

**LCB File No. R107-09**

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

**MEETING AND REGULATION WORKSHOP NOTICE AND AGENDA**

Name of Organization: Public Employees' Benefits Program Board

Date and Time of Meeting: September 3, 2009 9:00 a.m.

Place of Meeting: The Legislative Building  
401 South Carson Street, Room 1214  
Carson City, Nevada

Video Conferencing: The Grant Sawyer State Office Building  
555 E. Washington Avenue, Room 4401  
Las Vegas, Nevada

Internet: [www.leg.state.nv.us](http://www.leg.state.nv.us)

**AGENDA**

- I. Open Meeting
- \* II. Approve Action Minutes from June 30, 2009 and July 9, 2009 Board meetings
- \* III. 9:00 a.m.  
Conduct workshop to solicit comments from interested persons on the following general topics that may be addressed in proposed regulation R023-09, including but not limited to:
  - a. Redefine "Plan Year,"
  - b. Other related matters
- \* IV. 9:00 a.m.  
Conduct workshop to solicit comments from interested persons on the following general topics that may be addressed regarding Nevada Administrative Code Chapter 287, including but not limited to:
  - a. Implementation of Senate Bill 427 (2009) as it relates to retiree subsidies
  - b. Implementation of domestic partnership benefits
  - c. Employee benefit orientations
  - d. Premium/contribution payments and late fee calculations
  - e. Retiree years of service subsidy procedures
  - f. Other related matters

- \* V. Health Claim Auditors, Inc. audit on Fiserv Health Plan Administrators for the quarter ending June 30, 2009
  - a. Presentation of report by Health Claim Auditors
  - b. Fiserv Health Plan Administrators response to audit report
  - c. Discussion and possible action regarding audit report findings
- VI. Presentation by Aon Consulting of Governmental Accounting Standards Board 43/45 Other Post Employment Benefits valuation as of June 30, 2008
- VII. Presentation by Aon Consulting regarding federal health care reform efforts
- \* VIII. Discussion and possible action regarding projected self-funded claims costs for domestic partner benefits effective July 1, 2010
- \* IX. Discussion and possible action regarding proposed changes in the Master Plan Document for Plan Year 2010 (November 1, 2009 – June 30, 2010). Changes reflect plan design modifications included in Open Enrollment packets and administrative clarifications to plan language.
- X. Presentation by Chief Financial Officer of self-funded plan utilization report for the quarter ending June 30, 2009
- XI. Information item – Extension of Business Travel & Accident contract with AIG
- XII. Information item - Status of Cardiac Wellness Pilot Project
- XIII. Information item - Vendor reports for year ending June 30, 2009
  - a. APS Healthcare
  - b. Beech Street Corporation
  - c. Catalyst Rx
  - d. Diversified Dental Services
  - e. Fiserv Health Benefit Planners
  - f. Health Plan of Nevada
  - g. Hometown Health HMO
  - h. Morneau Sobeco
  - i. Sierra Healthcare Options/Hometown Health
  - j. The Standard

- XIV. Information item - PEBP staff reports
  - a. Executive Officer
  - b. Operations Officer
  - c. Quality Control Officer
  - d. Chief Financial Officer
  - e. Attorney General's Report - Deputy Attorney General

XV. Public Comment

\* XVI. **ADJOURNMENT**

\* Denotes items on which Board may take action.

\*\* Denotes possible closed session.

---

Unless noted as an action item, discussion of any item raised during a report or public comment is limited to that necessary for clarification or necessary to decide whether to place the item on a future agenda.

---

All times are approximate. The Board reserves the right to take items in a different order to accomplish business in the most efficient manner. The Board reserves the right to limit Internet broadcasting during portions of the meeting that need to be confidential or closed.

---

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Public Employees' Benefits Program, in writing, at 901 South Stewart Street, Suite 1001, Carson City, NV 89701, or call Vicki Smerdon at (775) 684-7000, as soon as possible.

---

Copies of both the Public Employees' Benefits Program (PEBP) Board Meeting Action Minutes and Open Meeting Minutes in transcript form are available, at no charge, for inspection at the PEBP Office, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701 or on the PEBP web site at [www.pebp.state.nv.us](http://www.pebp.state.nv.us). For additional information, contact Vicki Smerdon at (775) 684-7000 or (800) 326-5496.

