

Insurance Coverage Provisions of the Affordable Care Act— CBO's April 2014 Baseline

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Note: Numbers may not add up to totals because of rounding.

Table 1.**Effects on the Deficit of the Insurance Coverage Provisions of the Affordable Care Act**

(Billions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total, 2015- 2024
Exchange Subsidies and Related Spending ^a	17	36	77	94	101	107	112	119	125	129	132	1,032
Medicaid and CHIP Outlays ^b	20	42	62	70	77	82	84	87	91	96	101	792
Small-Employer Tax Credits ^c	1	2	1	1	1	1	1	2	2	2	2	15
Gross Cost of Coverage Provisions	38	80	141	164	180	190	197	208	218	227	235	1,839
Penalty Payments by Uninsured People	*	-2	-4	-4	-4	-5	-5	-5	-5	-6	-6	-46
Penalty Payments by Employers ^c	0	0	-8	-12	-13	-15	-16	-17	-18	-20	-21	-139
Excise Tax on High-Premium Insurance Plans ^c	0	0	0	0	-5	-10	-13	-16	-20	-25	-30	-120
Other Effects on Revenues and Outlays ^d	-2	-3	-6	-11	-14	-16	-18	-20	-21	-21	-22	-152
Net Cost of Coverage Provisions	36	74	123	138	143	144	146	150	153	155	156	1,383
Memorandum:												
Changes in Mandatory Spending	35	92	147	173	181	192	200	211	221	230	238	1,885
Changes in Revenues ^e	-1	18	24	35	37	48	54	61	68	75	83	503

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

Notes: These numbers exclude effects on the deficit of provisions of the Affordable Care Act that are not related to insurance coverage.

They also exclude federal administrative costs subject to appropriation. (CBO has previously estimated that the Internal Revenue Service would need to spend between \$5 billion and \$10 billion over the 2010–2019 period to implement the Affordable Care Act and that the Department of Health and Human Services and other federal agencies would also need to spend \$5 billion to \$10 billion over that period.) In addition, the Affordable Care Act included explicit authorizations for spending on a variety of grant and other programs; that funding is also subject to future appropriation action.

Unless otherwise noted, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.

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

- Includes spending for exchange grants to states and net collections and payments for risk adjustment, reinsurance, and risk corridors.
- Under current law, states have the flexibility to make programmatic and other budgetary changes to Medicaid and CHIP. CBO estimates that state spending on Medicaid and CHIP over the 2015–2024 period will be about \$46 billion higher because of the coverage provisions of the Affordable Care Act than it would be otherwise.
- These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- Consists mainly of the effects of changes in taxable compensation on revenues. CBO estimates that outlays for Social Security benefits will increase by about \$7 billion over the 2015–2024 period and that the coverage provisions will have negligible effects on outlays for other federal programs.
- Positive numbers indicate an increase in revenues, and negative numbers indicate a decrease in revenues.

Table 2.**Effects of the Affordable Care Act on Health Insurance Coverage**

(Millions of nonelderly people, by calendar year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Insurance Coverage Without the ACA^a											
Medicaid and CHIP	35	35	34	33	33	34	34	34	35	35	35
Employment-based coverage	156	158	160	163	164	165	165	165	166	166	166
Nongroup and other coverage ^b	24	24	25	25	26	26	26	26	27	27	27
Uninsured ^c	54	55	55	55	55	56	56	56	57	57	57
Total	270	272	274	277	278	280	281	282	283	284	285
Change in Insurance Coverage Under the ACA											
Insurance exchanges	6	13	24	25	25	25	25	25	25	25	25
Medicaid and CHIP	7	11	12	12	13	13	13	13	13	13	13
Employment-based coverage ^d	*	-2	-7	-7	-8	-8	-8	-8	-8	-7	-7
Nongroup and other coverage ^b	-1	-3	-4	-4	-4	-4	-4	-4	-4	-5	-5
Uninsured ^c	-12	-19	-25	-26	-26	-26	-26	-26	-26	-26	-26
Uninsured Under the ACA											
Number of uninsured nonelderly people ^c	42	36	30	30	29	30	30	30	31	31	31
Insured as a percentage of the nonelderly population											
Including all U.S. residents	84	87	89	89	89	89	89	89	89	89	89
Excluding unauthorized immigrants	86	89	91	92	92	92	92	92	92	92	92
Memorandum:											
Exchange Enrollees and Subsidies											
Number with unaffordable offer from employer ^e	**	**	**	**	**	**	**	**	**	**	**
Number of unsubsidized exchange enrollees (Millions of people) ^f	1	3	5	6	6	6	6	6	6	6	6
Average exchange subsidy per subsidized enrollee (Dollars)	4,410	4,250	4,830	4,930	5,300	5,570	5,880	6,220	6,580	6,890	7,170

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

Notes: Figures for the nonelderly population include residents of the 50 states and the District of Columbia who are younger than 65.

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; * = between -500,000 and zero;

** = between zero and 500,000.

- Figures reflect average enrollment over the course of a year and include spouses and dependents covered under family policies; people reporting multiple sources of coverage are assigned a primary source.
- "Other" includes Medicare; the changes under the ACA are almost entirely for nongroup coverage.
- The uninsured population includes people who will be unauthorized immigrants and thus ineligible either for exchange subsidies or for most Medicaid benefits; people who will be ineligible for Medicaid because they live in a state that has chosen not to expand coverage; people who will be eligible for Medicaid but will choose not to enroll; and people who will not purchase insurance to which they have access through an employer, an exchange, or directly from an insurer.
- The change in employment-based coverage is the net result of projected increases and decreases in offers of health insurance from employers and changes in enrollment by workers and their families.
- Workers who would have to pay more than a specified share of their income (9.5 percent in 2014) for employment-based coverage could receive subsidies through an exchange.
- Excludes coverage purchased directly from insurers outside of an exchange.

