



# Division of Insurance

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**dlr** south dakota department of  
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## Health Care Reform Updates

The Division of Insurance recently adopted rules applicable to the Patient Protection and Affordable Care Act (PPACA) for reforms beginning Jan. 1, 2014. The rules were structured to minimally comply with PPACA and to maintain a viable insurance market. Those areas addressed include rating, enrollment, guaranteed availability and standards for minimum essential coverage. The final rules can be found at [http://dlr.sd.gov/insurance/legal/recent\\_admin\\_rules.aspx](http://dlr.sd.gov/insurance/legal/recent_admin_rules.aspx) – 20:06 – Insurance – June 9, 2013. The effective date is June 9, 2013.

The rating changes delete provisions relative to refund calculations and also set forth rating standards for health issuers. Insurers will no longer be able to rate based on health status and are limited to the following rating factors: individual or family, rating areas (by county), age at a 3:1 ratio (for adults) and tobacco use, not more than a 1.5 to 1 ratio.

Beginning on Oct. 1, 2013, the individual market will see open enrollment periods for those wanting to purchase insurance inside and outside an Exchange for a Jan. 1, 2014, effective date. Coverage will be on a guaranteed issue basis. The first open enrollment period will start on Oct. 1, 2013, and run through March 31, 2014. After that, individuals needing to obtain coverage in the individual market will enroll from Oct. 7 to Dec. 15, unless a special enrollment situation occurs. South Dakota, unlike any other state to date, is allowing carriers to offer coverage outside the open enrollment periods with certain limitations. Agents are encouraged to check with their appointed companies on how they will market in 2014.

The small group market in South Dakota will be one to 50 employees. Small employers will be eligible to provide coverage through a federally facilitated Small Business Health Options Program, SHOP Exchange or the market outside the exchange, if they so wish.

South Dakota will not have a state run exchange; rather it will be federally run



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<http://dlr.sd.gov/insurance>

## Health Care Reform Updates, continued

exchange. The state will conduct Plan Management functions in order to maintain regulation over companies offering business in our state. Plans will be required to offer Qualified Health Plans in order to sell in an exchange. The certification of these plans will be conducted by the Division of Insurance. Insurers wishing to offer coverage in an exchange are required to file plans no later than June 15, 2013.

### Filing Deadlines

Filing deadlines can be found in bulletin [13-02](#).

<i>Category</i>	<i>Deadline</i>
<i>Inside exchange only</i>	<i>June 15, 2013</i>
<i>Inside and outside exchange</i>	<i>June 15, 2013</i>
<i>Outside exchange only</i>	<i>July 19, 2013</i>

## Role of Agents and Brokers in Health Insurance Exchange

The Center for Consumer Information and Insurance Oversight has issued guidance regarding the role of agents and brokers in health insurance Exchanges (marketplaces) established by the Patient Protection and Affordable Care Act. [The May 1, 2013 guidance](#) outlines two pathways for agents and brokers to assist consumers: 1) through the carrier's website using the producer's account, and 2) through the exchange website using the consumer's account.

States will continue to license and regulate agents and brokers, including those who assist consumers in the Exchange. The functions of appointments and commission settings are also being reserved for states to regulate. Agents will only be allowed to solicit and place business with companies in which they hold an active appointment. Agents selling in the Individual Exchange will be required to be registered with the Federal Exchange and to complete an online training.





## South Dakota

**June 6, 2013**

ClubHouse Hotel & Suites  
808 W. Sioux Ave.  
Pierre, SD 57501

## State Advisory Forum 2013

The goal of the NCCI 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-specific information
- The workers' compensation landscape
- The residual market
- Research and economic studies
- Proposed/enacted state legislation
- Federal initiatives



Register on [ncci.com](http://ncci.com) under "Events."  
\* \* \* \* CE Credits will be available

## 2013 Workers' Compensation Rates

On April 11, 2013, the South Dakota Division of Insurance approved the annual NCCI rate filing, which will be effective for new and renewed policies beginning on July 1, 2013. The approved amount *decreases* the loss cost in the voluntary market by 3.2 percent. The assigned risk rates were approved for a 0.3 percent increase. These approved percentages are overall averages, as the amount for any given classification code can vary from these percentages either up or down by as much as 15 percent.

