

ASSEMBLY BILL NO. 80—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE PUBLIC EMPLOYEES’ BENEFITS PROGRAM)

DECEMBER 15, 2010

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to the Public Employees’ Benefits Program. (BDR 23-496)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 the Public Employees’ Benefits Program; making various changes relating to the Program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Under existing law, the Board of the Public Employees’ Benefits Program is
2 required to submit various reports concerning the administration and operation of
3 the Program. (NRS 287.043, 287.04366) **Sections 3, 8 and 14** of this bill make the
4 Executive Officer of the Program, rather than the Board, responsible for submitting
5 such reports.

6 Under existing law, if a retired public officer or employee of the State or a local
7 governmental agency, or the surviving spouse of such a retired officer or employee,
8 who was formerly covered by health insurance provided under the Program, or
9 under a plan offered by the local governmental employer, reinstates such insurance,
10 the reinstated insurance excludes coverage for certain preexisting conditions during
11 the first 12 months after such reinstatement. (NRS 287.0205, 287.0475) **Sections**
12 **4.5 and 12** of this bill eliminate the exclusion for certain preexisting conditions as
13 called for in the Patient Protection and Affordable Care Act. (Pub. L. No. 111-148,
14 124 Stat. 119) **Section 12** also prohibits a public officer or employee who retired
15 from a local governmental agency, or his or her surviving spouse, from reinstating
16 health insurance under the Program if the Board has adopted regulations that
17 exclude such persons from participation in the Program because they are eligible
18 for health coverage from a health and welfare plan or trust that arose out of certain
19 collective bargaining agreements or under certain federal laws.

20 Under existing law, a state agency is required to pay to the Program a certain
21 amount to pay a portion of the cost of coverage under the Program for each state
22 officer or employee of that state agency who participates in the Program. State
23 officers and employees are required to pay the remaining portion of the costs of



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24 their coverage as well as the full amount of covering their dependents under the
25 Program. The Board is authorized to allocate the money paid by the state agency
26 between the costs of coverage for such officers and employees and for their
27 dependents. (NRS 287.044) **Section 9** of this bill clarifies the manner in which the
28 Board may perform the allocation.

29 Existing law provides for the payment of a subsidy to cover a portion of the
30 costs of coverage under the Program for certain retired state officers and
31 employees. (NRS 287.046) **Section 10** of this bill clarifies that employees who are
32 initially hired by the State on or after January 1, 2010, are not entitled to the
33 subsidy for coverage under the Program if they retire with less than 15 years of
34 service, which must include state service and may include local governmental
35 service, with the exception of disabled retirees, or if they fail to maintain
36 continuous coverage under the Program during retirement. **Section 6** of this bill
37 clarifies the application of this provision to persons who retire from employment
38 with local governmental agencies.

39 Existing law provides that if a state officer or employee or a dependent of a
40 state officer or employee incurs medical costs that are payable under the Program,
41 but for which a third person has the legal liability to pay, the Board is subrogated to
42 the rights of the officer, employee or dependent and may commence, join or
43 intervene in any legal action against the third person to enforce that legal liability.
44 (NRS 287.0465) **Section 11** of this bill extends this provision to apply to any
45 person who participates in the Program, including retired, as well as active, officers
46 and employees of the State and their dependents and to active and retired officers
47 and employees of local governments and their dependents who are covered under
48 the Program.

49 Existing law provides that the surviving spouse and any surviving child of a
50 police officer or firefighter who was killed in the line of duty are eligible to obtain
51 or continue coverage under the Program or a benefits plan established by his or her
52 local governmental employer under certain circumstances. The public employer of
53 the police officer or firefighter, or the State of Nevada in the case of a volunteer
54 firefighter, is required to pay the entire cost of the coverage for the surviving
55 spouse for life and the entire cost of the coverage for any surviving child at least
56 until the child reaches 18 years of age and until the child reaches 23 years of age so
57 long as the child is a full-time student. (NRS 287.021, 287.0477) **Sections 5 and 13**
58 of this bill codify that the duration of the coverage for the surviving children of
59 police officers and firefighters killed in the line of duty is the same as the duration
60 of coverage for children otherwise in the public employer's health care plan.

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 the provisions set forth as sections 2 and 3 of this act.

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

4 **Sec. 3. 1.** *The Executive Officer shall submit a report*
5 *regarding the administration and operation of the Program to the*
6 *Board and the Director of the Department of Administration, and*
7 *to the Director of the Legislative Counsel Bureau for transmittal*
8 *to the appropriate committees of the Legislature or, if the*
9 *Legislature is not in regular session, to the Legislative*
10 *Commission and the Interim Retirement and Benefits Committee*



1 of the Legislature created by NRS 218E.420. The report must
2 include, without limitation:

3 (a) An audited financial statement of the Program Fund for
4 the immediately preceding fiscal year. The statement must be
5 prepared by an independent certified public accountant.

