

**ADOPTED REGULATION OF THE  
BOARD OF THE PUBLIC EMPLOYEES' BENEFITS PROGRAM**

**LCB File No. R013-15**

Effective October 27, 2015

EXPLANATION – Matter in *italics* is new; matter in brackets ~~[omitted material]~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 287.043 and 287.046.

A REGULATION relating to public employees; revising the manner of calculating the subsidies required to be paid by local governments for certain retired public officers and employees; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Under existing law, certain retired officers and employees of a governing body of a county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada are entitled to coverage under the Public Employees' Benefits Program. (NRS 287.023 and 287.025 and section 15 of Senate Bill No. 544, chapter 496, Statutes of Nevada 2007, at p. 2882) Existing law also provides that such a person is entitled to payment of the same portion of the cost of the coverage by his or her former employer as the State pays for persons retired with state service who participate in the Program. (NRS 287.023) **Section 1** of this regulation interprets the phrase "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."

**Section 1.** Chapter 287 of NAC is hereby amended by adding thereto a new section to read as follows:

*As used in NRS 287.023, the Board interprets "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" to mean the same percentage of the subsidy as the State pays*

*pursuant to subsection 3 of NRS 287.046 for each retiree and the retiree's dependents who are enrolled in the plan, as defined for each year of the plan by the Program.*

**Sec. 2.** NAC 287.490 is hereby amended to read as follows:

287.490 1. Except as otherwise provided in subsection 2 ~~†~~ *and section 1 of this regulation*, 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. 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 employee for all public employers with which the retired officer or employee was employed.

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS--NRS 233B.066**  
**Informational Statement**  
**LCB File No. R013-15**

**1. A clear and concise explanation of the need for the adopted permanent regulation.**

The Public Employees' Benefits Program Board approved the adoption of temporary regulation T004-14 on April 2, 2015. Previous to the adoption of the temporary regulation, subsidies provided by the former employers of non-state, non-Medicare retirees were based on the dollar amount established for State, non-Medicare retirees. This calculation resulted 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 paid less than their State, non-Medicare retiree counterparts.

The proposed permanent regulation will continue the temporary regulation in revising the manner of calculating the subsidies required to be paid by the local governments for certain retired public officers and employees so that the governing body will pay the same percentage of the cost of coverage under the Program as the State pays for persons who retire from state service and participate in the Program.

The intent of the adoption of the proposed regulation is to make permanent the re-interpretation of NRS 287.023(4)(b) regarding the calculation of the portion of the cost of coverage a local governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local government agency of this State must pay for retired persons covered under the group health insurance plans administered by the Public Employees' Benefits Program.

**2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.**

Copies of the proposed regulations, notices of workshop and notices of intent to act upon the regulation were sent by U.S. mail to all State agencies, groups and individuals who had specifically requested such notice. These documents were also made available at the Public Employees' Benefits Program's website at <http://www.pebp.state.nv.us>, mailed to the Nevada State Library and Archives, all county libraries in Nevada, and posted at the following locations:

The Legislative Building  
401 South Carson Street  
Carson City, NV 89701

The Blasdel Building  
209 East Musser Street, Suite 6  
Carson City, NV 89701

The Richard H Bryan Building  
901 South Stewart Street, Suite 1001  
Carson City, NV 89701

The Grant Sawyer State Office Building  
555 East Washington Avenue, Suite 1000  
Las Vegas, NV 89101

The public response to the proposed regulation is summarized below.

Responses in support of the regulation: PEBP received comments (both testimonial and written) in support of adopting the regulation. This support came from five retired participants whose last employer was a local governmental agency and who would be affected by the proposed regulation change. The retirees who voiced their support were in favor of the regulation as it would lower the monthly dollar amount they pay for PEBP-sponsored coverage.

Responses in opposition of the regulation: PEBP did not receive comments in opposition of the adoption of the regulation.

- 3. The number of persons who:**
  - (a) Attended each hearing:** July 21, 2015 – (16); September 17, 2015 – (41);
  - (b) Testified at each hearing:** July 21, 2015 – (1); September 17, 2015 – (2);
  - (c) Submitted written comments:** July 21, 2015 – (3); September 17, 2015 – (1)
- 4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**
  - (a) Name;**
  - (b) Telephone number;**
  - (c) Business address;**
  - (d) Business telephone number;**
  - (e) Electronic mail address; and**
  - (f) Name of entity or organization represented.**

A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in paragraphs (b) and (c) of number 3, as provided to the agency, is attached as Exhibit A.

- 5. A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

The proposed regulation would make permanent the change in premium contribution rates that local governments would need to make on behalf of their retirees, and would not be expected to have any effect on businesses. Therefore, PEBP did not undertake any outreach efforts over and above its solicitation of input from the general public. No responses were received by businesses as a result of PEBP's outreach efforts.

- 6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

No proposed alternatives to the regulation, other than the status quo, were put forward in any of the comments. PEBP recognizes that the result of the proposed regulation would be

that some local governmental agencies will pay more in subsidized amounts for their previous employees and some will pay less. The reason for adopting the regulation remains that a percentage-of-total-premium basis for determining local government subsidies is a more rational way of apportioning the burden of health care costs between former employer and retiree, in keeping with the language in NRS 287.023(4)(b). For that reason, taking into consideration the opposition of the adoption of the regulation by some local governmental agencies, no changes were made to the proposed regulation which was adopted by the PEBP Board on September 17, 2015.

**7. The estimated economic effect of the regulation on the business which it is to regulate and on the public.**

**(a) Estimated economic effect on the businesses which they are to regulate.**

PEBP does not anticipate an economic effect on any businesses.

**(b) Estimated economic effect on the public which they are to regulate.**

PEBP does not anticipate an economic effect on the public.

**8. 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.

**9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

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

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

Not applicable.

**11. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

This regulation does not provide for a new fee or an increase to an existing fee.

**Exhibit A**  
**Informational Statement - LCB File No. R013-15**

**Additional information regarding persons identified in paragraphs (b) and (c) of number 3 of the Legislative Review of Adopted Regulations Informational Statement.**

**(b) Persons who testified at each hearing are identified below:**

**July 21, 2015 Workshop – 1**

**Peggy Lear Bowen**

Retired PEBP Participant

(775) 826-2793

**September 17, 2015 Public Hearing – 2**

**Peggy Lear Bowen**

Retired PEBP Participant

(775) 826-2793

**Priscilla Maloney**

Representative of the American Federation of State,  
County and Municipal Employees (AFSCME)

(775) 544-7338

**(c) Persons who submitted written comments at each hearing are identified below:**

**July 21, 2015 Workshop – 3**

**Janice Florey**

Retired PEBP Participant

(775) 782-5373

jflorey@aol.com

**Rowena Shaw**

tahoerms@aol.com

**Karen Ferrare**

topazjoe@peoplepc.com

**September 17, 2015 Public Hearing – 1**

**Sandra Mix**

Retired Public Employees of Nevada (RPEN)

(702) 451-3583

smix01@embarqmail.com