

ASSEMBLY BILL NO. 562—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF THE DIVISION OF BUDGET AND PLANNING)

MARCH 28, 2011

Referred to Committee on Ways and Means

SUMMARY—Revises provisions relating to the subsidy for coverage of certain retired persons under the Public Employees' Benefits Program. (BDR 23-1187)

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 provisions governing the subsidy for coverage of certain retired persons under the Program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law provides for the payment of a subsidy to cover a portion of the
2 cost of coverage under the Public Employees' Benefits Program for certain retired
3 officers and employees with state service. (NRS 287.046) This bill specifies the
4 subsidy for a retired person whose coverage is provided through the Program by an
5 individual medical plan offered pursuant to the Health Insurance for the Aged Act,
6 42 U.S.C. §§ 1395 et seq., which is commonly known as Medicare.

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

- 1 **Section 1.** NRS 287.046 is hereby amended to read as follows:
2 287.046 1. The Department of Administration shall establish
3 an assessment that is to be used to pay for a portion of the cost of
4 premiums or contributions for the Program for persons who have
5 retired with state service . ~~before January 1, 1994, or under the~~
6 ~~circumstances set forth in paragraph (a), (b) or (c) of subsection 3.]~~
7 2. The money assessed pursuant to subsection 1 must be
8 deposited into the Retirees' Fund and must be based upon an



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1 amount approved by the Legislature each session to pay for a
2 portion of the current and future health and welfare benefits for such
3 retirees.

4 **3. Except as otherwise provided in ~~{subsection 4,}~~ subsections**
5 **6 and 7,** the portion to be paid to the Program from the Retirees'
6 Fund on behalf of such persons must be equal to a portion of the
7 cost for each retiree and the retiree's dependents who are enrolled in
8 the plan, as defined for each year of the plan by the Program.

9 ~~{3. Adjustments}~~

10 **4. Except as otherwise provided in subsection 5, adjustments**
11 **to the portion of the amount approved by the Legislature pursuant**
12 **to subsection 2 to be** paid by the Retirees' Fund ~~{must be as~~
13 ~~follows:~~

14 ~~—(a) For~~ **for** persons who retire on or after January 1, 1994, with
15 state service ~~;~~

16 ~~—(1)~~ **must be as follows:**

17 **(a)** For each year of service less than 15 years, excluding service
18 purchased pursuant to NRS 1A.310 or 286.300, the portion paid by
19 the Retirees' Fund must be reduced by an amount equal to 7.5
20 percent of the base funding level defined by the Legislature. In no
21 event may the adjustment exceed 75 percent of the base funding
22 level defined by the Legislature.

23 ~~{(2)}~~ **(b)** For each year of service greater than 15 years,
24 excluding service purchased pursuant to NRS 1A.310 or 286.300,
25 the portion paid by the Retirees' Fund must be increased by an
26 amount equal to 7.5 percent of the base funding level defined by the
27 Legislature. In no event may the adjustment exceed 37.5 percent of
28 the base funding level defined by the Legislature.

29 ~~{(b) For persons who are}~~

30 **5. The portion to be paid to the Program from the Retirees'**
31 **Fund on behalf of a retired person whose coverage is provided**
32 **through the Program by an individual medical plan offered**
33 **pursuant to the Health Insurance for the Aged Act, 42 U.S.C. §§**
34 **1395 et seq., must be:**

35 **(a) For persons who retired before January 1, 1994, the base**
36 **funding level defined by the Legislature multiplied by 15.**

37 **(b) For persons who retired on or after January 1, 1994, the**
38 **base funding level defined by the Legislature multiplied by the**
39 **number of years of service of the person, excluding service**
40 **purchased pursuant to NRS 1A.310 or 286.300, up to a maximum**
41 **of 20 years of service.**

42 **6. No money may be paid by the Retirees' Fund on behalf of**
43 **a retired person who is** initially hired by the State on or after
44 January 1, 2010, and who ~~{retire with at least 15 years of service}~~



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~~credit, which must include state service and may include local governmental service, and who have} :~~

~~(a) Has not~~ participated in the Program on a continuous basis since ~~{their}~~ retirement from such employment ~~[, for each year of service greater than 15 years, excluding service purchased pursuant to NRS 1A.310 or 286.300, the portion paid by the Retirees' Fund must be increased by an amount equal to 7.5 percent of the base funding level defined by the Legislature. In no event may the adjustment exceed 37.5 percent of the base funding level defined by the Legislature.~~

~~—(c) For persons who are initially hired by the State on or after January 1, 2010, and who retire with at least 5 years of service credit, which must include state service and may include local governmental service, who do} ; or~~

~~(b) Does~~ not have at least 15 years of service ~~{credit to qualify under paragraph (b) as}~~ , **unless the retired person does not have at least 15 years of service as** a result of a disability for which disability benefits are received under the Public Employees' Retirement System or a retirement program for professional employees offered by or through the Nevada System of Higher Education, and ~~{who have}~~ **has** participated in the Program on a continuous basis since ~~{their}~~ retirement from such employment . ~~[-~~

~~—(1) For each year of service less than 15 years, excluding service purchased pursuant to NRS 1A.310 or 286.300, the portion paid by the Retirees' Fund must be reduced by an amount equal to 7.5 percent of the base funding level defined by the Legislature. In no event may the adjustment exceed 75 percent of the base funding level defined by the Legislature.~~

~~—(2) For each year of service greater than 15 years, excluding service purchased pursuant to NRS 1A.310 or 286.300, the portion paid by the Retirees' Fund must be increased by an amount equal to 7.5 percent of the base funding level defined by the Legislature. In no event may the adjustment exceed 37.5 percent of the base funding level defined by the Legislature.~~

~~—4.} 7.~~ If the amount calculated pursuant to subsection ~~{3} 4 or 5~~ exceeds the actual premium or contribution for the plan of the Program that the retired participant selects, the balance must be credited to the Program Fund.

~~{5-} 8.~~ For the purposes of subsection 1:

(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.

~~{6-} 9.~~ The Department shall agree through the Board with the insurer for billing of remaining premiums or contributions for the retired participant and the retired participant's dependents to the



- 1 retired participant and to the retired participant's dependents who
- 2 elect to continue coverage under the Program after the retired
- 3 participant's death.
- 4 **Sec. 2.** This act becomes effective on July 1, 2011.

