

CBO's February 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage

EFFECTS ON INSURANCE COVERAGE ^a		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Millions of nonelderly people, by calendar year)												
Prior-Law Coverage ^b	Medicaid and CHIP	36	36	36	34	34	34	34	35	35	36	36
	Employer	154	155	157	160	162	164	165	166	166	167	167
	Nongroup and Other ^c	24	25	25	26	26	27	27	27	27	28	28
	Uninsured ^d	<u>58</u>	<u>58</u>	<u>58</u>	<u>57</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>	<u>56</u>
	TOTAL	272	274	276	277	279	281	282	284	285	286	288
Change	Medicaid and CHIP	1	8	11	11	11	11	11	12	12	12	12
	Employer ^e	1	*	-2	-6	-7	-8	-8	-8	-7	-7	-7
	Nongroup and Other ^c	*	-1	-2	-3	-3	-3	-3	-3	-3	-4	-4
	Exchanges	0	7	13	24	26	27	27	26	26	26	25
	Uninsured ^d	-2	-14	-20	-26	-27	-27	-27	-27	-27	-27	-27
<u>Uninsured Under the Affordable Care Act</u>												
	Number of Uninsured Nonelderly People ^d	55	44	37	31	29	29	29	29	29	29	30
	Insured Share of the Nonelderly Population ^a											
	Including All Residents	80%	84%	86%	89%	90%	90%	90%	90%	90%	90%	90%
	Excluding Unauthorized Immigrants	81%	86%	89%	91%	92%	92%	92%	92%	92%	92%	92%
<u>Memo: Exchange Enrollees and Subsidies</u>												
	Number with Unaffordable Offer from Employer ^f		*	*	1	1	1	1	1	1	1	2
	Number of Unsubsidized Exchange Enrollees		1	2	4	4	4	5	5	5	5	5
	Average Exchange Subsidy per Subsidized Enrollee		\$5,510	\$5,500	\$5,570	\$5,840	\$6,330	\$6,580	\$6,950	\$7,390	\$7,850	\$8,290

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: The Affordable Care Act comprises the Patient Protection and Affordable Care Act (Public Law 111-148) and the health care provisions of the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) and, in the case of this document, the effects of subsequent related judicial decisions, statutory changes, and administrative actions.

Numbers may not add up to totals because of rounding.

CHIP = Children's Health Insurance Program; * = between 0.5 million and -0.5 million.

a. Figures for the nonelderly population include only residents of the 50 states and the District of Columbia who are younger than 65.

b. Figures reflect average annual enrollment; individuals reporting multiple sources of coverage are assigned a primary source. To illustrate the effects of the Affordable Care Act, which is now current law, changes in coverage are shown compared with coverage projections in the absence of that legislation, or "prior law."

c. The effects of the Affordable Care Act are almost entirely on nongroup coverage; "other" includes Medicare.

d. The count of uninsured people includes unauthorized immigrants as well as people who are eligible for, but not enrolled in, Medicaid.

e. The change in employment-based coverage is the net result of increases in and losses of offers of health insurance from employers and changes in enrollment by workers and their families. For example, in 2019, an estimated 12 million people who would have had an offer of employment-based coverage under prior law will lose their offer under current law, and another 3 million people will have an offer of employment-based coverage but will enroll in health insurance from another source instead. These flows out of employment-based coverage will be partially offset by an estimated 7 million people who will newly enroll in employment-based coverage under the Affordable Care Act.

f. Workers who would have to pay more than a specified share of their income (9.5 percent in 2014) for employment-based coverage could receive subsidies via an exchange.

CBO's February 2013 Estimate of the Budgetary Effects of the Insurance Coverage Provisions Contained in the Affordable Care Act

(Billions of dollars, by fiscal year)

