Children's Hospital of Philadelphia   Children's Hospital of Philadelphia PolicyLab

June 1, 2022

Department of the Treasury
Room 5203
Internal Revenue Service
P.O. Box 7604 Ben Franklin Station
Washington, DC 20044

Dear Sir or Madam:

We appreciate this opportunity to respond to the Proposed Rule on the Affordability of Employer Coverage for Family Members of Employees. As child health researchers and policy experts, we offer comments in support of the proposed rule, with a particular focus on why fixing the so-called "family glitch" is so important for children and families.

Access to comprehensive, continuous, and affordable health insurance coverage is essential to the healthy development of children and the well-being of families. While fixing the "family glitch" is only one part of this access, and must be done hand in hand with ensuring that plans on the individual market offer a comprehensive set of pediatric benefits and adequate provider networks, we believe that fixing the "family glitch" supports the intent of the Affordable Care Act (ACA). More importantly, doing so would provide new options for affordable health insurance coverage to millions of families.

Over the past decade, the cost of employer-based health insurance has steadily increased, far outpacing increases in wages. Premiums for employer-based health insurance plans have grown and large deductibles have become a fixture of many plans. The health insurance exchanges created by the ACA have unfortunately not provided a better alternative for many families, in large part because the "family glitch" has prevented them from accessing generous premium subsidies available on the exchanges. This has left millions of families in an impossible position: earning too little to afford employer-based family coverage, while also ineligible for subsidies to obtain affordable family coverage on the individual market. While there are many reasons that children's uninsurance has been rising since a historic low in 2016, this is undoubtedly one of them.

Fixing the "family glitch" comes at a critical moment for children and families. CHOP PolicyLab research has shown that a growing proportion of working families rely on high-quality and low-cost pediatric health insurance coverage from Medicaid and the Children's Health Insurance Program (CHIP) instead of employer-based dependent coverage. This number likely grew during the COVID-19 pandemic as families navigated the loss of employer-based insurance and were protected by the disenrollment freeze from Medicaid as part of the federal government's pandemic response.

When the pandemic-related public health emergency ends, families may no longer be eligible for Medicaid and will be tasked with finding a new source of coverage for their children. As working families also contend with the rapidly rising cost of essentials like food and transportation, many will be left with few feasible options for accessing affordable health insurance coverage for their children.

While this rulemaking process to fix the "family glitch" is most welcome, it will likely have the greatest impact in states with low income-eligibility levels for CHIP. It is also important to ensure that plans on the individual market remain affordable for families when the enhanced subsidies from the American Rescue Plan Act of 2021 come to an end. To best serve families in the long-run, further reforms to the individual market must address high out-of-pocket costs, as well as the limited pediatric benefits packages and narrow provider networks emblematic of plans on the exchanges.

Through your rulemaking process, you are providing a new health insurance option to families who have struggled to keep up with the cost of employer-based family coverage. This will ensure that children maintain health insurance coverage and access to the care they need to grow into healthy adults.

Sincerely,

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