

# **Federal Subsidies for Health Insurance Coverage for People Under Age 65: Tables From CBO's March 2016 Baseline**

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

Table 1.

**Health Insurance Coverage for People Under Age 65**

Millions of People, by Calendar Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Population Under Age 65	272	273	274	275	276	276	277	278	279	279	280
Employment-Based Coverage	155	155	153	152	152	152	152	152	152	152	152
Medicaid and CHIP <sup>a</sup>											
Made eligible for Medicaid by the ACA	11	11	12	12	13	13	14	14	14	15	15
Otherwise eligible for Medicaid	51	51	51	53	52	53	53	53	53	53	54
CHIP	6	6	4	3	3	3	3	3	3	3	2
Subtotal	68	67	67	67	68	69	69	70	70	71	71
Nongroup Coverage and the Basic Health Program											
Purchased through marketplaces <sup>b</sup>											
Subsidized	10	12	15	16	15	15	15	15	15	14	14
Unsubsidized	2	3	3	4	4	4	4	4	4	4	4
Subtotal	12	15	18	19	19	19	19	18	18	18	18
Purchased outside marketplaces	9	9	8	8	8	7	7	7	7	7	7
Subtotal, nongroup coverage	22	24	26	27	27	26	26	26	26	25	25
Coverage through the Basic Health Program <sup>c</sup>	1	1	1	1	1	1	1	1	1	1	1
Medicare <sup>d</sup>	9	9	9	9	9	9	9	9	9	9	9
Other Coverage <sup>e</sup>	5	5	5	5	5	5	5	5	6	6	6
Uninsured <sup>f</sup>	27	26	26	27	27	27	27	27	28	28	28
<b>Memorandum:</b>											
Number of Insured People	244	246	247	247	248	249	250	251	251	252	253
Insured as a Percentage of the Population											
Including all U.S. residents	90	90	90	90	90	90	90	90	90	90	90
Excluding unauthorized immigrants	92	93	93	93	93	93	93	93	93	93	93

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

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 12 million to 14 million people (or 5 percent to 6 percent of insured people) have multiple sources of coverage, such as both employment-based coverage and Medicaid.

Estimates reflect average enrollment in any given month 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.

- Includes noninstitutionalized enrollees with full Medicaid benefits. Figures are adjusted to account for individuals enrolled in more than one state.
- Under the ACA, many people can purchase subsidized health insurance coverage through marketplaces (sometimes called exchanges), which are operated by the federal government, state governments, or partnerships between federal and state governments.
- 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.
- 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.
- Includes people with insurance from other categories, such as student health plans, coverage provided by the Indian Health Service, and coverage from foreign sources.
- 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total, 2017- 2026
<b>Subsidies</b>												
Employment-based coverage												
Tax exclusion for employment-based coverage <sup>a,b</sup>	266	281	296	311	326	345	366	388	411	436	460	3,620
Small-employer tax credits <sup>b</sup>	1	1	1	1	1	1	1	1	1	1	1	9
<b>Subtotal</b>	<b>268</b>	<b>282</b>	<b>297</b>	<b>312</b>	<b>327</b>	<b>346</b>	<b>367</b>	<b>389</b>	<b>412</b>	<b>437</b>	<b>461</b>	<b>3,629</b>
Medicaid and CHIP <sup>c</sup>												
Made eligible for Medicaid by the ACA	64	67	71	77	83	91	99	107	116	125	134	969
Otherwise eligible for Medicaid	203	212	223	236	250	264	279	295	312	330	349	2,751
CHIP	13	13	12	6	6	6	6	6	6	6	6	70
<b>Subtotal</b>	<b>279</b>	<b>292</b>	<b>306</b>	<b>319</b>	<b>338</b>	<b>361</b>	<b>384</b>	<b>408</b>	<b>434</b>	<b>460</b>	<b>489</b>	<b>3,790</b>
Nongroup coverage and the Basic Health Program												
Premium tax credit outlays	27	35	45	51	54	57	60	62	65	68	70	568
Premium tax credit revenue reductions	5	8	8	9	10	11	11	11	12	12	13	104
Subtotal, premium tax credits	32	43	53	60	64	68	71	74	77	80	83	672
Cost-sharing outlays	7	9	11	12	13	13	13	14	14	15	16	130
Outlays for the Basic Health Program	3	4	5	5	6	6	7	7	7	8	8	63
Collections for risk adjustment and reinsurance	-10	-11	-7	-8	-9	-9	-10	-10	-10	-9	-9	-91
Payments for risk adjustment and reinsurance	12	10	8	8	9	9	10	10	10	9	9	92
Marketplace grants to states	1	*	*	0	0	0	0	0	0	0	0	*
Subtotal, subsidies through marketplaces and related spending and revenues	43	56	70	78	83	87	91	95	99	102	106	866
Income tax deduction for self-employed health insurance <sup>b,d</sup>	4	4	5	5	5	5	5	6	6	6	6	53
<b>Subtotal</b>	<b>48</b>	<b>60</b>	<b>75</b>	<b>83</b>	<b>88</b>	<b>92</b>	<b>96</b>	<b>100</b>	<b>105</b>	<b>108</b>	<b>113</b>	<b>919</b>
<b>Medicare<sup>e</sup></b>	<b>80</b>	<b>81</b>	<b>83</b>	<b>86</b>	<b>91</b>	<b>95</b>	<b>99</b>	<b>104</b>	<b>109</b>	<b>112</b>	<b>118</b>	<b>979</b>

