

## Health Reimbursement Arrangement (HRA) Affordability Worksheet

This worksheet may be used to find out if the HRA offered to you is affordable or not affordable by federal definition.

*Note: The lowest cost Single (individual-only) Silver plan is used to calculate affordability, regardless of the plan you intend to buy and regardless of other household members covered by the plan.*

**First, determine your required monthly contribution to purchase this plan:**

- Monthly premium for **lowest cost Single (self-only) Silver plan** through VHC =     \$644.91     (line 1)
- Monthly individual-only **HRA plan amount** (from your employer letter) = \_\_\_\_\_ (line 2)
- Subtract "line 2" from "line 1" = **Your required monthly contribution** = \_\_\_\_\_ (line 3)

**Next, determine your required contribution as a percentage of your household income:**

- Multiply "line 3" by 12 to get your **required annual contribution** = \_\_\_\_\_ (line 4)
- Determine your estimated **2020 household income** (include wages and tips, salary, self-employment income, interest and dividends received, Social Security payments received, and other income for all members of your tax household) = \_\_\_\_\_ (line 5)

Divide line 4 by line 5 to determine your required contribution as a **percentage of your household income**:  
\_\_\_\_\_ (line 6)

### **What does this number mean?**

- **If line 6 is larger than .0978 (9.78%), your HRA is considered NOT affordable.** Based on this information, you may qualify for advance premium tax credits (APTC) if you apply for coverage through Vermont Health Connect. You cannot receive both a HRA from your employer, and tax credits through VHC. If you decide that the APTC is a better deal for you, you will need to opt out of the HRA.

**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 decline your employer's HRA offer.

- **If line 6 is no more than .0978 (9.78%), your HRA is affordable** by federal definition. Based on this information, you will NOT be eligible for advance premium tax credits (APTC) to help you purchase health insurance. You may still purchase a health plan and use the HRA to help pay for it.

**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, regardless of the plan you intend to buy.
- 'Your required contribution' refers to the amount you pay after your employer's contribution.
- For 2020, a HRA is 'affordable' if the cost of a Single plan, after employer contribution, is less than or equal to 9.78% of your household's [Modified Adjusted Gross Income \(MAGI\)](#).