6 (b) An audited financial statement of the Retirees' Fund for
7 the immediately preceding fiscal year. The statement must be
8 prepared by an independent certified public accountant.

9 (c) A report of the utilization of the Program by participants
10 during the immediately preceding plan year, segregated by benefit,
11 administrative cost, active employees and retirees, including,
12 without limitation, an assessment of the actuarial accuracy of
13 reserves.

14 (d) Material provided generally to participants or prospective
15 participants in connection with enrollment in the Program for the
16 current plan year, including, without limitation:

17 (1) Information regarding rates and the costs for
18 participation in the Program paid by participants on a monthly
19 basis; and

20 (2) A summary of the changes in the plan design for the
21 current plan year from the plan design for the immediately
22 preceding plan year.

23 2. The Executive Officer shall submit a biennial report to the
24 Board and the Director of the Department of Administration, and
25 to the Director of the Legislative Counsel Bureau for transmittal
26 to the appropriate committee or committees of the Legislature. The
27 report must include, without limitation:

28 (a) An independent biennial certified actuarial valuation and
29 report of the State's health and welfare benefits for current and
30 future state retirees, which are provided for the purpose of
31 developing the annual required contribution pursuant to the
32 statements issued by the Governmental Accounting Standards
33 Board.

34 (b) A biennial review of the Program to determine whether the
35 Program complies with federal and state laws relating to taxes and
36 employee benefits. The review must be conducted by an attorney
37 who specializes in employee benefits.

38 **Sec. 4.** NRS 287.0205 is hereby amended to read as follows:

39 287.0205 1. A public officer or employee of any county,
40 school district, municipal corporation, political subdivision, public
41 corporation or other local governmental agency of the State of
42 Nevada who has retired pursuant to NRS 1A.350 or 1A.480, or
43 286.510 or 286.620, or is enrolled in a retirement program provided
44 pursuant to NRS 286.802, or the surviving spouse of such a retired
45 public officer or employee who is deceased, may, in any even-



1 numbered year, reinstate any insurance, except life insurance, that,
2 at the time of reinstatement, is provided by the last public employer
3 of the retired public officer or employee to the active officers and
4 employees and their dependents of that public employer:

5 (a) Pursuant to NRS 287.010, 287.015, 287.020 or paragraph
6 (b), (c) or (d) of subsection 1 of NRS 287.025; or

7 (b) Under the Public Employees' Benefits Program, if the last
8 public employer of the retired officer or employee participates in the
9 Public Employees' Benefits Program pursuant to paragraph (a) of
10 subsection 1 of NRS 287.025.

11 2. Reinstatement pursuant to paragraph (a) of subsection 1
12 must be requested by:

13 (a) Giving written notice of the intent of the public officer or
14 employee or surviving spouse to reinstate the insurance to the last
15 public employer of the public officer or employee not later than
16 January 31 of an even-numbered year;

17 (b) Accepting the public employer's current program or plan of
18 insurance and any subsequent changes thereto; and

19 (c) Except as otherwise provided in ~~subparagraph (2) of~~
20 paragraph (b) of subsection 4 of NRS 287.023, paying any portion
21 of the premiums or contributions of the public employer's program
22 or plan of insurance, in the manner set forth in NRS 1A.470 or
23 286.615, which is due from the date of reinstatement and not paid
24 by the public employer.

25 ➤ The last public employer shall give the insurer notice of the
26 reinstatement not later than March 31 of the year in which the public
27 officer or employee or surviving spouse gives notice of the intent to
28 reinstate the insurance.

29 3. Reinstatement pursuant to paragraph (b) of subsection 1
30 must be requested pursuant to NRS 287.0475.

31 4. ~~Reinstatement~~ *If a plan is considered grandfathered*
32 *under the Patient Protection and Affordable Care Act, Public Law*
33 *111-148, reinstatement* of insurance pursuant to subsection 1
34 ~~excludes~~ *may exclude* claims for expenses for any condition for
35 which medical advice, treatment or consultation was rendered
36 within 12 months before reinstatement unless the reinstated
37 insurance has been in effect more than 12 consecutive months.

38 5. The last public employer of a retired officer or employee
39 who reinstates insurance, except life insurance, which was provided
40 to the retired officer or employee and the retired officer's or
41 employee's dependents at the time of retirement pursuant to
42 NRS 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of
43 subsection 1 of NRS 287.025 shall, for the purpose of establishing
44 actuarial data to determine rates and coverage for such persons,
45 commingle the claims experience of such persons with the claims



1 experience of active and retired officers and employees and their
2 dependents who participate in that group insurance, plan of benefits
3 or medical and hospital service.

