



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Sean Parnell, Governor
Susan K. Bell, Commissioner
Linda S. Hall, Director

BULLETIN B 11-09

TO: ALL INSURERS TRANSACTING HEALTH CARE INSURANCE IN ALASKA

RE: DEFINITION OF SMALL EMPLOYER AND LARGE EMPLOYER FOR PURPOSES OF MEDICAL LOSS RATIO REPORTING AND REBATE REQUIREMENTS UNDER 45 C.F.R. PART 158

Alaska law defines “small employer” as an employer that employed an average of at least two but not more than 50 employees on the business days during the preceding calendar year and that employs at least two employees on the first day of a health benefit plan year. A “large employer” is defined as “an employer that employed an average of at least 51 employees on the business days during the preceding calendar year and that employs at least two employees on the first day of a health benefit plan year.”

The U.S. Department of Health and Human Services has adopted interim regulations at 45 C.F.R. Part 158 to address medical loss ratio reporting and rebating requirements under the Affordable Care Act using definitions of “small employer” and “large employer” that are different from state law. Under these regulations, “small employer” is defined to mean an employer “having an average of at least 1 but not more than 100 employees on business days during the preceding calendar year” and “large employer” defined to mean an employer “having an average of at least 101 employees on business days during the preceding calendar year.” However, this federal regulation includes an exception that allows a state to substitute 50 employees in the definition of small employer and 51 employees for 101 employees in the definition for large employer until 2016.

The division has determined that for purposes of the medical loss ratio reporting and rebate requirements under 45 C.F.R. Part 158 only, the division will use the federal regulation definitions of small employer and large employer. However, the Alaska definitions of small employer and large employer continue to apply for purposes of compliance with applicable Alaska laws and regulations.

If you have any questions relating to this bulletin, please contact Katie Campbell, Life/Health Actuary, at Katie.campbell@alaska.gov or (907) 465-4607.

Dated: September 19, 2011

Linda S. Hall
Director