



BRIAN SANDOVAL
Governor

JAMES R. WELLS, CPA
Executive Officer

STATE OF NEVADA
PUBLIC EMPLOYEES' BENEFITS PROGRAM

901 S. Stewart Street, Suite 1001

Carson City, Nevada 89701

Telephone (775) 684-7000 · (800) 326-5496

Fax (775) 684-7028

www.pebp.state.nv.us



LEO M. DROZDOFF, P.E.
Board Chairman

**NOTICE OF INTENT TO ACT UPON
A PROPOSED TEMPORARY REGULATION T004-14**

**Notice of Hearing for the Adoption, Amendment and Repeal of a Regulation
of the Public Employees' Benefits Program**

The Board of the Public Employees' Benefits Program (PEBP) will hold a public hearing at 9:00 a.m., on the 2nd of April, 2015, at the Richard Bryan Building, 901 South Stewart Street, Room 1002, Carson City, Nevada, and videoconference to the Nevada System of Higher Education System Office, 4300 S. Maryland Parkway, Board Room, Las Vegas, Nevada. The purpose of the hearing is to receive comments from all interested persons regarding the adoption, amendment and repeal of regulations that pertain to chapter 287 of the Nevada Administrative Code.

The following information is provided pursuant to the requirements of NRS 233B.0603:

1. The need for and the purpose of the proposed regulation.

The PEBP Board is attempting to address the premiums paid by non-state, non-Medicare retirees who participate in the PEBP plans. Pursuant to paragraph b of sub-section 4 of section 023 of Nevada Revised Statutes Chapter 287,

"The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of this State...Shall pay the same portion of the cost of coverage under the Public Employees' Benefits Program for retired persons covered under the Program as the State pays pursuant to [NRS 287.046](#) for persons retired with state service who participate in the Program."

Currently, the subsidies provided by the former employers of non-state, non-Medicare retirees are based on the dollar amount established for State, non-Medicare retirees. This calculation results in some non-state, non-Medicare retirees paying a substantial amount for their health insurance premiums each month while other non-state, non-Medicare retirees pay less than their State, non-Medicare retiree counterparts.

2. Either the terms or the substance of the regulations to be adopted, amended and repealed or a description of the subjects and issues involved.

The proposed regulation would change the interpretation of NRS 287.023(4)(b) regarding the calculation of “the same portion of the cost of coverage” from the current subsidy amount which is based on the dollar amount established for State, non-Medicare retirees to the same percentage of the premium as is calculated for the subsidy for State, non-Medicare retirees. This would result in increases for some subsidies paid by local governing bodies of the counties, school districts, municipal corporations, political subdivisions, public corporations and other local government agencies of this State for their non-Medicare retirees who participate in the PEBP plans and decreases for others. Conversely, it would result in lower monthly premiums for some non-state, non-Medicare retirees and increases for others. See the attached proposed regulation language.

3. The estimated economic effect of the regulation on the business which it is to regulate and on the public. These must be stated separately and in each case must include:
 - (a) Both adverse and beneficial effects; and

The proposed regulation will affect the amounts local governments with retirees on the PEBP plans pay toward their former employees’ subsidies based on the plan and tier of coverage selected by the retiree. In some cases, the local government will pay more and the non-state, non-Medicare retiree will pay less and in other cases, the local government will pay less and the non-state, non-Medicare retiree will pay more. In total, the cost effect is neutral between the local governments and the non-state, non-Medicare retirees enrolled in PEBP plans. It presents no reasonably foreseeable or anticipated adverse economic effects to businesses or to the general public.

- (b) Both immediate and long term effects:

The effects of the proposed regulation will begin July 1, 2015 and continue until such time as there are no longer non-state, non-Medicare retirees enrolled in PEBP plans.

4. The estimated cost to the agency for enforcement of the proposed regulation.

PEBP does not anticipate the need for any additional resources to administer the regulation.

5. A description of and citation to any regulations of other state or local governmental agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the

proposed regulation overlaps or duplicates a federal regulation, the notice must include the name of the regulating federal agency.

There are no known state or government agency regulations that the proposed regulation duplicates.

6. If the regulation is required pursuant to federal law, a citation and description of the federal law, the name of the organization.

Not applicable.

7. If the regulation includes provisions which are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.

Not applicable.

8. Whether the proposed regulation establishes a new fee or increases an existing fee.

This regulation does not provide for a new fee nor an increase to an existing fee.

Persons wishing to comment upon the proposed action of Public Employees' Benefits Program Board may appear at the scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Public Employees' Benefits Program, Attention: Lori Johnson, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. Written submissions must be received by the Public Employees' Benefits Program on or before Monday March 30, 2015. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Public Employees' Benefits Program may proceed immediately to act upon any written submissions.

A copy of this notice and the regulation to be adopted, amended and repealed will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be adopted, amended and repealed will be available at the Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada, and in all counties libraries in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, This regulation will also be available at the following websites at <http://www.leg.state.nv.us> and <https://notice.nv.gov>.

Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. This information is also available at Public Employees' Benefits Program's web site at <http://www.pebp.state.nv>.

NRS 233B.064(2) provides: "Upon adoption of any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reason for overruling the consideration urged against its adoption."

This notice of hearing has been posted at the additional location locations:

The Legislative Building, 401 South Carson Street, Carson City, Nevada, The Blasdel Building, 209 East Musser Street, Carson City; Nevada, The Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City; Nevada, and The Grant Sawyer State Office Building, 555 E. Washington Avenue, Las Vegas, Nevada. In addition, the notice was mailed to all State agencies and to groups and individuals as requested.

Date: January 20, 2015

LCB FILE T004-14 TEMPORARY REGULATION OF THE PUBLIC EMPLOYEES' BENEFITS PROGRAM

NAC 287.490 Subsidy for retired officer or employee: Calculation of amount of payment. ([NRS 287.043](#), [287.046](#))

1. Except as otherwise provided in subsection [23](#), the amount of the subsidy that must be paid by each public employer with which a retired officer or employee was employed is calculated in the manner set forth in [NRS 287.046](#).

2. Effective for months after July 1, 2015, portion as used in paragraph b of subsection 4 of NRS 287.023 will be defined as the same percentage of the premium as the State provides for each retiree and the retiree's dependents pursuant to subsection 3 of NRS 287.046.

[23](#). Each public employer with which the retired officer or employee was employed shall pay an amount of the total subsidy for the retired officer or employee equal to the proportion that the service credit earned by the retired officer or employee with that public employer bears to the total service credit earned by the retired officer or employee with all public employers with which the retired officer or employee was employed. The amount of the total subsidy must be based on the cumulative total years and months of service by the retired officer or employer for all public employers with which the retired officer or employee was employed.

(Added to NAC by Bd. of Pub. Employees' Benefits Prog. by R154-03, 3-22-2004, eff. 7-1-2004; A by R126-07, 1-30-2008)