

Affordability Safe Harbors

The affordability safe harbor is the measure of whether the employee's share of premium cost is deemed affordable. There are three IRS Safe Harbor measures to choose from:

| | |
|----------------------|--|
| W-2 | Annual payroll deduction for employee only coverage does not exceed 9.02% of Box 1, W-2 earnings |
| Rate of Pay | Monthly payroll deduction for employee only premium does not exceed 9.02% of the pay rate of the lowest paid employee x 130 hours (may only be used if pay rates do not decrease during the year) |
| Federal Poverty Line | Annual payroll deduction for employee only premium does not exceed 9.02% of the single Federal Poverty Level Based on 2024 Federal Poverty Level this threshold equates to: \$113.20 per month |

These premium measures are to be based on the lowest cost plan option that meets a 60% actuarial value of benefits.

The chart below on the left illustrates 9.02% of earnings relative to various pay rates, beginning with the Federal Minimum Wage.

The charts below on the right are informational, illustrating where the Federal Poverty Level is currently based on household size and the percent of premium responsibility individuals could have if they qualify for a Premium Tax Credit (PTC) by purchasing coverage through an exchange.

9.02% of Hourly Earnings At Different Rates
For Maximum Employee Contribution

| Hourly Wage | Hourly Wage * 130 Hours Per Month | 9.02% of Monthly Earnings |
|---|--------------------------------------|------------------------------|
| \$7.25 | \$943 | \$85.01 |
| \$7.50 | \$975 | \$87.95 |
| \$8.00 | \$1,040 | \$93.81 |
| \$8.50 | \$1,105 | \$99.67 |
| \$9.00 | \$1,170 | \$105.53 |
| \$9.50 | \$1,235 | \$111.40 |
| \$10.00 | \$1,300 | \$117.26 |
| \$10.50 | \$1,365 | \$123.12 |
| \$11.00 | \$1,430 | \$128.99 |
| \$11.50 | \$1,495 | \$134.85 |
| \$12.00 | \$1,560 | \$140.71 |
| \$12.50 | \$1,625 | \$146.58 |
| \$13.00 | \$1,690 | \$152.44 |
| \$13.50 | \$1,755 | \$158.30 |
| \$14.00 | \$1,820 | \$164.16 |
| \$14.50 | \$1,885 | \$170.03 |
| \$15.00 | \$1,950 | \$175.89 |
| \$15.50 | \$2,015 | \$181.75 |
| \$16.00 | \$2,080 | \$187.62 |
| \$16.50 | \$2,145 | \$193.48 |
| \$17.00 | \$2,210 | \$199.34 |
| \$17.50 | \$2,275 | \$205.21 |
| \$18.00 | \$2,340 | \$211.07 |
| \$18.50 | \$2,405 | \$216.93 |
| \$19.00 | \$2,470 | \$222.79 |
| \$19.50 | \$2,535 | \$228.66 |
| \$20.00 | \$2,600 | \$234.52 |
| \$20.50 | \$2,665 | \$240.38 |
| 130 hours per month is the benchmark for full-time status based on IRS regulations. | | |

Federal Poverty Level in Continental US (2024 Amounts)
Percent of Federal Poverty Level

| Household Size | Percent of Federal Poverty Level | | | | |
|---|----------------------------------|----------|-----------|-----------|-----------|
| | 100% | 138% | 200% | 300% | 400% |
| 1 | \$15,060 | \$20,783 | \$30,120 | \$45,180 | \$60,240 |
| 2 | \$20,440 | \$28,207 | \$40,880 | \$61,320 | \$81,760 |
| 3 | \$25,820 | \$35,632 | \$51,640 | \$77,460 | \$103,280 |
| 4 | \$31,200 | \$43,056 | \$62,400 | \$93,600 | \$124,800 |
| 5 | \$36,580 | \$50,480 | \$73,160 | \$109,740 | \$146,320 |
| 6 | \$41,960 | \$57,905 | \$83,920 | \$125,880 | \$167,840 |
| 7 | \$47,340 | \$65,329 | \$94,680 | \$142,020 | \$189,360 |
| 8 | \$52,720 | \$72,754 | \$105,440 | \$158,160 | \$210,880 |
| 9 | \$58,100 | \$80,178 | \$116,200 | \$174,300 | \$232,400 |
| 10 | \$63,480 | \$87,602 | \$126,960 | \$190,440 | \$253,920 |
| For each additional person, add \$5,380 | | | | | |

Refundable Premium Tax Credits

| Household Income Relative | Percent of Income Before |
|---|---------------------------|
| To Federal Poverty Level: | Premium Tax Credit Begins |
| Up to 150% | 0% |
| 15% to 200% | 2.0% |
| 200% to 250% | 4.0% |
| 250% to 300% | 6.0% |
| 300% to 400% | 8.5% |
| 400% and higher | 8.5% |
| Refundable Premium Tax Credits (PTC) are available on a sliding-scale basis for individuals and families who are enrolled in an Exchange-purchased health plan, and are not eligible for other qualifying coverage or affordable employer-sponsored health insurance plans providing minimum value. PTC's can be provided as a subsidy through an exchange or taken as a tax credit on a taxpayers annual tax return. | |