EFFECTS ON THE FEDERAL DEFICIT ^{a,b}												11-Year Total,
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2023
Medicaid and CHIP Outlays ^c	2	17	37	54	62	68	72	75	79	84	89	638
Exchange Subsidies and Related Spending ^d	4	28	55	96	122	137	143	147	154	161	169	1,216
Small-Employer Tax Credits ^e	<u>2</u>	<u>3</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>26</u>
Gross Cost of Coverage Provisions	7	47	96	153	186	206	217	224	236	247	260	1,879
Penalty Payments by Uninsured Individuals	0	0	-3	-5	-6	-6	-6	-6	-7	-7	-7	-52
Penalty Payments by Employers ^e	0	-5	-10	-12	-14	-16	-17	-18	-19	-20	-21	-150
Excise Tax on High-Premium Insurance Plans ^e	0	0	0	0	0	-10	-17	-21	-25	-30	-35	-137
Other Effects on Tax Revenues and Outlays ^f	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-9</u>	<u>-18</u>	<u>-24</u>	<u>-28</u>	<u>-31</u>	<u>-32</u>	<u>-32</u>	<u>-33</u>	<u>-211</u>
NET COST OF COVERAGE PROVISIONS	6	41	81	127	148	151	149	149	154	159	164	1,329

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: The Affordable Care Act comprises the Patient Protection and Affordable Care Act (Public Law 111-148) and the health care provisions of the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) and, in the case of this document, the effects of subsequent related judicial decisions, statutory changes, and administrative actions.

Numbers may not add up to totals because of rounding.

CHIP = Children's Health Insurance Program.

- a. Does not include effects on the deficit of other provisions of the Affordable Care Act that are not related to coverage, which in the aggregate reduce deficits. Also excludes federal administrative costs subject to appropriation. CBO has previously estimated that the Internal Revenue Service will need to spend between \$5 billion and \$10 billion over 10 years to implement the Affordable Care Act and that the Department of Health and Human Services and other federal agencies also will have to spend \$5 billion to \$10 billion over that period. In addition, the Affordable Care Act included explicit authorizations for spending on a variety of grant and other programs; that funding is also subject to future appropriation action.
- b. Positive numbers indicate increases in the deficit, and negative numbers indicate reductions in the deficit.
- c. Under current law, states have the flexibility to make programmatic and other budgetary changes to Medicaid and CHIP. CBO estimates that state spending on Medicaid and CHIP in the 2013-2023 period would increase by about \$63 billion as a result of the coverage provisions of the Affordable Care Act.
- d. Includes spending for high-risk pools, premium review activities, loans to consumer-operated and oriented plans, and grants to states for the establishment of exchanges.
- e. These effects on the deficit include the associated effects on tax revenues of changes in taxable compensation.
- f. The effects are almost entirely on tax revenues. CBO estimates that outlays for Social Security benefits would increase by about \$9 billion over the 2013-2023 period, and that the coverage provisions would have negligible effects on outlays for other federal programs.

Health Insurance Exchanges: CBO's February 2013 Baseline

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXCHANGE ENROLLMENT^a											
Millions of People, by Calendar Year											
Individually Purchased Coverage											
Subsidized	0	6	11	20	22	22	22	21	21	21	21
Unsubsidized ^b	<u>0</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
TOTAL	0	7	13	24	26	27	27	26	26	26	25
Employment-Based Coverage											
Purchased Through Exchanges ^b	0	2	2	3	4	4	4	4	4	4	4
DIRECT SPENDING											
Billions of Dollars, by Fiscal Year											
Premium Credit Outlays	0	15	33	59	77	86	90	94	100	104	109
Cost-Sharing Subsidies	0	4	9	15	18	20	21	21	23	24	25
Related Spending ^c	<u>4</u>	<u>3</u>	<u>1</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
TOTAL	4	22	43	74	95	106	111	115	122	128	134
ADDITIONAL INFORMATION											
Premium Credit Revenue Reductions (Billions of dollars)	0	6	13	22	27	30	32	32	32	33	35
Total, Exchange Subsidies and Related Spending	4	28	55	96	122	137	143	147	154	161	169
Total Exchange Subsidies by Calendar Year (Billions of dollars)	0	35	62	111	127	141	143	148	157	163	170
Average Exchange Subsidy per Subsidized Enrollee (Dollars)	\$0	\$5,510	\$5,500	\$5,570	\$5,840	\$6,330	\$6,580	\$6,950	\$7,390	\$7,850	\$8,290

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: Numbers may not add up to totals because of rounding; * = less than \$500 million.

a. Figures represent average monthly enrollment and include spouses and dependents covered by family policies.

b. Does not include coverage purchased directly from insurers outside of the exchange system.

c. Includes spending for high-risk pools, premium review activities, loans to consumer-operated and oriented plans, and grants to states for the establishment of exchanges.