



445 East Capitol Avenue
Pierre, South Dakota 57501-3185
Phone: 605-773-3563
Fax: 605-773-5369

Bulletin 05-01

To: All Group Health Insurers

From: Gary Steuck, Director

RE: Repeal of Group Conversion

Date: June 9, 2005

Senate Bill 50, passed during the 2005 legislative session, repealed the remaining South Dakota requirements for group health carriers to offer conversion to their insureds. This repeal becomes effective 7/1/05. Anyone qualifying for conversion before 7/1/05 would still need to be offered conversion. However, carriers may advise such qualifying persons of possible eligibility for the risk pool. Discontinuing the offering of conversion plans pursuant to this repeal does not constitute a cessation of marketing that would either trigger a filing under SDCL 58-11-62 or require a carrier to exit the individual or group market for five years pursuant to SDCL 58-17-83 or SDCL 58-18-47.

The repeal of the conversion requirements does not remove laws restricting nonrenewal of coverage or contractual rights to renew contained within conversion contracts. Carriers must continue to renew such plans as currently required. The nonrenewal of any conversion plans would trigger the exit requirements of SDCL 58-17-83 if an individual conversion plan or SDCL 58-18-47 if a group conversion plan.

In summary, an insurer will remain in compliance by continuing to offer new conversion plans until 7/1/05 to eligible individuals and also continuing to renew existing conversion plans after 7/1/05.