



## **Federal Subsidies for Health Insurance Coverage for People Under Age 65: Tables From CBO's May 2019 Projections**

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These projections update the projections of subsidies, and related revenues, for health insurance coverage for people under age 65, as published by CBO in May 2018 and January 2019. The same tables also appear in Congressional Budget Office, *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2019 to 2029* (May 2019), [www.cbo.gov/publication/55085](http://www.cbo.gov/publication/55085).

Components may not sum to totals because of rounding.

Table 1.

**Health Insurance Coverage, 2019 to 2029**

Millions of People, by Calendar Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total Population Under Age 65	273	273	273	274	274	275	275	276	276	276	277
Employment-Based Coverage	159	159	159	159	158	158	158	158	158	159	159
Medicaid and CHIP <sup>a</sup>											
Blind and disabled	7	7	7	7	7	7	7	7	7	7	7
Children	30	30	30	30	30	30	30	30	30	30	30
Adults made eligible for Medicaid by the ACA	12	12	12	13	13	13	14	14	14	14	14
Adults otherwise eligible for Medicaid	13	12	12	12	13	13	13	13	13	13	13
CHIP	7	7	7	7	7	7	7	7	7	7	7
Subtotal	69	68	68	69	70	70	70	71	71	71	71
Nongroup Coverage and the Basic Health Program											
Nongroup coverage purchased through marketplaces <sup>b</sup>											
Subsidized	8	8	7	7	7	7	7	6	6	6	6
Unsubsidized	1	1	1	1	1	1	1	1	1	1	1
Subtotal	9	9	8	8	8	8	8	7	7	7	7
Nongroup coverage purchased outside marketplaces	5	5	4	4	4	4	4	4	4	4	4
Total, nongroup coverage	14	13	13	12	12	12	12	12	12	11	11
Coverage through the Basic Health Program <sup>c</sup>	1	1	1	1	1	1	1	1	1	1	1
Medicare <sup>d</sup>	8	8	8	8	8	8	8	8	8	8	8
Other Coverage <sup>e</sup>	3	3	3	3	3	3	3	3	3	3	3
Uninsured <sup>f</sup>	30	32	33	33	34	34	34	34	35	35	35
<b>Memorandum:</b>											
Number of Insured People	242	241	240	240	241	241	241	241	241	241	242
Insured as a Percentage of the Population											
Including all U.S. residents	89	88	88	88	88	88	88	88	87	87	87
Excluding noncitizens not lawfully present	91	90	90	90	90	89	89	89	89	89	89

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

The table shows coverage for the noninstitutionalized civilian 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 11 million and 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.
- Includes noncitizens not lawfully present in this country, who are ineligible either for marketplace subsidies or for most Medicaid benefits; people ineligible for Medicaid because they live in a state that has not expanded coverage; people eligible for Medicaid or CHIP who do not enroll; people who purchase nongroup insurance policies that do not meet the agencies' definition of comprehensive health insurance; and people who do not purchase insurance available through an employer, through the marketplaces, or directly from an insurer.

Table 2.