Table 3.**Enrollment in, and Budgetary Effects of, Health Insurance Exchanges**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total, 2015- 2024
Exchange Enrollment (Millions of nonelderly people, by calendar year) ^a												
Individually Purchased Coverage												
Subsidized	5	10	19	19	20	19	19	19	19	19	19	n.a.
Unsubsidized ^b	<u>1</u>	<u>3</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	n.a.
Total	6	13	24	25	25	25	25	25	25	25	25	n.a.
Employment-Based Coverage Purchased Through Exchanges ^b	2	3	3	4	4	4	4	4	4	4	4	n.a.
Budgetary Effects (Billions of dollars, by fiscal year)												
Changes in Mandatory Spending												
Outlays for premium credits	10	23	51	65	71	75	79	84	89	93	95	726
Cost-sharing subsidies	3	7	13	16	17	18	19	20	21	22	22	175
Exchange grants to states	2	2	1	*	*	0	0	0	0	0	0	2
Payments for risk adjustment, reinsurance, and risk corridors	<u>0</u>	<u>18</u>	<u>19</u>	<u>22</u>	<u>15</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>19</u>	<u>186</u>
Total	15	50	84	104	103	109	116	123	129	134	137	1,089
Changes in Revenues												
Reductions in revenues from premium credits	-2	-5	-10	-12	-13	-14	-14	-15	-15	-15	-15	-129
Collections for risk adjustment, reinsurance, and risk corridors	<u>0</u>	<u>19</u>	<u>18</u>	<u>22</u>	<u>15</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>20</u>	<u>19</u>	<u>186</u>
Total	-2	14	7	10	2	3	4	4	4	5	5	56
Net Increase in the Deficit From Exchange Subsidies and Related Spending	17	36	77	94	101	107	112	119	125	129	132	1,032
Memorandum:												
Total Subsidies Through Premium Credits (Billions of dollars, by fiscal year)	12	29	62	78	84	89	93	99	104	108	110	855
Total Exchange Subsidies (Billions of dollars, by calendar year)	21	42	89	95	104	108	114	121	127	130	133	1,064
Average Exchange Subsidy per Subsidized Enrollee (Dollars, by calendar year)	4,410	4,250	4,830	4,930	5,300	5,570	5,880	6,220	6,580	6,890	7,170	n.a.

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

Note: n.a. = not applicable; * = between zero and \$500 million.

a. Figures reflect average enrollment over the course of a year and include spouses and dependents covered under family policies. Figures for the nonelderly population include residents of the 50 states and the District of Columbia who are younger than 65.

b. Excludes coverage purchased directly from insurers outside of an exchange.

Table 4.**Comparison of CBO and JCT's Current and Previous Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act**

	February 2014 Baseline	April 2014 Baseline	Difference
Change in Insurance Coverage Under the ACA in 2024 (Millions of nonelderly people, by calendar year)^a			
Insurance Exchanges	24	25	*
Medicaid and CHIP	13	13	1
Employment-Based Coverage ^b	-7	-7	-1
Nongroup and Other Coverage ^c	-5	-5	*
Uninsured ^d	-25	-26	-1
Effects on the Cumulative Federal Deficit, 2015 to 2024^e (Billions of dollars)			
Exchange Subsidies and Related Spending ^f	1,197	1,032	-164
Medicaid and CHIP Outlays	792	792	**
Small-Employer Tax Credits ^g	15	15	**
Gross Cost of Coverage Provisions	2,004	1,839	-165
Penalty Payments by Uninsured People	-52	-46	6
Penalty Payments by Employers ^g	-151	-139	12
Excise Tax on High-Premium Insurance Plans ^g	-108	-120	-12
Other Effects on Revenues and Outlays ^h	-206	-152	54
Net Cost of Coverage Provisions	1,487	1,383	-104
Memorandum:			
Net Collections and Payments for Risk Adjustment, Reinsurance, and Risk Corridors ⁱ	-8	0	8

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

Note: ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; * = between zero and 500,000; ** = between -\$500 million and \$500 million.

- a. Figures for the nonelderly population include residents of the 50 states and the District of Columbia who are younger than 65.
- b. The change in employment-based coverage is the net result of projected increases and decreases in offers of health insurance from employers and changes in enrollment by workers and their families.
- c. "Other" includes Medicare; the changes under the ACA are almost entirely for nongroup coverage.
- d. The uninsured population includes people who will be unauthorized immigrants and thus ineligible either for exchange subsidies or for most Medicaid benefits; people who will be ineligible for Medicaid because they live in a state that has chosen not to expand coverage; people who will be eligible for Medicaid but will choose not to enroll; and people who will not purchase insurance to which they have access through an employer, an exchange, or directly from an insurer.
- e. Positive numbers indicate an increase in the deficit; negative numbers indicate a decrease in the deficit. They also exclude effects on the deficit of other provisions of the ACA that are not related to insurance coverage, and they exclude federal administrative costs subject to appropriation.
- f. Includes spending for exchange grants to states and net collections and payments for risk adjustment, reinsurance, and risk corridors (see "Memorandum").
- g. These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- h. Consists mainly of the effects of changes in taxable compensation on revenues.
- i. These effects are included in "Exchange Subsidies and Related Spending."