300, of the base amount provided by law for*
39 *that fiscal year.*

40 3. If the amount calculated pursuant to subsection 2 exceeds
41 the actual premium or contribution for the plan of the Program that
42 the retired participant selects, the balance must be credited to the
43 Fund for the Public Employees' Benefits Program created pursuant
44 to NRS 287.0435.

45 4. For the purposes of subsection 2:



1 (a) Credit for service must be calculated in the manner provided
2 by chapter 286 of NRS.

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

4 5. The Department shall agree through the Board with the
5 insurer for billing of remaining premiums or contributions for the
6 retired participant and his dependents to the retired participant and
7 to his dependents who elect to continue coverage under the Program
8 after his death.

9 6. A Senator or Assemblyman who elects to participate in the
10 Program shall pay the entire premium or contribution for his
11 insurance.

12 **Sec. 3.** The Public Employees' Benefits Program shall
13 reimburse any participant in the Program:

14 1. Who retired before July 1, 2004, from public service;

15 2. Whose years of public service included service with a local
16 government; and

17 3. Whose subsidy for coverage under the Program pursuant to
18 paragraph (b) of subsection 2 of NRS 287.046 decreased between
19 July 1, 2004, and July 1, 2005,

20 ➤ for the total amount by which the subsidy of the person decreased
21 during that period.

22 **Sec. 4.** This act becomes effective on July 1, 2005.

