

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; requiring that, for the purpose of determining rates and coverage for group health insurance, the Board of the Public Employees’ Benefits Program maintain a single risk pool for state participants in the Program, non-state participants in the Program 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)

**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



15 retired officers and employees of participating local governmental agencies and  
16 their dependents; and (3) certain retired officers and employees of nonparticipating  
17 local governmental agencies and their dependents. **Section 5** of this bill makes  
18 similar changes for the purposes of establishing the rates set forth in a contract  
19 between the Board and a provider of health care.

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

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

3     ***“Nonparticipating local governmental agency” means a***  
4 ***county, school district, municipal corporation, political***  
5 ***subdivision, public corporation or other local governmental***  
6 ***agency of this State that does not have an agreement in effect with***  
7 ***the Program pursuant to paragraph (a) of subsection 1 of NRS***  
8 ***287.025 to obtain group insurance from the Program.***

9     **Sec. 2.** (Deleted by amendment.)

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

11    287.0402 As used in NRS 287.0402 to 287.049, inclusive, ***and***  
12 ***section 1 of this act,*** unless the context otherwise requires, the  
13 words and terms defined in NRS 287.0404 to 287.04064, inclusive,  
14 ***and section 1 of this act*** have the meanings ascribed to them in  
15 those sections.

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

17    287.043 1. The Board shall:

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

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

22    (2) May include:

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

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

29    ➔ for the benefit of all state officers and employees and other  
30 persons who participate in the Program.

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

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



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

(1) *Active* and retired state officers and employees and their dependents ~~for~~ ;

(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) and their dependents,*

commingle the claims experience of such active and retired officers and employees and their dependents ~~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 exclusive group insurance for all of its active and retired officers and employees and their dependents, except as otherwise provided in sub-subparagraph (III) of subparagraph (2) of paragraph (h), 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 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 the participant's 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



1 coverage through a plan of self-insurance established pursuant to  
2 NRS 287.0433 for the benefit of all eligible participants in the  
3 Program.

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

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

8 (h) Adopt such regulations and perform such other duties as are  
9 necessary to carry out the provisions of NRS 287.010 to 287.245,  
10 inclusive, *and section 1 of this act*, including, without limitation,  
11 the establishment of:

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

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

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

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

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

29 (3) Procedures by which a group of participants in the  
30 Program may leave the Program pursuant to NRS 287.0479 and  
31 conditions and procedures for reentry into the Program by those  
32 participants;

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

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

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

40 3. The Board may use any services provided to state agencies  
41 and shall use the services of the Purchasing Division of the  
42 Department of Administration to establish and carry out the  
43 Program.



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4. The Board may engage the services of an attorney who specializes in health 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:



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1       (1) *Active* and retired state officers and employees and their  
2 dependents ~~†~~;

3       (2) *Active and retired officers and employees of*  
4 *participating local governmental agencies and their dependents;*  
5 *and*

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

12       ↳ the commingled claims experience of such active and retired  
13 officers and employees and their dependents ~~†for whom the Program~~  
14 ~~provides primary health insurance coverage~~ in a single risk pool . ~~†~~  
15 ~~and~~

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

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

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

30       6. Charge and collect the amount due from local governments  
31 pursuant to paragraph (b) of subsection 4 of NRS 287.023. If the  
32 payment of a local government pursuant to that provision is  
33 delinquent by more than 90 days, the Board shall notify the  
34 Executive Director of the Department of Taxation pursuant to  
35 NRS 354.671.

36       **Sec. 6.** (Deleted by amendment.)

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

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

