

## Health Reimbursement Arrangement (HRA) Affordability Worksheet - 2023

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 = \_\_\_\_\_ **\$837.38** (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 **2023 household income** (include wages and tips, salary, self-employment income, investment interest, Social Security benefits, and other income for all members of your tax household) here = \_\_\_\_\_ (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 **9.12%** ( x .0912 on your calculator). Enter the result here = \_\_\_\_\_ (line 3a)  
*Note: The 9.12% only applies to plans that start in 2023.*
- b. Is the amount on line **1c** more than the amount on line **3a**? Mark as Yes or No  
\_\_\_\_\_ (line 3b)

**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.
  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 after your employer's contribution.
- For 2023, a HRA is 'affordable' if the cost of a Single plan, after employer contribution, is less than or equal to 9.12% of your household's [Modified Adjusted Gross Income \(MAGI\)](#).