

AN ACT

ENTITLED, An Act to remove certain references regarding conversion from the requirements for continuation of group health coverage.

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

Section 1. That § 58-18-7 be amended to read as follows:

58-18-7. Any group health policy which contains provisions for the payment by the insurer of benefits for expenses incurred on account of hospital, nursing, medical, or surgical services shall provide for the continuation of benefit provisions, or any part or parts thereof, without evidence of insurability. The provisions of §§ 58-18-7.4 to 58-18-7.15, inclusive, apply to employers that have fewer than twenty employees employed.

Section 2. That § 58-18C-3 be amended to read as follows:

58-18C-3. Continuation is only available to an employee who has been continuously insured under the group policy and for similar benefits under any group policy which it replaced during the entire six-month period ending with such termination.

Section 3. That § 58-18C-5 be amended to read as follows:

58-18C-5. Any employee may exercise the right to continuation within thirty days of receipt of due notice of termination of coverage of the group and upon payment of premiums from the date of termination.

Section 4. That § 58-18C-7 be amended to read as follows:

58-18C-7. No insurer may be required to offer or renew a continuation policy covering any person if:

- (1) The person is covered for similar benefits by another individual or group policy;
- (2) Similar benefits are provided for or available to such person, by reason of any state or federal law;

- (3) The benefits under sources of the kind referred to in subdivision (1) for such person or benefits provided or available under sources of the kind referred to in subdivision (2) for such person, together with the continued policy's benefits, would result in overinsurance according to the insurer's standards for overinsurance;
- (4) There has been fraud or material misrepresentation in applying for any benefits under continued or converted policy;
- (5) The person failed to pay any required contribution; or
- (6) Cancellation of all similar insurance policies in the entire state.

Section 5. That § 58-18C-8 be amended to read as follows:

58-18C-8. The premium for a continuation policy may not be greater than one hundred twenty-five percent of the group rate under which a person is covered.

Section 6. That § 58-18C-9 be amended to read as follows:

58-18C-9. A notification of the continuation rights shall be included in each certificate of coverage.

Section 7. That § 58-18C-2 be repealed.

Section 8. That § 58-18C-6 be repealed.

Section 9. That § 58-18C-10 be repealed.

Section 10. That § 58-18C-1 be amended to read as follows:

58-18C-1. Every policy of group health insurance providing benefits for hospital or medical expenses delivered or issued for delivery in this state, by a commercial health insurance company, by a nonprofit medical and surgical service plan corporation, by a nonprofit hospital service plan corporation, by a health maintenance organization, or by any other similar mechanism shall, in addition to the provisions required by law, include the right of each employee, upon their employer ceasing operations and the termination of the policy or contract, to have the coverage continue for

themselves and their eligible dependents, effective as of the date of loss of the previous group coverage, for a period of twelve months for which the employee shall be financially responsible. In addition, if an employer either fails to submit premium payment to the insurance company resulting in loss of coverage to its employees or cancels the coverage and does not notify the employees of such loss of coverage, the employees and their dependents are then eligible for continuation pursuant to this section if election is made within sixty days of the date of their being notified of the loss of coverage. The employer shall provide notice of any nonpayment of premiums or cancellation of coverage to employees as soon as reasonably possible but no later than ten days after the date of cancellation. If the employer fails to notify the employees and their dependents of the termination of coverage within ten days, the employees and dependents may not be denied coverage by the insurer provided timely election is made after actual receipt of notice. Whether notice is provided or not, the election period for continuation of coverage may expire ninety days from the date the group coverage terminated. Any premiums due for the continuation of coverage may be required to be paid by the employee or dependent as a condition of providing continuation coverage.

Any former employee who is under continuation coverage at the time an employer ceases operation and terminates the policy, or fails to make premium payments resulting in loss of coverage, or cancels the insurance without notice, is eligible to remain on continuation coverage for the remainder of the continuation term or twelve months, whichever is less, if timely election is made and continuation payments received.

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I certify that the attached Act originated in the SENATE as Bill No. 50

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 50
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____, 20____ at _____ M.

By _____
for the Governor
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The attached Act is hereby approved this _____ day of _____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State