



Federal Subsidies for Health Insurance Coverage for People Under Age 65: CBO and JCT's May 2022 Baseline Projections

MAY | 2022

Table 1. Health Insurance Coverage for People Under Age 65

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

Table 1.

Health Insurance Coverage for People Under Age 65

Millions of People, by Calendar Year

	Actual, 2021 ^a	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Total Population Under Age 65	270	271	270	270	269	269	269	269	269	269	269	270
Employment-Based Coverage	156	156	156	156	156	156	156	156	156	157	158	158
Medicaid and CHIP ^b												
Blind and disabled	8	8	8	7	7	7	7	7	7	8	8	8
Children	33	34	32	30	28	28	28	28	28	28	29	29
Adults made eligible for Medicaid by the ACA	15	16	16	14	13	13	13	13	13	13	14	14
Adults otherwise eligible for Medicaid	15	16	15	14	13	13	13	13	13	13	13	13
CHIP	7	7	7	7	7	7	7	7	7	7	5	4
Subtotal	78	80	78	71	68	68	68	68	68	68	68	68
Nongroup Coverage and the Basic Health Program												
Nongroup coverage purchased through marketplaces ^c												
Subsidized	11	12	10	10	11	11	11	11	11	11	11	11
Unsubsidized	1	1	2	1	1	1	1	1	1	1	1	1
Subtotal	12	14	12	12	12	12	12	12	12	12	12	12
Nongroup coverage purchased outside marketplaces	4	3	5	6	6	6	6	6	6	6	6	6
Subtotal, nongroup coverage	15	17	17	18	18	18	18	18	18	18	18	18
Coverage through the Basic Health Program ^d	1	1	1	1	1	1	1	1	1	1	1	1
Medicare ^e	8	7	7	7	7	7	7	7	7	7	7	7
Other Coverage ^f	3	3	3	3	3	3	3	3	3	3	3	3
Uninsured ^g	27	25	26	28	29	29	29	29	29	28	28	28
People With Multiple Sources of Coverage	18	19	17	14	13	13	13	13	14	14	14	14
Memorandum:												
Number of Insured People	243	246	244	242	240	240	240	240	240	241	241	242
Insured as a Percentage of the Population Under Age 65												
Including all U.S. residents	90	91	90	90	89	89	89	89	89	89	89	90
Excluding noncitizens not lawfully present	92	93	92	91	91	91	91	91	91	91	91	91

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

Numbers may not add up to totals because of rounding.

The table shows coverage for the civilian noninstitutionalized population under age 65. The components do not sum to the total population because some people report multiple sources of coverage. CBO and JCT estimate that in every year of the projection period, between 13 million and 19 million people (or about 5 percent of the insured population) have multiple sources of coverage, such as employment-based coverage and Medicaid.

Estimates of the uninsured population 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 = staff of the Joint Committee on Taxation.

- Actual amounts are estimated on the basis of preliminary data and are subject to revision. For more information on the individual data sources and how CBO develops its integrated estimates of enrollment, see Congressional Budget Office, *Health Insurance Coverage for People Under Age 65: Definitions and Estimates for 2015 to 2018* (April 2019), www.cbo.gov/publication/55094.
- Includes only noninstitutionalized enrollees under age 65 with full Medicaid benefits. Estimates are adjusted to account for people enrolled in more than one state.
- Many people can purchase subsidized health insurance coverage through marketplaces established under the ACA, 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. The federal government provides coverage through the Medicare program to people under 65 who receive benefits from 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, or coverage from foreign sources.
- CBO and JCT consider people uninsured if they are not covered by an insurance plan or enrolled in a government program that provides financial protection from major medical risks. See Congressional Budget Office, *Health Insurance Coverage for People Under Age 65: Definitions and Estimates for 2015 to 2018* (April 2019), www.cbo.gov/publication/55094.

Table 2.