**Net Federal Subsidies Associated With Health Insurance Coverage, 2019 to 2029**

Billions of Dollars, by Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total, 2020– 2029
<b>Work-Related Coverage</b>												
Tax exclusion for employment-based coverage <sup>a,b</sup>	283	301	320	341	363	387	410	466	502	530	562	4,182
Income tax deduction for self-employment health insurance <sup>c</sup>	4	4	3	3	3	4	4	4	5	5	5	39
Small-employer tax credits <sup>b</sup>	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal	287	304	324	344	367	390	414	470	507	534	567	4,222
<b>Medicaid and CHIP<sup>d</sup></b>												
Blind and disabled	109	115	121	127	135	143	152	161	172	182	194	1,502
Children	76	80	85	91	96	102	108	114	120	126	133	1,055
Adults made eligible for Medicaid by the ACA	66	66	70	76	83	89	95	102	108	115	121	925
Adults otherwise eligible for Medicaid	46	48	51	54	58	61	65	68	72	76	81	635
CHIP	18	16	14	14	15	16	16	17	18	18	19	164
Subtotal	314	325	341	363	387	411	436	462	490	518	549	4,282
<b>Marketplace-Related Coverage and the Basic Health Program</b>												
Premium tax credit outlays	43	44	43	45	47	49	52	54	55	56	57	503
Premium tax credit revenue reductions	9	10	9	10	10	11	11	12	12	12	12	109
Subtotal	53	53	53	55	58	60	64	66	67	68	70	612
Outlays for the Basic Health Program	6	6	6	7	7	7	8	8	9	9	10	77
Collections for risk adjustment and reinsurance	-6	-5	-6	-6	-6	-6	-7	-7	-7	-8	-8	-66
Payments for risk adjustment and reinsurance	9	5	6	6	6	6	7	7	7	8	8	65
Subtotal	62	59	59	61	65	68	72	74	75	77	79	689
<b>Medicare<sup>e</sup></b>												
	86	88	92	96	100	104	109	114	120	127	131	1,082
<b>Taxes and Penalties Related to Coverage</b>												
Gross collections of excise tax on high-premium insurance plans <sup>f</sup>	0	0	0	-2	-7	-9	-10	-12	-16	-19	-22	-96
Penalty payments by uninsured people	-3	0	0	0	0	0	0	0	0	0	0	0
Net receipts from tax on health insurance providers <sup>g</sup>	0	-13	-14	-15	-15	-16	-17	-17	-18	-19	-20	-164
Gross collections of employer penalties <sup>f</sup>	-8	-9	-9	-6	-6	-7	-7	-7	-8	-8	-7	-74
Subtotal	-11	-22	-22	-23	-29	-32	-34	-36	-42	-45	-49	-334
<b>Net Subsidies</b>	<b>737</b>	<b>755</b>	<b>794</b>	<b>842</b>	<b>889</b>	<b>941</b>	<b>997</b>	<b>1,085</b>	<b>1,149</b>	<b>1,211</b>	<b>1,277</b>	<b>9,940</b>

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Table 2.

Continued

**Net Federal Subsidies Associated With Health Insurance Coverage, 2019 to 2029**

Billions of Dollars, by Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total, 2020– 2029
<b>Memorandum:</b>												
Collections of Excise Tax on High-Premium Insurance Plans, Including the Associated Effects on Revenues of Changes in Taxable Compensation	0	0	0	-6	-14	-18	-22	-25	-31	-35	-42	-193

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

The table shows subsidies for the noninstitutionalized civilian 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; JCT = Joint Committee on Taxation; \* = between zero and \$500 million.

- a. Includes the effect on tax revenues of the exclusion of premiums for people under age 65 with employment-based insurance from federal income and payroll taxes and includes the effects on taxable wages of the excise tax on high-cost plans and penalty payments by employers. The estimates shown, which JCT produced, differ from the agency’s estimates of the tax expenditure for the exclusion of employer-paid health insurance because effects stemming from the exclusion for people over age 65 are not included here and because the Federal Insurance Contributions Act tax exclusion for employer-paid health insurance is included here.
- 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.
- f. 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 stemming from the excise tax would total \$193 billion over the 2020–2029 period, and revenues from penalty payments by employers would total \$58 billion over that 10-year period.
- g. Net receipts include effects on individual and corporate tax receipts. The tax is suspended in 2019.

Table 3.

