

Federal Subsidies for Health Insurance Coverage for People Under Age 65: Tables from CBO's Spring 2018 Projections

Table 1. Health Insurance Coverage for People Under Age 65

Table 2. Net Federal Subsidies Associated With Health Insurance Coverage for People Under Age 65

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Note: Numbers may not add up to totals because of rounding.

These projections update the preliminary projections of subsidies for insurance purchased through the marketplaces established under the Affordable Care Act as well as revenues related to health insurance coverage for people under age 65 that were published in April 2018. For additional information, see Congressional Budget Office, *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028* (May 2018), www.cbo.gov/publication/53826.

Table 1.

Health Insurance Coverage for People Under Age 65

Millions of People, by Calendar Year

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Population Under Age 65	273	273	274	275	275	276	276	276	277	277	278
Employment-Based Coverage	158	159	159	157	156	155	154	154	154	154	154
Medicaid and CHIP ^a											
Made eligible for Medicaid by the ACA	12	12	12	12	13	13	13	14	14	14	14
Otherwise eligible for Medicaid	49	48	48	49	49	49	50	50	50	50	50
CHIP	6	6	6	6	6	6	6	6	6	6	6
Subtotal	67	66	66	67	68	69	69	70	70	70	70
Nongroup Coverage and the Basic Health Program											
Nongroup coverage purchased through marketplaces ^b											
Subsidized	8	7	7	7	7	7	7	7	6	6	6
Unsubsidized	2	2	2	2	2	2	2	2	2	2	2
Subtotal	9	9	9	9	9	9	9	9	9	8	8
Nongroup coverage purchased outside marketplaces	5	4	4	4	4	4	4	4	4	4	4
Total, nongroup coverage	15	12	12	12	13	13	13	13	12	12	12
Coverage through the Basic Health Program ^c	1	1	1	1	1	1	1	1	1	1	1
Medicare ^d	8	8	8	8	8	8	8	8	9	9	9
Other Coverage ^e	5	5	5	5	5	5	5	5	6	6	6
Uninsured ^f	29	32	34	35	35	35	35	35	35	35	35
Memorandum:											
Number of Insured People	244	241	241	240	240	241	241	241	242	242	243
Insured as a Percentage of the Population											
Including all U.S. residents	89	88	88	87	87	87	87	87	87	87	87
Excluding unauthorized immigrants	91	90	90	89	89	89	89	89	89	90	90

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

Estimates include noninstitutionalized civilian residents of the 50 states and the District of Columbia who are younger than 65. The components do not sum to the total population because some people report multiple sources of coverage. CBO and JCT estimate that in most years, 10 million people (or 4 percent of insured people) have multiple sources of coverage, such as employment-based coverage and Medicaid.

Estimates reflect average monthly enrollment over the course of a year and include spouses and dependents covered under family policies.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; JCT = Joint Committee on Taxation.

a. Includes noninstitutionalized enrollees with full Medicaid benefits. Estimates are adjusted to account for people enrolled in more than one state.

b. Under the ACA, many people can purchase subsidized health insurance coverage through marketplaces, which are operated by the federal government, state governments, or partnerships between the federal and state governments.

c. The Basic Health Program, created under the ACA, allows states to establish a coverage program primarily for people with income between 138 percent and 200 percent of the federal poverty guidelines. To subsidize that coverage, the federal government provides states with funding equal to 95 percent of the subsidies for which those people would otherwise have been eligible through a marketplace.

d. Includes noninstitutionalized Medicare enrollees under age 65. Most Medicare-eligible people under age 65 qualify for Medicare because they participate in the Social Security Disability Insurance program.

e. Includes people with other kinds of insurance, such as student health plans, coverage provided by the Indian Health Service, and coverage from foreign sources.

f. Includes unauthorized immigrants, who are ineligible either for marketplace subsidies or for most Medicaid benefits; people ineligible for Medicaid because they live in a state that has not expanded coverage; people eligible for Medicaid who do not enroll; and people who do not purchase insurance available through an employer, through the marketplaces, or directly from an insurer.

