

February XX, 2012

The Honorable Barack Obama
1600 Pennsylvania Avenue, NW
Washington, Dc 20500

The Honorable Harry Reid
U.S. Senate
Washington, DC 20510

The Honorable John Boehner
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
U.S. House of Representatives
Washington, DC 20515

Dear Mr. President, Majority Leader Reid, Minority Leader McConnell, Speaker Boehner, and Minority Leader Pelosi:

As leading national, state, and local advocates concerned about the health and well-being of America's children, we are writing to seek your assistance in addressing a "family-glitch" in current law that has the potential to disrupt the availability of affordable health coverage for our nation's children. Last fall, Congress passed and the President signed into law H.R. 2576, so-called "Medicaid glitch" legislation, to be sure that income eligibility is targeted to the neediest Americans. There is another serious glitch affecting the health of children and families that similarly needs your attention. Specifically, we seek your help to clarify language in the Affordable Care Act (ACA) to ensure that employees have an affordable coverage option not only for themselves but also for their dependents.

Under a current interpretation of the ACA, the test of whether an employer-sponsored health plan is affordable for an entire family is based only on the cost of coverage for the individual employee. Specifically, a recent Treasury Department proposed rule indicates that if the cost of self-only coverage for an employee does not exceed 9.5 percent of the taxpayer's household income then the coverage is considered affordable for the family. This interpretation does not take into account whether coverage is actually affordable for an entire family, and it restricts access for dependents to exchange subsidies when the offer of individual coverage for the employee is deemed affordable. This is particularly problematic given that employee-only insurance premiums average about \$5,400 per year, while annual employee-and-family premiums are nearly triple the cost, at \$15,000. Our groups are very concerned that this interpretation will make it difficult for families to secure affordable coverage for dependents, including children and spouses. Loss of coverage is unacceptable for any individual; for pregnant women or children with special healthcare needs, lack of health care could lead to adverse birth or developmental outcomes.

Whether through administrative action or legislation clarifying congressional intent, we call on you, our nation's leaders, to act quickly to address this problem, making sure that the test to determine whether coverage is affordable for a family is based on the cost of covering an entire family and not solely on the cost of coverage for an individual employee. Without action by the Administration or by Congress to address this issue, it is a certainty that families will face significantly higher costs in covering dependents or may be left without an affordable coverage option altogether.

We are sincerely thankful for your hard work on children's health care and would be happy to assist you in finding a solution to address this critical issue.

Sincerely,