

# State of South Dakota

SEVENTY-THIRD SESSION  
LEGISLATIVE ASSEMBLY, 1998

454B0530

## HOUSE BILL NO. 1126

Introduced by: Representatives Fischer-Clemens, Cutler, Diedrich, Duniphan, Duxbury,  
Gleason, Jorgensen, Matthews, and Van Gerpen and Senators Olson and Albers

1 FOR AN ACT ENTITLED, An Act to exempt employer plans with one employee from small  
2 business group health insurance regulations.

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

4 Section 1. That § 58-18B-2 be amended to read as follows:

5 58-18B-2. This chapter is applicable to any health benefit plan which provides coverage to  
6 two or more employees of a small employer and policies which meet the following criteria:

7 (1) Any portion of the premium or benefits is paid by or on behalf of the small employer;

8 or

9 (2) The health benefit plan is treated by the employer or any of the eligible employees or  
10 dependents as part of a plan or program for the purposes of section 125 or section  
11 106 of the United States Internal Revenue Code as of January 1, 1995.

12 This chapter does not apply to any employer plan with only one employee. Any employer  
13 plan with only one employee, even if the employer pays a portion or all of the premium, may be  
14 sold as individual policies subject to the provisions of chapter 58-17. If a plan covering one  
15 employee is sold as an individual plan and new employees are added which brings the number

1 of employees to at least two but not more than fifty, then the individual carrier may nonrenew  
2 the coverage or accept those new employees and bring the plan into compliance with the  
3 applicable provisions of chapters 58-18 and 58-18B.