Continued

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

Billions of Dollars, by Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total, 2017- 2026
<b>Taxes and Penalties Related to Coverage</b>												
Gross collections of excise tax on high-premium insurance plans <sup>f</sup>	0	0	0	0	-1	-2	-2	-3	-3	-3	-4	-18
Penalty payments by uninsured people	-3	-3	-3	-3	-3	-4	-4	-4	-4	-4	-5	-38
Tax on health insurance providers	-11	-1	-13	-15	-15	-16	-17	-18	-19	-20	-21	-156
Gross collections of employer penalties <sup>f</sup>	0	-11	-21	-25	-20	-21	-23	-24	-26	-28	-29	-228
<b>Subtotal</b>	<b>-15</b>	<b>-16</b>	<b>-36</b>	<b>-43</b>	<b>-39</b>	<b>-43</b>	<b>-46</b>	<b>-49</b>	<b>-53</b>	<b>-56</b>	<b>-59</b>	<b>-441</b>
<b>Net Subsidies</b>	<b>660</b>	<b>699</b>	<b>724</b>	<b>757</b>	<b>804</b>	<b>851</b>	<b>899</b>	<b>952</b>	<b>1,006</b>	<b>1,062</b>	<b>1,122</b>	<b>8,877</b>

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

Positive numbers indicate an increase in outlays or a decrease in revenues, and negative numbers indicate a decrease in outlays or an increase in revenues.

Excludes outlays made by the federal government as an employer.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; \* = 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 employer penalties. 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 people over age 65 with employment-based insurance are excluded here and 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. For Medicaid, the outlays reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits. 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; thus, the government tracks those groups separately.
- d. JCT made this projection; it does not include effects stemming from people over age 65.
- e. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65.
- f. Excludes the associated effects of changes in taxable compensation on revenues, 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 \$79 billion over the 2017–2026 period and revenues from penalty payments by employers would total \$178 billion over that 10-year period.

Table 3.

**Direct Spending and Revenue Effects of the Insurance Coverage Provisions of the Affordable Care Act**

Billions of Dollars, by Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total, 2017- 2026
Subsidies for Coverage Through Marketplaces and Related Spending and Revenues <sup>a</sup>	43	56	70	78	83	87	91	95	99	102	106	866
Medicaid and CHIP Outlays	74	78	81	85	91	100	108	116	125	134	144	1,063
Small-Employer Tax Credits <sup>b</sup>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>9</u>
Gross Cost of Coverage Provisions	119	134	152	164	174	187	199	212	225	238	252	1,938
Penalty Payments by Uninsured People	-3	-3	-3	-3	-3	-4	-4	-4	-4	-4	-5	-38
Penalty Payments by Employers <sup>b</sup>	0	-9	-16	-20	-15	-16	-18	-19	-20	-22	-23	-178
Excise Tax on High-Premium Insurance Plans <sup>b</sup>	0	0	0	0	-3	-7	-9	-11	-13	-16	-20	-79
Other Effects on Revenues and Outlays <sup>c</sup>	<u>-5</u>	<u>-9</u>	<u>-13</u>	<u>-18</u>	<u>-22</u>	<u>-24</u>	<u>-27</u>	<u>-29</u>	<u>-31</u>	<u>-33</u>	<u>-34</u>	<u>-239</u>
<b>Net Cost of Coverage Provisions</b>	<b>110</b>	<b>113</b>	<b>119</b>	<b>123</b>	<b>130</b>	<b>136</b>	<b>142</b>	<b>150</b>	<b>157</b>	<b>163</b>	<b>170</b>	<b>1,403</b>
<b>Memorandum:</b>												
Increases in Mandatory Spending	123	137	150	162	172	186	198	210	223	235	248	1,920
Increases in Revenues	13	24	31	39	42	50	55	60	66	72	78	517

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

Estimates exclude effects on the deficit of provisions of the Affordable Care Act that are not related to insurance coverage and effects on discretionary spending of the coverage provisions.

Except in the memorandum lines, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.

CHIP = Children's Health Insurance Program.

- Includes subsidies for coverage through the Basic Health Program, grants to states for establishing health insurance marketplaces, and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is recorded in the budget as a discretionary program; CBO estimates that payments and collections will offset each other in each year, resulting in no net budgetary effect.
- These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- Consists mainly of the effects of changes in taxable compensation on revenues. CBO estimates that outlays for Social Security benefits will increase by about \$9 billion over the 2017–2026 period and that the coverage provisions will have negligible effects on outlays for other federal programs.

Table 4.

