

Health Reimbursement Arrangement (HRA) Affordability Worksheet - 2025

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 = \$1,275.11 (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 **2025 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 **9.02%** (x .0902 on your calculator). Enter the result here = (line 3a)
Note: The 9.02% only applies to plans that start in 2025.
- 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 2025, a HRA is 'affordable' if the cost of a Single plan, after employer contribution, is less than or equal to 9.02% of your household's [Modified Adjusted Gross Income \(MAGI\)](#).