Table 2.

Net Federal Subsidies Associated With Health Insurance Coverage for People Under Age 65

Billions of Dollars, by Fiscal Year

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total, 2019– 2028
Work-Related Coverage												
Tax exclusion for employment-based coverage ^{a,b}	266	276	293	310	326	343	361	380	426	458	480	3,653
Income tax deduction for self-employment health insurance ^c	5	5	5	5	6	6	7	7	7	8	8	64
Small-employer tax credits ^b	1	1	1	1	1	1	1	1	1	1	1	8
Subtotal	<u>272</u>	<u>282</u>	<u>299</u>	<u>316</u>	<u>332</u>	<u>350</u>	<u>368</u>	<u>387</u>	<u>434</u>	<u>466</u>	<u>489</u>	<u>3,725</u>
Medicaid and CHIP^d												
Made eligible for Medicaid by the ACA	59	62	63	68	74	80	87	93	99	105	111	842
Otherwise eligible for Medicaid	221	233	245	260	276	293	311	329	348	368	388	3,049
CHIP	16	16	14	13	13	13	14	14	15	15	16	143
Subtotal	<u>296</u>	<u>310</u>	<u>323</u>	<u>340</u>	<u>363</u>	<u>386</u>	<u>411</u>	<u>436</u>	<u>462</u>	<u>488</u>	<u>514</u>	<u>4,034</u>
Nongroup Coverage and the Basic Health Program												
Premium tax credit outlays	43	47	51	57	64	66	67	68	67	68	70	624
Premium tax credit revenue reductions	6	6	6	6	7	7	8	8	10	11	11	79
Subtotal, premium tax credits	<u>49</u>	<u>53</u>	<u>57</u>	<u>63</u>	<u>71</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>78</u>	<u>81</u>	<u>703</u>
Cost-sharing outlays	0	0	0	0	0	0	0	0	0	0	0	0
Outlays for the Basic Health Program	4	4	4	5	5	6	6	6	7	7	8	57
Collections for risk adjustment and reinsurance	-5	-5	-6	-6	-7	-7	-7	-8	-8	-8	-9	-71
Payments for risk adjustment and reinsurance	7	5	6	6	6	7	7	8	8	8	9	70
Marketplace grants to states	*	0	0	0	0	0	0	0	0	0	0	0
Subtotal	<u>55</u>	<u>57</u>	<u>61</u>	<u>68</u>	<u>76</u>	<u>79</u>	<u>80</u>	<u>82</u>	<u>83</u>	<u>85</u>	<u>89</u>	<u>760</u>
Medicare^e	82	84	88	93	97	102	106	111	116	122	129	1,049
Taxes and Penalties Related to Coverage												
Gross collections of excise tax on high-premium insurance plans ^f	0	0	0	0	-1	-5	-5	-6	-8	-11	-12	-47
Penalty payments by uninsured people	-4	-3	0	0	0	0	0	0	0	0	0	-3
Net receipts from tax on health insurance providers ^g	-13	0	-14	-15	-16	-17	-18	-19	-20	-21	-22	-161
Gross collections of employer penalties ^f	-4	-8	-10	-11	-8	-9	-10	-10	-11	-12	-12	-101
Subtotal	<u>-21</u>	<u>-11</u>	<u>-24</u>	<u>-26</u>	<u>-26</u>	<u>-31</u>	<u>-33</u>	<u>-35</u>	<u>-38</u>	<u>-43</u>	<u>-45</u>	<u>-313</u>
Net Subsidies	685	723	747	791	843	886	933	981	1,057	1,118	1,176	9,255

Continued

Table 2.

