

# Health Insurance for People Younger Than Age 65: Expiration of Temporary Policies Projected to Reshuffle Coverage, 2023 to 2033

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For information about the press briefing, see [www.healthaffairs.org/doi/10.1377/he20230522.713788/full/](https://www.healthaffairs.org/doi/10.1377/he20230522.713788/full/). For more information about the Congressional Budget Office's 2023 baseline projections of health insurance coverage for people under age 65, see Caroline Hanson and others, "Health Insurance for People Younger Than Age 65: Expiration of Temporary Policies Projected to Reshuffle Coverage, 2023–33," *Health Affairs* (May 2023), <https://health-policy.healthaffairs.org/hanson/june2023issue/aop>. For more information about CBO's baseline projections of federal subsidies for that coverage, see Congressional Budget Office, "Federal Subsidies for Health Insurance Coverage for People Under Age 65: CBO and JCT's May 2023 Baseline Projections," (May 2023), [www.cbo.gov/data/baseline-projections-selected-programs#6](https://www.cbo.gov/data/baseline-projections-selected-programs#6).

## Key Points

Temporary policies enacted in the wake of the coronavirus pandemic have contributed to a record low percentage of people who are uninsured in 2023, 8.3 percent, and record high enrollment in Medicaid and marketplace coverage.

As those policies expire under current law, the distribution of coverage will change, and the share of people who lack insurance is expected to increase.

Although higher than the share of people who lack insurance in 2023, the share in 2033, 10.1 percent, is still projected to be lower than the 2019 share of about 12 percent.

Employment-based coverage has been and is forecast to continue to be the largest source of insurance coverage in the United States.

# The Congressional Budget Office's Modeling of Health Insurance Coverage

CBO's projections apply to the civilian noninstitutionalized population younger than age 65 residing in the 50 states and Washington, D.C.

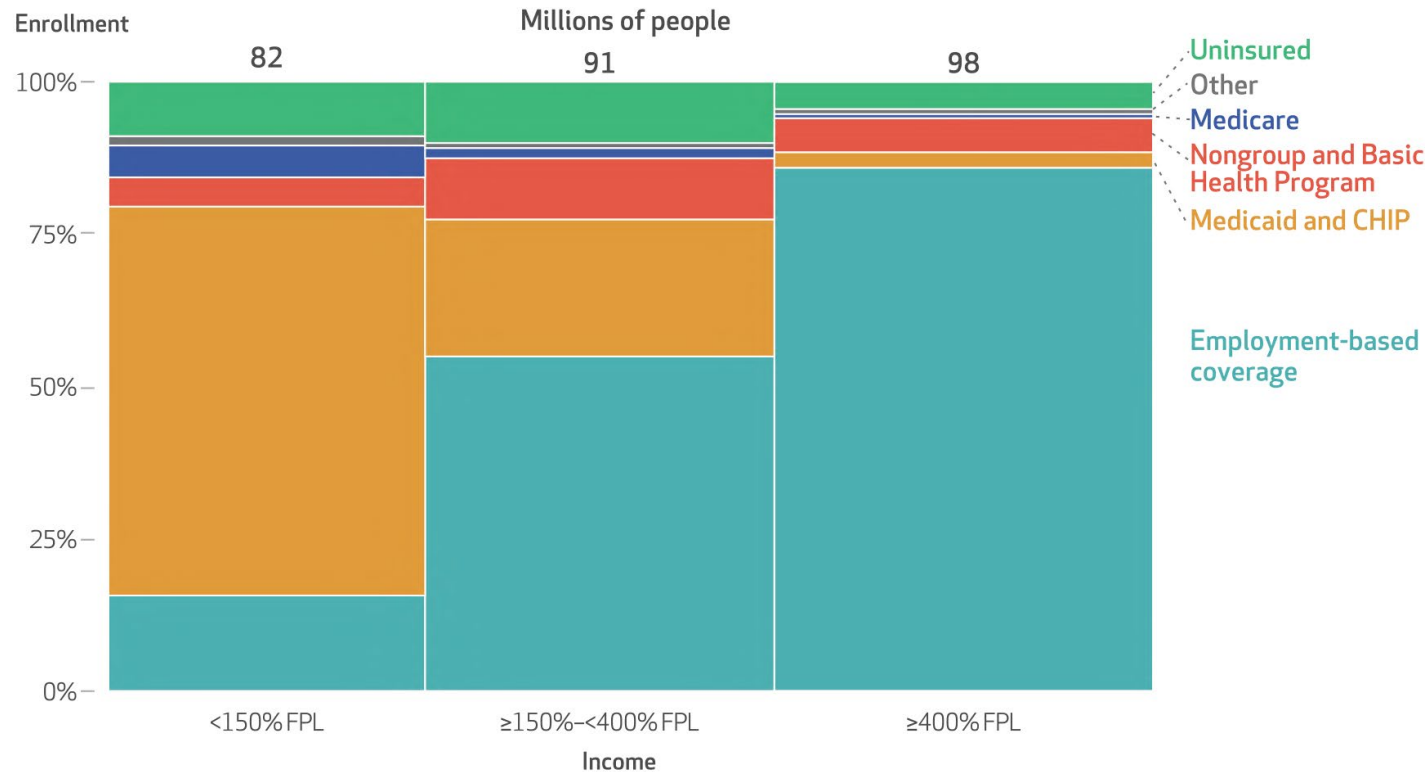
The estimates are largely produced by the agency's health insurance simulation model, or HISIM2.

