CHILDREN'S HealthWatch

801 Albany Street
3rd Floor
Boston, MA 02119

Phone: 617.414.6366
Fax: 617.414.7915
www.childrenshealthwatch.org

June 6, 2022

The Honorable Charles Rettig
Commissioner
Internal Revenue Service
U.S. Department of the Treasury
P.O. Box 7604, Ben Franklin Station
Washington, D.C., 20044
Re: Affordability of Employer Coverage for Family Members of Employees (REG-114339-21)

Dear Commissioner Rettig:

Thank you for the opportunity to submit comments on the proposed rule, *Affordability of Employer Coverage for Family Members of Employees* (REG-114339-21), issued by the Internal Revenue Service (IRS). On behalf of Children's HealthWatch, a network of pediatricians, public health researchers, and policy and child health experts, please accept these comments in strong support of the proposed rule, which would correct the "family glitch" that has created a barrier to affordable coverage for millions of Americans, disproportionately low-wage workers and their children.

The mission of Children's HealthWatch is to improve the health and development of young children by informing policies that address and alleviate economic hardships. We accomplish this mission by interviewing caregivers of young children on the frontlines of pediatric care, in urban emergency departments and primary care clinics in four cities: Boston, Minneapolis, Little Rock, and Philadelphia. Since 1998, we have interviewed over 80,000 caregivers and analyzed data from those interviews to determine the impact of public policies on the health and development of young children.

As pediatricians and public health researchers, we are acutely aware of the role that affordable health care plays in the overall health and well-being of young children and their parents. When health care services are affordable and accessible, children are more able to access needed care, including preventative services such as well child visits and immunizations.[1] Conversely, when cost is a barrier to care, families may be forced to forgo needed health care or prescriptions ("forgone health care") or sacrifice paying for other basic needs – such as rent, food, or utilities – in order to pay for medical care or prescriptions ("health cost sacrifices"). Our research shows that an experience of either of these health care hardships negatively impacts the health of children and their entire families.[2]

While the Affordable Care Act (ACA) ensures that employees have access to affordable health insurance – either directly through their employer or subsidized on the ACA's health insurance marketplaces by a premium tax credit – under current regulations, this benefit does not extend to other family members. As a result, the cost of health insurance and care for an entire family can be prohibitively expensive and may lead to health care hardships. Our research found that when parents were forced to forgo health care for their child under age four, they were more likely to experience maternal depressive symptoms and household food insecurity, and their child was more likely to be in fair or poor health, at developmental risk, and have a history of hospitalizations.[2] When parents were forced to forgo care for themselves or another child in the household, they experienced these same poor outcomes as well as fair or poor parental health. Compared to families that did not have to sacrifice other basic needs to afford medical care, families who experienced health cost sacrifices were more likely to be food insecure, have fair or poor parental and child health, report maternal depressive symptoms, and be at developmental risk.[2]

Family economic stability is also affected by health care hardships. In another study, we found that compared to families with no health care hardships, families who had forgone health care or health cost sacrifices were more likely to be household and child food insecure and to experience one or more types of housing instability (behind on rent, frequent moves, and/or current or past experience of homelessness). The likelihood of these hardships was compounded for families who experienced both forgone health care and health cost sacrifices. These families were 604% more likely to be household food insecure, 452% more likely to be child food insecure, and 352% more likely to have one or more type of housing instability.[3]

The "family glitch" affects as many as 5.1 million people who are barred from obtaining premium tax credits because "affordable" coverage is based only on the cost to cover the employee.[4] Most of the people impacted are children, and nearly half a million people go uninsured when faced with unaffordable coverage under a family member's employer plan.[3] Workers in small businesses are also impacted as they are more likely to face higher premiums for family coverage. Five percent of covered workers in large businesses face a premium of at least $10,000 to enroll family members in their employer plan. That number grows to 29 percent of covered workers in small businesses who must pay $10,000 to obtain family coverage.[5]

Almost half (46%) of the people in the family glitch have incomes under 250% of the federal policy level (FPL).[4] Fixing the family glitch would provide the greatest premium savings for those families with incomes under 200% of FPL ($580 average savings per person).[6] These families would also see significant savings in out-of-pocket costs, thanks to cost-sharing subsidies available to families with income under 250% of FPL. This could mean thousands of dollars in cost-sharing savings for these families.[7]

While the family glitch has a greater impact on families with low incomes who are forced to pay a greater proportion of their income on health care and coverage, it is also a problem for families across the income spectrum. One third (33%) of people in the family glitch have income between 250%-400% of FPL.[4] For this reason, it is critical to ensure that parents of all income levels can afford quality health care for <u>every member</u> of their family.

The proposed rule will help millions of families by allowing for a separate affordability test for family members that would be based on the cost to enroll family members in the employer coverage (not the cost of enrolling only the employee). **We strongly support this interpretation of the statute and the approach to determining family members' eligibility for premium tax credits**.

We also appreciate the opportunity to comment on the minimum value definition requiring employer plans to provide substantial coverage of inpatient hospital and physician services in order to satisfy the 60% actuarial value threshold. **We support this definition and the proposed rule clarifying that the minimum value requirement should, like the affordability test, be applied separately for employees and family members.** We agree that this clarification will ensure family members are not barred from premium tax credits by coverage that is affordable but fails to provide minimum value.

The ACA was designed to expand access to affordable and high-quality health coverage, and thus we agree with the IRS that the proposed rule's new interpretation is a better reading of the statute. By fixing the family glitch, the proposed rule would strengthen the ACA, achieve its intended purpose, and lead to better health outcomes. As a result of this change, millions of families – particularly those with low incomes – will no longer be forced to choose between unaffordable employer coverage and

unsubsidized marketplace coverage for dependents. Families will be able to choose the coverage option that works best for them, whether that be to remain as a family in the employer plan or to obtain marketplace coverage, with financial assistance, for those family members for whom the employer plan would be unaffordable. The Administration estimates that this change would result in 200,000 currently uninsured people gaining coverage, and nearly 1 million people seeing their coverage become more affordable. This will lead to better health outcomes for both parents and children, both through direct access to health and the ability to better afford other basic needs.

As pediatricians and child health experts, we are appreciative of the Administration's commitment to lower health care costs, and the opportunity to submit comments in support of this rule change.

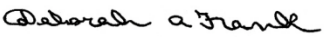
Sincerely,

Megan Sandel MD, MPH
Co-Lead Principal Investigator, Children's HealthWatch
Boston, MA

Diana Becker Cutts, MD
Co-Lead Principal Investigator, Children's HealthWatch
Minneapolis, MN

Stephanie Ettinger de Cuba, PhD, MPH
Executive Director, Children's HealthWatch

Félice Lê-Scherban, PhD, MPH
Principal Investigator, Children's HealthWatch
Philadelphia, PA



Deborah A. Frank, MD
Principal Investigator and Founder, Children's HealthWatch
Boston, MA

Eduardo Ochoa Jr., MD
Principal Investigator, Children's HealthWatch
Little Rock, AR

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