

AN ACT

ENTITLED, An Act to clarify provisions regarding the continuation of coverage after an employer ceases business operations.

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

Section 1. That § 58-18C-1 be amended to read as follows:

58-18C-1. Every policy of group health insurance providing benefits for hospital or medical expenses delivered or issued for delivery in this state, by a commercial health insurance company, by a nonprofit medical and surgical service plan corporation, by a nonprofit hospital service plan corporation, by a health maintenance organization, or by any other similar mechanism shall, in addition to the provisions required by law, include the right of each employee, upon their employer ceasing operations and the termination of the policy or contract, to have the coverage continue for themselves and their eligible dependents, effective as of the date of loss of the previous group coverage, for a period of twelve months for which the employee shall be financially responsible. In addition, if an employer either fails to submit premium payment to the insurance company resulting in loss of coverage to its employees or cancels the coverage and does not notify the employees of such loss of coverage, the employees and their dependents are then eligible for continuation pursuant to this section if election is made within sixty days of the date of their being notified of the loss of coverage. The employer shall provide notice of any nonpayment of premiums or cancellation of coverage to employees as soon as reasonably possible but no later than ten days after the date of cancellation. If the employer fails to notify the employees and their dependents of the termination of coverage within ten days, the employees and dependents may not be denied coverage by the insurer provided timely election is made after actual receipt of notice. Whether notice is provided or not, the election period for continuation of coverage may expire ninety days from the date the group coverage terminated. Any premiums due for the continuation of coverage may be required to

be paid by the employee or dependent as a condition of providing continuation coverage.

Any former employee who is under continuation coverage at the time an employer ceases operation and terminates the policy, or fails to make premium payments resulting in loss of coverage, or cancels the insurance without notice, is eligible to remain on continuation coverage for the remainder of the continuation term or twelve months, whichever is less, if timely election is made and continuation payments received.

For purposes of this section, the phrase, employer ceasing operations, means that the business has closed or discontinued its business operations or, in the case of a sole proprietorship or an owner-operated business, the sale of such business that results in the purchaser establishing its own taxpayer identification number.

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I certify that the attached Act
originated in the

SENATE as Bill No. 132

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 132
File No. _____
Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor
=====

The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor
=====

STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State