

LEGISLATIVE BILL 86

Approved by the Governor February 28, 1995

Introduced by Wesely, 26

AN ACT relating to the Political Subdivisions Self-Funding Benefits Act; to amend section 13-1619, Reissue Revised Statutes of Nebraska; to change provisions relating to fund disbursements; and to repeal the original section.

Be it enacted by the people of the State of Nebraska,

Section 1. Section 13-1619, Reissue Revised Statutes of Nebraska, is amended to read:

13-1619. (1) A plan sponsor shall establish accruals at a satisfactory level to provide funds to cover one hundred percent of expected claims, reserves as required in subsection (2) of this section, and expenses to operate the self-funded portion of the employee benefit plan. Accruals shall be reevaluated for adequacy at least annually. Accruals shall be funded through contributions by the plan sponsor or through a combination of contributions by the plan sponsor and employee. Accruals which become available during a month when claims are less than projected for that month shall be maintained and available for a month when claims exceed those projected for that month.

(2) A plan sponsor shall establish reserves for claims which have been incurred by covered employees and covered dependents under the self-funded portion of the employee benefit plan but which have not yet been presented for payment. The appropriate amount of the reserves shall be on an actuarially sound basis as determined by (a) an independent actuary or (b) an insurer.

(3) A plan sponsor shall establish a restricted and segregated fund exclusively for the deposit of monthly accruals and other assets pertaining to the self-funded portion of the employee benefit plan. As long as the self-funded portion of an employee benefit plan is in effect, all contributions shall be deposited as collected in the restricted and segregated fund.

(4) Disbursements from the restricted and segregated fund established pursuant to subsection (3) of this section ~~may shall~~ be made only for the following specified employee benefit plan expenses: (a) Payment of claims; (b) cost of insurance coverage; (c) payment of service fees applicable to employee benefit plan design, payment of claims, materials explaining benefits, actuarial assistance, legal assistance, and accounting assistance; ~~and (d) costs of employee wellness programs; and (e) other expenses directly~~ related to the operation of the employee benefit plan. If the plan sponsor is a city of the metropolitan class and if such plan sponsor has a surplus in its restricted and segregated fund at the end of any fiscal year, such surplus may be treated and used as surplus funds in accordance with and pursuant to the city's home rule charter.

(5) If an employee benefit plan is discontinued, the plan sponsor shall maintain the restricted and segregated fund established pursuant to subsection (3) of this section for a period of one year from the date of discontinuation for payment of any claims which have not been filed. At the end of the one-year period, the funds shall no longer be restricted and segregated and may be returned to operational funds of the plan sponsor.

Sec. 2. Original section 13-1619, Reissue Revised Statutes of Nebraska, is repealed.