



News Release

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FOR IMMEDIATE RELEASE

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New Opportunity Begins Today for 400,000 Californians to Enroll in More-Affordable Health Insurance Through Covered California

SACRAMENTO, Calif. — A new federal rule takes effect on Monday, opening the door for nearly 400,000 people to enroll in a more-affordable health plan through Covered California. The change means families who have been ineligible for financial help because one member is insured through an employer may now be eligible for subsidies to lower the cost of their premiums if they enroll in a health plan offered through Covered California.

“The door to more-affordable health coverage is opening today for hundreds of thousands of Californians,” said Jessica Altman, executive director of Covered California. “There are families across California who will now be able to save hundreds of dollars a month, and thousands of dollars a year, if they switch from employer-sponsored coverage to a Covered California plan.”

What You Need to Know

In October, the U.S. Treasury Department and the Internal Revenue Service released [the final rule to address the so-called “family glitch.”](#) Previously, if a family member had employee-only health coverage that was considered affordable, the employee and their family members were ineligible for federal financial help, even if the cost of family coverage exceeded the affordability threshold and was considered unaffordable.

Starting today, when families apply for 2023 coverage during the current open-enrollment period, their eligibility for financial help will be determined by whether the cost of coverage is considered affordable for the employee’s spouse and dependents.

400,000 Californians Could Get More-Affordable Coverage

The [UCLA Center for Health Policy Research](#) estimates that 615,000 Californians are caught in the “family glitch.” Of those, 391,000 people — who previously were not eligible for federal subsidies because a family member had an offer of employer-sponsored coverage — will now be eligible for financial help through Covered California.

(more)

According to the study, the 391,000 people who would benefit include:

- 319,000 people who would be able to save money by switching from their employer-sponsored coverage, or coverage through the individual market, to Covered California.
- 72,000 uninsured people who would be newly eligible for financial help through Covered California.

A study by the [Kaiser Family Foundation](#) found that the people caught in the “family glitch” are more likely to be women, children and lower income.

New Rule Enables 391,000 Californians to Receive Financial Help to Make Their Health Insurance More Affordable Through Covered California		
305,000	14,000	72,000
Employer-Sponsored Coverage	Individual Market	Uninsured

“With the holidays coming up, this could be a huge gift for hundreds of thousands of Californians, where they could get covered or see significant savings on their health insurance premiums,” Altman said. “The new rule will enable Californians who are more likely to be low-income, women and children, to have a new path to quality health insurance through Covered California.”

Families Could See Significant Savings

Individuals and their families could be eligible for financial help through Covered California if their employer-sponsored coverage exceeds 9.12 percent of their household income.

For example, Jose and Alma are married and have two children. The couple has a combined annual income of \$35,000. Jose’s employer offers employee-only and family coverage. Employee-only insurance costs \$2,500 per year (7.1 percent of household income) and coverage for the entire family costs \$6,000 per year (17 percent of family income).

Since the family coverage is not considered affordable because it costs more than 9.12 percent of their household income, Alma and the children are eligible for financial help through Covered California. Thanks to the Inflation Reduction Act, they would spend no more than 8.5 percent of their household income on health insurance premiums.

“By addressing this critical issue, the Biden administration is building on the Affordable Care Act and its mission to expand access to quality health care coverage,” Altman said. “Covered California is offering new tools to help people see if they are eligible, and we are reaching out to consumers who may benefit from this landmark decision.”

(more)

Covered California Offers New Tools to Help Consumers

In order to determine whether Californians can benefit from the new rule, Covered California is unveiling a [new affordability tool](#) and [worksheet](#), which can help people estimate whether they or their family members qualify for federal financial help.

In addition to the tool, consumers can also contact an [agent or certified enroller](#), [visit our support page](#) or use Covered California's [Help on Demand service](#) to have an enroller contact them within 15 minutes.

In order to find out if the health coverage offered by your employer is considered affordable, you will need the following information:

1. Total estimated 2023 household income.
 - a. Include the income for you, your spouse and anyone you claim as a dependent when you file taxes. Income includes wages and tips, salary, self-employment income, interest and dividends received, alimony received, Social Security payments received and other income.
2. Whether your employer-sponsored coverage meets the minimum standard.
 - a. Plan pays at least 60 percent of the total cost of medical services and substantially covers hospital and doctor services.
3. How much you would pay for the lowest-cost health plan offered by your employer for employee-only and family coverage.

In addition, Covered California will also be reaching out to consumers via email to explain the new benefit and how they can determine their eligibility.

About Covered California

Covered California is the state's health insurance marketplace, where Californians can find affordable, high-quality insurance from top insurance companies. Covered California is the only place where individuals who qualify can get financial assistance on a sliding scale to reduce premium costs. Consumers can then compare health insurance plans and choose the plan that works best for their health needs and budget. Depending on their income, some consumers may qualify for the low-cost or no-cost Medi-Cal program.

Covered California is an independent part of the state government whose job is to make the health insurance marketplace work for California's consumers. It is overseen by a five-member board appointed by the governor and the Legislature. For more information about Covered California, please visit www.CoveredCA.com.

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