



Understanding ICHRA Affordability & Subsidy Eligibility

A client-friendly explainer from Total Benefit Solutions, Inc.

An Individual Coverage Health Reimbursement Arrangement (ICHRA) lets employers reimburse employees for individual health insurance premiums and other qualified medical expenses. This guide explains how to determine whether an ICHRA offer is affordable under Affordable Care Act (ACA) rules and how that affects your eligibility for Marketplace premium tax credits (subsidies).

Why Affordability Matters

If your ICHRA is ****affordable****, you cannot receive Marketplace premium tax credits.

If your ICHRA is ****unaffordable****, you may ****opt out**** of the ICHRA and apply for Marketplace subsidies.

You must decide before the ICHRA plan year begins and report your choice when you apply on HealthCare.gov (or your state exchange).

Step-by-Step Affordability Check

Step 1 — Gather Your Information

Household income, monthly ICHRA allowance, and cost of the lowest-cost Silver plan for your age/location.

Step 2 — Calculate Your Net Premium

Net Premium = Silver Plan Premium – ICHRA Allowance

Step 3 — Determine Your Monthly Affordability Limit

Affordability Limit = (Household Income × IRS affordability %) ÷ 12.

Step 4 — Compare

If Net Premium ≤ Affordability Limit → Affordable (no subsidy). Else → Unaffordable (may opt out).

Step 5 — Make Your Choice

Opt out before plan year starts if unaffordable.

Worked Example

Income: \$50,000; Silver plan: \$500; ICHRA: \$200; Net Premium: \$300; Affordability limit:
~\$349 → Affordable.

Tip	Use HealthCare.gov 's affordability guidance and your employer's ICHRA
Reminder	You cannot combine ICHRA reimbursements and Marketplace subsidies.

Office: 427 E Street Rd, Feasterville, PA 19053 | www.totalbenefits.net

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ICHRA Affordability Worksheet

Fill in these fields before enrolling.

1. Household income	\$ _____
2. IRS affordability %	_____ %
3. Monthly affordability limit	\$ _____
4. Silver plan premium	\$ _____
5. ICHRA allowance	\$ _____
6. Net premium	\$ _____
7. Compare result	Affordable / Unaffordable
8. Decision	Opt In / Opt Out