## Effects of the Affordable Care Act on Health Insurance Coverage for People Under Age 65

Millions of People, by Calendar Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
<b>Change in Insurance Coverage Under the ACA</b>											
Health insurance marketplaces	12	15	18	19	19	19	19	18	18	18	18
Basic Health Program <sup>a</sup>	1	1	1	1	1	1	1	1	1	1	1
Medicaid and CHIP <sup>b</sup>	13	14	14	14	16	17	17	18	18	18	19
Employment-based coverage <sup>c</sup>	-2	-4	-6	-8	-9	-9	-9	-9	-9	-9	-9
Nongroup and other coverage <sup>d</sup>	-2	-2	-3	-3	-3	-4	-4	-4	-4	-4	-4
Uninsured <sup>e</sup>	-22	-24	-23	-23	-23	-23	-24	-24	-24	-24	-24
<b>Insurance Coverage Under Current Law</b>											
Number of uninsured people <sup>e</sup>	27	26	26	27	27	27	27	27	28	28	28
Insured as a percentage of the population											
Including all U.S. residents	90	90	90	90	90	90	90	90	90	90	90
Excluding unauthorized immigrants	92	93	93	93	93	93	93	93	93	93	93
<b>Memorandum:</b>											
Number of Subsidized Enrollees Through											
Marketplaces	10	12	15	16	15	15	15	15	15	14	14
Number of Unsubsidized Enrollees Through											
Marketplaces <sup>f</sup>	2	3	3	4	4	4	4	4	4	4	4
Average Subsidy per Enrollee Receiving a											
Subsidy Through a Marketplace or											
the Basic Health Program	4,240	4,550	4,670	4,870	5,200	5,470	5,750	6,090	6,430	6,730	7,110

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.

Estimates reflect average enrollment in any given month over the course of a year and include spouses and dependents covered under family policies; people reporting multiple sources of coverage are assigned a primary source.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program.

- 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.
- The changes under the ACA are almost entirely for Medicaid.
- The change in employment-based coverage is the net result of projected increases and decreases in offers of health insurance from employers and changes in enrollment by workers and their families.
- "Other coverage" includes Medicare; the changes under the ACA are almost entirely for nongroup coverage. Nongroup coverage here refers to coverage purchased directly from an insurer outside the health insurance marketplaces.
- 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.
- Excludes coverage purchased directly from insurers outside of a marketplace.

Table 5.

### Comparison of CBO and JCT's Current and Previous Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act

	March 2015 Baseline	March 2016 Baseline	Difference
<b>Change in Insurance Coverage Under the ACA in 2025 (Millions of people under age 65, by calendar year)<sup>a</sup></b>			
Health Insurance Marketplaces and the Basic Health Program	22	19	-3
Medicaid and CHIP <sup>b</sup>	14	18	4
Employment-Based Coverage <sup>c</sup>	-7	-9	-2
Nongroup and Other Coverage <sup>d</sup>	-4	-4	*
Uninsured <sup>e</sup>	-25	-24	1
<b>Effects on the Cumulative Federal Deficit, 2016 to 2025<sup>f</sup> (Billions of dollars)</b>			
Subsidies for Coverage Through Marketplaces and Related Spending and Revenues <sup>g</sup>	849	803	-46
Medicaid and CHIP Outlays	847	993	146
Small-Employer Tax Credits <sup>h</sup>	11	9	-2
Gross Cost of Coverage Provisions	1,707	1,805	98
Penalty Payments by Uninsured People	-43	-37	6
Penalty Payments by Employers <sup>h</sup>	-167	-155	12
Excise Tax on High-Premium Insurance Plans <sup>h</sup>	-87	-59	28
Other Effects on Revenues and Outlays <sup>i</sup>	-202	-210	-8
<b>Net Cost of Coverage Provisions</b>	<b>1,207</b>	<b>1,344</b>	<b>136</b>
<b>Memorandum:</b>			
Increases in Mandatory Spending	1,747	1,795	48
Increases in Revenues	540	452	-88

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

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; \* = between zero and 500,000.

- a. Estimates include noninstitutionalized civilian residents of the 50 states and the District of Columbia who are younger than 65.
- b. The changes under the ACA are almost entirely for Medicaid.
- c. The change in employment-based coverage is the net result of projected increases and decreases in offers of health insurance from employers and changes in enrollment by workers and their families.
- d. "Other Coverage" includes Medicare; the changes under the ACA are almost entirely for nongroup coverage. Nongroup coverage here refers to coverage purchased directly from an insurer outside the health insurance marketplaces.
- e. 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.
- f. Except in the memorandum lines, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit. Estimates exclude effects on the deficit of provisions of the ACA that are not related to insurance coverage and effects on discretionary spending of the coverage provisions.
- g. Includes subsidies for coverage through the Basic Health Program, grants to states for establishing health insurance marketplaces, and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is recorded in the budget as a discretionary program; CBO estimates that payments and collections will offset each other in each year, resulting in no net budgetary effect.
- h. These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- i. Consists mainly of the effects of changes in taxable compensation on revenues.