



Health Insurance and Its Federal Subsidies: CBO and JCT's May 2023 Baseline Projections

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

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

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, which, for the first time, reflect the entire population instead of only the civilian noninstitutionalized population younger than 65. The estimates in the tables underlie CBO's May 2023 baseline projections. They incorporate the effects of legislation enacted through March 30, 2023, and are based on the CBO's February 2023 economic projections, which reflect economic developments through December 6, 2022.

Table 1.

CBO's Projections of Health Insurance Coverage, by Source

Millions of People, by Calendar Year

	Actual, 2022 ^a	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total Population	334.5	336.0	337.8	339.4	340.9	342.5	344.0	345.6	347.2	348.8	350.4	351.9
Insured people	309.2	311.8	310.7	311.2	311.6	312.3	314.0	315.6	317.5	319.2	320.8	322.3
Uninsured people ^b	25.4	24.3	27.1	28.2	29.4	30.2	30.0	30.0	29.7	29.6	29.6	29.6
Employment-Based Coverage ^c	162.7	161.3	161.1	161.1	162.5	163.6	164.0	164.2	164.8	165.1	165.6	166.1
Medicaid and CHIP ^d												
People age 65 or older in Medicaid	5.8	5.9	5.7	5.7	5.9	6.0	6.1	6.2	6.3	6.4	6.5	6.5
Blind and disabled people in Medicaid	8.1	7.9	7.7	7.6	7.7	7.8	7.9	7.9	7.9	8.0	8.0	8.1
Children in Medicaid	35.5	35.3	32.3	31.1	30.9	30.6	30.4	30.4	30.3	30.4	31.0	31.9
Adults made eligible for Medicaid by the ACA	17.5	17.4	14.6	13.8	13.9	14.1	14.2	14.4	14.5	14.7	14.9	15.2
Adults otherwise eligible for Medicaid	17.1	17.0	14.0	13.0	13.1	13.1	13.1	13.1	13.2	13.2	13.3	13.3
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	91.0	90.4	81.3	78.3	78.4	78.6	78.7	78.9	79.2	79.4	79.3	79.5
Medicare ^e	59.1	60.1	61.4	62.7	64.1	65.6	67.0	68.3	69.4	70.5	71.4	72.3
Nongroup Coverage ^f												
Purchased through marketplaces												
Subsidized	12.1	14.2	16.3	16.9	12.6	11.4	11.4	11.3	11.2	11.2	11.4	11.6
Unsubsidized	1.3	1.1	1.1	1.1	2.2	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Subtotal, purchased through marketplaces	13.4	15.2	17.4	18.0	14.8	12.9	12.9	12.9	12.7	12.7	12.9	13.2
Purchased outside marketplaces	3.6	3.6	3.8	4.5	5.3	5.2	5.2	5.2	5.2	5.3	5.3	5.4
Subtotal, nongroup coverage	17.0	18.9	21.3	22.4	20.1	18.2	18.2	18.1	17.9	18.0	18.2	18.6
Basic Health Program ^g	1.1	1.2	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Other Coverage ^h	6.0	6.3	6.5	6.5	6.6	6.6	6.7	6.7	6.7	6.7	6.7	6.8
Memorandum:												
People With Multiple Sources of Coverage	27.7	26.5	21.9	20.9	21.2	21.4	21.5	21.6	21.6	21.6	21.5	22.0
Uninsured People With Medicare Part A or Part B Only	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Share of the Population That Is Uninsured (Percent)	7.6	7.2	8.0	8.3	8.6	8.8	8.7	8.7	8.6	8.5	8.4	8.4

Data source: Congressional Budget Office. See www.cbo.gov/publication/51298.

The table shows coverage for the Social Security area population. 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 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/59273. The components exceed the total population because some people report multiple sources of coverage and CBO did not assign them to a primary source.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program.

- Actual amounts are estimated based on 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.
- Does not include people with Medicare wrap-around coverage provided through a former employer.
- Medicaid enrollment includes only enrollees with full program 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.
- Many people can purchase subsidized health insurance coverage through the marketplaces established under the ACA, which are operated by the federal government, state governments, or partnerships between the federal and state governments. 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 federal poverty guidelines. 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 New York currently operate such a program.
- 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 Projections of Net Federal Subsidies for Health Insurance

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.	345	365	391	451	495	523	550	578	608	641	676	5,277
Income tax deduction for self-employment health insurance	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 from employers ^d	n.a.	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-11
Subtotal	n.a.	348	369	395	457	501	530	558	586	616	650	686	5,348
Medicaid and CHIP^e													
People age 65 or older in Medicaid	103	100	95	97	105	113	119	126	134	141	149	156	1,236
Blind and disabled people in Medicaid	172	160	147	151	160	170	179	189	199	211	224	236	1,866
Children in Medicaid	63	64	54	54	57	60	62	66	69	73	79	86	661
Adults made eligible for Medicaid by the ACA	118	126	116	111	120	129	138	149	159	171	184	198	1,474
Adults otherwise eligible for Medicaid	76	81	69	65	70	74	79	84	89	95	101	108	833
CHIP	17	17	17	18	18	19	20	20	21	22	20	15	189
Subtotal	548	547	497	495	530	566	597	633	671	713	756	799	6,258
Medicare^f													
	759	813	862	907	972	1,041	1,112	1,188	1,270	1,359	1,454	1,572	11,738
Nongroup Coverage and the Basic Health Program													
Outlays for premium tax credits and 1332 waivers ^g	69	71	85	92	71	71	74	78	81	84	90	96	821
Revenue reductions from premium tax credits	n.a.	11	13	17	19	11	11	11	12	12	12	13	131
Outlays for the Basic Health Program	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.	92	108	118	98	92	96	100	104	108	115	122	1,061
Other Federal Subsidies Associated With Health Benefits^h													
	n.a.	43	41	42	47	51	55	58	63	67	72	78	575
Net Subsidies	n.a.	1,844	1,878	1,957	2,104	2,252	2,390	2,537	2,694	2,864	3,048	3,257	24,980
Memorandum:													
Net Subsidies as a Percentage of GDP	n.a.	7.0	6.9	6.8	7.0	7.2	7.3	7.5	7.7	7.8	8.0	8.3	n.a.

Data sources: Congressional Budget Office; staff of the Joint Committee on Taxation. See www.cbo.gov/publication/51298.

The table shows federal subsidies for the Social Security area population. Estimates do not include discretionary outlays (such as spending on veterans' health programs) or outlays made by the federal government in its capacity as an employer (such as spending on the Federal Employees Health Benefits program).

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 or not applicable; * = less than \$500 million.

- a. Actual amounts are estimated on the basis of preliminary data and are subject to revision.
- b. The estimates shown, produced by JCT, reflect the tax value of the exclusion of employer-based health insurance from federal income and payroll taxes, as well as the 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. Includes increases in outlays and reductions in revenues.
- d. 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.
- e. For Medicaid, estimates reflect spending for medical services only for those enrollees who have full Medicaid benefits.
- f. Spending for Medicare beneficiaries enrolled in both Part A and Part B. Estimates include Part D benefits, 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. Includes 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. Includes the tax value of the exclusion associated with Medicare wrap-around 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.