

## Amendment No. 439

Senate Amendment to Senate Bill No. 34

(BDR 23-377)

**Proposed by:** Senate Committee on Government Affairs**Amends:** Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold underlining* is newly added transitory language.

DP/TMC



Date: 4/21/2013

S.B. No. 34—Makes various changes relating to group health insurance provided by the Public Employees' Benefits Program. (BDR 23-377)



## SENATE BILL NO. 34—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE PUBLIC EMPLOYEES'  
BENEFITS PROGRAM)

PREFILED DECEMBER 20, 2012

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to group health insurance provided by the Public Employees' Benefits Program. (BDR 23-377)

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 programs for public employees; ~~eliminating the requirement,~~  
**requiring that,** for the purpose of determining rates and coverage for  
 group health insurance, ~~that separate risk pools be maintained by~~ the  
 Board of the Public Employees' Benefits Program **maintain a single**  
**risk pool** for state ~~and~~ **participants in the Program,** non-state  
 participants in the Program ~~is requiring that the Board continue to~~  
~~maintain for that purpose a separate risk pool for~~ **and** certain retired  
 officers and employees, and their dependents, of local governmental  
 agencies that do not participate in the Program; and providing other  
 matters properly relating thereto.

**Legislative Counsel's Digest:**

The Board of the Public Employees' Benefits Program provides group insurance coverage through the Program for active and retired state officers and employees and their dependents. (NRS 287.043) The Program also provides coverage to active and retired officers and employees, and their dependents, of any county, school district or other local governmental agency whose governing body elects to participate in the Program. (NRS 287.025, 287.043) For the purpose of determining rates and coverage for group health insurance provided through the Program, the Board is required by existing law to maintain separate "risk pools" for these state and non-state participants. (NRS 287.043) The rates for any contract entered into by the Board with a physician, hospital, health maintenance organization or other provider of medical care are likewise required to be based on these separate risk pools. (NRS 287.0434)

~~For the two groups described above, section 4 of this bill eliminates the requirement that the Board maintain separate risk pools. However, for any retired officer or employee of a local governmental agency whose last public employer does not participate in the Program, and who is not otherwise excluded from participation in the Program, section 4 retains the requirement that these persons and their dependents be rated separately. Section 4 of this bill requires the Board to maintain a single risk pool for: (1) active and retired state officers and employees and their dependents; (2) active and retired officers and employees of participating local governmental agencies and their dependents; and (3) certain retired~~

officers and employees of nonparticipating local governmental agencies and their dependents. Section 5 of this bill makes similar changes for the purposes of establishing the rates set forth in a contract between the Board and a provider of health care.

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:

*“Nonparticipating local governmental agency” means a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State that does not have an agreement in effect with the Program pursuant to paragraph (a) of subsection 1 of NRS 287.025 to obtain group insurance from the Program.*

**Sec. 2.** ~~NRS 287.025 is hereby amended to read as follows:~~

~~287.025 1. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada may, in addition to the other powers granted in NRS 287.010, 287.015 and 287.020;~~

~~(a) Negotiate and contract with the Board of the Public Employees’ Benefits Program to secure exclusive group insurance for all of its officers and employees and their dependents, except as otherwise provided in sub subparagraph (III) of subparagraph (2) of paragraph [(h)] (i) of subsection 2 of NRS 287.043, by participation in the Public Employees’ Benefits Program.~~

~~(b) Negotiate and contract with another county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada to secure group insurance for its officers and employees and their dependents by participation in any group insurance plan established or to be established by the other local governmental agency.~~

~~(c) To secure group health, life or workers’ compensation insurance for its officers and employees and their dependents, participate as a member of a nonprofit cooperative association or nonprofit corporation that has been established in this State to secure such insurance for its members from an insurer licensed pursuant to the provisions of title 57 of NRS.~~

~~(d) In addition to the provisions of paragraph (c), participate as a member of a nonprofit cooperative association or nonprofit corporation that has been established in this State to:~~

~~(1) Facilitate contractual arrangements for the provision of medical services to its members’ officers and employees and their dependents and for related administrative services.~~

~~(2) Procure health related information and disseminate that information to its members’ officers and employees and their dependents.~~

~~2. Each contract negotiated pursuant to paragraph (a) or (b) of subsection 1:~~

~~(a) Must be submitted to the Commissioner of Insurance for approval not less than 30 days before the date on which the contract is to become effective.~~

~~(b) Does not become effective unless approved by the Commissioner of Insurance.~~

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

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

2       287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and section 1 of*  
3 *this act*, unless the context otherwise requires, the words and terms defined in NRS  
4 287.0404 to 287.04064, inclusive, *and section 1 of this act* have the meanings  
5 ascribed to them in those sections.

