

Item 5



STATE OF SOUTH DAKOTA
M. MICHAEL ROUNDS, GOVERNOR

April 28, 2010

Secretary Kathleen Sebelius
Department of Health and Human Services
Washington, DC 20201

Dear Secretary Sebelius,

VIA: Email to highriskpools@cms.hhs.gov

I am writing in response to your April 2, 2010, correspondence, which requested a letter of intent from each state with respect to the temporary high risk program. On behalf of South Dakota, please consider this letter as our intent to enter into discussions with the U.S. Department of Health and Human Services (HHS) regarding the temporary high risk pool. It is the goal of the state of South Dakota to serve as administrator of the temporary high risk pool.

We recognize the need to move quickly to make such a risk pool operational in this state. The recommended framework does not require legislative approval; therefore, South Dakota has the capacity to make the temporary risk pool operational by July 1, 2010, and could accept enrollees with an effective date as soon as June 23, 2010.

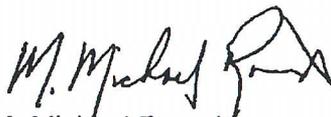
South Dakota proposes to enter into an "administrative services only" (ASO) arrangement commonly entered into between insurers and self-funded employers. We would offer all the administrative services typically associated with administration of a risk pool, including, but not limited to, claims processing, enrollment, premium collection, utilization management, and actuarial services. Many of these services would be provided through existing contractual arrangements. The federal funds allocated to South Dakota and the premiums collected would be used to pay for the administrative costs associated with running the pool, the contracts for services outlined above, and the care of risk pool enrollees.

While the state of South Dakota is prepared to administer the program, we are not willing to make decisions associated with limiting enrollment, claims payment, or continuation of coverage for enrollees as the funds are depleted. Consistent with the intent expressed by Jay Angoff, the state does not wish to be in the position of accepting any insurance risk or potential fiscal liability related to this pool.

During your April 22, 2010, call, HHS signaled its desire to be flexible. HHS' flexibility and willingness to work with the states to find the right solution are appreciated. We look forward to working with HHS and are hopeful a mutually satisfactory arrangement for providing coverage to this needy population will be found.

I have asked Senior Advisor Kathi Mueller to serve as the point of contact for South Dakota for these discussions. She may be reached at kathi.mueller@state.sd.us or 605.773.3661.

Sincerely,



M. Michael Rounds

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