

SENATE BILL NO. 544—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE LEGISLATIVE COMMISSION’S COMMITTEE  
TO STUDY THE PUBLIC EMPLOYEES’ BENEFITS PROGRAM)

MARCH 26, 2007

Referred to Committee on Finance

SUMMARY—Makes various changes relating to the Public Employees’ Benefits Program. (BDR 23-126)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
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 employees; revising provisions governing the eligibility of retired officers and employees of certain local governments to participate in the Public Employees’ Benefits Program; revising reporting requirements for the Board of the program; providing a procedure for the Board to collect certain debts; making other various changes relating to the Program; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

**Section 1** of this bill authorizes participants in the Public Employees’ Benefits Program to seek assistance from the Office for Consumer Health Assistance.

**Section 2** of this bill clarifies that a local government is required to pay the subsidy for the cost of coverage under the Program for its retirees who reinstate coverage under the Program. **Section 16** makes this requirement apply retroactively to October 1, 2003.

Effective November 30, 2008, **section 2.5** removes the option of retirees of local governments to join the Program upon retirement if the local government that employed the retiree did not participate in the Program at that time. (NRS 287.023)

**Section 9.7** of this bill carries out this change with respect to reinstatement of coverage with the Program. (NRS 287.0475) **Section 15** of this bill provides that removal of this option does not affect the eligibility of retirees of local governments that are enrolled in the Program on November 30, 2008, to continue coverage under the Program after that date.

**Section 5** of this bill authorizes the Board of the Program to appoint advisory committees. (NRS 287.0415)



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Effective July 1, 2008, **section 6** of this bill requires the Board to provide a program that offers flexibility in benefits for participants in the Program who also have coverage under Medicare and authorizes the provision of the Program to other participants. (NRS 287.043) **Section 6** also revises the contents of the annual report submitted by the Board to the Legislature. Effective November 30, 2008, **section 6.5** of this bill imposes certain requirements on local governments that enter into a contract for coverage with the Program.

Effective July 1, 2008, **sections 6 and 8.5** of this bill clarify that for the purposes of the provisions concerning the establishment of rates and coverage for the Program, only the claims experience of participants for whom the Program provides primary health insurance coverage must be commingled into a single risk pool. (NRS 287.043, 287.0434)

**Sections 8 and 11** of this bill provide a procedure by which the Board may collect subsidy payments from local governments that are overdue. **Sections 8 and 9** of this bill provide that the assets of the Program may only be used for the benefit of the participants of the Program. (NRS 287.0434, 287.0435)

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 287 of NRS is hereby amended by adding thereto a new section to read as follows:

*A participant of the Program may seek assistance from the Office for Consumer Health Assistance regarding concerns and problems related to his coverage with the Program.*

**Sec. 2.** NRS 287.023 is hereby amended to read as follows:

287.023 1. Whenever 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 retires under the conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or 286.620 and, at the time of his retirement, was covered or had his dependents covered by any 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 under the Public Employees' Benefits Program pursuant to paragraph (a) of subsection 1 of NRS 287.025*, the officer or employee has the option upon retirement to cancel or continue any such coverage or *, if such coverage was not provided under the Public Employees' Benefits Program*, join the Public Employees' Benefits Program, to the extent that ~~[such]~~ *coverage pursuant to this subsection* 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



1 coverage which the governing body or the State does not pay on  
2 behalf of retired officers or employees. A dependent of such a  
3 retired person has the option, which may be exercised to the same  
4 extent and in the same manner as the retired person, to cancel or  
5 continue coverage in effect on the date the retired person dies. The  
6 dependent is not required to continue to receive retirement payments  
7 from the Public Employees' Retirement System to continue  
8 coverage.

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

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

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

29 (b) Shall pay the same portion of the cost of coverage under the  
30 Public Employees' Benefits Program for persons who join *or*  
31 *continue coverage under* the *Public Employees' Benefits* Program  
32 upon retirement pursuant to subsection 1 *or who subsequently*  
33 *reinstate coverage under the Public Employees' Benefits Program*  
34 *pursuant to NRS 287.0475*, as the State pays pursuant to subsection  
35 2 of NRS 287.046 for persons retired from state service who have  
36 continued to participate in the *Public Employees' Benefits* Program.

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



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1 and their dependents who participate in the group insurance, a plan  
2 of benefits or medical and hospital service.