4 **Sec. 4.5.** NRS 287.0205 is hereby amended to read as follows:

5 287.0205 1. A public officer or employee of any county,
6 school district, municipal corporation, political subdivision, public
7 corporation or other local governmental agency of the State of
8 Nevada who has retired pursuant to NRS 1A.350 or 1A.480, or
9 286.510 or 286.620, or is enrolled in a retirement program provided
10 pursuant to NRS 286.802, or the surviving spouse of such a retired
11 public officer or employee who is deceased, may, in any even-
12 numbered year, reinstate any insurance, except life insurance, that,
13 at the time of reinstatement, is provided by the last public employer
14 of the retired public officer or employee to the active officers and
15 employees and their dependents of that public employer:

16 (a) Pursuant to NRS 287.010, 287.015, 287.020 or paragraph
17 (b), (c) or (d) of subsection 1 of NRS 287.025; or

18 (b) Under the Public Employees' Benefits Program, if the last
19 public employer of the retired officer or employee participates in the
20 Public Employees' Benefits Program pursuant to paragraph (a) of
21 subsection 1 of NRS 287.025.

22 2. Reinstatement pursuant to paragraph (a) of subsection 1
23 must be requested by:

24 (a) Giving written notice of the intent of the public officer or
25 employee or surviving spouse to reinstate the insurance to the last
26 public employer of the public officer or employee not later than
27 January 31 of an even-numbered year;

28 (b) Accepting the public employer's current program or plan of
29 insurance and any subsequent changes thereto; and

30 (c) Except as otherwise provided in paragraph (b) of subsection
31 4 of NRS 287.023, paying any portion of the premiums or
32 contributions of the public employer's program or plan of insurance,
33 in the manner set forth in NRS 1A.470 or 286.615, which is due
34 from the date of reinstatement and not paid by the public employer.

35 ➤ The last public employer shall give the insurer notice of the
36 reinstatement not later than March 31 of the year in which the public
37 officer or employee or surviving spouse gives notice of the intent to
38 reinstate the insurance.

39 3. Reinstatement pursuant to paragraph (b) of subsection 1
40 must be requested pursuant to NRS 287.0475.

41 4. ~~If a plan is considered grandfathered under the Patient~~
42 ~~Protection and Affordable Care Act, Public Law 111-148,~~
43 ~~reinstatement of insurance pursuant to subsection 1 may exclude~~
44 ~~claims for expenses for any condition for which medical advice,~~
45 ~~treatment or consultation was rendered within 12 months before~~



1 ~~reinstatement unless the reinstated insurance has been in effect more~~
2 ~~than 12 consecutive months.~~

3 ~~—5.]~~ The last public employer of a retired officer or employee
4 who reinstates insurance, except life insurance, which was provided
5 to the retired officer or employee and the retired officer's or
6 employee's dependents at the time of retirement pursuant to NRS
7 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection
8 1 of NRS 287.025 shall, for the purpose of establishing actuarial
9 data to determine rates and coverage for such persons, commingle
10 the claims experience of such persons with the claims experience of
11 active and retired officers and employees and their dependents who
12 participate in that group insurance, plan of benefits or medical and
13 hospital service.

14 **Sec. 5.** NRS 287.021 is hereby amended to read as follows:

15 287.021 1. Except as otherwise provided in subsection 3, the
16 surviving spouse and any surviving child of a police officer or
17 firefighter who was:

18 (a) Employed by a local governmental agency that had
19 established group insurance, a plan of benefits or medical and
20 hospital service pursuant to NRS 287.010, 287.015, 287.020 or
21 paragraph (b), (c) or (d) of subsection 1 of NRS 287.025; and

22 (b) Killed in the line of duty,

23 ↪ may elect to accept or continue coverage under that group
24 insurance, plan or medical and hospital service if the police officer
25 or firefighter was a participant or would have been eligible to
26 participate in the group insurance, plan or medical and hospital
27 service on the date of the death of the police officer or firefighter. If
28 the surviving spouse or child elects to accept coverage under the
29 group insurance, plan or medical and hospital service in which the
30 police officer or firefighter would have been eligible to participate
31 or to discontinue coverage under the group insurance, plan or
32 medical and hospital service in which the police officer or
33 firefighter was a participant, the spouse, child or legal guardian of
34 the child must notify in writing the local governmental agency that
35 employed the police officer or firefighter within 60 days after the
36 date of death of the police officer or firefighter.

37 2. ~~[The]~~ *Except as otherwise provided in NRS 287.023, the*
38 local governmental agency that employed the police officer or
39 firefighter shall pay the entire cost of the premiums or contributions
40 for the group insurance, plan of benefits or medical and hospital
41 service for the surviving spouse or child who meets the
42 requirements set forth in subsection 1.

