



Employer Insurance Affordability?

Generally, Individuals with Employer-Sponsored Insurance (ESI) coverage do not qualify for tax credits (Advance Premium Tax Credit) with kynect health coverage. There is an exception if the ESI coverage does not meet minimum standards or fails the affordability test. Most ESI plans meet the minimum standards. Previously, the affordability rules didn't consider the cost of ESI family coverage. This was called the "Family Glitch."

Two affordability tests are beginning in Plan Year 2023. The first test will check whether employee-only coverage passes the affordability rules. The employee will not be eligible for APTC with kynect health coverage if ESI for the employee is affordable. The second test will check if the ESI coverage is affordable for the family, using the same rules. The IRS sets the affordability rate each year. The rate is 9.12% of household income for 2023.

EXAMPLES

Employee Only:

- Bob (45M) does not have a spouse or dependents.
- \$40,000 total household income

For Bob (employee)

- \$250.00/month lowest cost employee only premium (amount employee pays)
- \$250.00 X 12 months = \$3000.00
- \$40,000 X 9.12% = \$3648.00
- \$3000.00 less than \$3648.00 = job-based insurance is affordable

Bob is not eligible for APTC with kynect health coverage because he has affordable coverage with his employer.



Employee and Spouse:

- Bob (45M) and spouse Mary (43F)
- \$40,000 total household income
- \$250.00/month lowest cost employee only premium (amount employee pays)
- \$400.00/month lowest cost family (amount employee pays)

For Bob (employee)

- $\$250.00 \times 12 \text{ months} = \3000.00
- $\$40,000 \times 9.12\% = \3648.00
- $\$3000.00$ less than $\$3648.00$ = job-based insurance is considered affordable

Bob is not eligible for APTC with kynect health coverage because he has affordable coverage (ESI). His family members may still be eligible for APTC.

For Mary (spouse)

- $\$400.00 \times 12 \text{ months} = \4800.00
- $\$40,000 \times 9.12\% = \3648.00
- $\$4800.00$ is greater than $\$3648.00$ = job-based insurance is considered unaffordable

Bob is still not eligible for APTC with kynect health coverage.

Mary is eligible for APTC with kynect health coverage because she does not have access to affordable coverage.

Additional notes: An employer may offer ESI to employees only, or the employer can include their family members.

ESI Family Coverage may be available to:

- An employee and spouse,
- An employee and any dependents, or
- An employee, the spouse, and any dependents.

Spouses and dependents must be part of the employee's tax household to be considered in the affordability test to apply for APTC.



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When does this take effect?

The new affordability rules take effect on January 1, 2023. The calculator within the kynect eligibility system will be live on December 16, 2022, and will automatically make the calculations for Plan Year 2023.

How can individuals take advantage of this new policy?

To enroll family members offered unaffordable ESI in a Qualified Health Plan with APTC through kynect, please use the following methods:

1. **Wait until December 16, 2022, or After to Enroll: (Preferred Method):** The calculations and eligibility will be correct in kynect. Call the Professional Services Line and state you attempted to enroll for January 1 coverage but could not because of the incorrect ESI affordability determination. The Professional Services Line representative will submit an SR&I ticket to change the effective date to January 1, 2022. Remember that if the individuals have lost coverage (ESI, Medicaid, etc.), you may use that Special Enrollment Period reason for January 1, 2023 coverage
2. **Enrolled Before December 16, 2022:** If a spouse or family member is APTC Denied for an offer of ESI, double-check using the anonymous [estimator tool](#): If the plan is determined unaffordable, send an email to kynectESE@ky.gov. Please write "Unaffordable ESI" in Subject Line. Please include the case number, yearly income, and the amount of the ESI premium for the employee and the employee's family member(s). KHBE staff will review and apply APTC to January enrollment as appropriate.



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