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CEO, EXECUTIVE VICE PRESIDENT

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September 29, 2021

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Brooks-LaSure:

On behalf of the physician and medical student members of the American Medical Association (AMA), I write to urge the Administration taking action to fix the “family glitch” under the Affordable Care Act (ACA), whereby families of workers remain ineligible for subsidized ACA marketplace coverage even though they face unaffordable premiums for coverage offered through employers. Currently, in determining eligibility for premium tax credits, coverage for family members of an employee is considered to be affordable as long as employee-only coverage is affordable. The employee-only definition of affordable coverage pertaining to employer-sponsored coverage, commonly referred to as ACA’s “family glitch,” does not take into consideration the cost of family-based coverage, which commonly is much more expensive than employee-only coverage. As a result, the “family glitch” leaves many families of workers ineligible to receive premium and cost-sharing subsidies to purchase coverage on health insurance exchanges, even though in reality they would likely have to pay well over 9.83 percent of their income for family coverage. We ask that the Administration address this issue by fixing the family glitch.

The family glitch has significant consequences for the coverage options, health, and finances of impacted families of workers, especially those with lower incomes. The average employee contribution for self-only coverage was estimated to be \$1,243 in 2020, while the average contribution for family coverage was estimated to be \$5,588. Overall, 5.1 million individuals fall into ACA’s family glitch, more than half of whom are children who do not qualify for the Children’s Health Insurance Program (CHIP). Of those who fall into the family glitch, 4.4 million are currently covered by an employer plan, 315,000 are enrolled in unsubsidized individual market coverage, and 451,000 are uninsured. A study from 2016 estimated that, on average, families who fall into the family glitch spent 15.8 percent of their incomes on employer-sponsored coverage—reflecting again that even though a family that falls into the glitch may remain insured, there could be serious budgetary repercussions in doing so. In addition, many of these families would otherwise qualify for significant premium savings for ACA marketplace coverage based on their income, due to changes made in the American Rescue Plan Act.

The AMA appreciates actions that the Administration has taken to date and urges policy changes to fix the ACA family glitch. If you have any questions regarding this letter, please contact Danielle Turnipseed, Associate Director of Federal Affairs, at danielle.turnipseed@ama-assn.org or 202-789-7425.

Sincerely,

James L. Madara, MD