

State of South Dakota

EIGHTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2010

400R0252

HOUSE BILL NO. 1043

Introduced by: The Committee on Health and Human Services at the request of the Bureau
of Personnel

1 FOR AN ACT ENTITLED, An Act to revise the risk pool rate methodology, to revise the
2 number of risk pool benefit plans offered, and to revise open enrollment for uninsurable
3 children.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That § 58-17-125 be amended to read as follows:

6 58-17-125. The premium rates for coverages provided by the risk pool may not be
7 unreasonable in relation to the benefits provided, the risk experience, and the reasonable
8 expenses of providing coverage. Case characteristics as allowed pursuant to § 58-17-74 may be
9 used in establishing rates for those covered by the risk pool. The rates shall take into
10 consideration the extra morbidity and administrative expenses, if any, for enrollees in the risk
11 pool. The rates for a given classification for those that qualify for coverage pursuant to § 58-17-
12 85 shall be one hundred fifty percent of the average ~~in force~~ actively marketed premium or
13 payment rate for that classification charged by the ~~three~~ carriers with the largest number of
14 individual health benefit plans in the state during the preceding calendar year. For purposes of
15 this section, only individual health benefit plans that are being actively marketed to the general



1 public may be utilized in determining the largest carriers. The board shall select a sufficient
2 number of carriers from which to calculate the average so that at least ninety percent of the
3 market is represented and the carriers selected sequentially have the largest number of actively
4 marketed health benefit plans. The number of carriers selected may not be less than three. In
5 determining the average rate of the ~~three~~ largest individual health carriers, the rates or payments
6 charged by the carriers shall be actuarially adjusted to determine the rate or payment that would
7 have been charged for benefits similar to those provided by the risk pool.

8 Section 2. That § 58-17-130 be amended to read as follows:

9 58-17-130. The risk pool shall offer at least three plan designs that provide comprehensive
10 coverage benefits consistent with major medical coverage currently being offered in the
11 individual health insurance market ~~and that include a disease management program.~~ The
12 coverage and benefits for plans provided pursuant to §§ 58-17-68, 58-17-70, 58-17-85, and 58-
13 17-113 to 58-17-142, inclusive, may be established by the board, consistent with the
14 requirements of §§ 58-17-68, 58-17-70, 58-17-85, and 58-17-113 to 58-17-142, inclusive, and
15 may not be altered by any other state law without specific reference to §§ 58-17-68, 58-17-70,
16 58-17-85, and 58-17-113 to 58-17-142, inclusive, indicating a legislative intent to add or delete
17 from the coverage provided pursuant to §§ 58-17-68, 58-17-70, 58-17-85, and 58-17-113 to 58-
18 17-142, inclusive. ~~The three plan designs, henceforth known as Plan A, Plan B, and Plan C,~~
19 ~~shall have annual deductibles of one thousand dollars, three thousand dollars, and ten thousand~~
20 ~~dollars, respectively. After the deductible has been met, the plan shall pay seventy-five percent~~
21 ~~of the eligible expenses and the enrollee is responsible for the balance of the coinsurance~~
22 ~~amount. The enrollee is responsible for a maximum out-of-pocket coinsurance amount of two~~
23 ~~thousand two hundred fifty dollars in addition to the deductible amount. All three plans shall~~
24 cover biologically-based mental illnesses on the same basis as other covered illnesses. The

1 board may create ~~additional~~ plan designs to meet federal requirements for qualifying high
2 deductible health plans for health savings accounts.

3 Section 3. That § 58-17-132 be amended to read as follows:

4 58-17-132. Each plan shall provide pharmacy benefits. ~~In addition to deductibles and~~
5 ~~coinsurance amounts in § 58-17-130, the enrollee shall pay a twenty-five percent coinsurance~~
6 ~~for each prescription up to the maximum out-of-pocket coinsurance amount of fifteen hundred~~
7 ~~dollars. If an intervention or cost containment mechanism is refused without a verifiable medical~~
8 ~~reason, the enrollee shall pay a fifty percent coinsurance amount and only twenty-five percent~~
9 ~~of the coinsurance applies toward the maximum out-of-pocket coinsurance amount for~~
10 ~~pharmacy benefits. The cost sharing provisions for the pharmacy benefit shall be established by~~
11 the board and outlined in the plan document.

12 Section 4. That § 58-17-144 be amended to read as follows:

13 58-17-144. A person under the age of nineteen, who is not otherwise qualified for the risk
14 pool pursuant to § 58-17-85, may enroll in the risk pool if the following conditions are met:

- 15 (1) The person is a citizen of the United States of America and a resident of this state;
- 16 (2) The person has been rejected, or offered coverage conditioned upon exclusionary
17 riders, by at least ~~two carriers~~ one carrier in the individual market for comprehensive
18 major medical coverage in the last six months;
- 19 (3) The person has not had comprehensive major medical coverage or other creditable
20 coverage within the six months preceding application for the risk pool; and
- 21 (4) The person is not covered or eligible to be covered by any other creditable coverage.

22 The risk pool board may establish ~~an~~ open enrollment ~~period~~ periods for persons, which
23 qualify for enrollment pursuant to this section and which have been without creditable coverage
24 for at least twelve months, ~~during the first twelve months following July 1, 2009.~~ No enrollee

1 is subject to a preexisting waiting period as defined by § 58-17-84 during ~~this twelve-month~~ an
2 open enrollment period. The open enrollment period shall be ~~sixty days~~ two months in duration.