

# Family Glitch Fix: Proposed Rule

May 2022



# Background

- The federal government considers employer coverage unaffordable for families of employees if the share of the annual premium the employee must pay for self-only coverage is more than the required contribution percentage (~9.5%) of household income.
- The employee's share of the premium for family coverage is not currently considered in determining whether employer coverage is affordable for related individuals.
- Minimum value requirements do not currently exist for families of employees.

# Family glitch in Colorado

The Kaiser Family Foundation estimates that there were 76,000 Coloradans in the family glitch, as of 2019.

## Coloradans Experiencing the Family Glitch by FPL

Most Coloradans experiencing the family glitch purchase insurance from their employer or from C4HCO at a cost higher than what the ACA deems affordable.

Federal Poverty Level	Total Individuals (Cumulative)	Estimated Uninsured (Cumulative)	Uninsured Rate (Cumulative)
Up to 150%	8K	1K	12%
Up to 200%	22K	3K	13%
Up to 250%	35K	5K	14%
Up to 300%	43K	6K	13%

Source: KFF  
Note: Totals may not sum due to rounding



# Proposed Family Glitch Fix

- The proposed rule amends existing regulations regarding eligibility for APTC to base the affordability of employer coverage for family members on the cost of covering the employee and their family members.
- Family members found to have unaffordable (more than the required contribution) employee-sponsored insurance would be eligible for APTC.
- Families in the family glitch accessing APTC would pay for Connect for Health coverage on top of employee-only coverage.

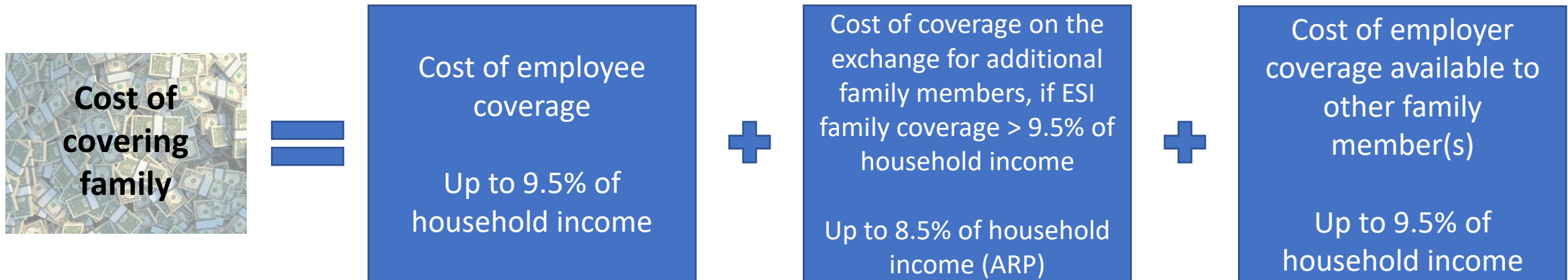
# Implementation of Family Glitch and Minimum Value Fix

- When a family applies for coverage and one or more family members has an offer of employer coverage, Connect for Health would perform the following affordability determinations:
  1. One determination for the employee based on the cost of self-only coverage.
  2. One determination for the related individuals based on the cost of family coverage.
  3. Additional determinations for any related individuals who have an offer of coverage from another employer.
- Families would also attest to being provided coverage that meets the new minimum value requirements.

→ These changes would be implemented for the 2023 plan year.

# Customer Impact

- Families in the family glitch would pay for Connect for Health coverage on top of employee-only coverage.
  - Families may find that coverage for their family continues to be unaffordable when considering the costs of separate premiums, deductibles and out of pocket maximums.



# Example

- Mom has an offer of employer-sponsored insurance. Mom is married to Dad and has two dependent children.
- Mom's employer sponsored insurance is affordable for Mom, only (coverage is <9.5% of household income).
- Mom's employer sponsored insurance costs more than 9.5% of household income for family coverage of her spouse and two children.
- Dad has an offer of affordable employer sponsored insurance (coverage costs <9.5% of household income).
- Mom and Dad are considered to have affordable minimum essential coverage options through their respective employers.
- The dependent children are eligible for APTC. APTC amounts are determined using the appropriate applicable percentage for their family's household income.

# Example, continued

	Family of 4 making \$50,000 annually: Mom, Dad, two children	Family of two making \$50,000: Jane and John
ESI offers	<ul style="list-style-type: none"> <li>Mom has an ESI offer of \$350 per month, 8.4% of income</li> <li>Dad has an ESI offer of \$300 per month, 7.2% of income</li> <li>Family coverage through Mom is \$950 per month, 23% of income</li> <li>Family coverage through Dad is \$900 per month, 22% of income</li> </ul>	<ul style="list-style-type: none"> <li>Jane has an ESI offer of \$350/ month, 8.4% of income</li> <li>John does not have an ESI offer</li> <li>Family coverage through Mom is \$600 per month, 14.4% of income</li> </ul>
Affordability Determination	<ul style="list-style-type: none"> <li>Respective ESI coverage is considered affordable for Mom and Dad</li> <li>Neither family coverage option is considered affordable; children may receive APTC on the exchange.</li> </ul>	<ul style="list-style-type: none"> <li>ESI coverage is considered affordable for Jane</li> <li>Family coverage is not considered affordable for John</li> </ul>
APTC Amounts	Coverage would cost \$42 per month for the children.	Coverage would cost for \$208 per month for John.
Total cost	Coverage for Mom + Dad + Children = \$692	Coverage for Jane + John = \$558





# Proposed Minimum Value Requirement

- The proposed regulations would also add a minimum value rule for family members of employees.
- Families would receive APTC if their employer coverage does not provide a 60% actuarial value.
- A minimum value definition for family coverage previously did not exist.

# Impact to HIAE customers

- HIAE legislation sets aside funding for health insurance subsidies that *may* be made available to family glitch customers.
- HIAE subsidies currently unavailable to family glitch customers
  - HIAE subsidies are currently available to customers making <138% FPL
  - Family glitch customers with this income would be eligible for Medicaid or CHP+
- Subsidies would not be made available to family glitch customers if they are eligible for APTC.