



June 6, 2022

The Honorable Charles Rettig
Commissioner, Internal Revenue Service
U.S. Department of the Treasury
P.O. Box 7604, Ben Franklin Station
Washington, D.C. 20044

Re: Affordability of Employer Coverage for Family Members of Employees (REG-114339-21)

Dear Commissioner Rettig:

Thank you for the opportunity to submit comments on the proposed rule, *Affordability of Employer Coverage for Family Members of Employees*, issued by the Internal Revenue Service (IRS). As a leading representative of America's 32 million small businesses, Small Business Majority writes today in strong support of the proposed rule, which would correct the "family glitch" that was created by a 2013 regulation related to the Affordable Care Act (ACA). That rule created a barrier to affordable coverage for millions of Americans by barring them from premium tax credits if they were eligible for employer coverage, despite it being unaffordable.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

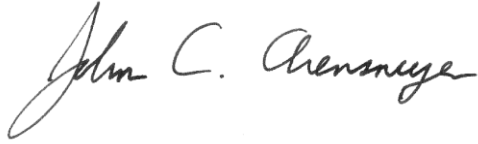
The 2013 rule impacts as many as 5.1 million people who are barred from obtaining premium tax credits. By addressing the family glitch, more small business owners, their employees, and their families will be able to access and afford coverage. Most of the people impacted are children, and nearly half a million people go uninsured when faced with unaffordable coverage under a family member's employer plan. Five percent of covered workers in large businesses face a premium of at least \$10,000 to enroll family members in their employer plan. That number grows to 29% of covered workers in small businesses who must pay \$10,000 to obtain family coverage.

We know that many small businesses want to offer affordable healthcare benefits to their employees, but they can't afford to do so. Indeed, our research has found that healthcare costs are one of the biggest challenges for small businesses. More than 1 in 3 small businesses said they have struggled to obtain health insurance coverage for themselves and their employees during the pandemic. However, because of the "family glitch," offering coverage to employees' dependents automatically makes them ineligible for subsidies through the ACA marketplace, even if the employer's offer of dependent coverage is unaffordable. Small employers who are offering dependent coverage often cannot afford to contribute to dependents' premiums or are contributing at low amounts. This means that coverage is more likely to be unaffordable for those dependents.

The proposed rule change will help more individuals in the small business ecosystem gain coverage. It would create a separate affordability test for family members based on the cost to enroll the family member in the employer coverage. Eliminating the family glitch will allow employers to offer affordable coverage without barring the employees' dependents access to other healthcare insurance products.

Fixing the family glitch will help many in the small business ecosystem by allowing employees' families to access ACA marketplace coverage with premium assistance. This is an important step to improving healthcare affordability and expanding access to critical coverage for small businesses and their workforce.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive style with a large, sweeping initial "J".

John Arensmeyer
Founder and CEO
Small Business Majority