



Federal Subsidies for Health Insurance Coverage for People Under Age 65: CBO and JCT's May 2023 Baseline Projections

MAY | 2023

Table 1. CBO's May 2023 Projections for Health Insurance Coverage for People Under Age 65

Table 2. CBO's May 2023 Projections for Net Federal Subsidies for Health Insurance Coverage for People Under Age 65

On September 26, 2023, CBO reposted this document to show corrections to the calculation of premium tax credit revenue reductions in Table 2. The corrections totaled \$2 billion over the 2023–2033 period.

Table 1.

CBO's May 2023 Projections for Health Insurance Coverage for People Under Age 65

Millions of People, by Calendar Year

	Actual, 2022 ^a	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Population Under Age 65	271.1	270.7	270.9	271.0	270.9	270.8	270.9	271.0	271.2	271.7	272.2	272.9
Employment-Based Coverage	157.0	155.2	154.8	154.8	156.0	157.0	157.2	157.3	157.8	158.0	158.4	158.9
Medicaid and CHIP ^b												
Blind and disabled people in Medicaid	7.8	7.6	7.4	7.3	7.4	7.5	7.6	7.6	7.6	7.7	7.7	7.8
Children in Medicaid	35.2	34.9	32.0	30.8	30.5	30.3	30.1	30.0	30.0	30.1	30.7	31.6
Adults made eligible for Medicaid by the ACA	17.4	17.4	14.5	13.8	13.9	14.1	14.2	14.3	14.5	14.7	14.9	15.2
Adults otherwise eligible for Medicaid	16.2	16.1	13.2	12.4	12.4	12.4	12.4	12.5	12.5	12.5	12.6	12.6
CHIP	7.0	7.0	7.0	7.0	6.9	6.9	6.9	6.9	6.9	6.7	5.7	4.5
Subtotal	83.6	82.9	74.2	71.3	71.2	71.2	71.2	71.3	71.5	71.6	71.5	71.6
Nongroup Coverage and the Basic Health Program												
Nongroup coverage purchased through marketplaces ^c												
Subsidized	12.0	14.1	16.2	16.8	12.4	11.3	11.3	11.2	11.1	11.1	11.3	11.5
Unsubsidized	1.3	1.1	1.1	1.1	2.2	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Subtotal	13.3	15.1	17.3	17.8	14.6	12.8	12.8	12.7	12.6	12.6	12.8	13.0
Nongroup coverage purchased outside marketplaces	3.4	3.4	3.7	4.3	5.1	5.1	5.0	5.0	5.0	5.1	5.1	5.2
Subtotal, nongroup coverage	16.7	18.6	21.0	22.1	19.8	17.8	17.8	17.8	17.6	17.6	17.9	18.2
Coverage through the Basic Health Program ^d	1.1	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Medicare ^e	7.4	7.1	6.9	6.8	6.8	6.8	6.9	6.9	6.9	7.0	7.0	7.1
Other Coverage ^f	3.0	3.0	3.1	3.1	3.1	3.0	3.0	3.0	2.9	2.9	2.9	2.9
Uninsured ^g	23.7	22.5	25.3	26.4	27.5	28.3	28.1	28.1	27.7	27.6	27.5	27.5
People With Multiple Sources of Coverage	21.5	19.8	15.4	14.5	14.5	14.4	14.4	14.3	14.3	14.3	14.2	14.4
Memorandum:												
Number of Insured People	247.4	248.2	245.6	244.6	243.4	242.5	242.8	242.9	243.5	244.0	244.7	245.4
Uninsured as a Percentage of the Population Under Age 65												
Including all U.S. residents	8.7	8.3	9.3	9.7	10.1	10.4	10.4	10.4	10.2	10.2	10.1	10.1
Excluding noncitizens not lawfully present	6.8	6.4	7.3	7.7	8.2	8.6	8.5	8.5	8.4	8.3	8.3	8.2

Data Sources: Congressional Budget Office; staff of the Joint Committee on Taxation. See www.cbo.gov/data/baseline-projections-selected-programs#6.

The table shows coverage for the civilian noninstitutionalized population under age 65. The components do not add up to the total population because some people report multiple sources of coverage. Other numbers do not always add up to totals because of rounding. 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 = the 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 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 government 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 May 2023 Projections for Net Federal Subsidies for Health Insurance Coverage for People Under Age 65

Billions of Dollars, by Fiscal Year

	Actual, 2022 ^a	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total, 2024– 2033
Employment-Based Coverage													
Tax exclusion for employment-based coverage ^{b,c}	n.a.	323	342	367	424	465	492	518	544	573	604	637	4,966
Income tax deduction for self-employment health insurance ^d	n.a.	4	5	5	7	8	8	9	9	10	10	11	82
Small-employer tax credits ^c	n.a.	*	*	*	*	*	*	*	*	*	*	*	*
Gross collections of penalty payments by employers ^e	n.a.	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-11
Subtotal	n.a.	327	346	371	430	472	499	525	552	581	613	647	5,036
Medicaid and CHIP^f													
Blind and disabled people in Medicaid	156	145	134	138	147	157	167	177	187	199	211	224	1,739
Children in Medicaid	62	63	54	53	56	59	62	65	69	73	79	86	656
Adults made eligible for Medicaid by the ACA	115	123	113	108	117	126	136	146	157	169	181	196	1,448
Adults otherwise eligible for Medicaid	74	79	67	63	68	72	77	82	88	94	100	106	817
CHIP	17	17	17	18	18	19	20	20	21	22	20	15	189
Subtotal	424	426	384	379	406	433	462	491	522	556	591	626	4,849
Marketplace-Related Coverage and the Basic Health Program													
Premium tax credits and 1332 waiver outlays ^g	68	69	84	90	69	70	73	76	79	82	88	94	805
Premium tax credit revenue reductions	n.a.	11	13	17	19	11	11	11	11	12	12	13	130
Outlays for the Basic Health Program ^h	10	10	10	10	9	10	11	11	12	12	13	14	111
Collections for risk adjustment	-8	-7	-8	-9	-10	-10	-10	-10	-10	-11	-11	-12	-100
Payments for risk adjustment	7	7	7	8	9	10	10	10	10	11	12	12	98
Subtotal	n.a.	91	107	116	97	91	94	98	102	106	113	120	1,044
Medicare ⁱ	125	130	133	135	139	144	151	161	165	177	188	201	1,594
Net Subsidies	n.a.	974	969	1,001	1,071	1,140	1,207	1,275	1,341	1,420	1,505	1,594	12,523
Memorandum:													
Net subsidies as a percentage of GDP	n.a.	3.71	3.55	3.50	3.58	3.65	3.71	3.77	3.82	3.89	3.97	4.06	

Data Sources: Congressional Budget Office; staff of the Joint Committee on Taxation. See www.cbo.gov/data/baseline-projections-selected-programs#6.

The table shows subsidies for the civilian noninstitutionalized population under age 65 residing in the 50 states and the District of Columbia. 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. Numbers do not always add up to totals because of rounding.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; GDP = gross domestic product; JCT = the staff of the Joint Committee on Taxation;

n.a. = not available; * = between zero and \$500 million.

- 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 were 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. 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.
- 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 \$8 billion over the 10-year period.
- For Medicaid, spending reflects medical services for noninstitutionalized enrollees under age 65 who have full Medicaid benefits.
- Under section 1322 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. Waivers are required to be budget neutral and to provide comparable levels of insurance coverage.
- 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.
- 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.