

Comments of Jacqueline Link- As Prepared for Delivery
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For IRS Hearing re Affordability of Employer Coverage for Family Members of Employees (IRS REG-114339-21)

Hello, my name is Jacqueline Link, and I am a health policy specialist with the American Lung Association. Thank you for the opportunity to comment on the proposed rule regarding Affordability of Employer Coverage for Family Members of Employees.

The American Lung Association is the oldest voluntary public health association in the United States, currently representing the more than 36 million Americans living with lung diseases. The Lung Association is the leading organization working to save lives by improving lung health and preventing lung disease through research, education and advocacy. Our organization is committed to ensuring that everyone has access to quality, affordable healthcare coverage.

I'm here today to express support for the Affordability of Employer Coverage for Family Members of Employees Proposed Rule. The proposal seeks to remedy what is known as the family glitch, which prevents millions of individuals from qualifying for subsidized health plans through the Affordable Care Act's Marketplaces. The existing policy is harmful to low- and middle-income families who are forced to take employer coverage that is not affordable to them or go without coverage. The IRS's proposal to fix the family glitch is an important step in ensuring that healthcare is affordable, accessible, and adequate, and the Lung Association urges the IRS to finalize this rule.

It is estimated that 5.1 million people fall into the family glitch, 85% of whom are paying for employer coverage plans, and half of whom are children.¹ A study found that those families were spending about 15.8% of their income on employer insurance plans, whereas families with similar income levels are eligible for subsidized coverage through the Marketplace.² About a half million of those who fall into the family glitch remain uninsured. This rule places an undue financial burden on families and, in some cases, discourages them from enrolling in coverage of any kind. For patients with lung diseases such as asthma or COPD, health insurance is essential to managing their health conditions, and many of these patients are forced to pay high premiums for employer insurance plans for families.

Employer-sponsored coverage can be very expensive; however, the proposed rule will eliminate the family glitch and allow low- and middle-income families access to more affordable coverage. For example, a recent study estimated that a family of four with an income of \$53,000 (200 percent of the federal poverty level (FPL)) would save more than \$4,100 in premiums annually.³ Families with incomes at or below 250 percent FPL will experience additional savings because they will be able to enroll in a marketplace plan with reduced cost-sharing.

This proposal is also in keeping with the purpose of the Affordable Care Act: to expand access to affordable health coverage. As IRS recognizes, the current regulation has undermined the law by

preventing children and other family members who lack access to affordable coverage from obtaining financial assistance to purchase a marketplace plan. If finalized, this rule will expand the availability of affordable healthcare to millions of individuals, in turn reducing income disparities in health coverage.

I appreciate the opportunity to provide testimony in support of this proposal, and the Lung Association encourages the IRS to finalize the proposed rule. Thank you.

¹ [The ACA Family Glitch and Affordability of Employer Coverage | KFF](#)

² [The ACA Family Glitch and Affordability of Employer Coverage | KFF](#)

³ ¹⁰ Kendall D, Murdock K, Ahmadi L. Capping Families' Health Care Costs: Savings by State. <https://www.thirdway.org/report/capping-families-health-care-costs-savings-by-state>. Third Way. Published April 13, 2022. This analysis reflects savings that can be expected if the ARPA's enhanced subsidy framework is extended. Researchers from the Urban Institute have estimated the effects of fixing the family glitch, assuming ARPA-level subsidies lapse. They find smaller but still substantial cost savings for affected individuals, especially families with low incomes. Buettgens M, Bantnin J. Changing the "Family Glitch" Would Make Health Coverage More Affordable for Many Families. The Urban Institute. https://www.urban.org/sites/default/files/publication/104223/changing-the-family-glitch-would-make-health-coverage-more-affordable-for-many-families_1.pdf. Published May 2021.