

SENATE BILL NO. 34—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE PUBLIC EMPLOYEES’
BENEFITS PROGRAM)

FILED 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:

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
10 entered into by the Board with a physician, hospital, health maintenance
11 organization or other provider of medical care are likewise required to be based on
12 these separate risk pools. (NRS 287.0434)

13 **Section 4** of this bill requires the Board to maintain a single risk pool for: (1)
14 active and retired state officers and employees and their dependents; (2) active and



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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.

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:



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

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

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

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

13 ~~↪ commingle the claims experience of such active and retired~~
14 ~~officers and employees and their dependents ~~for whom the Program~~~~
15 ~~provides primary health insurance coverage~~ into a single risk pool.

16 (b) Except as otherwise provided in this paragraph, negotiate
17 and contract pursuant to paragraph (a) of subsection 1 of NRS
18 287.025 with the governing body of any county, school district,
19 municipal corporation, political subdivision, public corporation or
20 other local governmental agency of the State of Nevada that wishes
21 to obtain exclusive group insurance for all of its active and retired
22 officers and employees and their dependents, except as otherwise
23 provided in sub-subparagraph (III) of subparagraph (2) of paragraph
24 (h), by participation in the Program. ~~{The Board shall establish~~
25 ~~separate rates and coverage for active and retired officers and~~
26 ~~employees of those local governmental agencies and their~~
27 ~~dependents based on actuarial reports that commingle the claims~~
28 ~~experience of such active and retired officers and employees and~~
29 ~~their dependents for whom the Program provides primary health~~
30 ~~insurance coverage into a single risk pool.}~~

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

36 (d) If a proposed change is a change in the premium or
37 contribution charged for, or coverage of, health insurance, provide
38 written notice of the proposed change to all participants in the
39 Program. The notice must be provided at least 30 days before the
40 date on which a participant in the Program is required to select or
41 change the participant's policy of health insurance.

42 (e) Purchase policies of life, accident or health insurance, or any
43 combination of these, or, if applicable, a program to reduce the
44 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
45 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.



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

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

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

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

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

16 287.0434 The Board may:

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

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

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

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

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

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

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

43 (b) The rates set forth in the contract are based on ~~f~~:

44 ~~— (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.



