

**MINUTES OF THE  
SENATE COMMITTEE ON LEGISLATIVE OPERATIONS AND ELECTIONS**

**Seventy-sixth Session  
April 28, 2011**

The Senate Committee on Legislative Operations and Elections was called to order by Chair David R. Parks at 3:49 p.m. on Thursday, April 28, 2011, in Room 2144 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator David R. Parks, Chair  
Senator Moises (Mo) Denis, Vice Chair  
Senator Barbara K. Cegavske  
Senator James A. Settelmeyer

**COMMITTEE MEMBERS ABSENT:**

Senator Steven A. Horsford (Excused)

**STAFF MEMBERS PRESENT:**

Carol Stonefield, Policy Analyst  
Eileen O'Grady, Counsel  
Michelle Ené, Committee Secretary

**OTHERS PRESENT:**

Dana K. Bilyeu, Executive Officer, Public Employees' Retirement System  
James R. Wells, Executive Officer, Public Employees' Benefits Program

CHAIR PARKS:

We will open the hearing on Assembly Bill (A.B.) 477.

**ASSEMBLY BILL 477**: Revises provisions relating to the administration of the Public Employees' Retirement System. (BDR 23-1028)

DANA K. BILYEU (Executive Officer, Public Employees' Retirement System):  
I will read from my written testimony ([Exhibit C](#)).

CHAIR PARKS:

I am disclosing that I am a retiree on the Public Employees' Retirement System (PERS). This bill does not impact me any differently than anyone else. I will be voting on the bill when the bill comes before us. Senator Denis is also a public employee and a participant in PERS.

SENATOR SETTELMAYER:

I am disclosing my sister is also a State employee.

CHAIR PARKS:

We will close A.B. 477 and open the hearing on A.B. 523.

**ASSEMBLY BILL 523**: Revises provisions relating to the coverage of dependents under the health care plans of the State and local governments. (BDR 23-1188)

JAMES R. WELLS (Executive Officer, Public Employees' Benefits Program):

Assembly Bill 523 amends statute to comply with provisions of federal health care reform under the Patient Protection and Affordable Care Act. Section 1 relates to local governments. Current statute provides coverage for spouses and children of police officers or firefighters who are killed in the line of duty and covered under the local government plan or under our plan. The plan currently covers children only until their eighteenth birthday or the age of 23, if the child is enrolled as a full-time student. Health care reform requires us to cover children up to the age of 26.

The amendments in these two sections will change provisions regarding the 18- and 23-year-olds up to the age of 26. *Nevada Revised Statute* (NRS) 287.021 shows the language a little different because health care reform provides certain plans can consider themselves grandfathered and not subject to certain provisions within health care reform—not covering children up to the age of 26.

After January 1, 2014, all plans must cover children up to the age of 26. The grandfather provision is temporary, allowing plans to not cover those children until that time. We have been informed that a couple of local governments are going to use the grandfather provision, but Public Employees' Benefits Program (PEBP) is not. This law becomes effective July 1. All participants on the PEBP plan will be able to cover children up to the age of 26.

While these changes only apply to the children of police officers or firefighters who are killed in the line of duty, I would like to point out that most of our enrollment and eligibility information is included in our Master Plan Document. The Master Plan Document has already been amended to cover children up to the age of 26 effective July 1. Beginning July 1, all participants on our plan will be able to cover children up to the age of 26.

SENATOR SETTELMAYER:

Does federal law require us to change Nevada law?

MR. WELLS:

Yes.

SENATOR SETTELMAYER:

We have no choice in the matter. Does the individual pay the premium for his or her dependents up until they are 26 years old, or does the State?

MR. WELLS:

They would be considered like any other child on our plan. If you are a single person and add that person because he or she is over the current age, he or she would become part of the pool; the participant would pay part of the premium, and the plan pays the balance.

For these particular provisions specific to police officers and firefighters, the State or local jurisdiction where the police officer or firefighter was killed in the line of duty would pay 100 percent until those children reach the age of 26.

SENATOR SETTELMAYER:

I understand we have to change our law to be in compliance with the federal law. Do you have a fiscal note for this bill?

MR. WELLS:

This was included in the M501, Health Insurance Portability and Accountability Act, piece of our budget where we have to cover all children up to the age of 26. A federal mandate provision in our budget includes this particular provision.

SENATOR SETTELMAYER:

There is no fiscal note. It is automatically in the budget.

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MR. WELLS:  
Correct.

SENATOR DENIS:  
How much does adding this particular provision impact the budget?

MR. WELLS:  
I do not remember the exact amount for this particular provision in our statute. Only two members on our plan are taking advantage of this provision in statute. One of them actually has a child who falls within this criteria, so there is really only one person. The cost to cover children up to 26 years old adds several million dollars to the plan, which gets parsed back out to the group as a whole.

SENATOR CEGAVSKE:  
Does the child have to live at home or in the State?

MR. WELLS:  
No. There is no requirement that the children live at home, be single or be unemployed. Basically, the federal law requires you to provide coverage to any child up to the age of 26 if the participant so elects.

SENATOR CEGAVSKE:  
Does the State of Nevada have to make these changes?

MR. WELLS:  
Yes.

SENATOR CEGAVSKE:  
Under federal law?

MR. WELLS:  
Yes.

SENATOR CEGAVSKE:  
The federal law trumps us as a State, whether we want this law or not? We have no choice.

MR. WELLS:  
That is correct.

SENATOR SETTELMAYER:

I understand the federal law requires the State to change the age to 26 years old. Would we be allowed to set any rules or regulations requiring a child to go to school or live at home? Can we put anything into effect to help the State out? Are we forbidden from putting any rules or regulations into this?

MR. WELLS:

Health care reform under the Affordable Care Act is very specific; there cannot be limitations on the coverage to children up to the age of 26.

SENATOR DENIS:

We know this will cost more. We do not know in the long run—if health care costs will go down—if it will benefit the plan. We would cover children under this plan instead of the State paying for those uninsured children who go to the hospital or seek medical care. We do not know the true economic impact.

MR. WELLS:

That is correct. All we know is the cost to our plan. We do not know whether those are uninsured children or uninsured young adults who will access coverage through emergency rooms or other county-level welfare services.

SENATOR CEGAVSKE:

If the federal law is repealed, would we have to come back and repeal the law? If we left the law in statute, without the federal mandate, would it continue?

MR. WELLS:

The one lawsuit from the state of Virginia is very specific; the ruling in that particular case was only for one specific provision. The Florida case, to which Nevada is a party, states the whole health care reform package is unconstitutional. Should that lawsuit prevail at the U.S. Supreme Court, we may go back and put provisions restricting coverage to children similar to what we have in statute. The problem is the rulings did not stay the implementation of the law; therefore, we have to cover children up to the age of 26 effective July 1.

SENATOR CEGAVSKE:

If the federal law on health care reform is ever repealed, we would have to come back and repeal it from the State; otherwise, it would be in our statutes, and we would have to continue to follow the law?

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MR. WELLS:  
Correct.

CHAIR PARKS:  
We will close the hearing on A.B. 523. There being no further business, we are adjourned at 4:06 p.m.

RESPECTFULLY SUBMITTED:

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Michelle Ené,  
Committee Secretary

APPROVED BY:

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Senator David R. Parks, Chair

DATE: \_\_\_\_\_

EXHIBITS			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
A.B. 477	<a href="#">Exhibit C</a>	Dana K. Bilyeu	Written testimony