3 **Sec. 2.5.** NRS 287.023 is hereby amended to read as follows:

4 287.023 1. Whenever an officer or employee of the  
5 governing body of any county, school district, municipal  
6 corporation, political subdivision, public corporation or other local  
7 governmental agency of the State of Nevada retires under the  
8 conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or  
9 286.620 and, at the time of his retirement, was covered or had his  
10 dependents covered by any group insurance, plan of benefits or  
11 medical and hospital service established pursuant to NRS 287.010,  
12 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS  
13 287.025 or under the Public Employees' Benefits Program pursuant  
14 to paragraph (a) of subsection 1 of NRS 287.025, the officer or  
15 employee has the option upon retirement to cancel or continue any  
16 such coverage ~~for, if such coverage was not provided under the~~  
17 ~~Public Employees' Benefits Program, join the Public Employees'~~  
18 ~~Benefits Program,]~~ to the extent that *such* coverage ~~[pursuant to this~~  
19 ~~subsection]~~ is not provided to him or a dependent by the Health  
20 Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.

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

33 3. Notice of the selection of the option must be given in writing  
34 to the last public employer of the officer or employee within 60 days  
35 after the date of retirement or death, as the case may be. If no notice  
36 is given by that date, the retired officer or employee and his  
37 dependents shall be deemed to have selected the option to cancel the  
38 coverage for the group insurance, plan of benefits or medical and  
39 hospital service established pursuant to NRS 287.010, 287.015,  
40 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025  
41 or coverage under the Public Employees' Benefits Program pursuant  
42 to paragraph (a) of subsection 1 of NRS 287.025 . ~~[or not to join the~~  
43 ~~Public Employees' Benefits Program, as the case may be.]~~



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

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

10 (b) Shall pay the same portion of the cost of coverage under the  
11 Public Employees' Benefits Program for persons who ~~join or~~  
12 continue coverage under the Public Employees' Benefits Program  
13 upon retirement pursuant to subsection 1 or who subsequently  
14 reinstate coverage under the Public Employees' Benefits Program  
15 pursuant to NRS 287.0475, as the State pays pursuant to subsection  
16 2 of NRS 287.046 for persons retired from state service who have  
17 continued to participate in the Public Employees' Benefits Program.

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

28 **Sec. 3.** NRS 287.0402 is hereby amended to read as follows:

29 287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*  
30 *section 1 of this act*, unless the context otherwise requires, the  
31 words and terms defined in NRS 287.0404 to 287.0406, inclusive,  
32 have the meanings ascribed to them in those sections.

33 **Sec. 4.** (Deleted by amendment.)

34 **Sec. 5.** NRS 287.0415 is hereby amended to read as follows:

35 287.0415 1. A majority of the members of the Board  
36 constitutes a quorum for the transaction of business.

37 2. The Governor shall designate one of the members of the  
38 Board to serve as the Chairman.

39 3. The Board shall meet at least once every calendar quarter  
40 and at other times upon the call of the Chairman.

41 4. The Board may meet in closed session:

42 (a) To discuss matters relating to personnel;

43 (b) To prepare a request for a proposal or other solicitation for  
44 bids to be released by the Board for competitive bidding; or

45 (c) As otherwise provided pursuant to chapter 241 of NRS.



5. Except as otherwise provided in this subsection, if the Board causes a meeting to be transcribed by a court reporter who is certified pursuant to chapter 656 of NRS, the Board shall post a transcript of the meeting on its Internet website not later than 30 days after the meeting. The Board shall post a transcript of a closed session of the Board on its Internet website when the Board determines that the matters discussed no longer require confidentiality and, if applicable, the person whose character, conduct, competence or health was discussed in the closed session has consented to the posting.

6. *The Board may appoint such advisory committees as it deems necessary to assist the Board in carrying out its duties pursuant to NRS 287.0402 to 287.049, inclusive, and section 1 of this act.*

7. As used in this section, "request for a proposal" has the meaning ascribed to it in subsection 8 of NRS 333.020.

**Sec. 6.** NRS 287.043 is hereby amended to read as follows:

287.043 1. The Board shall:

(a) Establish and carry out a program to be known as the Public Employees' Benefits Program which:

(1) Must include ~~the~~ :

(I) A program relating to group life, accident or health insurance, or any combination of these; and

(II) *A plan that offers flexibility in benefits for participants in the Program who are provided coverage by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., and for which the rates must be based only on the experience of the participants in the plan and not in combination with the experience of participants in any other plan offered under the Program; and*

