



Division of Insurance

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In this Issue

Page 1

Transition Plan

Filing Deadlines for Health Insurance Companies

Page 2

Updates on Health Care Reform

COBRA and Eligibility for Exchange Coverage

Page 3

Recap of 2014 Legislative Session

Special Enrollment for Those Losing Coverage through Pre-Existing Condition Insurance Program (PCIP)

Page 4

Recap of 2014 Legislative Session Continued

Page 5

State Advisory Forum

Long-term Care Partnership Education Classes

Recent Administrative Rule Changes & Bulletins

Transition Plan

Gov. Dennis Daugaard announced on April 29, 2014, the State would allow insurers to renew existing insurance plans for individuals and small groups, regardless of whether the plans comply with the provisions of the federal Affordable Care Act.

The decision will allow insurers to renew existing “non-compliant” insurance plans on or before Oct. 1, 2016, for individuals and for groups with 51 to 100 employees.

“Despite the promises that were made, the Affordable Care Act is forcing millions of Americans to change health insurance plans, and in some cases to add expensive and unnecessary new coverages,” said Gov. Daugaard. “I’m very pleased that our state is able to offer some relief from these onerous new federal requirements, especially as many states, including Minnesota, are refusing to allow for this flexibility.”

The South Dakota Division of Insurance estimates the move will affect more than 83,000 people and will save South Dakotans in excess of \$70 million over the next two years.

To read more information on transition plans, please refer to bulletin [14-03](#).

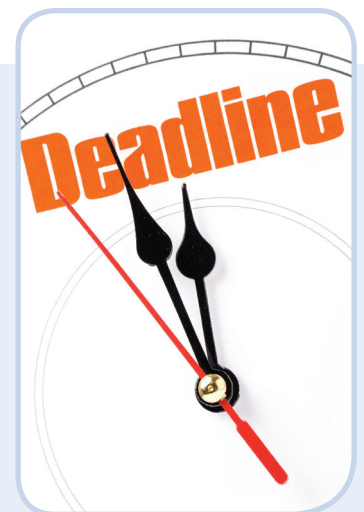
Filing Deadlines for Health Insurance Companies

Filing deadlines can be found in bulletin [14-02](#).

Category	Deadline
Inside exchange only	June 15, 2014
Inside and outside exchange	June 15, 2014
Outside exchange only	June 15, 2014

No rate or form filing submitted in accordance with this bulletin will be approved prior to June 15, 2014.

These time frames do not apply to grandfathered plans and non-grandfathered plans in effect on or before Dec. 31, 2013.



Updates on Health Care Reform

In the last year, the Affordable Care Act has implemented many changes. Below are a few of the key changes.

- SHOP online enrollment and Employee Choice won't be available until 2015 enrollment.
- Open Enrollment dates for 2015 plans changed – Nov. 15, 2014 – Feb. 15, 2015
- HHS announces important Medicare information for people in same-sex marriages
- Extended Transition to Affordable Care Act-Compliant Policies
- Employer mandate delayed until 2015

Health Care Reform
CHANGES



COBRA and Eligibility for Exchange Coverage

On May 2, 2014, the Obama administration announced updates to model notices informing workers of their eligibility to continue health-care coverage through Consolidated Omnibus Budget Reconciliation Act (COBRA). The updates make it clear to workers if they are eligible for continuation coverage when leaving a job, they may instead choose to purchase coverage through the Health Insurance Marketplace (Exchange). The federal government was concerned that because of outdated notices, individuals may not have known about their ability to go to the marketplace. As a result, HHS is now providing an additional special enrollment period for those individuals on COBRA or eligible for COBRA may enroll through the marketplace.

Affected individuals have until July 1, 2014, to select a plan in the Federally Facilitated Marketplace. These individuals should contact the call center at 1-800- 318-2596 to activate the special enrollment period. They should inform the Marketplace call center they are calling about their COBRA benefits and the Marketplace. Once determined eligible for the special enrollment period, consumers can view all plans available to them and continue the enrollment process over the phone or online through creating an account on healthcare.gov or logging into their existing account.

The full news release from Department of Labor is available [here](#) and the Special Enrollment Periods and Hardship Exemptions for Persons Meeting Certain Criteria can be found [here](#).

Recap of 2014 Legislative Session

The 2014 legislative session was a great success for the Department of Labor and Regulation, Division of Insurance. One of the biggest successes was the passing of the Consumer Protection bill package, which was signed into law on March 13, 2014. Below is a recap of the Consumer Protection Package and other insurance bills that were introduced throughout the 2014 legislative session.

Consumer Protection Package:

SB 52: An Act to authorize the informal settlement of insurance examinations. This outlines the sharing of a draft examination report with the licensee who was examined and states the time frames in SDCL 58-3-12 do not apply to a draft report. SB 52 only applies to market conduct examinations and does not apply to financial examinations.

HB 1050: An Act to revise certain enforcement actions by the insurance director. This allows the Division of Insurance to seek a fine when a regulated person or entity has violated state law. Currently, the Division can only seek a fine if the offender agrees to the fine. HB 1050 allows the Division of Insurance to protect consumers by enforcing South Dakota laws while protecting the due process rights of licensees.

HB 1052: An Act to authorize additional disclosure regarding certain insurance

investigations and examinations. This allows the Division of Insurance to share certain information about investigations, examinations and remedial actions with South Dakota consumers who have filed a complaint or report with the Division or who contact the Division regarding remedial action affecting them. HB 1052 allows the Division of Insurance to provide relevant, important and timely information to consumers who contact us.

