

Congress of the United States  
House of Representatives  
Washington, DC 20515-2302

October 21st, 2021

The Honorable Xavier Becerra  
Secretary  
U.S. Department of Health and Human Services  
200 Independence Avenue SW  
Washington, D.C. 20201

Dear Secretary Becerra,

Thank you for your continued commitment to lowering the cost of health care and expanding access to high-quality health services. I write today about an issue that affects the cost of coverage for millions of hardworking American families, the so-called Affordable Care Act “family glitch.” I urge the Department to coordinate with the Department of Treasury and take whatever action is under your authority to address the family glitch in line with the Affordable Care Act’s intent to make health care more affordable.

As you know, the “family glitch” refers to a longstanding gap in eligibility for the Affordable Care Act’s subsidized marketplace coverage. A family is ineligible for financial assistance if even a single family member is offered “affordable” employer coverage.<sup>1</sup> In many cases, the cost of covering an entire family is exorbitant, but the coverage is still considered affordable based on the individual's self-only contribution.

The Affordable Care Act limited eligibility for financial assistance to those without access to coverage through other means, such as an employer. However, there is an exception for employer plans that are deemed unaffordable. The IRS determines affordability based on whether an employee’s contribution to their yearly premium exceeds a certain threshold. In 2021, that threshold is 9.83%, which means that an individual qualifies for subsidies if the self-only portion of their employer-sponsored health plan premiums exceeds 9.83% of household income. However, if the yearly premiums of the employee plus their dependents exceed the affordability threshold, but the employee’s self-only contribution remains under 9.83%, then the family is ineligible for financial assistance.

A recent analysis estimated that 5.1 million people fall into the family glitch, including 62,000 in my home state of Minnesota.<sup>2</sup> In Minnesota, the average annual premium for an individual is \$6,904 and the average annual family premium is \$20,751. Under the glitch, a family with a

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<sup>1</sup> <https://www.govinfo.gov/content/pkg/FR-2013-02-01/pdf/2013-02136.pdf>

<sup>2</sup> <https://www.kff.org/health-reform/issue-brief/the-aca-family-glitch-and-affordability-of-employer-coverage/>

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household income of \$85,000 would not qualify for premium tax credit assistance even if they paid the average family total, which would amount to more than 24% of their household income.

Fixing the family glitch would also align with the administration's commitment to lowering out-of-pocket health care costs. In January, President Biden issued an executive order formally stating that the administration's policy is to protect and strengthen the ACA and ensure that high-quality health care is affordable and accessible for every American.<sup>3</sup> The EO directs agencies to review their internal policies related to the ACA to identify and address any barriers counter to the goal of making health care more affordable. Specifically, the EO calls attention to any "policies or practices that may reduce the affordability of coverage or financial assistance for coverage, including for dependents." The family glitch represents one such barrier that could be addressed through administrative action.

I applaud the administration's efforts to expand access to affordable coverage - extending the open enrollment period, expanding the Navigator program, and undoing the sabotage of the previous administration. Eliminating the family glitch is a straightforward step that would go a long way toward making health care more affordable for millions of families, including many in my district. I urge you to take swift action and thank you for your consideration.

Sincerely,



Angie Craig  
Member of Congress

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<sup>3</sup><https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/28/executive-order-on-strengthening-medicare-and-the-affordable-care-act/>