43 3. A surviving spouse is eligible to receive coverage pursuant
44 to this section for the duration of the life of the surviving spouse. A



1 surviving child is eligible to receive coverage pursuant to this
2 section until the child reaches ~~f~~
3 ~~—(a) The age of 18 years; or~~
4 ~~—(b) The age of 23 years, if the child is enrolled as a full time~~
5 ~~student in an accredited university, college or trade school.] the age~~
6 *at which the child would not otherwise be eligible to receive*
7 *coverage under the group insurance, plan of benefits or medical*
8 *and hospital service.*

9 4. As used in this section “police officer” has the meaning
10 ascribed to it in NRS 617.135.

11 **Sec. 6.** NRS 287.023 is hereby amended to read as follows:

12 287.023 1. Whenever an officer or employee of the
13 governing body of any county, school district, municipal
14 corporation, political subdivision, public corporation or other local
15 governmental agency of the State of Nevada retires under the
16 conditions set forth in NRS 1A.350 or 1A.480, or 286.510 or
17 286.620 and, during the period in which the person served as an
18 officer or employee, was eligible to be covered or had dependents
19 who were eligible to be covered by any group insurance, plan of
20 benefits or medical and hospital service established pursuant to NRS
21 287.010, 287.015, 287.020 or paragraph (b), (c) or (d) of subsection
22 1 of NRS 287.025 or under the Public Employees’ Benefits Program
23 pursuant to paragraph (a) of subsection 1 of NRS 287.025, the
24 officer or employee has the option upon retirement to cancel or
25 continue any such coverage to the extent that such coverage is not
26 provided to the officer or employee or a dependent by the Health
27 Insurance for the Aged Act, 42 U.S.C. §§ 1395 et seq.

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

38 3. Notice of the selection of the option must be given in writing
39 to the last public employer of the officer or employee within 60 days
40 after the date of retirement or death, as the case may be. If no notice
41 is given by that date, the retired officer or employee and any
42 dependents shall be deemed to have selected the option to cancel the
43 coverage for the group insurance, plan of benefits or medical and
44 hospital service established pursuant to NRS 287.010, 287.015,
45 287.020 or paragraph (b), (c) or (d) of subsection 1 of NRS 287.025



1 or coverage under the Public Employees' Benefits Program pursuant
2 to paragraph (a) of subsection 1 of NRS 287.025.

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

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

12 (b) Shall pay the same portion of the cost of coverage under the
13 Public Employees' Benefits Program for *retired* persons who ~~[-~~

14 ~~----- (1) Were initially hired before January 1, 2010, and who~~
15 ~~retire and] are covered under the Program [pursuant to subsection 1~~
16 ~~or who subsequently reinstate coverage under the Program pursuant~~
17 ~~to NRS 287.0205; or~~

18 ~~----- (2) Are initially hired on or after January 1, 2010, and who~~
19 ~~retire with:-~~

20 ~~----- (I) At least 15 years of service credit, which must include~~
21 ~~local governmental service and may include state service, and who~~
22 ~~have participated in the Program on a continuous basis since their~~
23 ~~retirement from such employment; or~~

24 ~~----- (II) At least 5 years of service credit, which must include~~
25 ~~local governmental service and may include state service, who do~~
26 ~~not have at least 15 years of service credit to qualify under sub-~~
27 ~~subparagraph (I) as a result of a disability for which disability~~
28 ~~benefits are received under the Public Employees' Retirement~~
29 ~~System or a retirement program for professional employees offered~~
30 ~~by or through the Nevada System of Higher Education;~~

31 ~~-----] as the State pays pursuant to [subsection 1 of] NRS 287.046 for~~
32 ~~persons retired with state service who participate in the [Public~~
33 ~~Employees' Benefits] Program.~~

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



1 **Sec. 7.** NRS 287.0402 is hereby amended to read as follows:
2 287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*
3 *section 3 of this act*, unless the context otherwise requires, the
4 words and terms defined in NRS 287.0404 to 287.04064, inclusive,
5 have the meanings ascribed to them in those sections.

6 **Sec. 8.** 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
9 Employees' Benefits Program which:

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

12 (2) May include:

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

17 (II) A program to reduce taxable compensation or other
18 forms of compensation other than deferred compensation,
19 ➤ for the benefit of all state officers and employees and other
20 persons who participate in the Program.

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

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

26 (a) For the purpose of establishing actuarial data to determine
27 rates and coverage for active and retired state officers and
28 employees and their dependents, commingle the claims experience
29 of such active and retired officers and employees and their
30 dependents for whom the Program provides primary health
31 insurance coverage into a single risk pool.

32 (b) Except as otherwise provided in this paragraph, negotiate
33 and contract pursuant to paragraph (a) of subsection 1 of NRS
34 287.025 with the governing body of any county, school district,
35 municipal corporation, political subdivision, public corporation or
36 other local governmental agency of the State of Nevada that wishes
37 to obtain exclusive group insurance for all of its active and retired
38 officers and employees and their dependents, except as otherwise
39 provided in sub-subparagraph (III) of subparagraph (2) of paragraph
40 (h), by participation in the Program. The Board shall establish
41 separate rates and coverage for active and retired officers and
42 employees of those local governmental agencies and their
43 dependents based on actuarial reports that commingle the claims
44 experience of such active and retired officers and employees and



1 their dependents for whom the Program provides primary health
2 insurance coverage into a single risk pool.

