

SENATE BILL NO. 479—COMMITTEE ON LEGISLATIVE
OPERATIONS AND ELECTIONS

(ON BEHALF OF THE PUBLIC EMPLOYEES' BENEFITS PROGRAM)

MARCH 29, 2005

Referred to Committee on Finance

SUMMARY—Makes various changes to provisions governing
Public Employees' Benefits Program.
(BDR 23-609)

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;
revising the date after employment or taking office on
which the eligibility of certain state officers and
employees to participate in the Program commences;
revising the provisions governing the reinstatement of
insurance by a retired public officer or employee or his
spouse; prohibiting state officers and employees who are
members of a group that left the Program and obtained
other group insurance from reinstating coverage with the
Program; 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
6 health insurance, or any combination of these; and



1 (2) May include a program to reduce taxable compensation
2 or other forms of compensation other than deferred compensation,
3 ➡ for the benefit of all state officers and employees and other
4 persons who participate in the Program.

5 (b) Ensure that the Program is funded on an actuarially sound
6 basis and operated in accordance with sound insurance and business
7 practices.

8 2. In establishing and carrying out the Program, the Board
9 shall:

10 (a) For the purpose of establishing actuarial data to determine
11 rates and coverage for active and retired state officers and
12 employees and their dependents, commingle the claims experience
13 of such active and retired officers and employees and their
14 dependents.

15 (b) Except as otherwise provided in this paragraph, negotiate
16 and contract pursuant to paragraph (a) of subsection 1 of NRS
17 287.025 with the governing body of any county, school district,
18 municipal corporation, political subdivision, public corporation or
19 other local governmental agency of the State of Nevada that wishes
20 to obtain group insurance for its active and retired officers and
21 employees and their dependents by participation in the Program.
22 The Board shall establish separate rates and coverage for active and
23 retired officers and employees of those local governmental agencies
24 and their dependents based on actuarial reports that commingle the
25 claims experience of such active and retired officers and employees
26 and their dependents.

27 (c) Except as otherwise provided in paragraph (d), provide
28 public notice in writing of any proposed changes in rates or
29 coverage to each participating public agency that may be affected by
30 the changes. Notice must be provided at least 30 days before the
31 effective date of the changes.

32 (d) If a proposed change is a change in the premium or
33 contribution charged for, or coverage of, health insurance, provide
34 written notice of the proposed change to all participants in the
35 Program. The notice must be provided at least 30 days before the
36 date on which a participant in the Program is required to select or
37 change his policy of health insurance.

38 (e) Purchase policies of life, accident or health insurance, or any
39 combination of these, or, if applicable, a program to reduce the
40 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
41 any company qualified to do business in this State or provide similar
42 coverage through a plan of self-insurance established pursuant to
43 NRS 287.0433 for the benefit of all eligible participants in the
44 Program.



(f) Except as otherwise provided in this title, develop and establish other employee benefits as necessary.

(g) Investigate and approve or disapprove any contract proposed pursuant to NRS 287.0479.

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

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

(2) Conditions for entry and reentry into the Program by local governmental agencies that wish to enter or reenter the Program pursuant to paragraph (a) of subsection 1 of NRS 287.025;

and

~~(3) [Procedures by which a group of participants in the Program may leave the Program pursuant to NRS 287.0479 and conditions and procedures for reentry into the Program by those participants;~~

~~(4)]~~ Specific procedures for the determination of contested claims.

(i) Appoint an independent certified public accountant. The accountant shall:

(1) Provide an annual audit of the Program; and

(2) Report to the Board and the Interim Retirement and Benefits Committee of the Legislature created pursuant to NRS 218.5373.

(j) Appoint an attorney who specializes in employee benefits. The attorney shall:

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

(2) Report to the Board and the Interim Retirement and Benefits Committee of the Legislature created pursuant to NRS 218.5373.

3. The Board shall submit an annual report regarding the administration and operation of the Program to the Director of the Legislative Counsel Bureau not more than 6 months before the Board establishes rates and coverage for participants for the following plan year. The report must include, without limitation:

(a) The amount paid by the Program in the preceding plan year for the claims of active and retired participants in the Program; and

(b) The amount paid by the Program in the preceding plan year for the claims of retired participants in the Program who were provided coverage for medical or hospital service, or both, by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.



4. The Board may use any services provided to state agencies and shall use the services of the Purchasing Division of the Department of Administration to establish and carry out the Program.

5. The Board may make recommendations to the Legislature concerning legislation that it deems necessary and appropriate regarding the Program.

6. A participating public agency is not liable for any obligation of the Program other than indemnification of the Board and its employees against liability relating to the administration of the Program, subject to the limitations specified in NRS 41.0349.

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

Sec. 2. NRS 287.045 is hereby amended to read as follows:

287.045 1. Except as otherwise provided in this section, every state officer or employee is eligible to participate in the Program on the first day of the month following the completion of ~~[90 days]~~ **3 months** of full-time employment.