---

Notice of this Board meeting was posted on or before 9:00 a.m. on the third working day before the meeting at the following locations: BLASDEL BUILDING, 209 East Musser Street, Carson City; PUBLIC EMPLOYEES' BENEFITS PROGRAM, 901 South Stewart Street, Suite 1001, Carson City; THE GRANT SAWYER STATE OFFICE BUILDING, 555 East Washington Avenue, Las Vegas, THE LEGISLATIVE BUILDING, 401 South Carson Street, Carson City, and on the PEBP web site at [www.pebp.state.nv.us](http://www.pebp.state.nv.us). In addition, the agenda was mailed to groups and individuals as requested.

Copies of all materials relating to the proposed permanent regulations may be obtained at the workshops or by accessing the information at Public Employees' Benefits Program's web site at <http://www.pebp.state.nv.us>. You may also contact the Public Employees' Benefits Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701, (775) 684-7000 or (800) 326-5496. A reasonable fee for copying may be charged.

---

This Notices of Workshops to Solicit Comments on Proposed Permanent Regulations have been posted at the following locations: NEVADA STATE LIBRARY; LEGISLATIVE COUNSEL BUREAU, BLASDEL BUILDING, 209 East Musser Street, Carson City; PUBLIC EMPLOYEES' BENEFITS PROGRAM, 901 South Stewart Street, Suite 1001, Carson City, Nevada; THE GRANT SAWYER STATE OFFICE BUILDING, 555 E. Washington Ave., THE LEGISLATIVE BUILDING, 401 South Carson Street, Carson City. In addition, the notice was mailed to all State agencies and to groups and individuals as requested.

Date: August 11, 2009

## AGENDA ITEM

- Action Item  
 Information Only

**Date:** September 3, 2009

**Item Number:** IV

**Title:** Nevada Administrative Code (NAC) Chapter 287 Update Workshop

### Summary

PEBP reviews all administrative code provisions pertaining to PEBP that warrant updates following each legislative session. The items discussed below have been identified by PEBP staff for addition, amendment or deletion in Chapter 287 of the NAC. In cases where previous regulatory changes to Chapter 287 of the NAC have not been codified, the previous change is referenced by Legislative Counsel Bureau (LCB) file number.

LCB File No. R107-09

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

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

**Report**

**1. Senate Bill 427 Changes**

- 1.1. New section to be added as a result of SB 427 to define initial hire date. This date will be used to determine the subsidy eligibility for future retirees.

Proposed Addition

*“Initial Hire Date” means the first date on which service credit was earned by the participant during his last period of continuous employment with his last Nevada public employer according to the certifying agency. Continuous employment includes breaks in employment of less than one year, but does not include breaks in employment of one year or more.*

**2. Domestic Partnership Changes**

- 2.1. New section to specify that when either a domestic partnership or a marriage ends, that the participant must notify the Program within 60 days.

Proposed Addition

*1. In the event of a divorce, the participant must notify the Program within 60 days after the decree of divorce and submit a copy of the divorce decree. (Effective upon approval of regulation)*

*2. In the event of the termination of the domestic partnership, the participant must notify the Program within 60 days after the termination and submit the appropriate documentation. (Effective July 1, 2010)*

- 2.2. Amends the domestic partnership regulation so PEBP will use the Nevada Secretary of State registration/certification to prove a domestic partnership has been established. PEBP is assuming that participants who reside out of state may register a domestic partnership with the Nevada Secretary of State.

Proposed Amendment

Section 2 of LCB File No. R016-08 is hereby amended to read as follows:

“Domestic partner” means a person *who has registered pursuant to the Nevada Domestic Partnership Act (SB 283 (2009))*. ~~[attested to by a participant as being eligible for coverage as a dependent pursuant to section 4 of this regulation.]~~

- 2.3. Amends the domestic partnership regulation so PEBP will use the Nevada Secretary of State registration/certification to prove a domestic partnership has been established. PEBP is assuming that participants who reside out of state may register a domestic partnership with the Nevada Secretary of State.

