

BULLETIN 2000-2

TO: All Major Medical Issuers

FROM: Darla L. Lyon, Director, S.D. Division of Insurance

DATE: May 24, 2000

RE: Mental Health Parity/Exclusionary Riders

There have been a number of questions regarding exclusionary riders and the mental health parity requirements in South Dakota. The South Dakota Mental Health Parity law was originally passed in 1998. In 1999, the law was amended to more clearly define what illnesses are considered biologically-based. The South Dakota Mental Health Parity laws are found at SDCL 58-17-98, SDCL 58-18-80, SDCL 58-18B-53, SDCL 58-38-40, SDCL 58-40-37, and SDCL 58-41-115. These read in pertinent part:

Every policy of health insurance that is delivered, issued for delivery, or renewed in this state, except for policies that provide coverage for specified disease or other limited benefit coverage, shall provide, in writing, coverage for the treatment and diagnosis of biologically based mental illnesses with the same dollar limits, deductibles, coinsurance factors, and restrictions as for other covered illnesses.

The term, biologically-based mental illness, means schizophrenia and other psychotic disorders, bipolar disorder, major depression, and obsessive-compulsive disorder.

These statutes preclude health insurance policies from being issued with exclusionary riders for any of the five listed biologically based mental illnesses.

If, since the enactment of the law, a policy has been issued with such exclusionary riders, these must be removed from the policies as of the date of issuance of the policy. Policies issued prior to 1998 that contain such exclusionary riders must remove these exclusions upon renewal of the policy on or after July 1, 1998.