**Comparison of Current and Previous Projections of Health Insurance Coverage and Net Federal Subsidies**

	2019			2019–2028		
	May 2018 Projection	May 2019 Projection	Difference	May 2018 Projection	May 2019 Projection	Difference
	<b>Insurance Coverage for the Year<sup>a</sup> (Millions of people)</b>			<b>Average Insurance Coverage Over the Period<sup>a</sup> (Millions of people)</b>		
Total Population	273	273	-1	276	274	-1
Employment-Based Coverage	159	159	-1	156	159	3
Medicaid and CHIP <sup>b</sup>						
Adults made eligible for Medicaid by the ACA	12	12	*	13	13	*
People otherwise eligible for Medicaid	48	50	1	49	50	*
CHIP	6	7	1	6	7	1
Total	<u>66</u>	<u>69</u>	<u>2</u>	<u>69</u>	<u>70</u>	<u>1</u>
Nongroup Coverage and the Basic Health Program						
Subsidized nongroup	7	8	1	7	7	*
Unsubsidized nongroup	5	6	1	6	5	*
Total, nongroup coverage	<u>12</u>	<u>14</u>	<u>2</u>	<u>12</u>	<u>12</u>	<u>*</u>
Coverage through the Basic Health Program <sup>c</sup>	1	1	*	1	1	*
Medicare <sup>d</sup>	8	8	*	8	8	*
Other Coverage <sup>e</sup>	5	3	-2	5	3	-2
Uninsured <sup>f</sup>	32	30	-2	35	34	-1
	<b>Effects on the Federal Deficit<sup>g</sup> (Billions of dollars)</b>			<b>Effects on the Cumulative Federal Deficit Over the Period<sup>g</sup> (Billions of dollars)</b>		
Work-Related Coverage						
Tax exclusion for employment-based coverage <sup>h</sup>	276	283	7	3,653	3,903	250
Income tax deduction for self-employment health insurance <sup>i</sup>	5	4	-2	64	38	-26
Small-employer tax credits	1	**	-1	8	**	-7
Subtotal	<u>282</u>	<u>287</u>	<u>4</u>	<u>3,725</u>	<u>3,942</u>	<u>217</u>
Medicaid and CHIP <sup>j</sup>						
Adults made eligible for Medicaid by the ACA	62	66	4	842	870	28
People otherwise eligible for Medicaid	233	230	-3	3,049	3,015	-34
CHIP	16	18	2	143	163	21
Subtotal	<u>310</u>	<u>314</u>	<u>3</u>	<u>4,034</u>	<u>4,047</u>	<u>14</u>
Marketplace-Related Coverage and the Basic Health Program						
Premium tax credits	53	53	**	703	595	-108
Outlays for the Basic Health Program	4	6	2	57	73	16
Net collections and payments for risk adjustment and reinsurance	**	3	3	-1	3	4
Subtotal	<u>57</u>	<u>62</u>	<u>5</u>	<u>760</u>	<u>672</u>	<u>-88</u>
Medicare <sup>k</sup>	84	86	2	1,049	1,037	-13
Taxes and Penalties Related to Coverage						
Gross collections of excise tax on high-premium insurance plans <sup>l</sup>	0	0	0	-47	-75	-27
Penalty payments by uninsured people	-3	-3	**	-3	-3	**
Net receipts from tax on health insurance providers <sup>m</sup>	0	0	0	-161	-144	17
Gross collections of employer penalties <sup>n</sup>	-8	-8	**	-101	-75	26
Subtotal	<u>-11</u>	<u>-11</u>	<u>**</u>	<u>-313</u>	<u>-297</u>	<u>16</u>
<b>Net Subsidies</b>	<b>723</b>	<b>737</b>	<b>14</b>	<b>9,255</b>	<b>9,401</b>	<b>146</b>

Continued

Table 3.

Continued

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

Estimates of insurance coverage apply to calendar years, and estimates of the effect on the federal deficit apply to fiscal years.

The table applies to the noninstitutionalized civilian population under age 65.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; JCT = Joint Committee on Taxation; \* = between -500,000 and 500,000;

\*\* = between -\$500 million and \$500 million.

- a. 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 11 million and 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.
- b. Includes only noninstitutionalized enrollees with full Medicaid benefits. Estimates are adjusted to account for people enrolled in more than one state.
- c. 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.
- d. 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.
- e. Includes people with other kinds of insurance, such as student health plans, coverage provided by the Indian Health Service, and coverage from foreign sources.
- f. Includes noncitizens not lawfully present in this country, who are ineligible either for marketplace subsidies or for most Medicaid benefits; people ineligible for Medicaid because they live in a state that has not expanded coverage; people eligible for Medicaid or CHIP who do not enroll; people who purchase nongroup insurance policies that do not meet the agencies' definition of comprehensive health insurance; and people who do not purchase insurance available through an employer, through the marketplaces, or directly from an insurer.
- g. Positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.
- h. Includes the effect on tax revenues of the exclusion of premiums for people under age 65 with employment-based insurance from federal income and payroll taxes and includes the effects on taxable wages of the excise tax on high-cost plans and penalty payments by employers. The estimates shown, which JCT produced, differ from the agency's estimate of the tax expenditure for the exclusion of employer-paid health insurance because effects stemming from the exclusion for people over age 65 are not included here and because the Federal Insurance Contributions Act tax exclusion for employer-paid health insurance is included here.
- i. The estimates shown, which JCT produced, do not include effects stemming from the deduction for people over age 65.
- j. For Medicaid, the outlays reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits.
- k. For Medicare, the outlays are for benefits net of offsetting receipts for noninstitutionalized beneficiaries under age 65.
- l. 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.
- m. Net receipts include the effects on individual and corporate tax receipts. The tax is suspended in 2019.

Table 4.

