Affordability of Employer Coverage – The "Family Glitch" Fix Toolkit for Enrollers

Overview

On October 13, 2022, the U.S. Department of Treasury, bureau of Internal Revenue Service (IRS), released a final rule to address the "family glitch" issue. The family glitch deemed employer-sponsored coverage to be "affordable" for the employee even it was not for their family members, which disqualified those family members from eligibility for financial assistance through Health Insurance Marketplace coverage (Advance Premium Tax Credits and Cost Sharing Reduction). The rule, effective December 12, 2022, **extends the Affordable Care Act (ACA) affordability definition** from being based solely on employee-only coverage, **to include family members** of the tax household. As of plan year 2023, if an employee must pay more than a predetermined affordability threshold of household income towards the monthly premium for the lowest-cost family plan offered by their employer, the plan is considered unaffordable, and the employee's family members may, therefore, qualify for financial assistance for health coverage through Covered California. The affordability threshold for plan year 2026 is 9.96% and will be updated every year.

The table below includes key resources to help you better understand the fix to the family glitch and assist consumers with affordability and eligibility determinations.

Affordability of Employer Coverage Resources

Resource	Type	Description
Frequently Asked Questions (FAQ)	FAQ	Comprehensive list of common questions and answers regarding the "family glitch".
Employer-Sponsored Coverage Worksheet	Worksheet	Worksheet to help gather information needed for the Affordability Tool on the Covered California website.
Employer Coverage Affordability Tool	Website Tool	Tool on the Covered California website used to check if a consumer and their family have an offer of employer-sponsored health coverage that meets the minimum value standard and is affordable.
Employer Coverage Affordability Tool (Spanish)	Website Tool	Spanish version of the tool on the Covered California website used to check if a consumer and their family have an offer of employer-sponsored health coverage that meets the minimum value standard and is affordable.

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Resource	Type	Description
Employer Coverage Affordability Tool – Process Guide	Guide	Steps showing the process to use the Affordability Tool on the Covered California website to determine if a consumer and their family have an offer of employer-sponsored health coverage that meets the minimum value standard and is affordable.
Employer Coverage Affordability Tool – Common Scenarios	Guide	Common scenarios of Affordable, Not Affordable, and Mixed affordability determinations.
Employer Notice of Employee Coverage	Guide	Information about notices sent to Applicable Large Employers of consumers who reported that they were not offered affordable, minimum value standard coverage.