HISIM2 is a structural expected utility model that is updated annually to incorporate the most recent data, recently enacted legislation and other policy changes, and CBO's most recent macroeconomic forecast.

CBO's coverage estimates also depend on other models, such as CBO's Medicaid and Medicare models.

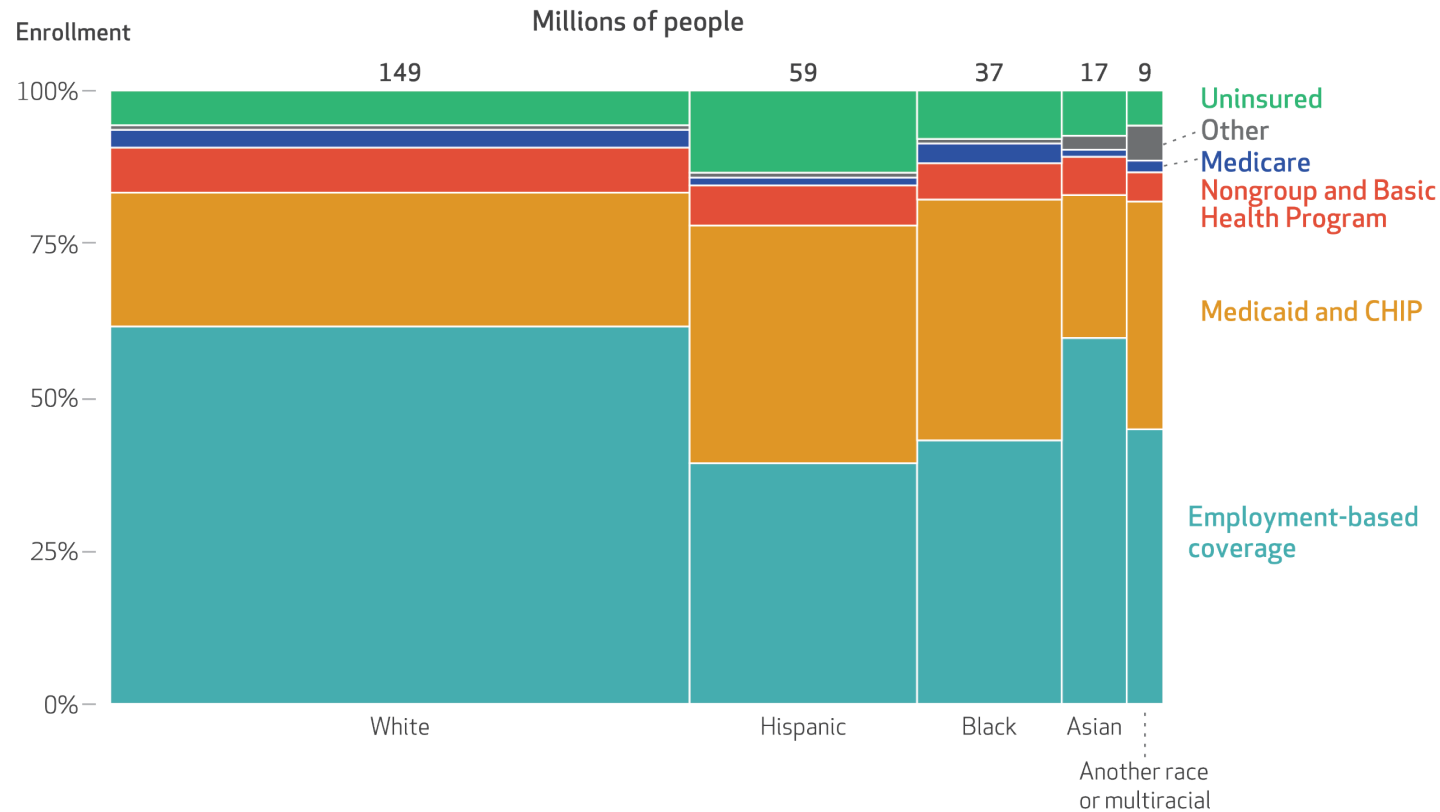
The estimates are based on an assumption that laws as of March 30, 2023, remain in place.