(2) May include ~~a program~~ :

(I) *A plan that offers flexibility in benefits, and for which the rates must be based only on the experience of the participants in the plan and not in combination with the experience of participants in any other plan offered under the Program; or*

(II) *A program to reduce taxable compensation or other forms of compensation other than deferred compensation,*

↳ *for the benefit of all state officers and employees and other persons who participate in the Program.*

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

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



(a) For the purpose of establishing actuarial data to determine rates and coverage for active and retired state officers and employees and their dependents, commingle the claims experience of such active and retired officers and employees and their dependents **[H] for whom the Program provides primary health insurance coverage into a single risk pool.**

(b) Except as otherwise provided in this paragraph, negotiate and contract pursuant to paragraph (a) of subsection 1 of NRS 287.025 with the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada that wishes to obtain group insurance for its active and retired officers and employees and their dependents by participation in the Program. The Board shall establish separate rates and coverage for active and retired officers and employees of those local governmental agencies and their dependents based on actuarial reports that commingle the claims experience of such active and retired officers and employees and their dependents **[H] for whom the Program provides primary health insurance coverage into a single risk pool.**

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

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

(e) Purchase policies of life, accident or health insurance, or any combination of these, or, if applicable, a program to reduce the amount of taxable compensation pursuant to 26 U.S.C. § 125, from any company qualified to do business in this State or provide similar coverage through a plan of self-insurance established pursuant to NRS 287.0433 for the benefit of all eligible participants in the 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, **and section 1 of this act**, including, without limitation, the establishment of:



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(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;

(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; and

(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 *for transmittal to the appropriate committees of the Legislature, or to the Legislative Commission when the Legislature is not in regular session, for acceptance or rejection* 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]~~ *Detailed financial results for the Program for the preceding plan year, including, without limitation, identification of the sources of revenue for the Program and a detailed accounting of expenses which are segregated by each type of benefit offered by the Program, and administrative costs. The results must be provided separately concerning:*

*(1) Participants who are active and retired state officers and employees and their dependents;*



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(2) All participants in the Program other than those described in subparagraph (1); and

(3) Within the groups described in subparagraphs (1) and (2), active participants, retired participants for which the Program provides primary health insurance coverage and retired participants in the Program who ~~were~~ are 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.

(b) An assessment of actuarial accuracy and reserves for the current plan year and the immediately preceding plan year.

(c) A summary of the plan design for the current plan year, including, without limitation, information regarding rates and any changes in the vendors with which the Program has entered into contracts, and a comparison of the plan design for the current plan year to the plan design for the immediately preceding plan year. The information regarding rates provided pursuant to this paragraph must set forth the costs for participation in the Program paid by participants and employers on a monthly basis.

(d) A description of all written communications provided generally to all participants by the Program during the preceding plan year.

(e) A discussion of activities of the Board concerning purchasing coalitions.

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. 6.5.** NRS 287.043 is hereby amended to read as follows:

287.043 1. The Board shall:

(a) Establish and carry out a program to be known as the Public Employees' Benefits Program which:

(1) Must include:



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1 (I) A program relating to group life, accident or health  
2 insurance, or any combination of these; and

3 (II) A plan that offers flexibility in benefits for  
4 participants in the Program who are provided coverage by the  
5 Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq., and  
6 for which the rates must be based only on the experience of the  
7 participants in the plan and not in combination with the experience  
8 of participants in any other plan offered under the Program; and

9 (2) May include:

10 (I) A plan that offers flexibility in benefits, and for which  
11 the rates must be based only on the experience of the participants in  
12 the plan and not in combination with the experience of participants  
13 in any other plan offered under the Program; or

14 (II) A program to reduce taxable compensation or other  
15 forms of compensation other than deferred compensation,  
16 ➤ for the benefit of all state officers and employees and other  
17 persons who participate in the Program.

18 (b) Ensure that the Program is funded on an actuarially sound  
19 basis and operated in accordance with sound insurance and business  
20 practices.

21 2. In establishing and carrying out the Program, the Board  
22 shall:

23 (a) For the purpose of establishing actuarial data to determine  
24 rates and coverage for active and retired state officers and  
25 employees and their dependents, commingle the claims experience  
26 of such active and retired officers and employees and their  
27 dependents for whom the Program provides primary health  
28 insurance coverage into a single risk pool.