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

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

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

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

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

25 (h) Adopt such regulations and perform such other duties as are
26 necessary to carry out the provisions of NRS 287.010 to 287.245,
27 inclusive, *and section 3 of this act*, including, without limitation,
28 the establishment of:

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

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

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

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

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



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

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

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

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

12 ~~[(i) Appoint an independent certified public accountant. The~~
13 ~~accountant shall:~~

14 ~~—— (1) Provide an annual audit of the Program; and~~

15 ~~—— (2) Report to the Board and the Interim Retirement and~~
16 ~~Benefits Committee of the Legislature created pursuant to~~
17 ~~NRS 218E.420.~~

18 ~~—— (j) Appoint an attorney who specializes in employee benefits.~~
19 ~~The attorney shall:~~

20 ~~—— (1) Perform a biennial review of the Program to determine~~
21 ~~whether the Program complies with federal and state laws relating to~~
22 ~~taxes and employee benefits; and~~

23 ~~—— (2) Report to the Board and the Interim Retirement and~~
24 ~~Benefits Committee of the Legislature created pursuant to~~
25 ~~NRS 218E.420.~~

26 ~~—— 3. The Board shall submit an annual report regarding the~~
27 ~~administration and operation of the Program to the Director of the~~
28 ~~Legislative Counsel Bureau for transmittal to the appropriate~~
29 ~~committees of the Legislature, or to the Legislative Commission~~
30 ~~when the Legislature is not in regular session, for acceptance or~~
31 ~~rejection not more than 6 months before the Board establishes rates~~
32 ~~and coverage for participants for the following plan year. The report~~
33 ~~must include, without limitation:~~

34 ~~—— (a) Detailed financial results for the Program for the preceding~~
35 ~~plan year, including, without limitation, identification of the sources~~
36 ~~of revenue for the Program and a detailed accounting of expenses~~
37 ~~which are segregated by each type of benefit offered by the~~
38 ~~Program, and administrative costs. The results must be provided~~
39 ~~separately concerning:~~

40 ~~—— (1) Participants who are active and retired state officers and~~
41 ~~employees and their dependents;~~

42 ~~—— (2) All participants in the Program other than those described~~
43 ~~in subparagraph (1); and~~

44 ~~—— (3) Within the groups described in subparagraphs (1) and (2),~~
45 ~~active participants, retired participants for which the Program~~



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~~1 provides primary health insurance coverage and retired participants
2 in the Program who are provided coverage for medical or hospital
3 service, or both, by the Health Insurance for the Aged Act, 42
4 U.S.C. §§ 1395 et seq., or a plan that provides similar coverage.~~

~~5 —(b) An assessment of actuarial accuracy and reserves for the
6 current plan year and the immediately preceding plan year.~~

~~7 —(c) A summary of the plan design for the current plan year,
8 including, without limitation, information regarding rates and any
9 changes in the vendors with which the Program has entered into
10 contracts, and a comparison of the plan design for the current plan
11 year to the plan design for the immediately preceding plan year. The
12 information regarding rates provided pursuant to this paragraph
13 must set forth the costs for participation in the Program paid by
14 participants and employers on a monthly basis.~~

~~15 —(d) A description of all written communications provided
16 generally to all participants by the Program during the preceding
17 plan year.~~

~~18 —(e) A discussion of activities of the Board concerning
19 purchasing coalitions.~~

~~20 —4.] 3.~~ The Board may use any services provided to state
21 agencies and shall use the services of the Purchasing Division of the
22 Department of Administration to establish and carry out the
23 Program.

~~24 [5.] 4.~~ The Board may make recommendations to the
25 Legislature concerning legislation that it deems necessary and
26 appropriate regarding the Program.

~~27 [6.] 5.~~ A participating public agency is not liable for any
28 obligation of the Program other than indemnification of the Board
29 and its employees against liability relating to the administration of
30 the Program, subject to the limitations specified in NRS 41.0349.

~~31 [7.] 6.~~ As used in this section, “employee benefits” includes
32 any form of compensation provided to a public employee except
33 federal benefits, wages earned, legal holidays, deferred
34 compensation and benefits available pursuant to chapter 286 of
35 NRS.

Sec. 9. NRS 287.044 is hereby amended to read as follows:

287.044 1. Except as otherwise provided in subsection 2,
38 each participating state agency shall pay to the Program an amount
39 specified by law for every state officer or employee who is
40 employed by a participating public agency on a permanent and full-
41 time basis and elects to participate in the Program.

2. A member of the Senate or Assembly who elects to
43 participate in the Program shall pay the entire premium or
44 contribution for the member’s insurance.



