



CONGRESSIONAL BUDGET OFFICE

An Overview of *Policies to Achieve Near-Universal Health Insurance Coverage*

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The Concept of Near-Universal Health Insurance Coverage

CBO defines near-universal coverage as coverage in which close to 99 percent of citizens and noncitizens who are lawfully present in the country are enrolled in health insurance coverage or have automatic coverage through a default plan. (Lawmakers could also choose to include noncitizens who are not lawfully present in the country.)

Essential components of policies that would achieve near-universal coverage:

- Either no premiums are required, or premium subsidies are provided for low- and moderate-income people; and
- A mandatory component exists to ensure that people do not forgo coverage—either a large individual mandate penalty with strong enforcement, or automatic coverage by a default plan.

The Scope of the Report

The report discusses the primary features of four general approaches that could achieve near-universal coverage.

All of the approaches use automatic coverage by a default plan combined with premium subsidies.

Policy approaches that are not discussed in the report:

- Those that include an individual mandate penalty and
- Those that incrementally expand access to coverage and reduce out-of-pocket premiums, including stand-alone public options.

The report does not include estimates of the approaches' budgetary effects or descriptions of how they would be financed. The approaches would require various amounts of government spending and would all require additional federal receipts to achieve deficit neutrality.

Automatic Coverage by a Default Plan: Enrollment and Use of Care

The default plan would provide coverage to everyone during periods in which they did not have another source of coverage, whether or not they used any health care services or actively initiated coverage.

Eligible people could enroll in the default plan and receive covered health care services at any time without waiting for an open enrollment period.

People could be enrolled in the default plan in one of three ways:

- Point-of-service enrollment (that is, certain providers would be authorized to enroll their patients in the plan);
- Self-enrollment; and
- Automatic enrollment.

Design Choices for Approaches Using Default Plans

Would the plan be partially or fully subsidized?

- In partially subsidized plans, some middle- and higher-income people owe premium-equivalent taxes.
- In fully subsidized plans, there are no premium-equivalent taxes; instead, the plan is financed entirely through broad-based tax revenue.

Would it be private or public?

How much cost sharing would be required?

Challenges for Approaches Using Default Plans

Challenges include:

- Collecting premium-equivalent taxes (if the plan is partially subsidized),
- Determining appropriate premium adjustments for plans under a risk-adjustment system, and
- Informing people of their eligibility for and the benefits of the plan.

The Four Policy Approaches That CBO Analyzed

Approach 1: A multipayer system that retains existing sources of coverage while expanding eligibility for premium subsidies and providing partially subsidized default coverage. (The default plan could be a private plan or a public option.)

Approach 2: A multipayer system that retains employment-based coverage. All other people are insured through a new public program that allows people to choose between partially subsidized private plans and a publicly administered plan that provides default coverage.

Approach 3: A multipayer system that provides full subsidies for all people to purchase a private plan of their choice, with a zero-premium default plan that provides automatic coverage.

- The default plan could be a private plan or a public option.
- In two other variants, subsidies could be benchmarked to a catastrophic plan or to a more generous plan.

Approach 4: A single-payer system that acts as a default plan for all people.