

# State of South Dakota

EIGHTY-THIRD SESSION  
LEGISLATIVE ASSEMBLY, 2008

490P0544

## SENATE BILL NO. 113

Introduced by: Senators Nesselhuf, Bartling, Dempster, Garnos, Gray, Hansen (Tom), Hunhoff, McCracken, and Sutton and Representatives Willadsen, Cutler, Dykstra, Elliott, Faehn, Halverson, Miles, Rounds, and Weems

1 FOR AN ACT ENTITLED, An Act to exempt certain individual health benefit plans from  
2 certain premium rating requirements.

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

4 Section 1. That § 58-17-74 be amended to read as follows:

5 58-17-74. Premium rates for individual health benefit plans subject to §§ 58-17-66 to 58-17-  
6 87, inclusive, are subject to the following provisions:

7 (1) Any new policy issued after the effective date of §§ 58-17-66 to 58-17-87, inclusive,  
8 is subject to the provisions of §§ 58-17-66 to 58-17-87, inclusive;

9 (2) The index rate for a rating period for any class of individual business may not exceed  
10 the index rate for any other class of individual business by more than twenty percent;

11 (3) For a class of business, the premium rates charged during a rating period to  
12 individuals with similar case characteristics for the same or similar coverage, or the  
13 rates that could be charged to such individuals under the rating system for that class  
14 of business, may not vary from the index rate by more than thirty percent of the index



1 rate;

2 (4) An adjustment applied to a single block of business may not exceed the adjustment  
3 applied to all blocks of business by more than fifteen percent due to the claim  
4 experience or health status of that block of business;

5 (5) Any adjustment in rates for claim experience and duration of coverage may not be  
6 charged to specific individual policyholders. Any such adjustment shall be applied  
7 uniformly to the rates charged for any person and dependents of the person within  
8 each class of business;

9 (6) Premium rates for individual health benefit plans shall comply with the requirements  
10 of §§ 58-17-66 to 58-17-87, inclusive;

11 (7) Each carrier shall apply rating factors consistently with respect to all persons in a  
12 class of business. Rating factors shall produce premiums for identical persons which  
13 differ only by the amounts attributable to plan design;

14 (8) No carrier may use characteristics other than age, gender, lifestyle, family  
15 composition, and geographic area without prior approval of the director. The  
16 maximum rating differential based solely on age may not exceed a factor of 5:1; and

17 (9) All rate adjustments based on geographic area shall reflect actual differences in the  
18 health care costs of the respective areas.

19 The rating provisions of subdivisions (1), (2), (3), (4), and (6) of this section do not apply  
20 to individual health benefit plans issued by a carrier to qualifying individuals on a guaranteed  
21 issue basis.