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

Billions of Dollars, by Fiscal Year

	Actual, 2021 ^a	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total, 2023– 2032
Employment-Based Coverage													
Tax exclusion for employment-based coverage ^{b,c}	n.a.	312	326	346	368	420	457	483	510	539	569	601	4,619
Income tax deduction for self-employment health insurance ^d	n.a.	4	4	5	5	7	8	8	9	9	10	10	75
Small-employer tax credits ^e	n.a.	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal	n.a.	316	330	351	373	427	465	492	519	548	579	612	4,694
Medicaid and CHIP^e													
Blind and disabled	152	170	170	156	162	170	178	186	194	204	213	224	1,858
Children	56	63	65	52	52	55	58	61	64	68	74	78	624
Adults made eligible for Medicaid by the ACA	99	116	122	115	112	121	130	139	149	158	169	181	1,397
Adults otherwise eligible for Medicaid	83	96	100	88	87	92	97	102	108	115	121	129	1,040
CHIP	16	17	18	17	18	18	19	20	20	21	17	15	184
Subtotal	406	462	475	430	430	456	482	508	535	565	595	627	5,104
Marketplace-Related Coverage and the Basic Health Program													
Premium tax credits and 1332 waiver outlays	58	72	46	52	57	59	60	63	67	70	75	82	629
Premium tax credit revenue reductions	n.a.	6	13	8	9	10	12	12	13	14	15	16	121
Subtotal	n.a.	78	59	59	66	69	72	75	80	83	90	98	750
Outlays for the Basic Health Program	7	10	8	7	8	9	9	10	11	11	12	13	98
Collections for risk adjustment	-7	-6	-6	-6	-7	-7	-8	-8	-9	-9	-10	-10	-81
Payments for risk adjustment	7	7	6	6	7	7	8	8	9	9	9	11	80
Subtotal	n.a.	89	67	67	74	78	81	85	90	94	102	111	847
Medicare ^f	125	131	136	142	150	160	170	179	185	196	206	221	1,745
Gross Subsidies	n.a.	998	1,008	990	1,026	1,121	1,197	1,263	1,330	1,404	1,481	1,570	12,390
Gross Collections of Penalty Payments by Employers ^g	n.a.	*	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-9
Net Subsidies	n.a.	997	1,007	989	1,025	1,120	1,196	1,262	1,329	1,403	1,480	1,569	12,381
Memorandum													
Gross subsidies as a percentage of GDP	n.a.	4.04	3.84	3.63	3.63	3.83	3.95	4.01	4.06	4.13	4.19	4.28	
Net subsidies as a percentage of GDP	n.a.	4.04	3.84	3.62	3.63	3.83	3.94	4.01	4.06	4.13	4.19	4.28	

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

Numbers may not add up to totals because of rounding.

The table shows subsidies for the civilian noninstitutionalized population under age 65.

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

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

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; GDP = gross domestic product; JCT = staff of the Joint Committee on Taxation; * = between -\$500 million and \$500 million; n.a. = not available.

- Actual amounts are estimated on the basis of preliminary data and are subject to revision.
- The estimates shown, produced by JCT, reflect the tax value of the exclusion from federal income and payroll taxes for employer-based health insurance for people under age 65, as well as the penalty payments by employers. The tax value represents the change in tax revenues if the exclusion from federal income and payroll taxes was repealed and the total compensation paid by the employer (including the employer's payroll taxes) remained constant by increasing wages. The estimates differ from those of the tax expenditure for the exclusion. The tax expenditure represents the change in tax revenues if the amount of excluded compensation was taxed and is larger than the tax value. Neither measure reflects employees' behavioral responses to the change.
- Includes increases in outlays and reductions in revenues.
- The estimates shown, which JCT produced, do not include effects stemming from the deduction for people over age 65.
- For Medicaid, the outlays reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits.
- Estimated Medicare spending for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65. Estimates include Part D spending by the federal government for Medicare beneficiaries under 65.
- Excludes the associated effects on revenues of changes in taxable compensation, which are included in the estimates of the tax exclusion for employment-based insurance. If those effects were included, net revenues from penalty payments by employers would total \$6 billion over the 2023–2032 period.