Continued

Net Federal Subsidies Associated With Health Insurance Coverage for People Under Age 65

Billions of Dollars, by Fiscal Year

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total, 2019– 2028
Memorandum:												
Average Subsidy per Subsidized Marketplace or Basic Health Program Enrollee (Dollars)	6,300	7,210	8,010	9,330	9,970	10,200	10,740	11,050	11,440	11,940	12,440	n.a.
Collections of Excise Tax on High-Premium Insurance Plans, Including the Associated Effects on Revenues of Changes in Taxable Compensation	0	0	0	0	-8	-16	-20	-24	-28	-34	-39	-168

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

Positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.

This table excludes outlays made by the federal government in its capacity as an employer.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; JCT = Joint Committee on Taxation; n.a. = not applicable; * = between zero and \$500 million.

- a. Includes the effect on tax revenues of the exclusion of premiums for people under age 65 with employment-based insurance from federal income and payroll taxes and includes the effects on taxable wages of the excise tax on high-cost plans and penalty payments by employers. JCT made this projection; it differs from JCT's estimate of the tax expenditure for the exclusion of employer-paid health insurance because effects stemming from the exclusion for people over age 65 are excluded here and because the Federal Insurance Contributions Act tax exclusion for employer-paid health insurance is included here.
- b. Includes increases in outlays and reductions in revenues.
- c. JCT made this projection; it does not include effects stemming from the deduction for people over age 65.
- d. For Medicaid, the outlays reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits. Also, the federal government covers a larger share of costs for Medicaid enrollees whom the ACA made eligible for the program than for people otherwise eligible for Medicaid; the government therefore tracks those groups separately.
- e. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65.
- f. The excise tax is scheduled to go into effect in 2022. Excludes the associated effects on revenues of changes in taxable compensation, which are included in the estimate of the tax exclusion for employment-based insurance. If those effects were included, net revenues stemming from the excise tax would total \$168 billion over the 2019–2028 period, and revenues from penalty payments by employers would total \$79 billion over that 10-year period.
- g. Net receipts include effects of the excise tax on individual and corporate tax receipts. The tax is suspended in 2019.

Table 3.

Comparison of Current and Previous Projections of Health Insurance Coverage and Net Federal Subsidies for People Under Age 65

	2018			2018–2027		
	September 2017 Projection	Spring 2018 Projection ^a	Difference	September 2017 Projection	Spring 2018 Projection ^a	Difference
	Insurance Coverage During the Year^b (Millions of people)			Average Insurance Coverage Over the Period^b (Millions of people)		
Total Population	273	273	*	275	275	*
Employment-Based Coverage	157	158	1	153	156	3
Medicaid and CHIP ^c						
Made eligible for Medicaid by the ACA	13	12	*	15	13	-2
Otherwise eligible for Medicaid or CHIP	56	55	-1	55	55	*
Total	68	67	-1	70	68	-1
Nongroup Coverage and the Basic Health Program						
Subsidized nongroup	9	8	-2	10	7	-3
Unsubsidized nongroup	6	7	1	7	6	-2
Total	16	15	-1	18	13	-5
Coverage through the Basic Health Program ^d	1	1	*	1	1	*
Medicare ^e	8	8	*	9	8	*
Other Coverage ^f	5	5	*	5	5	*
Uninsured ^g	30	29	-1	31	34	3
	Effects on the Federal Deficit^h (Billions of dollars)			Effects on the Cumulative Federal Deficit Over the Period^h (Billions of dollars)		
Work-Related Coverage						
Tax exclusion for employment-based coverage ^{ij}	297	266	-31	3,796	3,439	-357
Income tax deduction for self-employment health insurance ^k	7	5	-2	91	61	-30
Small-employer tax credits ^j	1	8	7	10	8	-2
Subtotal	306	279	-26	3,897	3,508	-389
Medicaid and CHIP ^l						
Made eligible for Medicaid by the ACA	76	59	-17	1,036	791	-245
Otherwise eligible for Medicaid or CHIP	238	237	-2	2,981	3,025	44
Subtotal	315	296	-19	4,017	3,815	-202
Nongroup Coverage and the Basic Health Program						
Premium tax credits	47	49	2	605	671	66
Cost-sharing outlays	9	0	-9	99	0	-99
Outlays for the Basic Health Program	5	4	-1	69	54	-15
Subtotal	62	55	-7	773	725	-48
Medicare ^m	81	82	2	1,011	1,003	-8
Taxes and Penalties Related to Coverage						
Gross collections of excise tax on high-premium insurance plans ⁿ	0	0	0	-29	-36	-7
Penalty payments by uninsured people	-4	-4	**	-51	-7	44
Net receipts from tax on health insurance providers ^o	-13	-13	0	-166	-152	13
Gross collections of employer penalties ⁿ	-12	-4	7	-207	-93	114
Subtotal	-28	-21	7	-453	-289	165
Net Subsidies^o	735	685	-50	9,245	8,764	-481