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

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

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

3. Every officer or employee who is employed by a participating local governmental agency on a permanent and full-time basis on the date on which the participating local governmental agency enters into an agreement to participate in the Program pursuant to paragraph (a) of subsection 1 of NRS 287.025, and every officer or employee who commences his employment with that participating local governmental agency after that date, is eligible to participate in the Program on the first day of the month following the completion of ~~[90 days]~~ **3 months** of full-time employment.

4. Every Senator and Assemblyman is eligible to participate in the Program on the first day of the month following the ~~[90th day]~~ **third month** after his initial term of office begins.

5. An officer or employee of the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada who retires under the conditions set forth in NRS 1A.350



1 or 1A.480, or 286.510 or 286.620 and was not participating in the
2 Program at the time of his retirement is eligible to participate in the
3 Program 60 days after notice of the selection to participate is given
4 pursuant to NRS 287.023.

5 6. Notwithstanding the provisions of subsections 1, 3 and 4, if
6 the Board does not, pursuant to NRS 689B.580, elect to exclude the
7 Program from compliance with NRS 689B.340 to 689B.590,
8 inclusive, and if the coverage under the Program is provided by a
9 health maintenance organization authorized to transact insurance in
10 this State pursuant to chapter 695C of NRS, any affiliation period
11 imposed by the Program may not exceed the statutory limit for an
12 affiliation period set forth in NRS 689B.500.

13 **Sec. 3.** NRS 287.0475 is hereby amended to read as follows:

14 287.0475 1. ~~[A]~~ *Except as otherwise provided in NRS*
15 *287.0479, a* public officer or employee who has retired pursuant to
16 NRS 1A.350 or 1A.480, or 286.510 or 286.620, or a retirement
17 program provided pursuant to NRS 286.802, or the surviving spouse
18 of such a retired public officer or employee who is deceased may, in
19 any even-numbered year, reinstate any insurance, except life
20 insurance, which was provided to him and his dependents at the
21 time of his retirement pursuant to NRS 287.010, 287.015, 287.020
22 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 or the
23 Program as a public officer or employee by:

24 (a) Giving written notice of his intent to reinstate the insurance
25 *not later than January 31 of an even-numbered year:*

26 *(1) If the public officer or employee retired from the service*
27 *of the State, to the Program; or*

28 *(2) If the public officer or employee did not retire from the*
29 *service of the State, to the last public employer of the public officer*
30 *or employee ;* ~~[not later than January 31 of an even-numbered year:]~~

31 (b) Accepting the public employer's current program or plan of
32 insurance and any subsequent changes thereto; and

33 (c) Paying any portion of the premiums or contributions of the
34 public employer's program or plan of insurance, in the manner set
35 forth in NRS 1A.470 or 286.615, which are due from the date of
36 reinstatement and not paid by the public employer.

37 ➤ The last public employer shall ~~[give the insurer notice of the~~
38 ~~reinstatement-no]~~ *make such coverage effective not* later than
39 March ~~[31]~~ 1 of the year in which the public officer or employee or
40 surviving spouse gives notice of his intent to reinstate the insurance.

41 2. Reinstatement of insurance excludes claims for expenses for
42 any condition for which medical advice, treatment or consultation
43 was rendered within 12 months before reinstatement unless the
44 reinstated insurance has been in effect more than 12 consecutive
45 months.



3. The last public employer of a retired officer or employee who reinstates insurance, except life insurance, which was provided to him and his dependents at the time of his retirement pursuant to NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025, shall, for the purpose of establishing actuarial data to determine rates and coverage for such persons, commingle the claims experience of such persons with the claims experience of active and retired officers and employees and their dependents who participate in that group insurance, plan of benefits or medical and hospital service.

Sec. 4. NRS 287.0479 is hereby amended to read as follows:

287.0479 1. If approved by the Board pursuant to this section, a group of not less than 300 active state officers or employees or retired state officers or employees, or any combination thereof, that participate in the Program may leave the Program and secure life, accident or health insurance, or any combination thereof, for the group from an:

(a) Insurer that is authorized by the Commissioner of Insurance to provide such insurance; or

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

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

3. The Board shall disburse periodically to the insurer or employee benefit plan with which a group contracts pursuant to this section the total amount set forth in the contract for premiums or contributions for the members of the group for that period but not to



1 exceed the amount appropriated to or authorized for the
2 participating state agency that employs the members of the group
3 for premiums or contributions for the members of the group for that
4 period, after deducting any administrative costs related to the group.

5 4. *If a group leaves the Program pursuant to this section, an*
6 *active or retired state officer or employee who is a member of the*
7 *group may not reinstate coverage with the Program.*

8 5. The Board shall adopt regulations establishing the ~~criteria~~ :

9 (a) *Procedures by which a group of participants in the*
10 *Program may leave the Program; and*

11 (b) *Criteria* pursuant to which the Board will approve proposed
12 contracts pursuant to subsection 2.

13 **Sec. 5.** 1. This section becomes effective upon passage and
14 approval.

15 2. Section 2 of this act becomes effective upon passage and
16 approval and applies retroactively to January 1, 2005.

17 3. Sections 1, 3 and 4 of this act become effective on July 1,
18 2005.