## 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/educationsessions.aspx>

<http://dlr.sd.gov/insurance>

## Change in Federal High Risk Pool Program

Beginning July 1, 2013, the State of South Dakota will no longer operate the state's Pre-Existing Condition Insurance Plan (PCIP). To continue coverage after June 30, 2013, individuals will need to activate a new PCIP benefit plan through the federally run PCIP before July 1, 2013. In June, members will receive an enrollment letter from the National Finance Center, which is the enrollment administrator for the federally run PCIP. They will **NOT** need to complete a new application to qualify for the federally run PCIP. It's very important that individuals act quickly on the instructions given in this letter. You will be able to find additional information at <http://fedhighriskpool.sd.gov/>.

The federal government will provide information and resources to individuals, including a program website, plan materials, and a national toll-free Call Center staffed with trained specialists available to answer your questions at 1-866-717-5826 (TTY: 1-866-561-1604) Monday - Friday, 8 a.m. to 11 p.m. EST.

## Recent Regulations and Guidance

Over the last couple of months there have been numerous regulations and guidance posted by the Center for Consumer Information & Insurance Oversight (CCIIO). CCIIO is charged with implementing many provisions of the Patient Protection and Affordable Care Act, the historic health reform bill that was signed into law March 23, 2010.

All of the information released by CCIIO can be found at <http://cciio.cms.gov/> or by clicking on the links below.

Feb. 1, 2013

Fact Sheet: [Women's Preventive Services Coverage and Religious Organizations](#)

Feb. 22, 2013

Final Rule: [Health Insurance Market Reforms](#)

Feb. 27, 2013

Fact Sheet: [Health Insurance Market Reforms](#)

Feb. 27, 2013

Final Rule: [Patient Protection and Affordable Care Act: Health Insurance Market Rules, Rate Review](#)

March 11, 2013

Final Rule: [HHS Benefit and Payment Parameters for 2014](#)

March 15, 2013

Fact Sheet: [Ensuring Health Insurance Protections for Consumers](#)

## Recap of 2013 Legislative Session

The 2013 legislative session was a great success for the Department of Labor and Regulation. Below is a synopsis of each of the insurance related bills.

**HB1051** was a critical bill that amended our standards relating to hazardous financial condition of insurers. The Division needed to adopt the most recent NAIC standards to maintain its financial accreditation. Maintaining accreditation allows the Division to be the sole examiner of our domestic insurers rather than subject those insurers to costly financial examinations by other states.

**HB1052** revised the application and renewal process for third party administrators (TPAs).

**HB1054** repeals the director’s authority to promulgate rules as found in SDCL 58-4-1. This does not mean that the Director will no longer be able to promulgate administrative rules as there is authority for rules in other areas of the law.

**HB1061** expands captive laws to allow the formation of trust captives as well as special purpose and sponsored captive insurance companies.

**SB61** requires anyone who acts as an insurance consultant to hold an insurance agent license. It also

provides that fees or commissions can be collected, but not both from the same customer for the same policy.

**SB62** this legislation provided for administrative action for insurance related laws in and outside Title 58 and it amends the law to give the Director authority to require the policies be moved to a licensed insurer if the policyholders’ health safety or welfare was imperiled.

**SB67** amends the health maintenance organization (HMO) chapter. First, the Department of Health is being removed as a co-regulator of HMOs leaving the Division as the sole regulator of HMOs. Second, the bill repeals duplicative and conflicting statutes with respect to managed care requirements. Finally, the chapter has been updated to include the revisions contained in the latest version of the NAIC model.

**SB139** requires commissions paid to agents inside and outside of an exchange to be equal and also requires assignment a licensed insurance producer on all policies upon enrollment.

## Recent Administrative Rule Changes & Bulletins

### Bulletins

- [13-01](#) Personal Umbrella Policy UM/UIM Coverage
- [13-02](#) Health Rate, Form and Binder Filings
- [13-03](#) Health Insurance Market Regulations

### Rules

- [20:06:48](#) – Appeals – Dec. 6, 2012