Proposed Amendment

Section 4 of LCB File No. R016-08 is hereby amended to read as follows:

1. To establish the eligibility of a domestic partner for coverage as a dependent, a participant must submit *the certificate issued by the Nevada Secretary of State pursuant to the Nevada Domestic Partnership Act (SB 283 (2009))* ~~[an affidavit on a form prescribed by the Program, which must include, without limitation:~~

~~—(a) Attestation that the participant and the domestic partner:~~

~~——(1) Are 18 years of age or older and are mentally competent to contract;~~

~~——(2) Are in a sole committed relationship with one another;~~

~~——(3) Are not married to another person;~~

~~——(4) Are not related by blood;~~

~~——(5) Provide each other with mutual support for the necessities of life; and~~

~~——(6) Have shared a residence for not less than 6 consecutive month immediately preceding and including the date on which the participant sign the affidavit;] and~~

2. ~~[(b)]~~ A ~~[S]~~ statements to be acknowledged by the participant, that the participant is responsible for ~~[:~~

~~——(1) In the event of the dissolution of the domestic partnership, notifying the Program within 30 days after the dissolution; and~~

~~——(2) A] any federal income tax consequences resulting from the enrollment of the domestic partner in the Program.~~

~~[2. The participant shall include on the affidavit the address, dates of birth, full names and social security numbers of the participant and the domestic partner.~~

~~—3. To maintain the eligibility of the domestic partner for coverage as a dependent, the participant must submit an affidavit described in this section during each period of open enrollment if the criteria set forth in paragraph (a) of subsection 1 remain applicable to the domestic partnership.]~~

- 2.4. Deletes section 5 of the domestic partnership regulation. Dependent child would not need to live with the participant to be covered, so this section is not needed.

Proposed Amendment

Section 5 of LCB File No. R016-08 is hereby deleted.

~~[To maintain eligibility for coverage, a dependent must continually reside in the same residence with the participant except for a dependent who is:~~

~~—1. A child who is a full-time student;~~

~~—2. A child who is the subject of a child health insurance support agreement;~~

~~—3. A child, spouse or domestic partner who is in a facility for the institutional care of a disability; or~~

~~—4. A spouse or domestic partner who is working out of the area of the residence of the participant.]~~

2.5. To specify when the sections of the domestic partnership regulation become effective.

Proposed Amendment

Section 20 of LCB File No. R016-08 is hereby amended to read as follows:

1. This section and section 19 of this regulation become effective ~~[upon filing with the Secretary of State]~~ *on August 26, 2008.*
2. Sections 1, *3, 5, 6, 9, 10, 12, 14, 16, 17, and* ~~[to]~~ 18 ~~[, inclusive,]~~ of this regulation become effective on July 1, 2009, if the Board of the Public Employees' Benefits Program determines pursuant to section 19 of this regulation that the funding has been approved to carry out the provisions of this regulation.
3. *Sections 2, 4, 7, 8, 11 (as amended), 13 (as amended), and 15, inclusive, of this regulation become effective on July 1, 2010.*

2.6. Previous regulation amendments to NAC 287.312 related to domestic partnership and other matters. In order to reflect the July 1, 2010 implementation date for domestic partnerships, this amendment would remove the words "domestic partner" from NAC 287.312 as amended previously. The non-domestic partnership amendments would remain in place. A second amendment to this section would then follow with an effective date of July 1, 2010 (see item 2.7 below).

Proposed Amendment

Section 11 of LCB File No. R016-08 is hereby amended to read as follows:

- 287.312 1. The following persons are eligible for coverage as a dependent if approved pursuant to NAC 287.313.
- (a) Any unmarried child of the participant, his spouse ~~[or domestic partner]~~ who is under the age of 19 years.
  - (b) Any unmarried child of the participant, his spouse ~~[or domestic partner]~~ who is 19 years of age or older if:
    - (1) At the age of 19 years, the child is incapable of self-support because of a physical or mental disability;
    - (2) On the 19<sup>th</sup> birthday of the child, the child is covered by the Program or has received continuous coverage since the child was 18 years of age as a dependent under another group health plan or credible coverage; and
    - (3) Within 30 days after the 19<sup>th</sup> birthday of the child, if the child is covered by the Program on the 19<sup>th</sup> birthday of the child or, if the child is initially enrolled in the Program on his 19<sup>th</sup> birthday, within 30 days after the effective date of the child's coverage under the Program, the participant, his spouse ~~[or domestic partner]~~ provides to the Program:
      - (I) A written statement by a physician who provides care to the child that is prepared within 90 days before provision of the statement to the Program indicating that the child has a mental or physical impairment which causes the child to be incapable of self-sustaining employment and to depend on the participant, his spouse ~~[or domestic partner]~~ primarily for support; and
      - (II) Any other documentation required by the Program that demonstrates financial support of the child by the participant, his spouse ~~[or domestic partner]~~.