29 (b) Except as otherwise provided in this paragraph, negotiate  
30 and contract pursuant to paragraph (a) of subsection 1 of NRS  
31 287.025 with the governing body of any county, school district,  
32 municipal corporation, political subdivision, public corporation or  
33 other local governmental agency of the State of Nevada that wishes  
34 to obtain group insurance for its active and retired officers and  
35 employees and their dependents by participation in the Program.  
36 The Board shall establish separate rates and coverage for active and  
37 retired officers and employees of those local governmental agencies  
38 and their dependents based on actuarial reports that commingle the  
39 claims experience of such active and retired officers and employees  
40 and their dependents for whom the Program provides primary health  
41 insurance coverage into a single risk pool.

42 (c) Except as otherwise provided in paragraph (d), provide  
43 public notice in writing of any proposed changes in rates or  
44 coverage to each participating public agency that may be affected by



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

3 (d) If a proposed change is a change in the premium or  
4 contribution charged for, or coverage of, health insurance, provide  
5 written notice of the proposed change to all participants in the  
6 Program. The notice must be provided at least 30 days before the  
7 date on which a participant in the Program is required to select or  
8 change his policy of health insurance.

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

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

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

20 (h) Adopt such regulations and perform such other duties as are  
21 necessary to carry out the provisions of NRS 287.0402 to 287.049,  
22 inclusive, and section 1 of this act, including, without limitation, the  
23 establishment of:

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

26 (2) Conditions for entry and reentry into *and exit from* the  
27 Program by local governmental agencies ~~[that wish to enter or~~  
28 ~~reenter the Program]~~ pursuant to paragraph (a) of subsection 1 of  
29 NRS 287.025 ~~[;]~~, *which:*

30 *(I) Must include a minimum period of 4 years of*  
31 *participation for entry into the Program;*

32 *(II) Must include a requirement that participation of*  
33 *any retired officers and employees of the local governmental*  
34 *agency terminates upon termination of the local governmental*  
35 *agency's contract with the Program; and*

36 *(III) May allow for the exclusion of active and retired*  
37 *officers and employees of the local governmental agency who are*  
38 *eligible for health coverage from a health and welfare plan or*  
39 *trust that arose out of collective bargaining under chapter 288 of*  
40 *NRS or a trust established pursuant to 29 U.S.C. § 186;*

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



(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 for transmittal to the appropriate committees of the Legislature, or to the Legislative Commission when the Legislature is not in regular session, for acceptance or rejection 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) Detailed financial results for the Program for the preceding plan year, including, without limitation, identification of the sources of revenue for the Program and a detailed accounting of expenses which are segregated by each type of benefit offered by the Program, and administrative costs. The results must be provided separately concerning:

(1) Participants who are active and retired state officers and employees and their dependents;

(2) All participants in the Program other than those described in subparagraph (1); and

(3) Within the groups described in subparagraphs (1) and (2), active participants, retired participants for which the Program provides primary health insurance coverage and retired participants in the Program who are 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.

(b) An assessment of actuarial accuracy and reserves for the current plan year and the immediately preceding plan year.

(c) A summary of the plan design for the current plan year, including, without limitation, information regarding rates and any changes in the vendors with which the Program has entered into



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1 contracts, and a comparison of the plan design for the current plan  
2 year to the plan design for the immediately preceding plan year. The  
3 information regarding rates provided pursuant to this paragraph  
4 must set forth the costs for participation in the Program paid by  
5 participants and employers on a monthly basis.

6 (d) A description of all written communications provided  
7 generally to all participants by the Program during the preceding  
8 plan year.

9 (e) A discussion of activities of the Board concerning  
10 purchasing coalitions.

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

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

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

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

26 **Sec. 7.** (Deleted by amendment.)

27 **Sec. 8.** NRS 287.0434 is hereby amended to read as follows:

28 287.0434 The Board may:

29 1. Use its assets *only* to pay the expenses of health care for its  
30 members and covered dependents, to pay its employees' salaries and  
31 to pay administrative and other expenses.

32 2. Enter into contracts relating to the administration of the  
33 Program, including, without limitation, contracts with licensed  
34 administrators and qualified actuaries. Each such contract with a  
35 licensed administrator:

36 (a) Must be submitted to the Commissioner of Insurance not less  
37 than 30 days before the date on which the contract is to become  
38 effective for approval as to the reasonableness of administrative  
39 charges in relation to contributions collected and benefits provided.

40 (b) Does not become effective unless approved by the  
41 Commissioner.