**Selected Estimates of Health Insurance Coverage and Net Federal Subsidies in CBO's September 2017 and May 2018 Projections Compared With Actual Coverage and Subsidies in 2018**

	September 2017 Projection	May 2018 Projection	Actual Amounts	Difference, September 2017	Difference, May 2018
<b>Selected Categories of Health Insurance Coverage for People Under Age 65 (Millions of people, calendar year 2018)</b>					
Employment-Based Coverage	157	158	160	-3	-1
Medicaid and CHIP					
Adults made eligible for Medicaid by the ACA	13	12	12	1	*
People otherwise eligible for Medicaid	51	49	50	1	-2
CHIP	5	6	7	-3	-1
Total	68	67	69	-1	-2
Nongroup Coverage and the Basic Health Program					
Nongroup coverage purchased through marketplaces					
Subsidized	9	8	8	1	-1
Unsubsidized	2	2	1	*	*
Subtotal	11	9	10	1	*
Nongroup coverage purchased outside marketplaces	5	5	5	*	1
Total, nongroup coverage	16	15	15	1	*
Coverage through the Basic Health Program	1	1	1	*	*
Medicare	8	8	8	*	*
Other Coverage	5	5	3	2	2
Uninsured	30	29	29	1	*

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Table 4.

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### Selected Estimates of Health Insurance Coverage and Net Federal Subsidies in CBO's September 2017 and May 2018 Projections Compared With Actual Coverage and Subsidies in 2018

	September 2017 Projection	May 2018 Projection	Actual Amounts	Difference, September 2017	Difference, May 2018
<b>Selected Categories of Net Federal Subsidies Associated With Health Insurance Coverage for People Under Age 65 (Billions of dollars, fiscal year 2018)</b>					
Medicaid and CHIP <sup>a</sup>					
Medicaid <sup>b</sup>	302	280	287	15	-7
CHIP	13	16	17	-4	-2
Total	315	296	304	10	-8
Nongroup Coverage and the Basic Health Program					
Premium tax credits <sup>c</sup>	47	49	49	-2	**
Payments for cost-sharing reductions <sup>d</sup>	9	0	0	9	0
Outlays for the Basic Health Program <sup>c</sup>	5	4	5	1	-1
Collections for risk adjustment and reinsurance <sup>e</sup>	-5	-5	-5	**	**
Payments for risk adjustment and reinsurance <sup>e</sup>	5	7	3	2	4
Total	62	55	52	10	3
Medicare <sup>a,f</sup>	81	82	83	-2	-1
Penalty Payments by Uninsured People <sup>g</sup>	-4	-4	-3	-1	**

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation; and additional sources listed below.

Comparisons are shown only for categories of net federal subsidies associated with health insurance coverage for people under age 65 for which sufficient preliminary data were available to estimate the actual 2018 amounts. Estimates of actual enrollment reflect data from different sources that CBO then adjusts slightly to develop integrated estimates that are consistent with one another and that sum accurately to depict the total population. For more information on the individual data sources and how CBO develops its integrated estimates, 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](http://www.cbo.gov/publication/55094).

CHIP = Children's Health Insurance Program; \* = between -500,000 and 500,000; \*\* = between -\$500 million and \$500 million.

- a. See Department of the Treasury, "Final Monthly Treasury Statement of Receipts and Outlays of the United States Government for Fiscal Year 2018 Through September 30, 2018, and Other Periods" (October 2018), <https://go.usa.gov/xmKQk> (PDF, 1.8 MB).
- b. Actual value reported by the Department of the Treasury adjusted to reflect only medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits.
- c. Office of Management and Budget, *Budget of the U.S. Government: Appendix*, "Detailed Budget Estimates by Agency: Department of the Treasury" (March 2019), pp. 958–959, <https://go.usa.gov/xmKQf> (PDF, 13.9 MB).
- d. On October 12, 2017, the Administration announced that, without an appropriation, it would no longer make payments to insurers for cost-sharing reductions.
- e. Office of Management and Budget, *Budget of the U.S. Government: Appendix*, "Detailed Budget Estimates by Agency: Department of Health and Human Services" (March 2019), pp. 451–452, <https://go.usa.gov/xmKQf> (PDF, 13.9 MB).
- f. Actual value reported by the Department of the Treasury, adjusted to reflect benefits net of offsetting receipts for noninstitutionalized Medicare beneficiaries under age 65.
- g. Actual value based on preliminary data from the Internal Revenue Service. See Internal Revenue Service, "SOI Tax Stats—Individual Income Tax Returns" (accessed April 11, 2019), <https://go.usa.gov/xm5ju>.