(c) Any unmarried child of the participant, his spouse ~~for domestic partner~~ who is 19 years of age or older but less than 24 years of age, if the child is enrolled in a program of secondary education or an independently accredited program of post secondary education, including, without limitation, a college, university, community or junior college, graduate school and accredited trade or business school, on a full-time basis.

(d) Any unmarried child of the participant, his spouse ~~for domestic partner~~ who is 24 years of age or older, if:

(1) The child was enrolled in a program of secondary education or an independently accredited program of postsecondary education, including, without limitation, a college, university, community or junior college, graduate school and accredited trade or business school, on a full-time basis between his 19<sup>th</sup> birthday and his 24<sup>th</sup> birthday;

(2) At the age of 24 years, the child is incapable of self-support because of a physical or mental disability if the disability occurred while the child was a full-time student; and

(3) The participant, his spouse ~~for domestic partner~~ provides supporting evidence to the Program within 30 days after the 24<sup>th</sup> birthday of the child which demonstrates that the child qualifies for coverage and insurance pursuant to this paragraph.

2. To determine whether the child of a participant, his spouse ~~for domestic partner~~ continues to be eligible for coverage pursuant to paragraph (b) of subsection 1. The Executive Officer or his designee may require:

(a) Submission of periodic updates to the documentation provided by the participant, his spouse ~~for domestic partner~~ pursuant to subparagraph (3) of paragraph (b) of subsection 1; and

(b) Submission of the child to a mental or physical examination conducted by a physician selected by and at the expense of the Program.

3. Children eligible for coverage as a dependent pursuant to this section may include biological children, adopted children, children placed in the residence of the participant for adoption, stepchildren and any other child who is related to the participant or his spouse if the participant or his spouse is legally responsible for the child and the child is financially dependent on the participant, his spouse ~~for domestic partner~~ for care and support. A foster child is not eligible for coverage as a dependent.

2.7. Adds the words “domestic partner” into NAC 287.312 and would be effective July 1, 2010 (see item 2.6 above).

#### Proposed Amendment

Effective July 1, 2010 NAC 287.312 is hereby amended to read as follows:

287.312 1. The following persons are eligible for coverage as a dependent if approved pursuant to NAC 287.313.

(a) Any unmarried child of the participant, his spouse *or domestic partner* who is under the age of 19 years.

(b) Any unmarried child of the participant, his spouse *or domestic partner* who is 19 years of age or older if:

(1) At the age of 19 years, the child is incapable of self-support because of a physical or mental disability;

(2) On the 19<sup>th</sup> birthday of the child, the child is covered by the Program or has received continuous coverage since the child was 18 years of age as a dependent under another group health plan or credible coverage; and

(3) Within 30 days after the 19<sup>th</sup> birthday of the child, if the child is covered by the Program on the 19<sup>th</sup> birthday of the child or, if the child is initially enrolled in the Program on his 19<sup>th</sup> birthday, within 30 days after the effective date of the child's coverage under the Program, the participant, his spouse *or domestic partner* provides to the Program:

(I) A written statement by a physician who provides care to the child that is prepared within 90 days before provision of the statement to the Program indicating that the child has a mental or physical impairment which causes the child to be incapable of self-sustaining employment and to depend on the participant, his spouse *or domestic partner* primarily for support; and

(II) Any other documentation required by the Program that demonstrates financial support of the child by the participant, his spouse *or domestic partner*.

(c) Any unmarried child of the participant, his spouse *or domestic partner* who is 19 years of age or older but less than 24 years of age, if the child is enrolled in a program of secondary education or an independently accredited program of post secondary education, including, without limitation, a college, university, community or junior college, graduate school and accredited trade or business school, on a full-time basis.

