

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, 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 for state and non-state participants in the Program; requiring that the Board continue to maintain for that purpose a separate risk pool for certain retired officers and employees, and their dependents, of local governmental agencies that do not participate in the Program; providing for a one-time contribution to the health reimbursement arrangements of certain retired officers and employees; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 The Board of the Public Employees’ Benefits Program provides group  
2 insurance coverage through the Program for active and retired state officers and  
3 employees and their dependents. (NRS 287.043) The Program also provides  
4 coverage to active and retired officers and employees, and their dependents, of any  
5 county, school district or other local governmental agency whose governing body  
6 elects to participate in the Program. (NRS 287.025, 287.043) For the purpose of  
7 determining rates and coverage for group health insurance provided through the  
8 Program, the Board is required by existing law to maintain separate “risk pools” for  
9 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 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.

**Section 7.7** of this bill requires the Board to set aside sufficient money from excess reserves to provide a one-time contribution in Fiscal Year 2014-2015 to the health reimbursement arrangements of retired officers and employees whose last employers were nonparticipating local governmental agencies.

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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.** (Deleted by amendment.)

**Sec. 2.5.** 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.

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

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

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

287.043 1. The Board shall:

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

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

(2) May include:

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

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

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



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

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

(a) For the purpose of establishing actuarial data to determine rates and coverage for active and retired state officers and employees and their dependents, *and active and retired officers and employees of participating local governmental agencies 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).}~~ *(i)*, by participation in the Program. ~~{The Board shall establish}~~

*(c) Establish* separate rates and coverage for ~~{active and}~~ retired officers and employees ~~{of those local governmental agencies}~~ :

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

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

↪ 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.

~~{(e).}~~ *(d)* Except as otherwise provided in paragraph ~~{(d).}~~ *(e)*, 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).}~~ *(e)* 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.



~~(f)~~ (f) 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 coverage through a plan of self-insurance established pursuant to NRS 287.0433 for the benefit of all eligible participants in the Program.

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

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

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

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

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

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

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

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

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

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

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

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

3. The Board may use any services provided to state agencies and shall use the services of the Purchasing Division of the



1 Department of Administration to establish and carry out the  
2 Program.

3 4. The Board may engage the services of an attorney who  
4 specializes in health plans and health care law as necessary to assist  
5 in carrying out the Program.

6 5. The Board may make recommendations to the Legislature  
7 concerning legislation that it deems necessary and appropriate  
8 regarding the Program.

9 6. A participating public agency is not liable for any obligation  
10 of the Program other than indemnification of the Board and its  
11 employees against liability relating to the administration of the  
12 Program, subject to the limitations specified in NRS 41.0349.

13 7. As used in this section, "employee benefits" includes any  
14 form of compensation provided to a public employee except federal  
15 benefits, wages earned, legal holidays, deferred compensation and  
16 benefits available pursuant to chapter 286 of NRS.

17 **Sec. 5.** NRS 287.0434 is hereby amended to read as follows:

18 287.0434 The Board may:

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

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

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

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

34 (c) Shall be deemed to be approved if not disapproved by the  
35 Commissioner within 30 days after its submission.

36 3. Enter into contracts with physicians, surgeons, hospitals,  
37 health maintenance organizations and rehabilitative facilities for  
38 medical, surgical and rehabilitative care and the evaluation,  
39 treatment and nursing care of members and covered dependents.  
40 The Board shall not enter into a contract pursuant to this subsection  
41 unless:

42 (a) Provision is made by the Board to offer all the services  
43 specified in the request for proposals, either by a health maintenance  
44 organization or through separate action of the Board.

45 (b) The rates set forth in the contract are based on:



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(1) For active and retired state officers and employees and their dependents, *and active and retired officers and employees of participating local governmental agencies 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}~~ :

*(I) Whose last public employers are nonparticipating local governmental agencies; and*

*(II) Who are not otherwise excluded from participation in the Program pursuant to sub-subparagraph (II) of subparagraph (2) of paragraph (i) 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.

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.** (Deleted by amendment.)

**Sec. 6.5.** 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 sub-subparagraph (III) of subparagraph (2) of paragraph ~~(b)~~ (i) of subsection 2 of NRS 287.043.

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.590, 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.

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

**Sec. 7.5.** NRS 287.0475 is hereby amended to read as follows:

287.0475 1. Except as otherwise provided in subsection 3, 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 insurance, that, at the time of reinstatement, is provided by the Program if the retired public officer or employee:

(a) Retired:

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

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





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

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

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

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

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

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

**Sec. 7.7.** 1. The Board of the Public Employees' Benefits Program shall set aside sufficient money from excess reserves to provide a one-time contribution in Fiscal Year 2014-2015 to the health reimbursement arrangements of retired officers and employees whose last employers were nonparticipating local governmental agencies. The one-time contribution required pursuant to this subsection must be \$400 for each such primary insured and \$100 for each dependent of such a primary insured up to a maximum of three dependents.

2. As used in this section, "nonparticipating local governmental agency" has the meaning ascribed to it in section 1 of this act.

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