# Health Insurance Coverage for People Younger Than Age 65, by Type of Coverage and Income, 2023



Sources of coverage vary substantially by income. People with lower income (income less than 150 percent of the federal poverty level, or FPL) are more likely to be uninsured than people with higher income (400 percent of the FPL or more). When they are covered, people with lower income are most often covered by Medicaid or the Children’s Health Insurance Program (CHIP), and people with higher income are most often covered by employment-based coverage.

# Health Insurance Coverage for People Younger Than Age 65, by Type of Coverage and Race and Ethnicity, 2023



CBO has developed the capacity to report coverage by race and ethnicity, which varies, but to a lesser extent than coverage by income. Employment, income, and immigration status are important drivers of variation in coverage by race and ethnicity.

# Medicaid's Continuous Eligibility Provisions

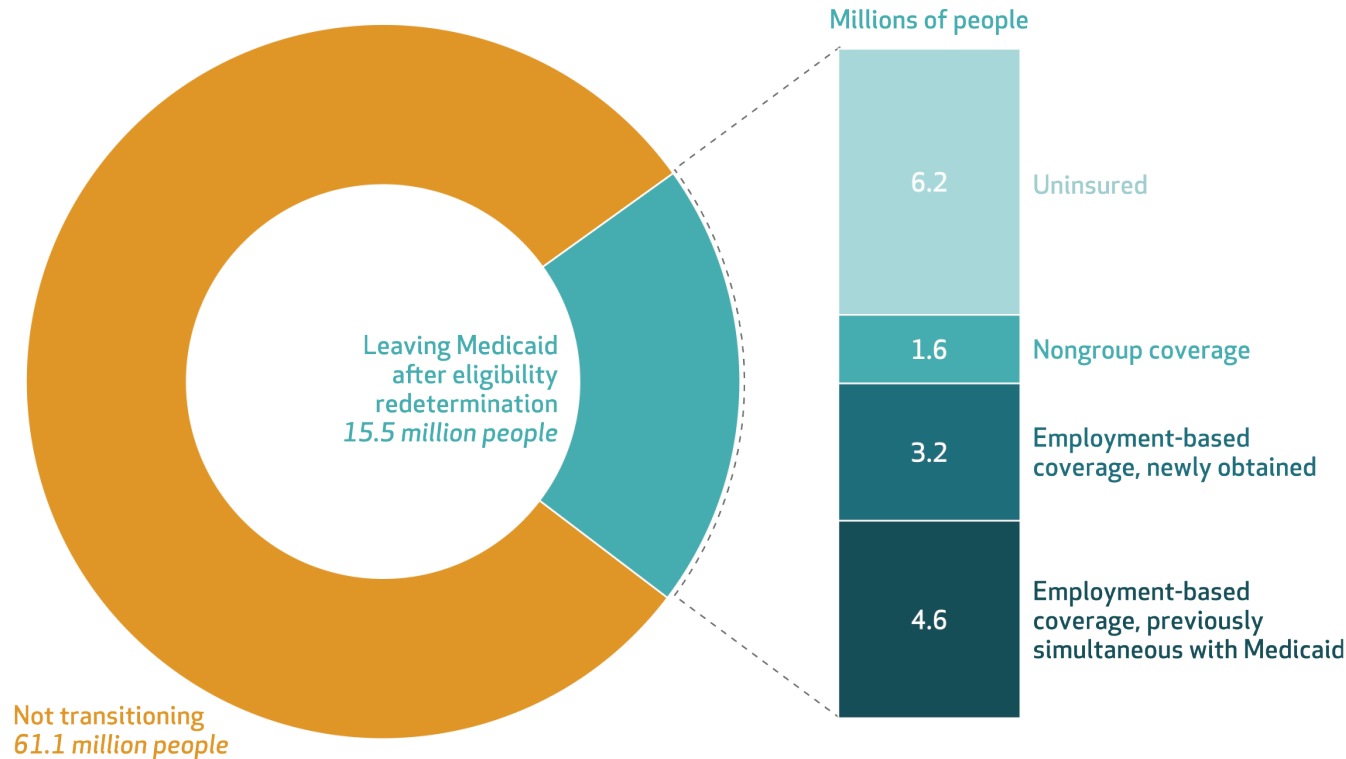
The Families First Coronavirus Response Act of 2020 increased the federal medical assistance percentage, or FMAP (the formula that determines the federal matching rate for Medicaid), by 6.2 percentage points for most enrollees for the duration of the COVID-19 public health emergency.