(d) Any unmarried child of the participant, his spouse *or domestic partner* who is 24 years of age or older, if:

(1) The child was enrolled in a program of secondary education or an independently accredited program of postsecondary education, including, without limitation, a college, university, community or junior college, graduate school and accredited trade or business school, on a full-time basis between his 19<sup>th</sup> birthday and his 24<sup>th</sup> birthday;

(2) At the age of 24 years, the child is incapable of self-support because of a physical or mental disability if the disability occurred while the child was a full-time student; and

(3) The participant, his spouse *or domestic partner* provides supporting evidence to the Program within 30 days after the 24<sup>th</sup> birthday of the child which demonstrates that the child qualifies for coverage and insurance pursuant to this paragraph.

2. To determine whether the child of a participant, his spouse *or domestic partner* continues to be eligible for coverage pursuant to paragraph (b) of subsection 1. The Executive Officer or his designee may require:

(a) Submission of periodic updates to the documentation provided by the participant, his spouse *or domestic partner* pursuant to subparagraph (3) of paragraph (b) of subsection 1; and

(b) Submission of the child to a mental or physical examination conducted by a physician selected by and at the expense of the Program.

3. Children eligible for coverage as a dependent pursuant to this section may include biological children, adopted children, children placed in the residence of the participant for adoption, stepchildren and any other child who is related to the participant or his spouse if the participant or his spouse is legally responsible for the child and the child is

financially dependent on the participant, his spouse *or domestic partner* for care and support. A foster child is not eligible for coverage as a dependent.

### 3. Administrative Amendments

- 3.1. Amendments are proposed to the benefit orientation process currently in place for new hires, other than those of the Nevada System of Higher Education. The amendments would allow for enrollment and benefit information to be mailed to the new employees rather than requiring attendance at an orientation class. The orientation material would also be made available on PEBP's website.

#### Proposed Change

**NAC 287.314** ~~[Orientation program]~~ *Employee benefit information: [Attendance by employee; release time; exemption] Method of notification; timeframe.* (NRS 287.043) 1. Except as otherwise provided in subsection 2 ~~[3], [a participating public agency shall, upon appointing to the participating public agency a person who will be eligible to participate in the Program pursuant to NRS 287.045, ensure that the employee is]~~ *the Program shall provide information about the Program to individuals who will be eligible to participate in the Program pursuant to NRS 287.045 [receives information, about attends an orientation program conducted by the Program]* within ~~[60]~~ 30 days ~~[after]~~ *of their appointment by a participating public agency. The information shall be sent by either first class mail or electronically and include, but not be limited to, enrollment forms and a summary of the benefits available through the Program. [he begins his employment with the participating public agency or, if the employee is unable to attend the orientation program, that the employee receives the packet of information in accordance with NAC 287.317. The Program shall provide to the employee at the orientation program information concerning the benefits provided.] Enrollment and benefit information shall also be made available on the Program's website.*

2. ~~[A participating state agency which is required to grant release time pursuant to NAC 284.484 shall grant release time to such an employee to attend the orientation program.~~

~~—3.]~~ The provisions of this section do not apply to any person who is employed by the Nevada System of Higher Education.

**NAC 287.317** ~~[Conduct of and]~~ *Request for employee benefit registration [requests for registration of employees in orientation program; provision of certain information to employees]; submission of enrollment forms; monitoring the receipt of enrollment forms; notice of termination of employment.* (NRS 287.043, 287.0439)

1. ~~[The Program shall conduct the orientation program required pursuant to NAC 287.314 each month at locations designated by the Program.~~

~~—2.]~~ A participating public agency shall, upon appointing *a new employee* to the participating public agency a person who will be eligible to participate in the Program pursuant to NRS 287.045, *register the employee to receive benefit information available from the Program pursuant to NAC 287.314 [request that the Program register the employee for the orientation program at the location which is nearest to the*

~~employee's place of employment~~]. The ~~request~~ **registration** must be in a format prescribed by the Program and submitted to the Program not later than 7 days after the employee's first day of employment with the participating public agency.

