

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

## BULLETIN NO. 3-2012

**TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL OR MEDICAL SERVICES CORPORATIONS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, PRODUCER AND INSURANCE COMPANY TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES**

**FROM: ARKANSAS INSURANCE DEPARTMENT**

**SUBJECT: DEFINITION OF SMALL EMPLOYER GROUP FOR MEDICAL LOSS RATIO PURPOSES**

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Under the Patient Protection and Affordable Care Act (PPACA), a small employer is defined as having less than 100 employees; however, a state may opt to set that number at 50 employees or fewer. Under Ark. Code Ann. §23-86-303(34), a small employer is defined as having at least two (2) but no more than fifty (50) employees.

After reviewing the applicable state and federal laws, the Arkansas Insurance Department has determined that it will retain the current statutory definition of 2 to 50 employees for purposes of all small group health issues, except for the purposes of the medical loss ratio (MLR) calculations. The Department will allow all issuers to use 1 to 100 employees for the purposes of determining the MLR for small group health insurance.

Questions concerning this bulletin may be directed to Bob Alexander, Managing Attorney, at [bob.alexander@arkansas.gov](mailto:bob.alexander@arkansas.gov).

(signed by Commissioner Jay Bradford)

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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

March 29, 2012  
DATE