To receive the enhanced funding, states were required to provide continuous eligibility to enrollees in Medicaid and CHIP, allowing people to remain enrolled regardless of changes in their eligibility.

Medicaid enrollment grew by 16.1 million from 2019 to 2022, largely because of the continuous eligibility provisions.

The Consolidated Appropriations Act of 2023 concluded the continuous eligibility provisions. As a result, states were allowed to resume disenrolling people beginning in April 2023 without losing an enhanced FMAP.

# Initial Transitions in Coverage in the 18 Months Beginning in April 2023, After the End of Medicaid's Continuous Eligibility Provisions



Continuous eligibility provisions contributed to a significant increase in Medicaid enrollment, including among people with another source of coverage. As the policy unwinds over 18 months, 15.5 million people are expected to leave Medicaid, with 6.2 million of them projected to become uninsured. Some of those people would have been eligible for Medicaid if they had completed the administrative requirements associated with the redetermination process.

# Policy Changes Affecting Marketplace Enrollment

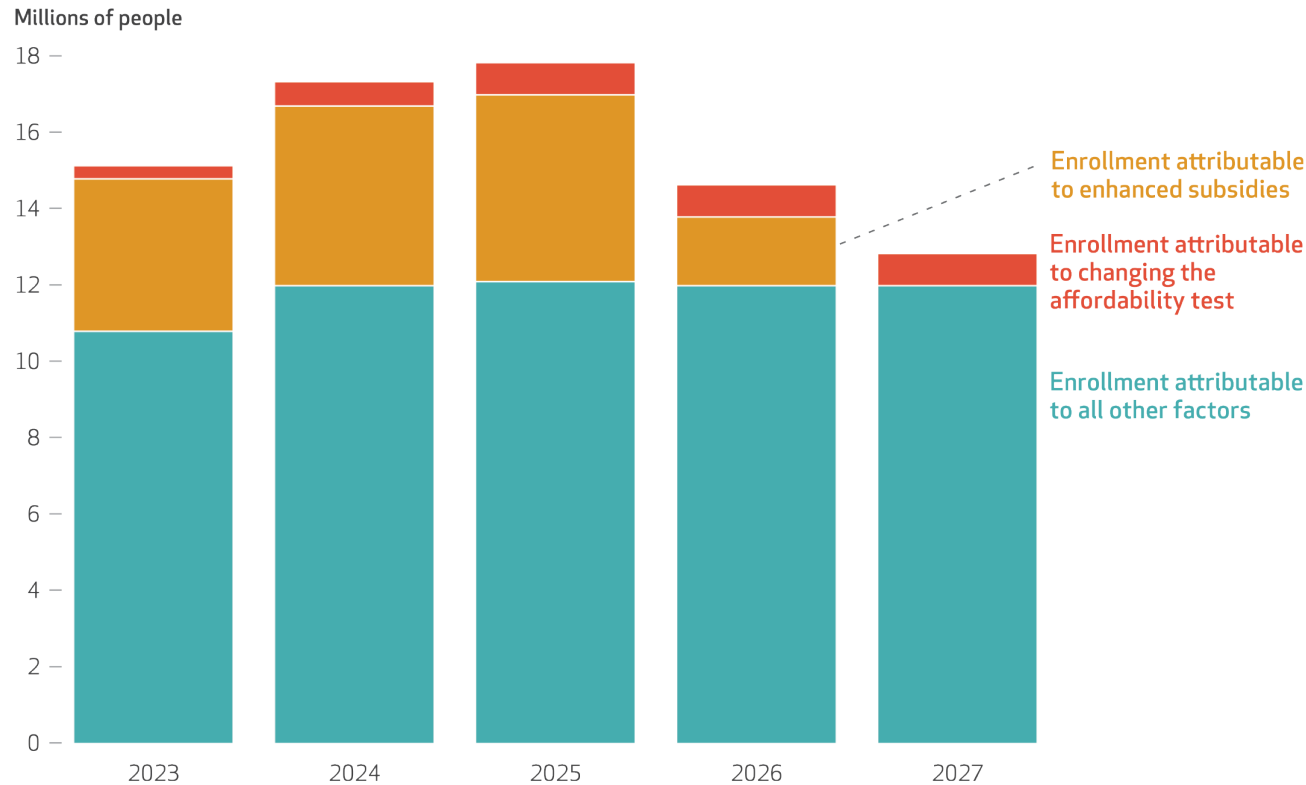
Beginning in 2021, the subsidies available for the purchase of marketplace coverage were enhanced. The amounts increased for those who were already eligible, and eligibility was extended to people with income greater than 400 percent of the FPL. Under current law, the enhanced subsidies extend through 2025.

