

# Health Insurance: Exclusion from Coverage

This Act permits a rider to be added to health insurance policies that excludes coverage for biologically based mental illness when coverage would otherwise be denied because of biologically based mental illness pre-existing conditions. It is based on a South Dakota law that was enacted to enable people with certain illnesses to buy health insurance from private carriers instead of being forced into the state high-risk health insurance pool.

Submitted as:

South Dakota

HB1236

Status: Enacted into law in 2003.

## Suggested State Legislation

(Title, enacting clause, etc.)

1           Section 1. [*Short Title.*] This Act may be cited as “An Act to Allow for the Exclusion of  
2 Certain Health Insurance Coverage as a Condition of Procuring Individual Health Insurance.”

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4           Section 2. [*Health Insurance Policies to Provide Coverage for Biologically Based*  
5 *Mental Illnesses.*]

6           (A) As used in this Act, “Biologically Based Mental Illness” means schizophrenia and  
7 other psychotic disorders, bipolar disorder, major depression, and obsessive-compulsive  
8 disorder.

9           (B) Coverage for the treatment and diagnosis of biologically based mental illnesses  
10 under any policy of health insurance that is delivered, issued for delivery, or renewed in this  
11 state, may be reduced or eliminated by a rider to, or an endorsement on, a new policy if the  
12 insurer would reject the application for the policy without the rider or endorsement based upon  
13 the applicant's preexisting condition of the type covered by subsection (A) of this section.

14           (C) Any rider, endorsement, or application added to a policy after the date of issue or at  
15 reinstatement or renewal which reduces or eliminates benefits or coverage in the policy requires  
16 signed acceptance by the policyholder. After the date of policy issue, any rider or endorsement  
17 which increases benefits or coverage with an accompanying increase in premium during the  
18 policy term must be agreed to in writing signed by the insured, unless the increased benefits or  
19 coverage is required by law.

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21           Section 3. [*Severability.*] [Insert severability clause.]

22  
23           Section 4. [*Repealer.*] [Insert repealer clause.]

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25           Section 5. [*Effective Date.*] [Insert effective date.]