HB 1054: An Act to establish consumer protection standards regarding certain insurance claim practices and to provide for certain penalties. HB 1054 creates a minimum set of claims standards for all South Dakota consumers when dealing with their insurance company. It is based upon the National Association of Insurance Commissioners (NAIC) model act, which has been adopted in 46 states and territories.

Other 2014 Insurance Bills:

SB 49: An Act to revise certain provisions regarding private placement policies. This corrects a drafting error from the 2009 legislative session and maintains the original intention of the legislation. SB 49 simply relocates the 2009 amending language from Chapter 58-11 to its proper place in Chapter 58-15 to correct the error.

SB 50: An Act to authorize rule-making authority to establish record-keeping requirements for insurers and producers. This makes it clear the Division has rulemaking authority in the area of record-keeping requirements for insurers and producers.

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Special Enrollment for Those Losing Coverage through Pre-Existing Condition Insurance Program (PCIP)

Individuals losing coverage on April 30, 2014, through the Pre-Existing Condition Insurance Program (PCIP, Federal High Risk Pool) are able to enroll into a health insurance plan under the Special Enrollment Period. While the majority of enrollees transitioned out of PCIP coverage on Jan. 1, 2014, the federal government determined an extension of PCIP coverage was necessary to avoid a lapse in coverage for PCIP enrollees who on Jan. 1, 2014, were not yet enrolled in other coverage. Thus, these individuals were offered transitional coverage beginning on Jan. 1, 2014, and extending through April 30, 2014.

The HHS PCIP Bulletin is available [here](#) and the PCIP Fact Sheet is available [here](#).

Recap of 2014 Legislative Session Continued

SB 108: require a study of services and insurance coverage for the treatment of autism spectrum disorder for children.

The Department of Human Services and the Department of Labor and Regulation shall jointly conduct a study of services and insurance coverage for the treatment of autism spectrum disorder for children. The study shall include input from families, autism advocacy groups, legislators, state policy leaders and other stakeholders.

SB 115: An Act to provide for travel insurance and regulate travel insurance retailers.

Under SDCL Ch. 58-30, an individual selling travel insurance is licensed as an insurance producer. Rather than licensing each individual producer to sell travel insurance, SB 115 offers a limited lines travel insurance producer license. Licensees would be regulated and responsible for maintaining compliance for individuals selling travel insurance to consumers. Additionally, SB 115 establishes standards for licensee oversight of sales and advertising.

SB 115 also contains a cleanup of § 58-30-69, which is necessary after a change that was made to § 58-30-68 in 2010.

SB 122: An Act to require health insurers to cover audiology services for children. This puts permissive language in place for those companies who choose to offer audiology services. SB 122 is not a mandate.

SB 147: An Act to revise the composition of the governing body of a health maintenance organization. This removes the requirement that a consumer representative on the governing board of an HMO must be an insured with the HMO.

HB 1048: An Act to repeal certain provisions regarding property and casualty insurance.

This cleanup bill repeals SDCL §§ 58-33-72 and 58-33-73 which were declared unconstitutional in 1994 and have been unenforceable ever since.

HB 1051: Revise certain provisions regarding the regulation of captive insurance companies.

This changes a reference from “articles of incorporation and bylaws” to “governing documents” in order to accommodate other entities that may now form captives due to 2013 legislation. Some of the additional entities that may now form captives do not have “articles of incorporation and bylaws.”

HB 1051 also clarifies what is meant by “general corporation and trust law” by referencing the actual statutes involved.

HB 1053: An Act to revise certain provisions regarding the regulation of insurance rating organizations.

This clarifies the regulation of rating and advisory organizations. Rating and advisory organizations provide cost-saving services to insurance companies by standardizing insurance rates and policy form filings with the Division of Insurance.

HB 1156: An Act to allow the transmission of electronic documents related to insurance policies.

This allows the insurance industry to send notices and other documents required in an insurance transaction electronically with the individual’s consent.

HB 1157: An Act to provide for the retrospective payment of clean claims for covered services provided by a health care professional during the credentialing period.

This places time frames on when insurance companies must credential health care professionals and requires payments of claims during the time of application to accreditation.

HB 1163: An Act to authorize farm mutual insurers to invest in certain stocks and market funds.

This allows farm mutual insurers, with the approval of the Director of the Division of Insurance, to invest not more than 20 percent of their admitted assets in higher-yield investments.

State Advisory Forum 2014

The goal of these forums is to ensure all workers' compensation participants understand the conditions of their state and more fully appreciate NCCI's loss cost and ratemaking methodologies.

Discussion Items:

- State system cost drivers
- Proposed/enacted state and federal legislation
- NCCI studies and economic information
- The residual market

June 17, 2014

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[State Advisory Forum Online Registration](#)

***** CE Credits will be available**

Long-term Care Partnership Education Classes

If you, a family member, friend or co-worker would like to find out more about long-term care, the costs related to it, how to plan for long-term care needs, what Medicare and Medicaid will cover and how the Long-term Care Partnership Program can help you, now is your chance.

Since September 2007, the State of South Dakota has worked to educate and inform citizens through FREE education sessions open to the public. These sessions provide the information you need today so you can prepare and decide what is best for you and your family tomorrow.

<http://ltcpartnership.sd.gov/educationssessions.aspx>



Bulletins

14-01 Agent Signature

14-02 2015 Product Filing Deadlines

14-03 Health Insurance Market

**Recent Administrative
Rule Changes & Bulletins**