3. ~~The participating public agency shall notify the employee that he must return to the participating public agency or the Program the completed enrollment forms and any supporting documents within 7 days after attending an orientation program prescribed by the Program pursuant to subsection 2.]~~ **The Program shall include instructions to the employee for returning all required enrollment forms and supporting documents within 7 days after receiving the benefit information.** If the employee fails to submit ~~an~~ **the required** enrollment forms and **required** supporting documents within 7 days after ~~attending the orientation program~~ **their effective date of coverage, the employee will be enrolled by the Program in the base plan option and no dependents will be enrolled** ~~[, the employee only will be placed in the base plan of the self-funded plan.]~~

4. ~~If an employee cannot attend the orientation program, a complete packet with enrollment information must be provided to the employee. An employee has 60 days from his first day of employment to submit an enrollment form with his selections. If an employee fails to submit an enrollment form within the 60 day period, the employee only will be placed in the base plan of the self-funded plan.~~

~~—5.]~~ If an **employee** ~~member~~ of the professional staff of the Nevada System of Higher Education fails to submit an enrollment form within 30 days after his date of hire, as set forth in his contract, the ~~member~~ **participant** only will be placed in the base plan **option**.

6. If an employee terminates his employment, the payroll center of the participating public agency which had employed the employee shall submit notification of the termination to the Program, on a form prescribed by the Program, not later than 15 days after the date on which the participating public agency receives notification that employment was terminated.

7. As used in this section, "base plan" means the plan designated by the Board as the default plan for the plan year, as described in the plan documents.

### 3.2. Clarifies that late fees are based on compounded interest calculations.

#### Proposed Amendment

NAC 287.420 is hereby amended to read as follows:

NAC 287.420 1. The total of the premiums or contributions which is billed by the Program and is owed by a public employer which:

- (a) Employs an officer or employee;
  - (b) Is legally responsible for the surviving spouse or child of a police officer, firefighter or volunteer firefighter killed in the line of duty; or
  - (c) Pays a subsidy for any of its retired officers or employees,
- ↳ for the officer, employee, surviving spouse or child, or retired officer or employee who elects to participate in the Program and the respective premium or contribution, if any, which is deducted from his compensation must be received by the Program by the 25th of each month.

2. If a public employer does not pay the amount billed by the Program, the Program shall determine if a penalty that is based on the amount actually paid should be assessed.

If the total payments made by the public employer were less than the amount billed to the public employer, the Program may, for good cause shown, assess a monthly *compounded* penalty of 1.5 percent of the unpaid balance, *such balance to include any previous unpaid subsidies, penalties and adjustments*.

3. For the purposes of this section, if the 25th day of the month is a Saturday, Sunday or legal holiday, the payment of a premium or contribution is timely if it is received on the next day which is not a Saturday, Sunday or legal holiday.

- 3.3. Updated language to reflect current practice regarding payment due date to avoid benefit cancellation for non-payment.

Proposed Amendment

NAC 287.430 is hereby amended to read as follows:

NAC 287.430 A person, other than a person who elects to continue coverage pursuant to the Public Health Service Act, 42 U.S.C. § 300bb-1(a), who:

1. Enrolls, reenrolls, joins or is continuing coverage in the Program; and
2. Is responsible for the payment of the premium or contribution for group insurance directly to the Program or an insurer,  
↳ shall pay the premium or contribution to the Program or insurer, as appropriate, no later than ~~[the last day of the month of coverage]~~ *30 days after the due date of the payment as determined by the Program*. If the total amount of the premium or contribution is not received ~~[by the last day of the month]~~ *within 30 days of the due date of the payment as determined by the Program*, the coverage will be cancelled effective on the last day of the month that the coverage was fully paid unless the particular contract of coverage or insurance for which payment is being made otherwise provides.

- 3.4. Simplifies language stating that retirees pay premiums from pension checks if paid by the Nevada Public Employees Retirement System.

Proposed Amendment

NAC 287.440 is hereby amended to read as follows:

NAC 287.440 *1. Retired* ~~[The following retired]~~ officers and employees *who receive their pension from the Public Employees' Retirement System* ~~[may]~~ *shall* pay premiums or contributions ~~[for group coverage or insurance]~~ to the Program *through an automatic deduction from that retiree's pension unless:*

~~[1. Except as otherwise provided in subsection 2, a retired officer or employee who is receiving retirement benefits, if the retirement benefit]~~ *that retiree's pension* is less than the premium or contribution.

2. ~~[A retired officer or employee who is receiving retirement benefits from the Nevada System of Higher Education.]~~ *Except as otherwise provided in subsection 1, all retired officers and employees shall pay premiums or contributions directly to the Program.*

- 3.5. Adds language to clarify that if a participant is on Leave without Pay (LWOP) and does not pay the full premium, the participant cannot be a dependent on his or her spouse's coverage.

