

Is your individual coverage Health Reimbursement Arrangement (HRA) offer affordable?

Employers can reimburse employees for medical expenses through an account-based plan that requires employees to also enroll in individual health insurance (like a Marketplace health plan or a plan you buy outside of the Marketplace, like directly through an insurance company), or to be covered by Medicare Parts A & B, or Medicare Part C. The account-based plan is called an “individual coverage HRA” in this worksheet, but your employer may call it something else. Employers can’t offer both a “traditional” job-based coverage and an individual coverage HRA to the same employee.

If your employer is offering an individual coverage HRA, you’ll get a notice. Your employer’s notice will explain that there are different kinds of HRAs, but the HRA being offered to you is an individual coverage HRA. It’ll also say whether the HRA offer extends to other household members.

Read your employer’s notice carefully to understand the terms of your coverage. If you have an individual coverage HRA, your employer’s notice will explain that you (and any eligible household members) need to be enrolled in individual health insurance coverage or covered by Medicare to use the individual coverage HRA. If your employer offers you an individual coverage HRA and you’re considering applying for a Marketplace plan, you can use the decision guide at [HealthCare.gov/job-based-help](https://www.healthcare.gov/job-based-help) or this worksheet to get an idea if it meets requirements for “affordability.” If the individual coverage HRA doesn’t meet requirements for “affordability,” you must decline (opt out of) the individual coverage HRA to qualify for the Marketplace premium tax credit to lower your monthly insurance payment if you’re otherwise eligible. If the individual coverage HRA meets requirements for “affordability,” or if you’re already covered by an individual coverage HRA and can no longer decline (opt out of it), you can’t get a premium tax credit to lower the cost of a Marketplace plan.

STEP 1: Gather the information you need.

- You’ll need access to [HealthCare.gov](https://www.healthcare.gov) and a few things to complete this worksheet:
- **Your most recent individual coverage HRA notice.** You should’ve gotten this from your employer. If you didn’t, check with them.
- **The adjusted gross income amount from your most recent federal income tax return.** You’ll need this to determine your household income for the year the individual coverage HRA will start. You’ll need your household income for Step 3. For what to include, visit [HealthCare.gov/income-and-household-information/income](https://www.healthcare.gov/income-and-household-information/income).
- **A calculator.** Or, use the calculator function on your computer or mobile device.

STEP 2: Enter your individual coverage HRA.

<p>a. Enter the yearly, self-only individual coverage HRA amount offered to you by your employer.</p> <p>If you didn’t get the full-year amount provided in the notice—like if you gained employment during the HRA’s plan year—enter the self-only amount that you’ll get.</p>	<p>2a</p> <p>\$</p>
<p>b. • If the individual coverage HRA is offered to you for the entire year: Divide 2a by 12. Enter the result here.</p> <p>• If the individual coverage HRA isn’t offered to you for the entire year: Divide 2a by the number of months you’re being offered the individual coverage HRA. Enter the result here.</p>	<p>2b</p> <p>\$</p>

STEP 3: Enter your household income.

a. Enter your expected household income for the year the individual coverage HRA will start.	3a \$
b. Divide 3a by 12. Enter the result here.	3b \$
c. Multiply 3b by 9.83% (.0983 on your calculator). Enter the result here. Note: The 9.83% applies only to individual coverage HRAs that start in 2021.	3c \$

STEP 4: Calculate if the individual coverage HRA is affordable.

a. Enter the premium amount of the lowest cost Silver plan in the Marketplace. This may not be the plan you enroll in. You need to know the lowest cost Silver plan premium to figure out if your individual HRA meets requirements for "affordability." To get this amount, follow these steps: <ul style="list-style-type: none">• Visit HealthCare.gov/see-plans/.• Enter your ZIP code and select "Continue."• Select "Start" next to "Tell us about you & your household."• Select "Skip" when asked if you're currently enrolled in a Marketplace health plan.• When asked who's in your household, select "Just you."• Enter your current age and select your sex.• Check only the box that says: "Eligible for health coverage through a job, Medicare, Medicaid, or CHIP."• To see the correct premium amount, leave the other boxes unchecked even if they apply to you.• Select "Continue."• When asked to confirm your household members, select "Confirm" without adding a spouse or dependents.• When asked about your expected income for the current calendar year, select "See Plans Now." Don't enter your income information.• Close the "Help Comparing Plans" pop-up box.• Above the list of plans, make sure "Sort by" is set to "Premium" and select the green "Filter Plans" button.• Under "Health plan categories" check the box next to "Silver."• Select the green "Apply Filters" button.• Look for the first plan listed.• Find the "Estimated Monthly Premium" amount from the first plan listed, and enter it here.	4a \$
b. Enter the monthly premium minus your monthly, self-only individual coverage HRA amount. To get this amount, subtract 2b from 4a.	4b \$
c. Enter the amount from 3c.	4c \$
d. Is the 4b amount more than the 4c amount? Select Yes or No.	4d Yes No

STEP 5: Check affordability.

- **If 4d is Yes: Your individual coverage HRA doesn't meet requirements for "affordability."** You must decline (opt out of) the individual coverage HRA to qualify for the premium tax credit with a Marketplace plan if you're otherwise eligible.
- **If 4d is No (or if 4b and 4c are equal): Your individual coverage HRA meets requirements for "affordability."** You (and any household members who the HRA offer extends to) won't be eligible for the premium tax credit for Marketplace coverage, even if you decline (opt out of) the individual coverage HRA. It's a good idea to accept your employer's individual coverage HRA offer to help pay your premiums and enroll in a plan.

STEP 6: Submit a Marketplace application.

- Be sure to include information about your individual coverage HRA to find out for sure whether your HRA meets standards for "affordability," or if you can qualify for a tax credit to use instead.

Note: You (and any eligible household members) may qualify for a Special Enrollment Period to enroll in or change Marketplace coverage outside the yearly Open Enrollment Period if you newly gained access to an individual coverage HRA. Generally, you'll need to submit an application and choose a plan in time for it to take effect by the date that your individual coverage HRA starts. But your employer might offer different options for when your individual coverage HRA can start to give you more time to enroll. Contact them or check your notice to see if this applies to you.

Need more information?

- Visit the decision guide at [HealthCare.gov/job-based-help](https://www.healthcare.gov/job-based-help) to understand your options before you act.
- For specifics on your individual coverage HRA offer, like its start date and if it covers dependents, check your individual coverage HRA notice or contact your employer.

