

20:06:39:34.01. Disclosure requirements (effective January 1, 2014). Any policy or certificate of specified disease, short-term hospital-surgical care of six months or less duration but not including short-term major medical, hospital confinement indemnity, limited benefit health insurance, or other policy or certificate that provides less benefits than essential health benefits must clearly and prominently disclose that the policy is a limited benefit health insurance plan. The following is an example of a disclosure for limited benefit coverages that is in compliance provided it is prominent and otherwise meets the requirements of this section:

This limited health benefits plan does not provide comprehensive medical coverage. It is a basic or limited benefits policy and is not intended to cover all medical expenses. This plan is not designed to cover the costs of serious or chronic illness.

For short-term major medical policies clear and prominent disclosure of the preexisting condition limitation and the short-term duration of the product must be made. The following notice is an example of a short-term major medical disclosure that is in compliance provided it is prominent and otherwise meets the requirements of this section:

This policy is a short-term medical insurance [policy/certificate] which provides coverage for six months or less duration and excludes coverage for preexisting conditions. Short-term major medical plans do not satisfy the requirement for individuals to have insurance under the Patient Protection and Affordable Care Act and individuals who have purchased short-term major medical coverage may be subject to federal penalties for not having minimum essential coverage.

The disclosures required by this section must be contained on the first page of the policy. The requirements of this section also apply to outlines of coverage. Nothing in this sections applies to Medicare supplement, long-term care, disability or credit health insurance coverages.

Source: 39 SDR 203, adopted June 10, 2013, effective January 1, 2014.

General Authority: SDCL 58-17-87(6), 58-33A-7(13).

Law Implemented: SDCL 58-17-70, 58-33A-2(1),(3),(4),(6), and (10).