In 2023, a regulatory change was made to address an issue often referred to as the family glitch. Under the new regulation, the affordability of an employer's offer of insurance for spouses and dependents is determined by the cost of the family premium, rather than the employee's self-only premium.

Various other administrative and judicial actions over the past several years have also affected marketplace enrollment, including changes to income verification requirements.



# Effects of Policy Changes on Total Marketplace Enrollment, 2023 to 2027



The enhancement of the subsidies has increased enrollment in the marketplace by 4 million people in 2023. Marketplace enrollment is projected to grow through 2025, as the effect of the enhanced subsidies and the change to the affordability test are fully phased in. Other factors, such as the end of the continuous eligibility provisions, also contribute to growth.

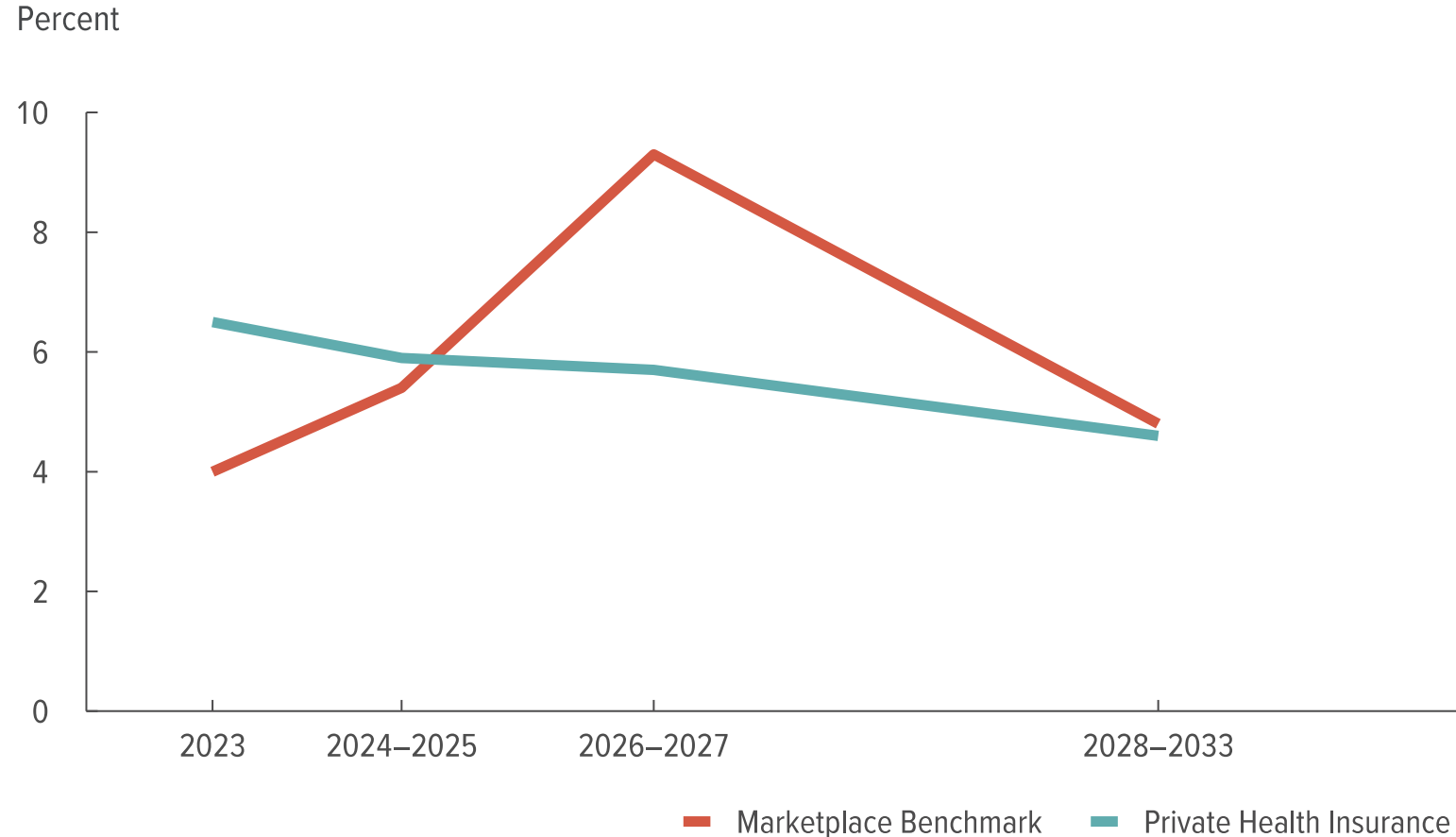
# Projected Health Insurance Coverage for People Younger than Age 65, by Calendar Year, 2022 to 2033