1 3. State officers and employees who elect to participate in the
2 Program must authorize deductions from their compensation for the
3 payment of premiums or contributions for the Program. Any
4 deduction from the compensation of a state officer or employee for
5 the payment of such a premium or contribution must be based on the
6 actual amount of the premium or contribution after deducting any
7 amount ~~[of the premium or contribution which is paid]~~ *allocated by*
8 *the Board* pursuant to subsection ~~[1.]~~ *6.*

9 4. If a state officer or employee chooses to cover any
10 dependents, whenever this option is made available by the Board,
11 except as otherwise provided in NRS 287.021 and 287.0477, the
12 state officer or employee must pay the difference between the
13 amount of the premium or contribution for the coverage for the state
14 officer or employee and such dependents and ~~[the]~~ *any* amount
15 ~~[paid by the participating state agency that employs the officer or~~
16 ~~employee.]~~ *allocated by the Board pursuant to subsection 6.*

17 5. A participating state agency shall not pay any part of those
18 premiums or contributions if the group life insurance or group
19 accident or health insurance is not approved by the Board.

20 6. The Board may allocate the money paid to the Program
21 pursuant to ~~[this section]~~ *subsection 1* between the cost of premiums
22 and contributions for group insurance for each state officer or
23 employee, except a member of the Senate or Assembly, and the
24 dependents of each state officer or employee.

25 **Sec. 10.** NRS 287.046 is hereby amended to read as follows:

26 287.046 1. The Department of Administration shall establish
27 an assessment that is to be used to pay for a portion of the cost of
28 premiums or contributions for the Program for persons who have
29 retired with state service . ~~[before January 1, 1994, or under the~~
30 ~~circumstances set forth in paragraph (a), (b) or (c) of subsection 3.]~~

31 2. The money assessed pursuant to subsection 1 must be
32 deposited into the Retirees' Fund and must be based upon ~~[an]~~ *a*
33 *base* amount approved by the Legislature each session to pay for a
34 portion of the current and future health and welfare benefits for
35 ~~[such retirees.]~~ *persons who retired before January 1, 1994, or for*
36 *persons who retire on or after January 1, 1994, as adjusted by*
37 *subsection 3.* Except as otherwise provided in subsection ~~[4.]~~ *5,* the
38 portion to be paid to the Program from the Retirees' Fund on behalf
39 of such persons must be equal to a portion of the cost for each
40 retiree and the retiree's dependents who are enrolled in the plan, as
41 defined for each year of the plan by the Program.

42 3. ~~[Adjustments]~~ *Except as otherwise provided in subsection*
43 *4, adjustments* to the portion *of the amount approved by the*
44 *Legislature pursuant to subsection 2 to be* paid by the Retirees'
45 Fund ~~[must be as follows:]~~



1 ~~—(a) For~~ *for* persons who retire on or after January 1, 1994, with
2 state service ~~[-~~

3 ~~—(1)~~ *must be as follows:*

4 (a) For each year of service less than 15 years, excluding service
5 purchased pursuant to NRS 1A.310 or 286.300, the portion paid by
6 the Retirees’ Fund must be reduced by an amount equal to 7.5
7 percent of the base funding level defined by the Legislature. In no
8 event may the adjustment exceed 75 percent of the base funding
9 level defined by the Legislature.

10 ~~[(2)]~~ (b) For each year of service greater than 15 years,
11 excluding service purchased pursuant to NRS 1A.310 or 286.300,
12 the portion paid by the Retirees’ Fund must be increased by an
13 amount equal to 7.5 percent of the base funding level defined by the
14 Legislature. In no event may the adjustment exceed 37.5 percent of
15 the base funding level defined by the Legislature.

16 ~~[(b) For persons who are]~~

17 4. *No money may be paid by the Retirees’ Fund on behalf of*
18 *a retired person who is* initially hired by the State on or after
19 January 1, 2010, and who ~~[retire with at least 15 years of service~~
20 ~~credit, which must include state service and may include local~~
21 ~~governmental service, and who have] :~~

22 (a) *Has not* participated in the Program on a continuous basis
23 since ~~[their]~~ retirement from such employment ~~[-, for each year of~~
24 ~~service greater than 15 years, excluding service purchased pursuant~~
25 ~~to NRS 1A.310 or 286.300, the portion paid by the Retirees’ Fund~~
26 ~~must be increased by an amount equal to 7.5 percent of the base~~
27 ~~funding level defined by the Legislature. In no event may the~~
28 ~~adjustment exceed 37.5 percent of the base funding level defined by~~
29 ~~the Legislature.~~

30 ~~—(c) For persons who are initially hired by the State on or after~~
31 ~~January 1, 2010, and who retire with at least 5 years of service~~
32 ~~credit, which must include state service and may include local~~
33 ~~governmental service, who do] ; or~~

