

ASSEMBLY BILL NO. 303—ASSEMBLYMAN AIZLEY

MARCH 15, 2013

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the subsidy for coverage of certain retired persons under the Public Employees' Benefits Program. (BDR 23-681)

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 relating to 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 the coverage provided through the Public Employees' Benefits Program by
3 an individual medical plan offered pursuant to the Health Insurance for the Aged
4 Act, 42 U.S.C. §§ 1395 et seq., which is commonly known as Medicare, to persons
5 who were initially hired before January 1, 2012, and who retire with state service.
6 The amount of this subsidy is established by the Legislature each biennium. (NRS
7 287.046; section 2 of chapter 421, Statutes of Nevada 2011, at pp. 2574-75) This
8 bill authorizes the Board of the Public Employees' Benefits Program to approve the
9 payment of an additional amount from any source, such as excess reserves, to
10 increase the subsidy of such retired persons above the amount established by the
11 Legislature for the biennium for those retired persons.

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 were
5 initially hired before January 1, 2012, and have retired with state
6 service.



2. The money assessed pursuant to subsection 1 must be deposited into the Retirees' Fund and must be based upon a base amount approved by the Legislature each session to pay for a portion of the current and future health and welfare benefits for persons who retired before January 1, 1994, or for persons who retire on or after January 1, 1994, as adjusted by subsection 5.

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

4. Except as otherwise provided in subsection 6, the portion of the amount approved by the Legislature as described in subsection 2 to be paid to the Program from the Retirees' Fund for persons who retired before January 1, 1994, with state service is the base funding level defined for each year of the plan by the Program.

5. Except as otherwise provided in subsection 6, adjustments to the portion of the amount approved by the Legislature as described in subsection 2 to be paid by the Retirees' Fund for persons who retire on or after January 1, 1994, with state service must be as follows:

(a) 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.

(b) 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.

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

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

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



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1 ↪ *The Board may approve the payment of an additional amount,*
2 *from any source, for a portion of the cost of premiums or*
3 *contributions for the Program for retired persons described in this*
4 *subsection that is in excess of the amount paid pursuant to*
5 *paragraph (a) or (b), or both, for those persons.*

6 7. No money may be paid by the Retirees' Fund on behalf of a
7 retired person who is initially hired by the State:

8 (a) On or after January 1, 2010, but before January 1, 2012, and
9 who:

10 (1) Has not participated in the Program on a continuous basis
11 since retirement from such employment; or

12 (2) Does not have at least 15 years of service, which must
13 include state service and may include local governmental service,
14 unless the retired person does not have at least 15 years of service as
15 a result of a disability for which disability benefits are received
16 under the Public Employees' Retirement System or a retirement
17 program for professional employees offered by or through the
18 Nevada System of Higher Education, and has participated in the
19 Program on a continuous basis since retirement from such
20 employment.

21 (b) On or after January 1, 2012. The provisions of this paragraph
22 must not be construed to prohibit a retired person who was hired on
23 or after January 1, 2012, from participating in the Program until the
24 retired person is eligible for coverage under an individual medical
25 plan offered pursuant to the Health Insurance for the Aged Act, 42
26 U.S.C. §§ 1395 et seq. The retired person shall pay the entire
27 premium or contribution for his or her participation in the Program.

28 8. If the amount calculated pursuant to subsection 5 or 6
29 exceeds the actual premium or contribution for the plan of the
30 Program that the retired participant selects, the balance must be
31 credited to the Program Fund.

32 9. For the purposes of this section:

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

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

36 10. The Department shall agree through the Board with the
37 insurer for billing of remaining premiums or contributions for
38 the retired participant and the retired participant's dependents to the
39 retired participant and to the retired participant's dependents who
40 elect to continue coverage under the Program after the retired
41 participant's death.

42 **Sec. 2.** This act becomes effective on July 1, 2013.