6       **Sec. 4.** NRS 287.043 is hereby amended to read as follows:

7       287.043 1. The Board shall:

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

10       (1) Must include a program relating to group life, accident or health  
11 insurance, or any combination of these; and

12       (2) May include:

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

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

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

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

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

24       (a) For the purpose of establishing actuarial data to determine rates and  
25 coverage for ~~active~~ ;

26       (1) Active and retired state officers and employees and their dependents, ~~+~~  
27 ~~and active~~ ;

28       (2) Active and retired officers and employees of participating local  
29 governmental agencies and their dependents ~~+~~ ; and

30       (3) Retired officers and employees whose last public employers are  
31 nonparticipating local governmental agencies and who are not otherwise  
32 excluded from participation in the Program pursuant to sub-subparagraph (II) of  
33 subparagraph (2) of paragraph (h) and their dependents,

34       ↳ commingle the claims experience of such active and retired officers and  
35 employees, and their dependents ~~for whom the Program provides primary health~~  
36 ~~insurance coverage~~ into a single risk pool.

37       (b) Except as otherwise provided in this paragraph, negotiate and contract  
38 pursuant to paragraph (a) of subsection 1 of NRS 287.025 with the governing body  
39 of any county, school district, municipal corporation, political subdivision, public  
40 corporation or other local governmental agency of the State of Nevada that wishes  
41 to obtain exclusive group insurance for all of its active and retired officers and  
42 employees and their dependents, except as otherwise provided in sub-subparagraph  
43 (III) of subparagraph (2) of paragraph (h), ~~(i)~~ by participation in the Program.

44 ~~+~~ ~~The Board shall establish~~

45 ~~+~~ ~~(c) Establish separate rates and coverage for~~ ~~active and~~ ~~retired officers~~  
46 ~~and employees~~ ~~of those local governmental agencies~~ ~~+~~

47 ~~---~~ ~~(1) Whose last public employers are nonparticipating local governmental~~  
48 ~~agencies; and~~

49 ~~---~~ ~~(2) Who are not otherwise excluded from participation in the Program~~  
50 ~~pursuant to sub-subparagraph (II) of subparagraph (2) of paragraph (i),~~

51 ~~---~~ ~~and their dependents, based on actuarial reports that commingle the claims~~  
52 ~~experience of such~~ ~~active and~~ ~~retired officers and employees and their~~

1 ~~dependent)~~ ~~for whom the Program provides primary health insurance coverage~~  
2 ~~into a single risk pool.~~

3 (c) ~~(d)~~ Except as otherwise provided in paragraph (d), ~~(c)~~ provide public  
4 notice in writing of any proposed changes in rates or coverage to each participating  
5 public agency that may be affected by the changes. Notice must be provided at least  
6 30 days before the effective date of the changes.

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

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

18 (f) ~~(g)~~ Except as otherwise provided in this title, develop and establish other  
19 employee benefits as necessary.

20 (g) ~~(h)~~ Investigate and approve or disapprove any contract proposed  
21 pursuant to NRS 287.0479.

22 (h) ~~(i)~~ Adopt such regulations and perform such other duties as are necessary  
23 to carry out the provisions of NRS 287.010 to 287.245, inclusive, *and section 1 of*  
24 *this act*, including, without limitation, the establishment of:

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

27 (2) Conditions for entry and reentry into and exit from the Program by  
28 local governmental agencies pursuant to paragraph (a) of subsection 1 of NRS  
29 287.025, which:

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

32 (II) Must include a requirement that participation of any retired officers  
33 and employees of the local governmental agency whose last continuous period of  
34 enrollment with the Program began after November 30, 2008, terminates upon  
35 termination of the local governmental agency's contract with the Program; and

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

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

43 (4) Specific procedures for the determination of contested claims;

44 (5) Procedures for review and notification of the termination of coverage  
45 of persons pursuant to paragraph (b) of subsection 4 of NRS 287.023; and

46 (6) Procedures for the payments that are required to be made pursuant to  
47 paragraph (b) of subsection 4 of NRS 287.023.

48 3. The Board may use any services provided to state agencies and shall use  
49 the services of the Purchasing Division of the Department of Administration to  
50 establish and carry out the Program.

