



Federal Subsidies for Health Insurance Coverage for People Under Age 65: CBO and JCT's July 2021 Projections

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Table 1. CBO and JCT's July 2021 Projections for Health Insurance Coverage, 2021 to 2031

Table 2. CBO and JCT's July 2021 Projections for Net Federal Subsidies for Health Insurance Coverage, 2021 to 2031

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CBO and JCT's July 2021 Projections for Health Insurance Coverage, 2021 to 2031

Millions of People, by Calendar Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Total Population Under Age 65	271	270	270	269	269	269	269	269	270	270	271
Employment-Based Coverage	159	155	155	155	154	154	154	154	154	154	154
Medicaid and CHIP ^a											
Blind and disabled	7	7	7	7	7	7	7	7	7	7	7
Children	30	30	29	29	29	29	29	29	29	29	29
Adults made eligible for Medicaid by the ACA	14	14	14	13	14	14	14	14	14	15	15
Adults otherwise eligible for Medicaid	13	13	12	12	12	12	12	12	12	12	12
CHIP	7	7	7	7	7	7	7	7	7	7	7
Subtotal	71	71	70	69	69	69	69	69	69	70	70
Nongroup Coverage and the Basic Health Program											
Nongroup coverage purchased through marketplaces ^b											
Subsidized	10	11	9	9	9	9	9	10	10	10	10
Unsubsidized	1	1	1	1	1	1	1	1	1	1	1
Subtotal	11	12	11	10	11	11	11	11	11	11	11
Nongroup coverage purchased outside marketplaces	5	4	6	7	7	7	7	7	8	8	8
Subtotal	16	17	17	17	18	18	18	18	18	19	19
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	28	28	29	29	29	29	28	28	28	28	28
Memorandum:											
Number of Insured People	243	243	241	240	240	241	241	241	242	242	243
Insured as a Percentage of the Population											
Including all U.S. residents	90	90	89	89	89	89	89	90	90	90	90
Excluding unauthorized immigrants	92	92	91	91	91	91	91	91	91	92	92

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

Numbers may not add up to totals because of rounding.

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 more than one source of coverage. CBO and JCT estimate that in every year of the projection period, between 12 million and 14 million people (or about 5 percent) have more than one source 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 that 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. The federal government provides coverage through the Medicare program to people under 65 who receive benefits from 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 and JCT's July 2021 Projections for Net Federal Subsidies for Health Insurance Coverage, 2021 to 2031

Billions of Dollars, by Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total, 2022– 2031
Employment-Based Coverage												
Tax exclusion for employment-based coverage ^{a,b}	313	314	324	338	352	394	424	447	472	499	530	4,095
Income tax deduction for self-employment health insurance ^c	4	4	4	4	4	5	6	6	6	7	7	54
Small-employer tax credits ^b	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal	316	318	328	343	356	399	430	453	478	506	538	4,149
Medicaid and CHIP^d												
Blind and disabled	159	166	149	151	155	162	169	177	185	193	202	1,710
Children	95	100	94	98	101	106	112	118	124	131	138	1,123
Adults made eligible for Medicaid by the ACA	91	94	95	100	106	114	123	133	142	153	163	1,225
Adults otherwise eligible for Medicaid	73	77	78	80	85	90	95	100	106	113	120	943
CHIP	16	16	15	16	16	17	18	18	19	19	20	174
Subtotal	434	455	431	443	464	489	517	546	577	609	643	5,174
Marketplace-Related Coverage and the Basic Health Program												
Premium tax credit and 1332 waiver outlays	55	64	39	42	44	46	46	49	51	53	55	488
Premium tax credit revenue reductions	11	11	22	13	13	14	15	16	17	18	19	157
Subtotal	66	75	61	54	57	59	61	65	68	71	74	645
Outlays for the Basic Health Program	7	8	8	8	8	8	9	9	10	10	10	89
Collections for risk adjustment	-6	-6	-6	-6	-6	-7	-7	-7	-8	-8	-9	-70
Payments for risk adjustment	6	6	6	6	6	7	7	7	8	8	9	69
Subtotal	74	83	69	62	65	67	70	74	77	81	85	732
Medicare ^e	117	122	128	133	144	152	161	173	173	187	196	1,570
Gross Subsidies	940	977	956	981	1,029	1,108	1,177	1,246	1,306	1,383	1,462	11,626
Taxes and Penalties Related to Coverage												
Gross collections of employer penalties ^f	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-17
Subtotal	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-2	-17

Continued



Table 2.

Continued

CBO and JCT's July 2021 Projections for Net Federal Subsidies for Health Insurance Coverage, 2021 to 2031

Billions of Dollars, by Fiscal Year

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total, 2022– 2031
Net Subsidies	939	976	955	980	1,028	1,106	1,175	1,244	1,304	1,381	1,460	11,609
Memorandum:												
Gross subsidies as a percentage of GDP	4.20	4.02	3.77	3.75	3.80	3.95	4.04	4.13	4.17	4.26	4.34	
Net subsidies as a percentage of GDP	4.19	4.01	3.77	3.74	3.80	3.95	4.04	4.12	4.17	4.26	4.34	

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

Numbers may not add up to totals because of rounding.

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, which JCT produced, 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 penalty payments by employers. The tax value represents the change in tax revenue if the exclusion from federal income and payroll taxes was repealed and the total compensation paid by the employer (including 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 revenue if the amount of excluded compensation was taxed and was 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 include Part D spending by the federal government for Medicare beneficiaries under 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 from penalty payments by employers would total \$12 billion over the 10-year period.