



TO: Our Valued Clients and Brokers
FROM: Health Plans, Inc.
DATE: December 28, 2022
RE: Compliance eBlast: IRS New Eligibility Standards and the Family Glitch

Health Plans, Inc. (HPI) is issuing this Compliance *eBlast* to notify you that the Internal Revenue Service (IRS) has announced new eligibility standards for an Affordable Care Act (ACA) premium tax credit (PTC) to fix the “family glitch” which kept families from qualifying for ACA-subsidized health insurance when one member received coverage from their employer that was considered affordable.

Under this new guidance, for taxable years beginning after 2022, affordability of employer-sponsored coverage for an employee’s family members is based on the employee’s cost to cover the employee and those family members, rather than the cost of employee-only coverage. Under this revised guidance plans, including cafeteria plans, irrespective of plan year, *can* be amended to allow prospective midyear election changes from family coverage to employee-only coverage under a group health plan that is not a health Flexible Spending Account/Agreement (FSA) and provides minimum essential coverage if certain conditions are satisfied. Conditions include:

1. One or more related individuals are eligible for a special enrollment period to enroll in a Qualified Health Plan (QHP), or one or more already-covered related individuals seek to enroll in a QHP during the Exchange’s annual open enrollment period;
AND
2. The election change corresponds to the intended QHP enrollment for new coverage effective beginning no later than the day immediately following the last day of the revoked coverage.

HPI’s Actions:

- Adoption of this new family member Exchange enrollment “event” is optional and effective for elections that are operational on or after January 1, 2023. However, the IRS previously issued an optional status change in 2014/2015 and, at that time, HPI automatically amended clients’ plans to include the status change on their 2015 Plan Year start date beginning with 1/1/2015 renewals.
- As such, HPI will follow this same process for this new IRS status change for 2023 and will automatically amend clients’ plans for this new provision by adding the following language to the list of Qualified Change of Status Events for plan year start dates beginning on and after 1/1/2023:
 - One or more related individuals are eligible for a special enrollment period to enroll in a Qualified Health Plan (QHP), or one or more already-covered related individuals seek to enroll in a QHP during the Exchange’s annual open enrollment period, and the election change corresponds to the intended QHP enrollment for new coverage effective beginning no later than the day immediately following the last day of the revoked coverage.

Please do not reply to this email. Please contact the HPI Account Service Team directly if you have questions.

Regards,

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Director, Regulatory Affairs

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The information in this Compliance eBlast is intended to provide a summary of our understanding of recent regulatory developments which may affect our clients’ plans. It should not be construed as specific legal advice or legal opinion.