



# Health Insurance and Its Federal Subsidies: CBO and JCT's June 2024 Baseline Projections

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The Congressional Budget Office and the staff of the Joint Committee on Taxation regularly prepare baseline projections of the federal costs associated with each kind of federal health insurance subsidy and of the number of people with health insurance coverage through different sources. The projections reflect the assumption that current laws governing taxes and spending generally remain unchanged. These tables present the latest of those projections. The estimates in the tables underlie CBO's June 2024 baseline projections. The estimates are based on an assumption that legislation enacted through May 12, 2024, remains in place.

Table 1. CBO's June 2024 Projections of Health Insurance Coverage, by Source

Table 2. CBO and JCT's June 2024 Projections of Net Federal Subsidies for Health Insurance

Table 1.

**CBO's June 2024 Projections of Health Insurance Coverage, by Source**

Millions of people, by calendar year

	2023 <sup>a</sup>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total population	338.4	342.3	346.2	349.5	351.9	353.7	355.4	357.1	358.7	360.3	361.8	363.3
Insured people	314.1	315.9	318.9	319.1	319.9	321.3	322.9	324.7	326.5	328.0	329.7	330.9
Uninsured people <sup>b</sup>	24.3	26.4	27.3	30.3	32.1	32.4	32.5	32.3	32.1	32.3	32.2	32.4
Employment-based coverage <sup>c</sup>	164.2	164.1	164.1	165.5	167.1	167.6	168.0	168.5	169.0	169.4	170.0	170.3
Medicaid and CHIP <sup>d</sup>												
People age 65 or older in Medicaid	6.0	5.6	5.6	5.8	6.1	6.2	6.3	6.4	6.5	6.5	6.6	6.7
Blind and disabled people in Medicaid	8.1	7.8	7.7	7.8	8.0	8.1	8.2	8.2	8.3	8.3	8.4	8.4
Children in Medicaid	34.7	30.5	30.1	30.0	29.9	29.8	29.7	29.6	29.6	30.0	31.0	31.1
Adults made eligible for Medicaid by the ACA	17.7	13.3	12.9	13.1	13.2	13.3	13.4	13.5	13.7	13.8	13.9	14.0
Adults otherwise eligible for Medicaid	18.4	14.5	14.1	14.2	14.3	14.3	14.3	14.4	14.4	14.5	14.5	14.5
CHIP	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	6.3	4.6	4.4
Subtotal	92.0	78.7	77.6	78.2	78.6	78.8	79.0	79.3	79.5	79.4	79.0	79.2
Medicare <sup>e</sup>	60.1	61.4	62.9	64.4	66.0	67.4	68.8	70.0	71.1	72.1	73.0	73.9
Nongroup coverage <sup>f</sup>												
Purchased through marketplaces												
Subsidized	14.7	20.1	21.3	15.7	14.1	13.8	13.7	13.4	13.4	13.4	13.8	13.9
Unsubsidized	1.5	1.6	1.5	3.2	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1
Subtotal, purchased through marketplaces	16.2	21.6	22.8	18.9	16.0	15.8	15.7	15.4	15.4	15.4	15.9	16.0
Purchased outside marketplaces	2.9	3.1	3.2	3.7	3.9	4.0	4.0	4.2	4.2	4.3	4.3	4.3
Subtotal, nongroup coverage	19.1	24.7	26.0	22.5	20.0	19.7	19.7	19.7	19.6	19.7	20.2	20.3
Basic Health Program <sup>g</sup>	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5
Other coverage <sup>h</sup>	6.1	6.4	7.0	7.3	7.3	7.1	7.0	7.1	7.1	7.1	7.1	7.2
<b>Memorandum:</b>												
People with multiple sources of coverage	28.7	20.8	20.1	20.3	20.6	20.9	21.1	21.2	21.2	21.2	21.1	21.4
Uninsured people with Medicare Part A or Part B only	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Share of the population that is uninsured (percent)	7.2	7.7	7.9	8.7	9.1	9.2	9.1	9.0	9.0	9.0	8.9	8.9

Data source: Congressional Budget Office. See [www.cbo.gov/data/baseline-projections-selected-programs#6](http://www.cbo.gov/data/baseline-projections-selected-programs#6).

The table shows coverage for the Social Security area population—the relevant population for the calculation of Social Security payroll taxes and benefits. Estimates reflect average monthly enrollment over the course of a year and include spouses and dependents covered under family policies. Estimates for each source of health insurance exclude people with supplemental or partial coverage that, on its own, would not provide financial protection against major medical expenses and thus would not meet the CBO's definition of health insurance. For a fuller discussion, see Congressional Budget Office, *Federal Subsidies for Health Insurance: 2023 to 2033* (September 2023), Appendix B, [www.cbo.gov/publication/59613](http://www.cbo.gov/publication/59613). The components exceed the total population because some people enroll in multiple sources of coverage, and for this table, CBO did not assign them to a primary source.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; FPL = federal poverty level; VA = Department of Veterans Affairs.

- Actual amounts are estimated on the basis of preliminary data and are subject to revision.
- CBO considers people uninsured if they are not covered by an insurance plan or enrolled in a government program that provides financial protection from major medical expenses. Estimates include people enrolled only in Medicare Part A or Part B, people receiving only partial Medicaid benefits, and people enrolled in some short-term plans.
- Includes enrollees in the military's TRICARE program and the VA's health care but does not include people with Medicare wraparound coverage provided through a former employer.
- Medicaid enrollment includes only enrollees with full benefits. Estimates have been adjusted to account for people enrolled in more than one state.
- Includes only people who are enrolled in both Medicare Part A and Part B.
- The marketplaces established under the ACA are operated by the federal government, state governments, or partnerships between the two. Estimates do not include enrollees in supplemental medigap plans.
- Created under the ACA, the Basic Health Program allows states to establish a coverage program primarily for people with income between 138 percent and 200 percent of the FPL. 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. Only Minnesota and Oregon currently operate such a program. Estimates include enrollment in New York's Essential Plan, which is funded through an ACA waiver and mirrors the Basic Health Program, with eligibility up to 250 percent of the FPL.
- In 2024, the other sources that cover the most people are student health plans (3 million) and correctional facilities (2 million). The Indian Health Service and foreign sources of coverage account for most of the remaining people in this category.

