



GOVERNMENT OF PUERTO RICO
OFFICE OF THE COMMISSIONER OF INSURANCE

March 20, 2017

RULING LETTER NO.: CN-2017-219-AS

TO ALL HEALTH INSURANCE ORGANIZATIONS AND INSURERS THAT WRITE HEALTH INSURANCE IN PUERTO RICO OTHER THAN MEDICARE ADVANTAGE OR SUPPLEMENTARY MEDICARE PLANS

DEFINITION OF A GROUP IN THE PROTECTING AFFORDABLE COVERAGE FOR EMPLOYEES ACT" ("PACE ACT")

Dear Madams and Sirs:

Subparagraph K of Section 8.030 of the Puerto Rico Health Insurance Code defines the term small and medium employer (PYMES or small group). This definition provides that beginning on January 1, 2016 or subject to the provisions of the regulations related to the federal legislation, small and medium employers will be those that have up to one hundred (100) employees. Subsequently, federal regulations under the Protecting Affordable Coverage for Employees Act (PACE) amended Section 1304(b) of the "Patient Protection and Affordable Care Act (PPACA) and Section 2791(e) of the Public Health Service Act for the purpose of continuing with the definition of small groups in which the employer had an average of up to fifty (50) employees. granting the states and the insular jurisdictions the power to decide whether they wanted to keep the original definition of a small group or if they would adopt the definition established in the federal regulations.

In view of the aforementioned changes in applicable federal regulations, the Office of the Commissioner of Insurance, in fulfillment of its ministerial duty to implement in the benefit of the public interest the provisions of the Code, through this ruling letter adopts the provisions of PACE. Therefore, employers who have employed up to fifty (5) employees during at least fifty percent (50%) of their business days of the previous year will be considered to be small groups. Employers who have employed more than (50) employees during at least fifty percent (50%) of their business days during the previous calendar year will continue to be considered to be large groups for regulatory purposes.

This Ruling Letter revokes Ruling Letter No. CN-2016-199-AS , dated April 28, 2016.

Very truly yours,

Javier Rivera-Ríos
Commissioner of Insurance