34 (b) *Does* not have at least 15 years of service ~~[credit to qualify~~
35 ~~under paragraph (b) as], which must include state service and may~~
36 ~~include local governmental service, unless the retired person does~~
37 ~~not have at least 15 years of service as~~ a result of a disability for
38 which disability benefits are received under the Public Employees’
39 Retirement System or a retirement program for professional
40 employees offered by or through the Nevada System of Higher
41 Education, and ~~[who have]~~ *has* participated in the Program on a
42 continuous basis since ~~[their]~~ retirement from such employment . ~~[-~~

43 ~~—(1) For each year of service less than 15 years, excluding~~
44 ~~service purchased pursuant to NRS 1A.310 or 286.300, the portion~~
45 ~~paid by the Retirees’ Fund must be reduced by an amount equal to~~



1 ~~7.5 percent of the base funding level defined by the Legislature. In~~
2 ~~no event may the adjustment exceed 75 percent of the base funding~~
3 ~~level defined by the Legislature.~~

4 ~~— (2) For each year of service greater than 15 years, excluding~~
5 ~~service purchased pursuant to NRS 1A.310 or 286.300, the portion~~
6 ~~paid by the Retirees' Fund must be increased by an amount equal to~~
7 ~~7.5 percent of the base funding level defined by the Legislature. In~~
8 ~~no event may the adjustment exceed 37.5 percent of the base~~
9 ~~funding level defined by the Legislature.~~

10 ~~— 4.] 5.~~ If the amount calculated pursuant to subsection 3 exceeds
11 the actual premium or contribution for the plan of the Program that
12 the retired participant selects, the balance must be credited to the
13 Program Fund.

14 ~~[5.] 6.~~ For the purposes of subsection ~~[4.] 3:~~

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

17 (b) No proration may be made for a partial year of ~~[state]~~
18 service.

19 ~~[6.] 7.~~ The Department shall agree through the Board with the
20 insurer for billing of remaining premiums or contributions for
21 the retired participant and the retired participant's dependents to the
22 retired participant and to the retired participant's dependents who
23 elect to continue coverage under the Program after the retired
24 participant's death.

25 **Sec. 11.** NRS 287.0465 is hereby amended to read as follows:

26 287.0465 1. If ~~[an officer or employee of the State or a~~
27 ~~dependent of such an officer or employee]~~ **a member** incurs an
28 illness or injury for which medical services are payable under the
29 plan for self-insurance established by the Board and the illness or
30 injury is incurred under circumstances creating a legal liability in
31 some person, other than the ~~[officer, employee or dependent,]~~
32 **member**, to pay all or part of the cost of those services, the Board is
33 subrogated to the right of the ~~[officer, employee or dependent]~~
34 **member** to the extent of all such costs, and may join or intervene in
35 any action by the ~~[officer, employee or dependent]~~ **member** or any
36 ~~[successors]~~ **successor** in interest, to enforce that legal liability.

37 2. If ~~[an officer, employee or dependent]~~ **a member** or any
38 ~~[successors]~~ **successor** in interest fail or refuse to commence an
39 action to enforce that legal liability, the Board may commence an
40 independent action, after notice to the ~~[officer, employee or~~
41 ~~dependent]~~ **member** or any ~~[successors]~~ **successor** in interest, to
42 recover all costs to which it is entitled. In any such action by the
43 Board, the ~~[officer, employee or dependent]~~ **member** may be joined
44 as a third party defendant.



1 3. If the Board is subrogated to the rights of the ~~officer,~~
2 ~~employee or dependent~~ *member* or any ~~successors~~ *successor* in
3 interest as provided in subsection 1, the Board has a lien upon the
4 total proceeds of any recovery from the persons liable, whether the
5 proceeds of the recovery are by way of a judgment or settlement or
6 otherwise. Within 15 days after recovery by receipt of the proceeds
7 of the judgment, settlement or other recovery, the ~~officer, employee~~
8 ~~or dependent~~ *member* or any successors in interest shall notify the
9 Board of the recovery and pay the Board the amount due to it
10 pursuant to this section. The ~~officer, employee or dependent~~
11 *member* or any successors in interest are not entitled to double
12 recovery for the same injury.

13 4. The ~~officer, employee or dependent~~ *member* or any
14 successors in interest shall notify the Board in writing before
15 entering any settlement or agreement or commencing any action to
16 enforce the legal liability referred to in subsection 1.

