Amendment No. 1113

Senate Amendment to Senate Bill No. 552	(BDR 23-1226)
Proposed by: Senate Committee on Finance	
Amendment Box: Replaces Amendment No. 1090.	
Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: No	

Adoption of this amendment will MAINTAIN the unfunded mandate not requested by the affected local government to S.B. 552 (§ 1).

ASSEMBLY ACTION		Initial and Date	SENATE ACTION		Initial and Date
Adopted ☐	Lost ☐	_____	Adopted ☐	Lost ☐	_____
Concurred In ☐	Not ☐	_____	Concurred In ☐	Not ☐	_____
Receded ☐	Not ☐	_____	Receded ☐	Not ☐	_____

EXPLANATION: Matter in (1) ***blue bold italics*** is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added 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 proposed to be retained in this amendment.

DLJ/BJE Date: 6/2/2017

S.B. No. 552—Revises provisions governing the cost of certain coverage under the Public Employees' Benefits Program. (BDR 23-1226)

SENATE BILL NO. 552–COMMITTEE ON FINANCE

JUNE 1, 2017

Referred to Committee on Finance

SUMMARY—Revises provisions governing the cost of certain coverage under the Public Employees' Benefits Program. (BDR 23-1226)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§ 1)
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

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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 public employees; revising the method of determining the amount that certain local governmental agencies are required to pay as a subsidy for the cost of coverage for retired persons of the agencies who are participants in the Public Employees' Benefits Program; expressing the intent of the Legislature regarding the transitional responsibility for any increased costs to such local governmental agencies relating to the subsidy; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the Board of the Public Employees' Benefits Program provides group insurance coverage through the Public Employees' Benefits Program for active and retired state officers and employees and their dependents. (NRS 287.043) In addition, the Program provides coverage to active and retired officers and employees, and their dependents, of a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency under certain circumstances. (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 state and nonstate participants. (NRS 287.043) Existing law requires a local governmental agency to subsidize the cost of coverage of its retired persons who participate in the Program by paying the same portion of the cost of coverage for those retired persons as the State pays for state retired persons. (NRS 287.023)

Section 1 of this bill changes the method of calculating the amount of the subsidy paid by a local governmental agency for coverage under the Program of retired persons of the local governmental agency to require the local governmental agency to pay the portion of the total cost of that coverage that is equal to the difference between the total cost of coverage and the amount of the premium paid by a similarly situated state retired person for coverage under the Program.

Under existing law, the Board of the Public Employees' Benefits Program is required to provide at least 30 days' written notice to all participants in the Program of any change in the premium or contribution charged for, or coverage of, under the Program. (NRS 287.043) **Section 2** of this bill provides an exemption from this requirement for the plan year

commencing on July 1, 2017, with respect to any change in the amount of the premium or contribution charged for coverage under the Program of a retired person of a local governmental agency as a result of the revised calculation set forth in **section 1**.

Section 3 of this bill expresses the intent of the Legislature with respect to transitional responsibility for any increased cost to a local governmental agency as a result of the revised calculation set forth in **section 1**.

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

Section 1. NRS 287.023 is hereby amended to read as follows:

287.023 1. Whenever an officer or employee of the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada retires under the conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or 286.620 and, during the period in which the person served as an officer or employee, was eligible to be covered or had dependents who were eligible to be covered by any group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 or under the Public Employees' Benefits Program pursuant to paragraph (a) of subsection 1 of NRS 287.025, the officer or employee has the option upon retirement to cancel or continue any such coverage to the extent that such coverage is not provided to the officer or employee or a dependent by the Health Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.

2. A retired person who continues coverage under the Public Employees' Benefits Program shall assume the portion of the premium or contribution costs for the coverage which the governing body or the State does not pay on behalf of retired officers or employees. A dependent of such a retired person has the option, which may be exercised to the same extent and in the same manner as the retired person, to cancel or continue coverage in effect on the date the retired person dies. The dependent is not required to continue to receive retirement payments from the Public Employees' Retirement System to continue coverage.

