Health Reimbursement Arrangement (HRA) Affordability Worksheet - 2022

Use this worksheet to find out if your employer's HRA is affordable, or not affordable, by federal standards.

Note: The lowest cost Single (**individual-only**) Silver plan is used to calculate affordability, no matter which plan you intend to buy and no matter if there are other household members covered by the plan.

1.	Figure out your required monthly contribution to purchase the lowest cost single plan:		
	a.	Monthly cost for lowest cost Single (self-only) Silver plan through VHC = \$731.91	_(line 1a)
	b.	Monthly individual coverage HRA plan amount (from your employer letter) =	_(line 1b)
	c.	Subtract "line 1b" from "line 1a" = Your required monthly contribution* =	_(line 1c)
2.	Figure out your monthly household income:		
	a.	Enter your estimated 2022 household income (include wages and tips, salary, self-employment investment interest, Social Security benefits, and other income for all members of your tax househere = (line 2a)	
	b.	Divide line 2a by 12 for your monthly income. Enter the result here =	(line 2b)
3.	Figure out if the HRA is affordable:		
	a.	Multiply line 2b by 9.61% (x .0961 on your calculator). Enter the result here =	_ (line 3a)
	b.	Is the amount on line 1c more than the amount on line 3a? Mark as Yes or No	

If 3b is YES, your HRA is NOT affordable. This means you may be eligible for advance premium tax credits (APTC) to lower the cost of Marketplace coverage for you and your household members only if you opt-out of your employer's individual coverage HRA offer. If you accept the HRA and receive APTC, you will owe money back at tax time.

- Suggested Next Steps:
 - 1. Find out if you qualify for tax credits.

(line 3b)

- 2. Select a plan.
- 3. Accept the APTC you are eligible for and opt out of your employer's HRA offer.

If 3b is NO, (or if 1c and 3a are equal), your HRA is affordable. This means you're not eligible for APTC to lower the cost of Marketplace coverage for you and your household members (if the offer is extended to them). It's a good idea to accept your employer's individual coverage HRA offer to help pay your premiums and enroll in a plan. Do not accept any APTC if you purchase health insurance through VHC. If you do, you will owe money back at tax time.

- Suggested Next Steps:
 - 1. Select a plan.
 - 2. **Select \$0.00 APTC** when you enroll.

Alternately, you may choose to enroll directly with the health insurance carrier.

SUMMARY

- The Lowest Cost Silver Plan (LCSP) for an individual is used to calculate affordability, no matter what plan you intend to buy.
- * "Your required contribution" refers to the amount you pay <u>after</u> your employer's contribution.
- For 2022, a HRA is 'affordable' if the cost of a Single plan, after employer contribution, is less than or equal to 9.61% of your household's <u>Modified Adjusted Gross Income (MAGI)</u>.