



American Federation
of Teachers, AFL-CIO

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October 31, 2011

CC:PA:LPD:PR (IRS REG-131491-10)
Room 5203
Internal Revenue Service
P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Dear Ladies and Gentlemen:

On behalf of our 1.5 million members, the American Federation of Teachers (AFT) welcomes the chance to comment on the proposed Internal Revenue Service (IRS) regulations concerning the health insurance premium tax credits provided by the Patient Protection and Affordable Care Act (PPACA).

We support the PPACA's laudable effort to extend health insurance coverage to many low- and moderate-income people who are currently uninsured. We are particularly supportive of the premium tax credits that will be available in 2014 to those with household income at or below 400% of the federal poverty level who purchase insurance through the Exchange. The tax credits will be vitally important to some of AFT's low- and moderate-wage workers who do not have access to affordable employer-sponsored health insurance.

Premium Tax Credits Must be Provided to Family Members

Given the importance of the tax credits to the goal of expanding affordable insurance coverage, we must strongly oppose the denial of tax credits to family members of those who have employer-sponsored coverage.

Proposed section 1.36B-2 (c)(3) would define an employer-sponsored plan as affordable for family members (rendering them ineligible for tax credits in the exchange) if the employee's share of the premium for self-only coverage is not more than 9.5% of the employee's household income. If self-only coverage is deemed affordable, the family members of that employee will be denied tax credits should they find lower-cost insurance on the Exchange.

Given that it is not uncommon for family coverage to cost employees 2.5 to 3 times as much as single coverage,¹ many low- and moderate-wage employees whose spouses or children need insurance coverage may have to pay more than 9.5% of their household income for family coverage. It is unrealistic to think that employer-sponsored family coverage will be affordable for an employee simply because single coverage is affordable.

¹ As is the case for employees of the Boston, New York City and Washington, DC Public Schools.

The regulations must acknowledge that single parents and employees with unemployed spouses must all-too-frequently spend more than 9.5% of their income for employer-sponsored insurance coverage. This is particularly burdensome for lower wage workers. In the spirit of the ACA's intent to extend coverage to as many people as possible, the high cost of employer-sponsored family coverage for many workers must be acknowledged.

The Employee Share of the Family Premium Must be Considered When Judging Affordability

The proposed regulations should interpret the Act so that the share of the premium that the employee actually pays (not just the single coverage premium share) is compared to the employee's household income when judging affordability. This would ensure that the Exchanges base affordability determinations on the employee's actual insurance premium expense.² If the family coverage is deemed unaffordable, all low- and moderate-income family members should be eligible for premium tax credits in the Exchange.

Family Members Must be Eligible for Premium Tax Credits in the Exchanges

If the employee contribution to the family premium is not considered when determining affordability, then related individuals must be eligible for premium tax credits in the Exchange. If the self-only coverage is deemed affordable for an employee, the employee should be permitted to purchase self-only coverage knowing that his or her family members can purchase subsidized coverage in the Exchange. This would avoid penalizing family members for their relationship to a low- or moderate-wage worker who has employer-sponsored health insurance. Permitting related individuals to receive premium tax credits in the Exchanges is consistent with the PPACA's intent to expand affordable coverage.

This is an issue of critical importance to all the low- and moderate-income working families who feel so acutely the need for affordable healthcare. We urge you to consider the plight of these working families when issuing the final rules on the health insurance premium tax credits. Thank you for the opportunity to comment on this important issue.

Sincerely,



Kristor W. Cowan
Director, Legislation

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² Indeed, support for this approach can be found in the expected future exemption of family members from the individual mandate when the employee's contribution to family coverage is unaffordable.