Proposed Amendment

Section 13 of LCB File No. R016-08 is hereby amended to read as follows:

287.450 1. A participating public agency that employs an employee who is on leave without pay shall not pay any amount of the cost of premiums or contributions that is due the Program for group insurance for that employee unless the employee is compensated for a combination of work actually performed and accrued annual leave or sick leave, if the total is at least 80 hours per month for each month that coverage or insurance is provided.

2. An employee who is on approved leave without pay:

(a) *Is not eligible for coverage or insurance as a dependent of a participant also covered under the Program*

~~(a)~~ (b) May continue coverage or insurance for himself and any of his eligible dependents:

(1) If the amount of the paycheck of the employee is more than the cost of the premium or contribution, by having the cost of the premium or contribution deducted from his paycheck; or

(2) If the amount of the paycheck of the employee is less than the cost of the premium or contribution, by paying the cost of the premium or contribution directly to the Program.

~~(b) Is not eligible for coverage or insurance as a dependent of his spouse or domestic partner if his spouse or domestic partner is also covered under the Program.~~

~~(c)~~ ~~(3.)~~ *Is not eligible for coverage or insurance if they* ~~[an employee who is on approved leave without pay]~~ elects not to pay the premium or contribution. ~~[for coverage and insurance from the Program]~~

*3. If an employee who is on approved leave without pay elects not to pay the premium or contribution for coverage and insurance from the Program* and returns to work:

(a) Within 1 year after the last day of his coverage from the Program, the employee is not required to complete 90 days of full-time employment before being eligible to participant in the Program.

(b) One year or more after taking leave without pay, the employee is eligible to participant in the Program on the first day of the month following 90 days of full-time employment.

4. An employee who is on approved leave without pay may, at the time he returns to work, obtain coverage and insurance for any dependent who was previously covered.

- 3.6. Makes the following changes to how Years of Service (YOS) audits and subsidies are handled for new retirees. These amendments reflect the same 14 day requirement but requires an audit of all retirees. Ensures that PEBP can bill for retroactive amounts for the time between the person retired and when the audit is processed. Allows for an employer to assume the subsidy responsibility of another jurisdiction (e.g. in the case of jurisdiction mergers). Eliminates the 3 month retroactive rule for audits and changes it to the first of the following month. Specifies that YOS audits may not be appealed to PEBP.

Proposed Amendment

Adopted Regulation R126-07, Section 18 is hereby amended to read as follows:

287.485 1. To obtain ~~for reinstate~~ a subsidy, a retired officer or employee who participates in the Program must report to the Program, on a form prescribed by the Program, each public employer with which he earned service credit and the period of service with each such public employer.

2. *The Executive Officer or his designee shall, within 14 days after receipt of the form from the retired officer or employee pursuant to subsection 1 or the date of retirement of the retired officer or employee, whichever occurs last, request an audit from the appropriate certifying agency to determine the initial hire date and the years and months of service credit earned by the retired officer or employee with each public employer of the retired officer or employee.*

3. For the purpose of subsection 1 *and subsection 2*, service credit:

(a) Must be computed in the manner set forth in NRS 286.495 or 286.501, as applicable;

(b) Must include any service credit that has been restored by the repayment of contributions that the retired officer or employee had withdrawn from the Public Employees' Retirement System pursuant to NRS 286.430; and

(c) Must not include any service credit that was purchased pursuant to NRS 1A.310 or 286.300.

4. ~~[3. Except as otherwise provided in subsection 9, a]~~ *The Executive Officer or his designee shall not bill the subsidy for a retired officer or employee to any public employer until an audit requested pursuant to subsection 2 is received by the Program. If the audit requested pursuant to subsection 2 is received after the date on which coverage of the person as a retired officer or employee becomes effective, the Executive Officer or his designee shall bill the retired officer's or employee's previous public employers for the subsidies incurred between the date on which coverage of the person as a retired officer or employee became effective and the date on which the audit was received. A public employer shall commence payment of its subsidy for a retired officer or employee ~~[on the first day of the month on which coverage of the person as a retired officer or employee becomes effective]~~ upon receipt of the subsidy bill.*

5. *A public employer may assume the liability for the years and months of service of another public employer if the public employer assuming the liability sends to the Program a signed letter that contains:*

