

Federal Subsidies for Health Insurance Coverage for People Under Age 65: Tables from CBO's September 2017 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.

CBO has used these projections to adjust its current baseline projections, which were published in June 2017. Because of the extensive work required to analyze pending legislation, CBO did not have time in June to update its baseline projections of the federal cost of subsidizing health insurance purchased through the marketplaces, of spending to subsidize insurance provided through the Basic Health Program, and of net spending and revenues associated with stabilizing premiums for insurance purchased by individuals and small employers.

Table 1.

Health Insurance Coverage for People Under Age 65

Millions of People, by Calendar Year

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Total Population Under Age 65	272	273	273	274	274	275	276	276	276	277	277
Employment-Based Coverage	156	157	156	154	154	154	153	153	152	151	151
Medicaid and CHIP ^a											
Made eligible for Medicaid by the ACA	13	13	13	13	14	14	15	15	16	17	17
Otherwise eligible for Medicaid	50	51	52	52	52	52	52	52	53	53	53
CHIP	6	5	2	3	3	3	3	3	2	2	2
Subtotal	69	68	67	68	68	69	70	70	71	72	73
Nongroup Coverage and the Basic Health Program											
Nongroup coverage purchased through marketplaces ^b											
Subsidized	8	9	10	10	10	10	10	10	10	10	10
Unsubsidized	2	2	2	2	2	2	2	2	2	3	3
Subtotal	10	11	12	12	12	12	12	13	12	12	12
Nongroup coverage purchased outside marketplaces	6	5	5	5	5	5	5	5	5	5	5
Total, nongroup coverage	17	16	17	18	18	18	18	18	18	18	18
Coverage through the Basic Health Program ^c	1	1	1	1	1	1	1	1	1	1	1
Medicare ^d	8	8	8	8	9	9	9	9	9	9	9
Other Coverage ^e	4	5	5	5	5	5	5	5	5	6	6
Uninsured ^f	28	30	31	31	31	31	31	31	31	31	31
Memorandum:											
Number of Insured People	244	242	243	243	243	244	245	245	246	246	247
Insured as a Percentage of the Population											
Including all U.S. residents	90	89	89	89	89	89	89	89	89	89	89
Excluding unauthorized immigrants	92	91	91	91	91	91	91	91	91	91	91

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 to 11 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.

- Includes noninstitutionalized enrollees with full Medicaid benefits. Estimates are adjusted to account for people 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 the 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 other kinds of insurance, 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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total, 2018- 2027
Work-Related Coverage												
Tax exclusion for employment-based coverage ^{a,b}	279	297	314	329	345	365	385	407	428	451	475	3,796
Income tax deduction for self-employed health insurance ^c	7	7	8	8	8	9	9	10	10	11	11	91
Small-employer tax credits ^b	1	1	1	1	1	1	1	1	1	1	1	10
Subtotal	287	306	323	338	354	374	395	417	439	463	487	3,897
Medicaid and CHIP^d												
Made eligible for Medicaid by the ACA	72	76	79	82	88	95	104	111	122	134	143	1,036
Otherwise eligible for Medicaid	209	225	241	256	271	285	298	314	327	341	358	2,917
CHIP	16	13	6	6	6	6	6	6	6	6	6	64
Subtotal	296	315	326	344	365	386	408	431	455	480	508	4,017
Nongroup Coverage and the Basic Health Program												
Premium tax credit outlays	27	41	47	49	51	53	54	57	58	60	62	531
Premium tax credit revenue reductions	6	6	6	7	7	7	8	8	8	8	9	75
Subtotal, premium tax credits	34	47	53	55	58	60	62	64	66	68	71	605
Cost-sharing outlays	7	9	9	10	10	10	10	10	10	11	11	99
Outlays for the Basic Health Program	5	5	6	6	6	7	7	7	8	8	9	69
Collections for risk adjustment and reinsurance	-9	-5	-5	-6	-6	-6	-7	-7	-7	-8	-8	-65
Payments for risk adjustment and reinsurance	9	5	5	5	6	6	7	7	7	8	8	65
Marketplace grants to states	*	*	0	0	0	0	0	0	0	0	0	*
Subtotal	45	62	68	71	74	77	78	82	85	86	90	773
Medicare^e	80	81	84	89	94	98	103	108	112	119	124	1,011

Continued

Table 2.

