

# Is insurance offered by my employer “affordable”?



*This document explains how to know if your employer-based insurance is considered “affordable.” In most cases, if you or your family members receive health insurance from an employer that’s considered affordable, you will not qualify for financial help to buy coverage through HealthSource RI.*

## How does the federal government define affordability?

The Affordable Care Act says that your employer coverage is affordable if you pay less than 9.56% of your total household income on your health insurance.

However, this calculation is only based on the cost of employer-based insurance for an *individual*, not the cost of a plan for you and your spouse, or you and your family. So, if your employer offers *you* a plan that will cost less than 9.56% of your family income, it qualifies as affordable, even if the cost of a plan for *your family* is more than 9.56% of your family income.

## Is there any other way I might qualify to get financial help through HealthSource RI?

You might qualify for financial help through HealthSource RI if your employer’s health insurance plan doesn’t cover your basic health needs. The federal government requires all plans to offer what is called “minimum essential coverage.” Most employers’ plans already meet these requirements, but you can double check with the human resources department at your job. Depending on your income, you might qualify for quality, free or low cost coverage through Medicaid.

## How to calculate if your employer insurance is affordable

Insert your household income in the below example to calculate the most you could pay for an “affordable” health plan:

$$\frac{\text{Your Household Income}}{\text{Your Household Income}} \times .0956 = \frac{\text{Cost of an affordable health plan}}{\text{Cost of an affordable health plan}}$$

If an individual health plan through your employer costs **more** than your cost for an affordable health plan, your coverage may not be affordable, and you can sign up for coverage using HealthSource RI.

If an individual health plan through your employer costs **less** than your cost for an affordable health plan, your coverage is considered affordable, and you will most likely not be eligible for tax credits through HealthSource RI.

# Is insurance offered by my employer “affordable”? (con’t)



## Quick check: is my insurance affordable?

If you answer no to any of these questions, you might qualify to receive financial help through HealthSource RI.

| Question                                                                                                   | Yes | No |
|------------------------------------------------------------------------------------------------------------|-----|----|
| Does your employer offer health coverage?                                                                  |     |    |
| Does an employer health plan cost you (not your family) less than 9.56% of your household’s yearly income? |     |    |
| Does your employer’s insurance qualify as Minimal Essential Coverage? (You can ask your HR department)     |     |    |

## Affordability Example:

John’s family makes \$70,000 dollars per year. Based on the affordability rule, his employer coverage is affordable if a plan just for him costs less than 9.56% of his household income, or less than \$6,692. You’ll see below that even though a plan for John’s family is more than that amount, it’s still considered affordable because a plan just for him costs less than \$6,692.

| John’s employee health insurance options |                |               |                           |                          |             |
|------------------------------------------|----------------|---------------|---------------------------|--------------------------|-------------|
| Type of plan                             | Cost per month | Cost per year | 9.56% of family’s income= | Cost is less than 9.56%? | Affordable? |
| Plan just for John                       | \$300          | \$3,600       | \$6,692                   | Yes                      | Yes         |
| Plan for John and his spouse             | \$450          | \$5,400       | \$6,692                   | Yes                      | Yes         |
| Plan for John’s family                   | \$600          | \$7,200       | \$6,692                   | No                       | Yes         |