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

Estimates of insurance coverage apply to calendar years, and estimates of the effect on the federal deficit apply to fiscal years.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; JCT = Joint Committee on Taxation; * = between -500,000 and 500,000; ** = between zero and \$500 million.

- a. Estimates are from CBO's adjusted April 2018 baseline. The adjustment reflects updates to the preliminary projections (contained in *The Budget and Economic Outlook: 2018 to 2028*, released on April 9, 2018) for subsidies for insurance purchased through the marketplaces established under the ACA as well as for revenues related to health care.
 - b. Estimates include noninstitutionalized civilian residents of the 50 states and the District of Columbia who are younger than 65. The components do not sum to the total population because some people report multiple sources of coverage. CBO and JCT estimate that in most years, 10 million people (or 4 percent of insured people) have multiple sources of coverage, such as employment-based coverage and Medicaid. Estimates reflect average monthly enrollment over the course of a year and include spouses and dependents covered under family policies.
 - c. Includes noninstitutionalized enrollees with full Medicaid benefits. Estimates are adjusted to account for people enrolled in more than one state.
 - d. The Basic Health Program, created under the ACA, allows states to establish a coverage program primarily for people with income between 138 percent and 200 percent of the federal poverty guidelines. To subsidize that coverage, the federal government provides states with funding equal to 95 percent of the subsidies for which those people would otherwise have been eligible through a marketplace.
 - e. Includes noninstitutionalized Medicare enrollees under age 65. Most Medicare-eligible people under age 65 qualify for Medicare because they participate in the Social Security Disability Insurance program.
 - f. Includes people with other kinds of insurance, such as student health plans, coverage provided by the Indian Health Service, and coverage from foreign sources.
 - g. Includes unauthorized immigrants, who are ineligible either for marketplace subsidies or for most Medicaid benefits; people ineligible for Medicaid because they live in a state that has not expanded coverage; people eligible for Medicaid who do not enroll; and people who do not purchase insurance available through an employer, through the marketplaces, or directly from an insurer.
 - h. Positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.
 - i. Includes the effect on tax revenues of the exclusion of premiums for people under age 65 with employment-based insurance from federal income and payroll taxes and includes the effects on taxable wages of the excise tax on high-cost plans and penalty payments by employers. JCT made this projection; it differs from JCT's estimate of the tax expenditure for the exclusion of employer-paid health insurance because effects stemming from the exclusion for people over age 65 are excluded here and because the Federal Insurance Contributions Act tax exclusion for employer-paid health insurance is included here.
 - j. Includes increases in outlays and reductions in revenues.
 - k. JCT made this projection; it does not include effects stemming from the deduction for people over age 65.
 - l. For Medicaid, the outlays reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits. Also, the federal government covers a larger share of costs for Medicaid enrollees whom the ACA made eligible for the program than for people otherwise eligible for Medicaid; the government therefore tracks those groups separately.
 - m. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65.
 - n. Excludes the associated effects on revenues of changes in taxable compensation, which are included in the estimate of the tax exclusion for employment-based insurance.
 - o. Net receipts include the effects of the excise tax on individual and corporate tax receipts. The tax is suspended in 2019.
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