51 4. The Board may engage the services of an attorney who specializes in health  
52 plans and health care law as necessary to assist in carrying 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. 5.** NRS 287.0434 is hereby amended to read as follows:

287.0434 The Board may:

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

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

(a) Must be submitted to the Commissioner of Insurance not less than 30 days before the date on which the contract is to become effective for approval as to the licensing and fiscal status of the licensed administrator and status of any legal or administrative actions in this State against the licensed administrator that may impair his or her ability to provide the services in the contract.

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

(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 ~~the~~

~~(1) For active, for:~~

~~(1) Active and retired state officers and employees and their dependents, and active;~~

~~(2) Active and retired officers and employees of participating local governmental agencies and their dependents; and~~

~~(3) Retired officers and employees whose last public employers are nonparticipating local governmental agencies and who are not otherwise excluded from participation in the Program pursuant to sub-subparagraph (II) of subparagraph (2) of paragraph (h) of subsection 2 of NRS 287.043 and their dependents.~~

~~the commingled claims experience of such active and retired officers and employees and their dependents [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];~~

~~(1) Whose last public employers are nonparticipating local governmental agencies; and~~

~~(H) Who are not otherwise excluded from participation in the Program pursuant to sub paragraph (H) of subparagraph (2) of paragraph (i) of subsection 2 of NRS 287.042,~~

~~and their dependents, the commingled claims experience of such [active and] retired officers and employees and their dependents, [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 NRS 354.671.

**Sec. 6. [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 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, unless that officer or employee is excluded pursuant to subparagraph (H) of subparagraph (2) of paragraph [(h)] (i) of subsection 2 of NRS 287.042.~~

~~4. Every member of the Senate and Assembly is eligible to participate in the Program on the first day of the month following the 90th day after the member's initial term of office begins.~~

~~5. 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.500, 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.] (Deleted by amendment.)~~

**Sec. 7. [NRS 287.0475 is hereby amended to read as follows:**

~~287.0475 1. Except as otherwise provided in subsection 2, a retired public officer or employee or the surviving spouse of a retired public officer or employee who is deceased may reinstate any insurance under the Program, except life~~

1 insurance, that, at the time of reinstatement, is provided by the Program if the  
2 retired public officer or employee;

3 ~~(a) Retired;~~

4 ~~(1) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620, from a~~  
5 ~~participating state agency or was enrolled in a retirement program provided~~  
6 ~~pursuant to NRS 286.802; or~~

7 ~~(2) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620, from~~  
8 ~~employment with a county, school district, municipal corporation, political~~  
9 ~~subdivision, public corporation or other local governmental agency of the State~~  
10 ~~which is a participating local governmental agency at the time of the request for~~  
11 ~~reinstatement; and~~

12 ~~(b) Did not have more than one period during which the retired public officer~~  
13 ~~or employee was not covered by insurance under the Program on or after October 1,~~  
14 ~~2011, or on or after the date of retirement of the public officer or employee,~~  
15 ~~whichever is later.~~

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

17 ~~(a) Giving written notice to the Program of the intent of the public officer or~~  
18 ~~employee or surviving spouse to reinstate the insurance not later than 31 days~~  
19 ~~before the commencement of the plan year;~~

20 ~~(b) Accepting the Program's current plan of insurance and any subsequent~~  
21 ~~changes thereto; and~~

22 ~~(c) Except as otherwise provided in NRS 287.046, paying any portion of the~~  
23 ~~premiums or contributions for coverage under the Program, in the manner set forth~~  
24 ~~in NRS 1A.470 or 286.615, which are due from the date of reinstatement and not~~  
25 ~~paid by the public employer.~~

26 ~~3. If a retired public officer or employee retired pursuant to NRS 1A.350 or~~  
27 ~~1A.480, or 286.510 or 286.620, from employment with a county, school district,~~  
28 ~~municipal corporation, political subdivision, public corporation or other local~~  
29 ~~governmental agency, the retired public officer or employee, or the surviving~~  
30 ~~spouse of such a retired public officer or employee who is deceased, may not~~  
31 ~~reinstate health insurance pursuant to subsection 1 if he or she is excluded from~~  
32 ~~participation in the Program pursuant to sub subparagraph (III) of subparagraph (2)~~  
33 ~~of paragraph (h)] (i) of subsection 2 of NRS 287.043.] (Deleted by amendment.)~~

34 **Sec. 8.** This act becomes effective on July 1, 2014.