



Employer Coverage Affordability Tool – Common Scenarios Case Examples

Overview

As of plan year 2023, if an employee must pay more than the affordability threshold (9.02% for 2025) of household income towards the premium for the lowest cost family plan offered by their employer, the plan is considered unaffordable, and the employee's family members may qualify for financial assistance for health coverage through Covered California.

The Affordability Tool can help consumers estimate if they or their family members may qualify for financial help. This document outlines common scenarios with examples of Affordable, Not Affordable, and Mixed affordability determinations.

SCENARIO 1: Monthly, Employee-Only, Affordable Determination

Annual Household Income (HHI) = \$30,000

- To test the monthly employee-only determination we're using \$100 as the monthly amount ($\$100 \times 12 = \$1,200$).
 - Employee-only cost of $\$1,200 / \$30,000 = 4\%$. This makes the employee-only coverage **Affordable**.

SCENARIO 2: Twice Per Month, Employee-Only, Not Affordable Determination

Annual HHI = \$30,000

- To test the twice per month functionality using \$142.50 as the twice per month employee-only amount ($\$142.50 \times 24 = \$3,420$).
 - Employee-only cost of $\$3,420 / \$30,000 = 11.4\%$ of annual income. This makes the employee-only coverage **Not Affordable**.

SCENARIO 3: Every 2 Weeks, Employee-Only + Family Mixed Determination

Annual HHI = \$30,000 (first entry), \$32,000 (after making an edit to test the edit function)

- To test the bi-weekly function of employee-only determination we're using \$69.23 as the bi-weekly employee-only amount ($\$69.23 \times 26 = \$1,799.98$).
 - Employee-only cost of $\$1,799.98 / \$32,000 = 5.62\%$ of annual income. This makes the employee-only coverage **Affordable**.
- To test the bi-weekly function of family coverage we're using \$115.38 as the bi-weekly family amount ($\$115.38 \times 26 = \$2,999.88$).
 - Annual family coverage cost of $\$2,999.88 / \$32,000 = 9.37\%$ of annual income. This makes the Family Coverage **Not Affordable**.

SCENARIO 4: Weekly, Employee-Only + Family Affordable Determination

Annual HHI = \$30,000

- Testing the employee-only determination we're using \$23.08 as the weekly employee-only amount ($\$23.08 \times 52 = \$1,200.16$).

Covered California

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- Employee-only cost of $\$1,200.16 / \$30,000 = 4\%$ of annual income. This makes the employee-only coverage **Affordable**.
- To test the weekly family coverage function we're using \$51.92 as the weekly family coverage amount ($\$51.92 \times 52 = \$2,700$).
 - Annual family coverage cost of $\$2,700 / \$30,000 = 9\%$ of annual income. This makes the family coverage **Affordable** for 2025.

SCENARIO 5: Yearly, Employee Only + Family **Not Affordable** Determination

Annual HHI = \$30,000

- To test the yearly employee-only coverage function we're using \$3,600 as the yearly employee-only amount.
 - Employee-only cost of $\$3,600 / \$30,000 = 12\%$ of annual income. This makes the employee-only coverage **Not Affordable**.
- To test the yearly family coverage determination using \$4,800 as the yearly family coverage amount.
 - Family cost of $\$4,800 / \$30,000 = 16\%$ of annual income. This makes the family coverage **Not Affordable**.

SCENARIO 6: Quarterly, Employee-Only + Family **Mixed** Determination

Annual HHI = \$30,000

- To test the quarterly employee-only coverage function we're using \$675 as the quarterly employee-only amount ($\$675 \times 4 = \$2,700$ per year).
 - Employee-only cost of $\$2,700 / \$30,000 = 9\%$ of annual income. This makes the employee-only coverage **Affordable** for 2025.
- To test the quarterly family coverage function we're using \$800 as the quarterly family amount ($\$800 \times 4 = \$3,200$ per year).
 - Family coverage cost of $\$3,200 / \$30,000 = 10.67\%$ of annual income. This makes the family coverage **Not Affordable**.
- Making an edit to employee-only cost \$675 to \$670 to test the edit function.
 - $\$670 \times 4 = \$2,680$ yearly cost
 - $\$2,680 / \$30,000 = 8.93\%$ of annual income. Employee-only coverage is **Affordable** for 2025.
- Making an edit to family cost \$800 to \$805 to test the edit function.
 - $\$805 \times 4 = \$3,220$ yearly cost
 - $\$3,220 / \$30,000 = 10.73\%$ of annual income. Family coverage is **Not Affordable**.