

State of South Dakota

NINETY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2018

855Z0842

HOUSE BILL NO. 1251

Introduced by: Representatives Willadsen, Hawley, Rounds, and Steinhauer and Senators
Kolbeck, Solano, and Sutton

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding health maintenance
2 organizations.

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

4 Section 1. That § 58-41-2 be amended to read:

5 58-41-2. As used in this chapter a health maintenance organization is a corporation
6 organized under Title 47, controlled and operated as provided in this chapter, which provides,
7 either directly or through arrangements with providers or other persons, comprehensive health
8 maintenance services, or arranges for the provision of ~~such~~ the services, to enrollees on the basis
9 of a fixed prepaid sum without regard to the frequency or extent of services furnished to any
10 particular enrollee. A health maintenance organization may be organized pursuant to this chapter
11 on a limited health service basis. Nothing in this chapter prohibits a health maintenance
12 organization holding a certificate of authority in this state from issuing contracts to enrollees on
13 a preferred provider, exclusive provider, or closed panel basis. Nothing in this chapter requires
14 a licensed pharmacy benefit manager to obtain a certificate of authority as a health maintenance
15 organization ~~provided that~~ if the pharmacy benefit manager does not assume insurance risk



1 directly from an insured.

2 Nothing in this chapter prohibits a health maintenance organization, that is subject to this
3 chapter, from offering health insurance products, providing administrative services, or otherwise
4 transacting health insurance business that is permitted for insurers holding a certificate of
5 authority as a health insurer pursuant to chapter 58-6. A health maintenance organization may
6 also offer stop loss coverage or other health insurance coverage in conjunction with self-funded
7 health benefit plans.