42 (c) Shall be deemed to be approved if not disapproved by the  
43 Commissioner within 30 days after its submission.

44 3. Enter into contracts with physicians, surgeons, hospitals,  
45 health maintenance organizations and rehabilitative facilities for



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1 medical, surgical and rehabilitative care and the evaluation,  
2 treatment and nursing care of members and covered dependents.  
3 The Board shall not enter into a contract pursuant to this subsection  
4 unless:

5 (a) Provision is made by the Board to offer all the services  
6 specified in the request for proposals, either by a health maintenance  
7 organization or through separate action of the Board.

8 (b) The rates set forth in the contract are based on:

9 (1) For active and retired state officers and employees and  
10 their dependents, the commingled claims experience of such active  
11 and retired officers and employees and their dependents; and

12 (2) For active and retired officers and employees of public  
13 agencies enumerated in NRS 287.010 that contract with the Program  
14 to obtain group insurance by participation in the Program and their  
15 dependents, the commingled claims experience of such active and  
16 retired officers and employees and their dependents.

17 4. Enter into contracts for the services of other experts and  
18 specialists as required by the Program.

19 5. Charge and collect from an insurer, health maintenance  
20 organization, organization for dental care or nonprofit medical  
21 service corporation, a fee for the actual expenses incurred by the  
22 Board or a participating public agency in administering a plan of  
23 insurance offered by that insurer, organization or corporation.

24 *6. Charge and collect the amount due from local*  
25 *governments pursuant to paragraph (b) of subsection 4 of NRS*  
26 *287.023. If the payment of a local government pursuant to that*  
27 *provision is delinquent by more than 90 days, the Board shall*  
28 *notify the Executive Director of the Department of Taxation*  
29 *pursuant to section 11 of this act.*

30 **Sec. 8.5.** NRS 287.0434 is hereby amended to read as follows:  
31 287.0434 The Board may:

32 1. Use its assets only to pay the expenses of health care for its  
33 members and covered dependents, to pay its employees' salaries and  
34 to pay administrative and other expenses.

35 2. Enter into contracts relating to the administration of the  
36 Program, including, without limitation, contracts with licensed  
37 administrators and qualified actuaries. Each such contract with a  
38 licensed administrator:

39 (a) Must be submitted to the Commissioner of Insurance not less  
40 than 30 days before the date on which the contract is to become  
41 effective for approval as to the reasonableness of administrative  
42 charges in relation to contributions collected and benefits provided.

43 (b) Does not become effective unless approved by the  
44 Commissioner.



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(c) Shall be deemed to be approved if not disapproved by the Commissioner within 30 days after its submission.

3. Enter into contracts with physicians, surgeons, hospitals, health maintenance organizations and rehabilitative facilities for medical, surgical and rehabilitative care and the evaluation, treatment and nursing care of members and covered dependents. The Board shall not enter into a contract pursuant to this subsection unless:

(a) Provision is made by the Board to offer all the services specified in the request for proposals, either by a health maintenance organization or through separate action of the Board.

(b) The rates set forth in the contract are based on:

(1) For active and retired state officers and employees and their dependents, the commingled claims experience of such active and retired officers and employees and their dependents ~~for~~ *for whom the Program provides primary health insurance coverage in a single risk pool;* and

(2) For active and retired officers and employees of public agencies enumerated in NRS 287.010 that contract with the Program to obtain group insurance by participation in the Program and their dependents, the commingled claims experience of such active and retired officers and employees and their dependents ~~for~~ *for whom the Program provides primary health insurance coverage in a single risk pool.*

4. Enter into contracts for the services of other experts and specialists as required by the Program.

5. Charge and collect from an insurer, health maintenance organization, organization for dental care or nonprofit medical service corporation, a fee for the actual expenses incurred by the Board or a participating public agency in administering a plan of insurance offered by that insurer, organization or corporation.

6. Charge and collect the amount due from local governments pursuant to paragraph (b) of subsection 4 of NRS 287.023. If the payment of a local government pursuant to that provision is delinquent by more than 90 days, the Board shall notify the Executive Director of the Department of Taxation pursuant to section 11 of this act.

**Sec. 9.** NRS 287.0435 is hereby amended to read as follows:

287.0435 1. All money received for the Program, including, without limitation, premiums and contributions, must be deposited in the State Treasury for credit to the Fund for the Public Employees' Benefits Program which is hereby created as a trust fund. The Fund must be accounted for as an internal service fund. Payments into and disbursements from the Fund must be so arranged as to keep the Fund solvent at all times.