Continued

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

Billions of Dollars, by Fiscal Year

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total, 2018- 2027
Taxes and Penalties Related to Coverage												
Gross collections of excise tax on high-premium insurance plans ^f	0	0	0	-1	-3	-3	-3	-4	-5	-5	-6	-29
Penalty payments by uninsured people	-3	-4	-4	-5	-5	-5	-5	-5	-6	-6	-6	-51
Net receipts from tax on health insurance providers ^g	0	-13	-14	-14	-15	-16	-17	-18	-19	-20	-21	-166
Gross collections of employer penalties ^f	0	-12	-20	-22	-17	-19	-20	-22	-23	-25	-27	-207
Subtotal	-3	-28	-38	-42	-40	-43	-46	-49	-52	-56	-59	-453
Net Subsidies	705	735	763	800	847	892	938	989	1,039	1,093	1,150	9,245
Memorandum:												
Average Subsidy per Subsidized Marketplace or Basic Health Program Enrollee (Dollars)	5,550	6,370	6,140	6,310	6,680	6,870	7,090	7,530	7,830	8,150	8,610	
Collections of Excise Tax on High-Premium Insurance Plans, Including the Associated Effects on Revenues of Changes in Taxable Compensation	0	0	0	-4	-7	-9	-11	-14	-17	-20	-24	-106

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; * = 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 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. 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 \$106 billion over the 2018–2027 period, and revenues from penalty payments by employers would total \$157 billion over that 10-year period.
- g. Net receipts include effects of the excise tax on individual and corporate tax receipts.

Table 3.

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

	March 2016 Baseline	September 2017 Baseline	Difference
Change in Insurance Coverage in Calendar Year 2026			
(Millions of people)^a			
Total Population	280	277	-3
Employment-Based Coverage	152	151	-1
Medicaid and CHIP ^b			
Made eligible for Medicaid by the ACA	15	17	2
Otherwise eligible for Medicaid or CHIP	56	55	-1
Total	71	72	1
Nongroup Coverage and the Basic Health Program			
Subsidized nongroup	14	10	-4
Unsubsidized nongroup	11	8	-3
Total	25	18	-7
Coverage through the Basic Health Program ^c	1	1	*
Medicare ^d	9	9	-1
Other Coverage ^e	6	6	*
Uninsured ^f	28	31	3
Effects on the Cumulative Federal Deficit, Fiscal Years 2017 to 2026^g			
(Billions of dollars)			
Work-Related Coverage			
Tax exclusion for employment-based coverage ^h	3,620	3,600	-20
Income tax deduction for self-employed health insurance ⁱ	53	87	33
Small-employer tax credits	9	9	1
Subtotal	3,683	3,696	14
Medicaid and CHIP ^j			
Made eligible for Medicaid by the ACA	969	964	-4
Otherwise eligible for Medicaid or CHIP	2,821	2,841	20
Subtotal	3,790	3,806	16
Nongroup Coverage and the Basic Health Program			
Premium tax credits	672	568	-104
Cost-sharing outlays	130	95	-35
Outlays for the Basic Health Program	63	65	2
Subtotal	866	729	-137
Medicare ^k	979	966	-13

Continued

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

	March 2016 Baseline	September 2017 Baseline	Difference
Effects on the Cumulative Federal Deficit, Fiscal Years 2017 to 2026⁹ (Continued)			
(Billions of dollars)			
Taxes and Penalties Related to Coverage			
Gross collections of excise tax on high-premium insurance plans ^l	-18	-24	-5
Penalty payments by uninsured people	-38	-48	-10
Net receipts from tax on health insurance providers ^m	-145	-145	**
Gross collections of employer penalties ^l	-228	-181	47
Subtotal	-429	-397	32
Net Subsidies^m	8,888	8,800	-88

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

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

- a. 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 to 11 million people (or 4 percent of insured people) have multiple sources of coverage, such as employment-based coverage and Medicaid.
- b. Includes noninstitutionalized enrollees with full Medicaid benefits. Estimates are adjusted to account for people enrolled in more than one state.
- 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.
- g. Positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.
- h. 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 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.
- i. JCT made this projection; it does not include effects stemming from the deduction for people over age 65.
- j. 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.
- k. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65.
- l. 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.
- m. Includes the effects of the excise tax on individual and corporate tax receipts. Such effects were not included in the March 2016 edition of this report.