

SENATE BILL NO. 484—COMMITTEE ON LEGISLATIVE
OPERATIONS AND ELECTIONS

(ON BEHALF OF THE DEPARTMENT OF ADMINISTRATION)

MARCH 29, 2005

Referred to Committee on Finance

SUMMARY—Revises provisions governing Public Employees’
Benefits Program. (BDR 23-1364)

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 the Public Employees’ Benefits Program;
providing that any state officer or employee who is hired
after July 1, 2006, is not entitled to receive a subsidy for
coverage under 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



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

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

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

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

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

(b) Shall pay the ~~same~~ *following* portion of the cost of coverage under the Public Employees' Benefits Program for persons who join the Program upon retirement pursuant to subsection 1 ~~as the State pays pursuant to subsection 2 of NRS 287.046 for persons retired from state service who have continued to participate in the Program.~~ :

(1) For a person who retires before January 1, 1994, 100 percent of the base amount provided by law, for the purposes of subsection 2 of NRS 287.046, for the applicable fiscal year for the State's share of the cost of premiums or contributions for group insurance for persons who have retired with state service and who elect to participate in the Program.



(2) For a person who retires on or after January 1, 1994, with at least 5 years of service with the local government, 25 percent plus an additional 7.5 percent for each year of service with the local government in excess of 5 years to the maximum amount of 137.5 percent, excluding service purchased pursuant to NRS 286.300, of the base amount provided by law, for the purposes of subsection 2 of NRS 287.046, for the applicable fiscal year for the State's share of the cost of premiums or contributions for group insurance for persons who have retired with state service and who elect to participate in the Program.

5. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State shall, for the purpose of establishing actuarial data to determine rates and coverage for persons who continue coverage for group insurance, a plan of benefits or medical and hospital service with the governing body pursuant to subsection 1, commingle the claims experience of those persons with the claims experience of active officers and employees and their dependents who participate in the group insurance, a plan of benefits or medical and hospital service.

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

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

2. The Department of Personnel shall pay ~~a percentage~~ *the following percentages* of the base amount provided by law for that fiscal year toward the cost of the premiums or contributions for the Program for persons who have retired with state service and who elect to participate in the Program : ~~1. Except as otherwise provided in subsection 3, the percentage to be paid must be calculated as follows:1~~

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



(b) For ~~those persons who retire~~ *a person who retires* on or after January 1, 1994, ~~with~~ *and who was hired before July 1, 2006, and has* at least 5 years of state *service*:

(1) If the person does not have any break in state service, 25 percent plus an additional 7.5 percent for each year of state service in excess of 5 years to a maximum of 137.5 percent, excluding service purchased pursuant to NRS 1A.310 or 286.300, of the base amount provided by law for that fiscal year.

(2) If the person has any break in state service after July 1, 2006, 25 percent plus an additional 7.5 percent for each year of state service in excess of 5 years to a maximum of 137.5 percent of the base amount provided by law for that fiscal year, excluding:

(I) Service purchased pursuant to NRS 1A.310 or 286.300; and

(II) Any years of state service that were earned after the person returned from such a break.

3. Any person who is initially hired by the State on or after July 1, 2006, is not entitled upon retirement to any payment pursuant to subsection 2 toward the cost of the premiums or contributions of the person for the Program upon retirement.

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

~~4.1~~ *5. For the purposes of subsection 2:*

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

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

~~5.1~~ *6. The Department shall agree through the Board with the insurer for billing of remaining premiums or contributions for the retired participant and his dependents to the retired participant and to his dependents who elect to continue coverage under the Program after his death.*

~~6.1~~ *7. A Senator or Assemblyman who elects to participate in the Program shall pay the entire premium or contribution for his insurance.*

Sec. 3. This act becomes effective on July 1, 2006.

