



Federal Subsidies for Health Insurance Coverage for People Under Age 65: CBO and JCT's March 2020 Projections

Table 1. CBO's March 2020 Projections for Health Insurance Coverage, 2020 to 2030

Table 2. CBO's March 2020 Projections for Net Federal Subsidies for Health Insurance Coverage, 2020 to 2030

An earlier version of Table 2, with identical values, was published on March 16, 2020, to accompany *Baseline Budget Projections as of March 6, 2020*, an abbreviated report made available quickly to provide baseline estimates reflecting the situation before the rapid economic changes induced by the 2020 coronavirus pandemic.

Numbers may not add up to totals because of rounding.

JCT = staff of the Joint Committee on Taxation.

Table 1.

CBO's March 2020 Projections for Health Insurance Coverage, 2020 to 2030

Millions of People, by Calendar Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Population Under Age 65	272	272	272	272	272	272	272	272	273	273	273
Employment-Based Coverage	159	159	159	158	157	157	157	157	157	157	157
Medicaid and CHIP ^a											
Blind and disabled in Medicaid	7	7	7	7	7	7	7	8	8	8	8
Children in Medicaid	29	29	29	29	29	29	29	29	29	29	29
Adults made eligible for Medicaid by the ACA	12	12	12	13	13	13	13	14	14	14	14
Adults otherwise eligible for Medicaid	12	12	12	12	12	12	12	12	12	12	12
CHIP	7	7	7	7	7	7	7	7	7	7	7
Subtotal	67	67	67	68	68	69	69	69	69	70	70
Nongroup Coverage and the Basic Health Program											
Nongroup coverage purchased through marketplaces ^b											
Subsidized	9	8	8	8	8	8	8	8	8	8	8
Unsubsidized	1	1	1	1	1	1	1	1	1	1	1
Subtotal	10	10	9	9	9	9	9	9	9	9	9
Nongroup coverage purchased outside marketplaces	5	5	5	6	6	6	6	7	7	7	7
Subtotal, nongroup coverage	15	15	15	15	15	16	16	16	16	16	16
Coverage through the Basic Health Program ^c	1	1	1	1	1	1	1	1	1	1	1
Medicare ^d	8	8	8	8	8	8	8	8	8	8	8
Other Coverage ^e	3	3	3	3	3	3	3	3	3	3	3
Uninsured ^f	30	31	31	31	31	31	31	31	31	31	31
Memorandum:											
Number of Insured People	242	241	241	241	241	241	241	242	242	242	243
Insured as a Percentage of the Population											
Including all U.S. residents	89	89	89	89	89	89	89	89	89	89	89
Excluding unauthorized immigrants	90	90	90	90	90	90	90	90	90	90	90

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

These projections reflect legislation, administrative actions, and regulatory changes through early March 2020, as well as premiums at that time. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation's economic outlook and fiscal situation arising from the current public health emergency.

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, about 12 million people (or about 5 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 only noninstitutionalized enrollees 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. 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, 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.

CBO's March 2020 Projections for Net Federal Subsidies for Health Insurance Coverage, 2020 to 2030

Billions of Dollars, by Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total, 2021– 2030
Work-Related Coverage												
Tax exclusion for employment-based coverage ^{a,b}	294	313	333	353	372	393	445	480	505	531	560	4,284
Income tax deduction for self-employment health insurance ^c	4	4	4	4	5	5	5	6	6	7	7	53
Small-employer tax credits ^b	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal	297	317	337	357	377	397	451	486	511	538	567	4,337
Medicaid and CHIP^d												
Blind and disabled in Medicaid	111	118	123	130	138	147	155	165	175	186	197	1,533
Children in Medicaid	78	83	87	92	98	103	109	115	121	128	135	1,069
Adults made eligible for Medicaid by the ACA	78	82	88	95	102	108	115	122	129	136	144	1,122
Adults otherwise eligible for Medicaid	47	50	53	57	60	64	68	72	76	80	85	666
CHIP	16	14	14	15	16	16	17	18	18	19	20	167
Subtotal	331	347	366	389	413	438	464	491	519	548	581	4,556
Marketplace-Related Coverage and the Basic Health Program												
Premium tax credit outlays	42	43	45	47	48	51	54	56	58	61	65	529
Premium tax credit revenue reductions	9	9	10	10	11	11	12	12	13	13	14	115
Subtotal, premium tax credits	51	52	55	57	59	63	65	68	71	75	80	645
Outlays for the Basic Health Program	5	5	6	6	6	6	7	7	7	8	8	66
Collections for risk adjustment	-5	-6	-6	-6	-7	-7	-8	-8	-9	-9	-9	-76
Payments for risk adjustment	6	6	6	6	7	7	8	8	8	9	9	73
Subtotal	57	57	61	63	65	69	72	74	78	82	87	709
Medicare ^e	90	92	96	100	104	109	115	120	127	132	142	1,138
Gross Subsidies	775	814	860	909	959	1,014	1,101	1,172	1,235	1,300	1,377	10,740
Taxes and Penalties Related to Coverage												
Net receipts from tax on health insurance providers ^f	-13	0	0	0	0	0	0	0	0	0	0	0
Gross collections of employer penalties ^g	-2	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3	-22
Subtotal	-14	-2	-2	-2	-2	-2	-2	-2	-2	-3	-3	-22

Continued

Table 2.

Continued

CBO's March 2020 Projections for Net Federal Subsidies for Health Insurance Coverage, 2020 to 2030

Billions of Dollars, by Fiscal Year

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total, 2021– 2030
Net Subsidies	761	812	858	907	957	1,012	1,099	1,169	1,233	1,297	1,375	10,718
Memorandum:												
Gross Subsidies as a Percentage of GDP	3.50	3.53	3.59	3.66	3.73	3.80	3.99	4.09	4.15	4.21	4.30	
Net Subsidies as a Percentage of GDP	3.44	3.53	3.59	3.66	3.72	3.80	3.98	4.08	4.15	4.21	4.30	

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

These budget projections reflect legislation, administrative actions, and regulatory changes through early March 2020, as well as premiums at that time. They are based on the economic forecast that CBO completed on January 7, 2020, and do not account for changes to the nation's economic outlook and fiscal situation arising from the current public health emergency.

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 = Joint Committee on Taxation;

* = between zero and \$500 million.

- a. The estimates shown, produced by JCT, reflect the tax value of the exclusion from federal income and payroll taxes for employment-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.
- b. Includes increases in outlays and reductions in revenues.
- c. The estimates shown, which JCT produced, do 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.
- e. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65. Estimates do not include Part D spending by the federal government for Medicare beneficiaries under 65.
- f. Net receipts include effects on individual and corporate tax receipts. Health insurers are subject to the excise tax in calendar year 2020. The Further Consolidated Appropriations Act, 2020, eliminated the excise tax beginning in calendar year 2021.
- g. 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 from penalty payments by employers would total \$15 billion over the 10-year period.