Table 2.

### CBO and JCT's June 2024 Projections of Net Federal Subsidies for Health Insurance

Billions of dollars, by fiscal year

	2023 <sup>a</sup>	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total, 2025– 2034
<b>Employment-based coverage</b>													
Tax exclusion for employment-based coverage <sup>b,c</sup>	n.a.	384	414	477	518	542	567	594	623	653	683	714	5,784
Income tax deduction for self-employment health insurance	n.a.	5	6	8	9	9	10	10	11	11	12	12	98
Small-employer tax credits <sup>c</sup>	n.a.	*	*	*	*	*	*	*	*	*	*	*	*
Gross collections of penalty payments by employers <sup>d</sup>	n.a.	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-11
Subtotal	n.a.	389	419	484	525	550	575	603	633	663	694	725	5,871
<b>Medicaid and CHIP<sup>e</sup></b>													
People age 65 or older in Medicaid	111	118	120	124	131	140	148	156	163	170	178	186	1,516
Blind and disabled people in Medicaid	177	191	192	193	201	211	222	232	243	255	268	281	2,298
Children in Medicaid	73	70	70	71	73	76	80	84	88	92	101	106	841
Adults made eligible for Medicaid by the ACA	130	114	110	113	119	127	136	145	155	165	176	187	1,433
Adults otherwise eligible for Medicaid	62	56	53	54	56	59	62	66	69	73	77	82	652
CHIP	18	19	19	19	20	20	21	21	22	22	15	15	194
Subtotal	571	568	564	575	600	634	668	703	739	778	815	858	6,935
<b>Medicare<sup>f</sup></b>													
	825	891	923	986	1,054	1,124	1,201	1,284	1,376	1,473	1,595	1,719	12,734
<b>Premium tax credits and related spending</b>													
Outlays for premium tax credits	70	98	107	84	86	89	91	93	97	101	107	111	966
Revenue reductions from premium tax credits	n.a.	16	22	24	15	15	15	16	16	17	18	19	176
Outlays for 1332 waivers and the Basic Health Program <sup>g</sup>	12	16	16	16	17	18	18	19	20	21	22	9	177
Collections for risk adjustment	-9	-11	-14	-16	-15	-15	-15	-16	-16	-17	-18	-19	-162
Payments for risk adjustment	8	10	12	15	16	15	15	15	16	17	18	18	158
Subtotal	n.a.	129	143	123	118	122	125	128	133	139	147	138	1,316
<b>Other federal subsidies associated with supplemental or partial benefits<sup>h</sup></b>													
	n.a.	42	44	48	52	55	58	62	66	69	74	78	606
<b>Net subsidies</b>	<b>n.a.</b>	<b>2,019</b>	<b>2,093</b>	<b>2,216</b>	<b>2,350</b>	<b>2,485</b>	<b>2,627</b>	<b>2,780</b>	<b>2,946</b>	<b>3,122</b>	<b>3,325</b>	<b>3,518</b>	<b>27,462</b>
<b>Memorandum:</b>													
Net subsidies as a percentage of GDP	n.a.	7.1	7.0	7.2	7.4	7.5	7.6	7.8	8.0	8.1	8.3	8.5	n.a.

Data sources: Congressional Budget Office; staff of the Joint Committee on Taxation. See [www.cbo.gov/data/baseline-projections-selected-programs#6](http://www.cbo.gov/data/baseline-projections-selected-programs#6).

The table shows federal subsidies for the Social Security area population—the relevant population for the calculation of Social Security payroll taxes and benefits. The table excludes discretionary outlays and outlays made by the federal government in its capacity as an employer.

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

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

- a. Actual amounts are estimated on the basis of preliminary data and subject to revision
- b. The estimates shown, produced by JCT, reflect the tax value of the exclusion of employment-based health insurance from federal income and payroll taxes, as well as penalty payments by employers but not the tax value of the exclusion associated with Medicare wrap-around coverage for former employees. The tax value represents the change in tax revenues that would result 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 was larger than the tax value.
- c. Include increases in outlays and reductions in revenues.
- d. Exclude 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 \$8 billion over the 10-year period.
- e. For Medicaid, spending reflects medical services for enrollees who have full Medicaid benefits.
- f. Spending for Medicare beneficiaries enrolled in both Part A and Part B. Estimates include Part D benefits, which are calculated net of premiums and certain other payments to the government, and have been adjusted to exclude the effects of shifts that occur in the timing of monthly payments when October 1 falls on a weekend.
- g. Under section 1332 of the ACA, states may apply for waivers from some of the rules governing insurance markets or programs offering health insurance established by the ACA. To obtain a waiver, a state's proposal must be budget neutral and provide comparable levels of insurance coverage.
- h. Include federal subsidies for people with supplemental or partial coverage that, on its own, would not provide financial protection against major medical expenses and thus would not meet CBO's definition of health insurance. Estimates include the tax value of the exclusion associated with Medicare wraparound coverage provided to former employees; Medicare spending on enrollees who receive only Part A or Part B benefits; and Medicaid spending on enrollees who receive partial benefits, such as beneficiaries who are also eligible for Medicare for whom Medicaid pays only Medicare premiums or cost sharing.