Millions of People

|  | Actual,<br>2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Average,<br>2028 to 2032 | 2033 |
|--|-----------------|------|------|------|------|------|--------------------------|------|
| Total Population Under Age 65              | 271             | 271  | 271  | 271  | 271  | 271  | 271                      | 273  |
| Employment-Based Coverage                  | 157             | 155  | 155  | 155  | 156  | 157  | 158                      | 159  |
| Medicaid and CHIP                          | 84              | 83   | 74   | 71   | 71   | 71   | 71                       | 72   |
| Subsidized Marketplace                     | 12              | 14   | 16   | 17   | 12   | 11   | 11                       | 11   |
| Unsubsidized Nongroup                      | 5               | 4    | 5    | 5    | 7    | 7    | 7                        | 7    |
| Other Coverage <sup>a</sup>                | 12              | 11   | 11   | 11   | 11   | 11   | 11                       | 11   |
| Uninsured                                  | 24              | 23   | 25   | 26   | 27   | 28   | 28                       | 28   |
| Multiple Sources of Coverage               | 22              | 20   | 15   | 14   | 14   | 14   | 14                       | 14   |
| Uninsurance Rate (Percent)                 |                 |      |      |      |      |      |                          |      |
| Including all U.S. residents               | 8.7             | 8.3  | 9.3  | 9.7  | 10.1 | 10.4 | 10.3                     | 10.1 |
| Excluding noncitizens not lawfully present | 6.8             | 6.4  | 7.3  | 7.7  | 8.2  | 8.6  | 8.4                      | 8.2  |

a. Includes people with other kinds of insurance, such as coverage through the Basic Health Program, Medicare, student health plans, coverage provided by the Indian Health Service, or coverage from foreign sources.

# Projected Growth Rates for Premiums



Relatively high short-term growth rates in private health insurance premiums are attributable to both economywide inflation and to the continued bouncing back of medical spending after suppressed utilization early in the pandemic.

Premium growth in the nongroup market is forecast to surpass that for private health insurance premiums in 2026–2027 period largely because healthier enrollees are disproportionately more likely to exit the nongroup market when the enhanced subsidies expire.

# Sources of Uncertainty in CBO's Projections

Projections of health insurance coverage depend on CBO's macroeconomic forecast, which depends on a large number of national and global forces.

Actual coverage depends on the actions of and interactions among many entities: federal and state policymakers, employers, households, insurers.

CBO's modeling depends on survey and administrative data, which are imperfect. Measurement error in survey estimates of coverage is probably worse now than before the pandemic.