17 5. *As used in this section, "member" means:*

18 (a) *An active or retired officer or employee of the State or a*
19 *dependent of such an officer or employee who is covered under*
20 *the Program; and*

21 (b) *An active or retired officer or employee of a local*
22 *governmental agency or a dependent of such an officer or*
23 *employee who is covered under the Program.*

24 **Sec. 12.** NRS 287.0475 is hereby amended to read as follows:

25 287.0475 1. A retired public officer or employee or the
26 surviving spouse of a retired public officer or employee who is
27 deceased may, in any even-numbered year, reinstate any insurance
28 under the Program, except life insurance, that, at the time of
29 reinstatement, is provided by the Program if the retired public
30 officer or employee retired:

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

34 (b) Pursuant to NRS 1A.350 or 1A.480, or 286.510 or 286.620,
35 from employment with a county, school district, municipal
36 corporation, political subdivision, public corporation or other local
37 governmental agency of the State which is a participating local
38 governmental agency at the time of the request for reinstatement ~~[]~~,
39 *unless the retired public officer or employee is excluded from*
40 *participation in the Program pursuant to sub-subparagraph*
41 *(III) of subparagraph (2) of paragraph (h) of subsection 2 of*
42 *NRS 287.043.*

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



1 (a) Giving written notice to the Program of the intent of the
2 public officer or employee or surviving spouse to reinstate the
3 insurance not later than March 15 of an even-numbered year;

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

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

11 ~~[3. Reinstatement of insurance excludes claims for expenses
12 for any condition for which medical advice, treatment or
13 consultation was rendered within 12 months before reinstatement
14 unless the reinstated insurance has been in effect more than 12
15 consecutive months.]~~

16 **Sec. 13.** NRS 287.0477 is hereby amended to read as follows:

17 287.0477 1. Except as otherwise provided in subsection 4,
18 the surviving spouse and any surviving child of a police officer or
19 firefighter who was employed by a participating public agency and
20 who was killed in the line of duty may join or continue coverage
21 under the Public Employees' Benefits Program or another insurer or
22 employee benefit plan approved by the Board pursuant to NRS
23 287.0479 if the police officer or firefighter was a participant or
24 would have been eligible to participate on the date of the death of
25 the police officer or firefighter. If the surviving spouse or child
26 elects to join or discontinue coverage under the Public Employees'
27 Benefits Program pursuant to this subsection, the spouse, child or
28 legal guardian of the child must notify in writing the participating
29 public agency that employed the police officer or firefighter within
30 60 days after the date of death of the police officer or firefighter.

31 2. Except as otherwise provided in subsection 4, the surviving
32 spouse and any surviving child of a volunteer firefighter who was
33 killed in the line of duty and who was officially a member of a
34 volunteer fire department in this State is eligible to join the Public
35 Employees' Benefits Program. If such a spouse or child elects to
36 join the Public Employees' Benefits Program, the spouse, child or
37 legal guardian of the child must notify in writing the Board within
38 60 days after the date of death of the volunteer firefighter.

39 3. The participating public agency that employed the police
40 officer or firefighter shall pay the entire cost of the premiums or
41 contributions for the Public Employees' Benefits Program or
42 another insurer or employee benefit plan approved by the Board
43 pursuant to NRS 287.0479 for the surviving spouse or child who
44 meets the requirements set forth in subsection 1. The State of
45 Nevada shall pay the entire cost of the premiums or contributions



1 for the Public Employees' Benefits Program for the surviving
2 spouse or child who elects to join the Public Employees' Benefits
3 Program pursuant to subsection 2.

4 4. A surviving spouse is eligible to receive coverage pursuant
5 to this section for the duration of the life of the surviving spouse. A
6 surviving child is eligible to receive coverage pursuant to this
7 section until the child reaches ~~f~~:

8 ~~—(a) The age of 18 years; or~~

9 ~~—(b) The age of 23 years, if the child is enrolled as a full-time~~
10 ~~student in an accredited university, college or trade school.]~~ *the age*
11 *at which the child would not otherwise be eligible to receive*
12 *coverage under the Public Employees' Benefits Program.*

13 5. As used in this section "police officer" has the meaning
14 ascribed to it in NRS 617.135.

15 **Sec. 14.** NRS 287.04366 is hereby repealed.

16 **Sec. 15.** 1. This section and sections 4 and 12 of this act
17 become effective on July 1, 2011.

18 2. Sections 1, 2, 3, 5 to 11, inclusive, 13 and 14 of this act
19 become effective on October 1, 2011.

20 3. Section 4.5 of this act becomes effective on the date on
21 which the provisions of the Patient Protection and Affordable Care
22 Act, Public Law 111-148, cease to allow a grandfathered health plan
23 to exclude claims for preexisting medical conditions.

TEXT OF REPEALED SECTION

287.04366 Audits and reports. The Board shall provide to the Department of Administration and to the Interim Retirement and Benefits Committee of the Legislature, created by NRS 218E.420:

1. An annual audit of the Retirees' Fund to be conducted by an independent certified public accountant;

2. An annual report concerning the Retirees' Fund; and

3. An independent biennial certified actuarial valuation and report of the State's health and welfare benefits for current and future state retirees, which are provided for the purpose of developing the annual required contribution pursuant to the statements issued by the Governmental Accounting Standards Board.