3. Notice of the selection of the option must be given in writing to the last public employer of the officer or employee within 60 days after the date of retirement or death, as the case may be. If no notice is given by that date, the retired officer or employee and any dependents shall be deemed to have selected the option to cancel the coverage for the group insurance, plan of benefits or medical and hospital service established pursuant to NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 or coverage under the Public Employees' Benefits Program pursuant to paragraph (a) of subsection 1 of NRS 287.025.

4. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State:

(a) May pay the cost, or any part of the cost, of coverage established pursuant to NRS 287.010, 287.015 or 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025 for persons who continue that coverage pursuant to subsection 1, but it must not pay a greater portion than it does for its current officers and employees.

(b) Shall ***, for each retired person covered under the Public Employees' Benefits Program,*** pay the ~~[same]~~ portion of the ***total*** cost of coverage ***for the retired person*** under the ~~[Public Employees' Benefits Program for retired persons~~

~~covered under the Program as the State pays pursuant to NRS 287.046 for persons]~~ ***Program that is equal to the difference between the total cost of coverage for the retired person and the amount of the premium paid by a similarly situated*** retired ***person*** with state service who ~~[participate]~~ ***participates*** in the Program ~~[.]~~ ***for coverage under the Program.***

5. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State shall, for the purpose of establishing actuarial data to determine rates and coverage for persons who continue coverage for group insurance, a plan of benefits or medical and hospital service with the governing body pursuant to subsection 1, commingle the claims experience of those persons with the claims experience of active officers and employees and their dependents who participate in the group insurance, a plan of benefits or medical and hospital service.

Sec. 2. Notwithstanding the provisions of paragraphs (c) and (d) of subsection 2 of NRS 287.043, as a result of the amendatory provisions of this act, the Board of the Public Employees' Benefits Program may provide such notice as it determines appropriate of any change in the amount of the premium or contribution charged for coverage of a retired person under the Public Employees' Benefits Program pursuant to NRS 287.023 for the plan year of the Program beginning on July 1, 2017. The Board is not required to hold a period of open enrollment for purposes of such a change.

Sec. 3. To the extent that the amount of the cost of coverage under the Public Employees' Benefits Program for retired persons covered under the Program that is required to be paid by a local governmental agency pursuant to paragraph (b) of subsection 4 of NRS 287.023, as amended by section 1 of this act, exceeds the cost of such coverage that the local governmental agency was required to pay before July 1, 2017, it is the intent of the Legislature that the difference in the cost be paid in the following manner:

1. For Fiscal Year 2017-2018, 100 percent of the difference in the cost of coverage must be paid from the State General Fund.

2. For Fiscal Year 2018-2019, 75 percent of the difference in the cost of coverage must be paid from the State General Fund and 25 percent of that difference must be paid by the local governmental agency.

3. For Fiscal Year 2019-2020, 50 percent of the difference in the cost of coverage must be paid from the State General Fund and 50 percent of that difference must be paid by the local governmental agency.

4. For Fiscal Year 2020-2021, 25 percent of the difference in the cost of coverage must be paid from the State General Fund and 75 percent of that difference must be paid by the local governmental agency.

5. For Fiscal Year 2021-2022 and each succeeding fiscal year, 100 percent of the difference in the cost of coverage must be paid by the local governmental agency.

Sec. 3.5. **Notwithstanding the provisions of NRS 218D.430 and 218D.435, a committee may vote on this act before the expiration of the period prescribed for the return of a fiscal note in NRS 218D.475. This section applies retroactively from and after June 1, 2017.**

Sec. 4. The provisions of NRS 354.599 do not apply to any additional expenses of a local government that are related to the provisions of this act.

Sec. 5. 1. This section and ~~[section]~~ **sections** 2 **and 3.5** of this act become effective upon passage and approval.

2. Sections 1, 3 and 4 of this act become effective on July 1, 2017.