FACT SHEET: REMOVING THE "FAMILY GLITCH" FROM THE ACA

First Focus on Children

On December 10, 2021, the Biden Administration took a positive step toward fixing the "family glitch," which impacts the ability of over 5 million people[1] – more than half of them children – to afford health insurance coverage.

- While children represent 24% of the population, they are disproportionately impacted by the family glitch because they represent 54% of those negatively impacted.
- The Administration directed the Secretary of the Treasury to review all existing regulations and other agency actions to determine whether they are consistent with the goals of protecting and strengthening the Affordable Care Act (ACA).
- After a review of statutory language, the Treasury Department will propose regulatory changes to fix the "family glitch."

First Focus on Children has been working for the past decade to draw attention to this unintended but significant flaw in the landmark ACA, passed in 2010. In 2012, First Focus Campaign for Children sent a letter[2] to Congressional Leadership and President Obama urging them to remedy the family glitch, either through legislation or administrative action. In 2014, First Focus President Bruce Lesley testified[3] before a Capitol Hill health care committee, urging Congress to fix this flaw, which has prevented more than two million children a year from receiving health care coverage.

WHAT EXACTLY IS THE "FAMILY GLITCH"?

An important provision of the ACA includes tax credits that make private, employer-sponsored health insurance more affordable for working families. The ACA determines eligibility for these credits by comparing the cost of the insurance and the family's income. But the affordability threshold is determined using the cost of the employee's ***self-only coverage***, not the cost of family coverage. To qualify for the credits, the cost of that self-only coverage must exceed 9.83% of the taxpayer's household income. This interpretation shuts out many families who need assistance because premiums for self-only health insurance average $7,739 a year, while premiums for family coverage average $22,221 a year — nearly triple the cost.[4]

This "glitch" fails to acknowledge the true cost of covering a family, putting employer-sponsored insurance out of reach while also leaving the family ineligible for financial assistance through marketplace subsidies.

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1 Cox et al., *The ACA Family Glitch and Affordability of Employer Coverage*, KFF, Apr 07, 2021, https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/

2 Lesley, Bruce, *Families Glitch Letter to President Obama*, First Focus on Children, December 6, 2012, https://firstfocus.org/resources/letters-and-correspondence/families-glitch-letter-to-president-obama

3 Shapiro, Lisa, *Fixing the Family Glitch: Treasury Regulations Put Children's Coverage at Risk*, First Focus on Children, December 13, 2011, https://firstfocus.org/resources/fact-sheet/fixing-family-glitch-treasury-regulations-put-childrens-coverage-risk

4 *2021 Employer Health Benefits Survey*, KFF, Nov 10, 2021, https://www.kff.org/health-costs/report/2021-employer-health-benefits-survey/

WHO IS DIRECTLY IMPACTED BY THE FAMILY GLITCH?

According to the Kaiser Family Foundation, nearly 2.8 million children[5] under the age of 18 fall into the family glitch. These children are above the Medicaid eligibility line but are unable to get marketplace subsidies because technically, they are eligible to receive their health care through the employment of one or both of their parents or guardians. These children also do not qualify for the Children's Health Insurance Program.

WHAT ARE THE IMPACTS OF THE FAMILY GLITCH?

The unaffordable cost of insurance premiums for families caught in the glitch can make it difficult to secure health insurance for children. When children are uninsured, they often forgo regular well-child visits, important vaccinations, and specialty care. As a result, children can suffer many unintended consequences. Social, emotional, and developmental delays may be detected too late, serious chronic and acute medical conditions may go untreated, and children may suffer unnecessary long-term harm.

Another consequence of unaffordable health care created by the family glitch is the impact on other financial aspects of families' lives. When families spend too much of their disposable income on health care, they often don't have enough left for other essential expenses – such as food, rent, transportation, and other necessities. Making coverage more affordable by fixing the family glitch will leave families with more money to devote to basic needs.

CONCLUSION

Clearly, the intent of the ACA was to expand access to health care coverage and make it affordable to individuals and families. The "family glitch" must be addressed so more children have access to health care and to ensure that families do not have to spend budget-breaking sums of money on premiums because, through no fault of their own, they fall into this gap. We applaud the Administration for prioritizing a solution to this unintended problem and we look forward to reviewing the proposed regulatory solutions.

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5 Cox et al., *The ACA Family Glitch and Affordability of Employer Coverage*, KFF, Apr 07, 2021, https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/