2. The money in the Fund must be invested as other money of the State is invested and any income from investments paid into the Fund for the benefit of the Fund.

3. Disbursements from the Fund must be made as any other claims against the State are paid ~~[-]~~ *and may only be made for the benefit of the participants in the Program.*

4. The State Treasurer may charge a reasonable fee for his services in administering the Fund, but the State, the State General Fund and the State Treasurer are not liable to the Fund for any loss sustained by the Fund as a result of any investment made on behalf of the Fund or any loss sustained in the operation of the Program.

5. The Board shall deposit any disbursement received from the Fund into an interest-bearing checking account in a bank or credit union qualified to receive deposits of public money. Claims that have been submitted to the Program and approved must be paid from the account, and any refund of such a claim must be deposited into the account.

**Sec. 9.3.** 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 of full-time employment.

2. Professional employees of the Nevada System of Higher Education who have annual employment contracts are eligible to participate in the Program on:

(a) The effective dates of their respective employment contracts, 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 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 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 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~~



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~~of Nevada who retires under the conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or 286.620 and was not participating in the Program at the time of his retirement is eligible to participate in the Program 60 days after notice of the selection to participate is given pursuant to NRS 287.023.~~

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

**Sec. 9.7.** NRS 287.0475 is hereby amended to read as follows:

287.0475 1. A public officer or employee who has retired pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620, or a retirement program provided pursuant to NRS 286.802, or the surviving spouse of such a retired public officer or employee who is deceased may, in any even-numbered year, reinstate any insurance, except life insurance, ~~[which was provided to him and his dependents at the time of his retirement pursuant]~~ *that, at the time of reinstatement, is provided by the last public employer of the retired public officer or employee to the active officers and employees and their dependents of that public employer:*

(a) Pursuant to NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 ; or

(b) *Under the Program, if the last public employer of the retired officer or employee was the State of Nevada or if the last public employer of the retired officer or employee participates in the Program [as a public officer or employee by:] pursuant to paragraph (a) of subsection 1 of NRS 287.025.*

**2. Reinstatement pursuant to subsection 1 must be requested by:**

(a) Giving written notice of his intent to reinstate the insurance to the last public employer of the public officer or employee not later than January 31 of an even-numbered year;

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

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

➤ The last public employer shall give the insurer notice of the reinstatement no later than March 31 of the year in which the public



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1 officer or employee or surviving spouse gives notice of his intent to  
2 reinstate the insurance.

3 ~~12-1~~ 3. Reinstatement of insurance excludes claims for expenses  
4 for any condition for which medical advice, treatment or  
5 consultation was rendered within 12 months before reinstatement  
6 unless the reinstated insurance has been in effect more than 12  
7 consecutive months.

8 ~~13-1~~ 4. The last public employer of a retired officer or employee  
9 who reinstates insurance, except life insurance, which was provided  
10 to him and his dependents at the time of his retirement pursuant to  
11 NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of  
12 subsection 1 of NRS 287.025, shall, for the purpose of establishing  
13 actuarial data to determine rates and coverage for such persons,  
14 commingle the claims experience of such persons with the claims  
15 experience of active and retired officers and employees and their  
16 dependents who participate in that group insurance, plan of benefits  
17 or medical and hospital service.

18 **Sec. 10.** NRS 223.560 is hereby amended to read as follows:  
19 223.560 The Director shall:

20 1. Respond to written and telephonic inquiries received from  
21 consumers and injured employees regarding concerns and problems  
22 related to health care and workers' compensation;

23 2. Assist consumers and injured employees in understanding  
24 their rights and responsibilities under health care plans , *including,*  
25 *without limitation, the Public Employees' Benefits Program,* and  
26 policies of industrial insurance;

27 3. Identify and investigate complaints of consumers and  
28 injured employees regarding their health care plans , *including,*  
29 *without limitation, the Public Employees' Benefits Program,* and  
30 policies of industrial insurance and assist those consumers and  
31 injured employees to resolve their complaints, including, without  
32 limitation:

33 (a) Referring consumers and injured employees to the  
34 appropriate agency, department or other entity that is responsible for  
35 addressing the specific complaint of the consumer or injured  
36 employee; and