(a) *The name and social security number of the retired officer or employee;*

(b) *The dates of employment with the employer assuming the liability;*

(c) *A statement acknowledging the employee worked for the employer assuming the liability and the employer assumes responsibility for the subsidy associated with the dates of employment; and*

(d) *Name, title and contact information of the person signing the letter.*

6. *If the Program receives additional audits from a certifying agency, the Program shall adjust the bill to the retired officer or employee and his previous employers effective on the first of the month following receipt of the last audit. The Program shall use the years and months of service credit reported in the last audit to determine the amounts to be billed.*

***7. The audit requested pursuant to subsection 2 or received pursuant to subsection 6 may not be appealed to the Program.***

~~[4. If a public employer disputes the service credit which is reported to the Program by a retired officer or employee pursuant to subsection 1, the public employer may file an appeal with the Executive Officer unless an audit related to the same retired officer or employee has been requested and completed pursuant to subsection 6. Such an appeal must:~~

~~—(a) Be submitted in writing within 3 months after the commencement of the billing for the subsidy;~~

~~—(b) Set forth the basis of the dispute; and~~

~~—(c) Be accompanied by any applicable supporting documentation relating to the requirements for computing credit for service set forth in NRS 286.495 or 286.501.~~

~~—5. If an appeal is filed pursuant to subsection 4, the Executive Officer shall, within 14 days after receipt of the appeal, request an audit from the appropriate certifying agency to determine the years and months of service credit earned by the retired officer or employee with each public employer of the retired officer or employee.~~

~~—6. If the total service credit reported to the Program by the retired officer or employee pursuant to subsection 1 does not correspond with the total service credit for that retired officer or employee that is contained in the records of the Program, the Executive Officer shall, within 14 days after receipt of the form from the retired officer or employee pursuant to subsection 1, request an audit from the appropriate certifying agency to determine the years and months of service credit earned by the retired officer or employee with each public employer of the retired officer or employee.~~

~~—7. If an audit is requested pursuant to subsection 5 or 6, the Executive Officer shall forward all relevant materials relating to the disputed service credit to the appropriate certifying agency.~~

~~—8. Until an audit requested pursuant to subsection 5 is completed by the certifying agency and submitted to the Program, the public employer of the retired officer or employee shall continue to pay the subsidy at an amount that is based on the service credit reported to the Program by the retired officer or employee pursuant to subsection 1.~~

~~—9. The Executive Officer or his designee shall not bill the subsidy for the retired officer or employee to any public employer:~~

~~—(a) Until an audit requested pursuant to subsection 6 is completed by the certifying agency and submitted to the Program.~~

~~—(b) For any period that is more than 3 months before the date on which the retired officer or employee submitted a form to the Program pursuant to subsection 1.~~

~~—10. The results of an audit conducted by a certifying agency is the final determination of the service credit earned by the retired officer or employee with each public employer of the retired officer or employee.~~

~~—11. If the results of an audit conducted by a certifying agency require an adjustment of the amount of a subsidy for a retired officer or employee:~~

~~—(a) For an audit requested pursuant to subsection 5, except as otherwise provided in this paragraph, the Executive Officer or his designee shall adjust the amount of the subsidy as of the first day of the month for which the appeal was filed. If the audit is not completed within 3 months after the first day of the month for which the appeal was filed, the Executive Officer or his designee shall adjust the amount of the subsidy as of the first~~



~~day of the first month that is 3 months before the month in which the audit was completed.~~

~~—(b) For an audit requested pursuant to subsection 6, except as otherwise provided in this paragraph, the Executive Officer or his designee shall adjust the amount of the subsidy as of the first day of the month following the date on which the retired officer or employee submitted a form pursuant to subsection 1. If the audit is not completed within 3 months after submission of the form, the Executive Officer or his designee shall adjust the amount of the subsidy as of the first day of the first month that is 3 months before the month in which the audit was completed.~~

~~—12. The Executive Officer or his designee shall determine the amount of the subsidy for a retired officer or employee who was eligible for but declined to receive health benefits from his last public employer in the same manner as for a retired officer or employee who was eligible for and received health benefits from his last public employer.]~~

### **Recommendation**

Conduct workshop to solicit comments on these and any other regulations pertaining to PEBP functions.