



*A Passionate Voice for Compassionate Care*

June 6, 2022

The Honorable Charles P. Rettig  
Commissioner  
Internal Revenue Service  
Department of the Treasury  
1111 Constitution Avenue NW  
Washington, DC 20224

**Re: IRS REG-114339-21, Affordability of Employer Coverage for Family Members of Employees**

Dear Mr. Rettig:

The Catholic Health Association of the United States appreciates the opportunity to submit these comments on the Internal Revenue Service's (IRS) proposed rule on the Affordability of Employer Coverage for Family Members of Employees published in the Federal Register on April 7, 2022 (87 Fed. Reg. 20354). **CHA has long called for changes to the methodology for determining affordability of employer health insurance coverage for families to fix the "family glitch" and supports the proposed regulation.**

CHA is the national leadership organization of the Catholic health ministry, representing more than 2,000 Catholic health care sponsors, systems, hospitals, long-term care facilities and related organization across the continuum of care. CHA represents the largest not-for-profit providers of health care services in the nation. With more than more than 5 million admissions to Catholic hospitals each year, including one million Medicaid admissions, 1 in 6 patients in the United States is cared for in a Catholic hospital each year. All 50 states and the District of Columbia are served by Catholic health care organizations and approximately 750,000 individuals are employed in Catholic hospitals.

CHA and our members believe in and have long advocated for a just and equitable health care system that provides accessible and affordable health care for everyone, where they need it, when they need it, no exceptions and no interruptions. The Affordable Care Act (ACA) has taken significant steps toward expanding access to health insurance coverage and improving the quality of care in our delivery system, but more work needs to be done. We are committed to working with Congress and the Administration to develop policies that preserve and expand access, affordability, coverage and quality, paying special attention to low-income and vulnerable individuals and families.

The Affordable Care Act provides eligible individuals with premium tax credits to purchase health insurance in ACA marketplaces. An individual who has access to health insurance through an employer is not eligible for ACA premium tax credits so long as the employer's insurance is

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affordable. Under the current IRS interpretation of the law, employer-sponsored insurance is deemed to be affordable if the cost of *employee-only* coverage is less than or equal to 9.5 percent, adjusted annually, of family income. The “family glitch” arises because if one family member has an affordable offer of single coverage, then all family members are ineligible for tax credits to purchase marketplace coverage, even if the cost of coverage for a family plan consumes a greater percentage of family income.

While such families are not subject to penalties when the dependents go without coverage, they lack an affordable option to cover all family members. Fixing the family glitch will affect an estimated 5.1 million people, mostly women and children in low- and middle-income families who are either uninsured or forced to pay exorbitant premiums.<sup>1</sup> It could also improve the individual health insurance market risk pool and result in lower premiums for everyone because this population is generally quite healthy.

We agree that the IRS’ revised interpretation of the ACA’s affordability provisions is a better reading of the statute. The proposed rule would interpret the relevant sections of the IRS code in a way that applies the “special rule” for family members in Section 5000A(e)(1)(C) to the affordability requirement. This will create consistency with other sections of the ACA related to marketplace eligibility and exemptions to the individual mandate, which require consideration of family coverage as well as employee-only coverage. And it is more consistent with the overall goal of the ACA to expand, not limit, access to affordable coverage.

In addition to affordability, employer plans are also held to a minimum value standard. The proposed rule would clarify that a plan provides minimum value for an employee and for family members only if pays at least 60% of the total cost of medical services and provides substantial coverage of inpatient hospital services and physician services. **CHA supports this proposed clarification.**

In closing, thank you for the opportunity to share these comments on the proposed rule. If you have any questions about these comments or need more information, please do not hesitate to contact me or Kathy Curran, Senior Director Public Policy, at 202-721-6300.

Sincerely,



Lisa A. Smith  
Vice President  
Public Policy and Advocacy

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<sup>1</sup> Kaiser Family Foundation, The ACA Family Glitch and Affordability of Employer Coverage.  
<https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/>.