37 (b) Providing counseling and assistance to consumers and  
38 injured employees concerning health care plans , *including, without*  
39 *limitation, the Public Employees' Benefits Program,* and policies  
40 of industrial insurance;

41 4. Provide information to consumers and injured employees  
42 concerning health care plans , *including, without limitation, the*  
43 *Public Employees' Benefits Program,* and policies of industrial  
44 insurance in this State;



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1 5. Establish and maintain a system to collect and maintain  
2 information pertaining to the written and telephonic inquiries  
3 received by the Office for Consumer Health Assistance;

4 6. Take such actions as are necessary to ensure public  
5 awareness of the existence and purpose of the services provided by  
6 the Director pursuant to this section;

7 7. In appropriate cases and pursuant to the direction of the  
8 Governor, refer a complaint or the results of an investigation to the  
9 Attorney General for further action;

10 8. Provide information to and applications for prescription drug  
11 programs for consumers without insurance coverage for prescription  
12 drugs or pharmaceutical services; and

13 9. Establish and maintain an Internet website which includes:

14 (a) Information concerning purchasing prescription drugs from  
15 Canadian pharmacies that have been recommended by the State  
16 Board of Pharmacy for inclusion on the Internet website pursuant to  
17 subsection 4 of NRS 639.2328; and

18 (b) Links to websites of Canadian pharmacies which have been  
19 recommended by the State Board of Pharmacy for inclusion on the  
20 Internet website pursuant to subsection 4 of NRS 639.2328.

21 **Sec. 11.** Chapter 354 of NRS is hereby amended by adding  
22 thereto a new section to read as follows:

23 *1. Upon receipt of notification by the Board of the Public*  
24 *Employees' Benefits Program pursuant to NRS 287.0434 that a*  
25 *local government is delinquent by more than 90 days on an*  
26 *amount due to the Public Employees' Benefits Program pursuant*  
27 *to paragraph (b) of subsection 4 of NRS 287.023, the Executive*  
28 *Director shall notify the governing body that the presence of a*  
29 *representative of the governing body is required at the next*  
30 *practicable scheduled meeting of the Committee to explain the*  
31 *reason that the payment has not been made. The notice must be*  
32 *transmitted to the governing body at least 5 days before the date on*  
33 *which the meeting will be held.*

34 *2. If an explanation satisfactory to the Committee is not*  
35 *provided at the meeting as requested in the notice and an*  
36 *arrangement is not made for the submission of the payment, the*  
37 *Committee may instruct the Executive Director to request that the*  
38 *State Treasurer withhold from the local government an amount*  
39 *equal to the amount of the delinquent payment from the next*  
40 *distribution from the Local Government Tax Distribution Account*  
41 *if the local government is otherwise entitled to receive such a*  
42 *distribution or of the local school support tax if the local*  
43 *government is a school district. Upon receipt of such a request, the*  
44 *State Treasurer shall withhold that amount from the payment or*  
45 *any future payment as necessary until he is notified by the*



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*Executive Director that the delinquent payment has been received by the Department. The Department shall transmit the delinquent payment to the Public Employees' Benefits Program upon receipt.*

**Sec. 12.** NRS 354.657 is hereby amended to read as follows:

354.657 1. The purpose of NRS 354.655 to 354.725, inclusive, *and section 11 of this act*, is to provide specific methods for the treatment of delinquent documents, *payments*, technical financial assistance and severe financial emergency.

2. To accomplish the purpose set forth in subsection 1, the provisions of NRS 354.655 to 354.725, inclusive, *and section 11 of this act*, must be broadly and liberally construed.

**Secs. 13-14.** (Deleted by amendment.)

**Sec. 15.** The provisions of NRS 287.023, as amended by section 2.5 of this act, do not apply to, and must not be construed to terminate coverage under the Program for, retired officers and employees of local governments who are enrolled in the Public Employees' Benefits Program on November 30, 2008.

**Sec. 16.** 1. This section and sections 1, 3, 4, 5, 7, 8, 9 and 10 to 14, inclusive, of this act become effective on July 1, 2007.

2. Section 2 of this bill becomes effective on July 1, 2007, and applies retroactively to October 1, 2003.

3. Section 8 of this act expires by limitation on June 30, 2008.

4. Sections 6 and 8.5 of this act become effective on July 1, 2008.

5. Sections 2 and 6 of this act expire by limitation on November 29, 2008.

6. Sections 2.5, 6.5, 9.3, 9.7 and 15 of this act become effective on November 30, 2008.

