

Insurance Coverage Provisions of the Affordable Care Act— CBO’s March 2015 Baseline

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

Table 1.**Direct Spending and Revenue Effects of the Insurance Coverage Provisions of the Affordable Care Act**

Billions of Dollars, by Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total, 2016- 2025
Exchange Subsidies and Related Spending and Revenues ^a	28	53	72	80	83	84	87	92	96	99	103	849
Medicaid and CHIP Outlays ^b	49	63	67	71	77	83	88	93	98	102	106	847
Small-Employer Tax Credits ^c	1	1	1	1	1	1	1	1	1	1	1	11
Gross Cost of Coverage Provisions	79	116	140	152	161	168	176	186	194	203	210	1,707
Penalty Payments by Uninsured People	-2	-3	-4	-4	-4	-4	-4	-5	-5	-5	-5	-43
Penalty Payments by Employers ^c	0	-9	-13	-15	-16	-16	-17	-18	-20	-21	-22	-167
Excise Tax on High-Premium Insurance Plans ^c	0	0	0	-3	-6	-7	-9	-11	-14	-17	-21	-87
Other Effects on Revenues and Outlays ^d	-3	-9	-15	-18	-19	-20	-21	-23	-24	-26	-27	-202
Net Cost of Coverage Provisions	74	95	108	113	116	120	125	129	132	134	135	1,207
Memorandum:												
Increases in Mandatory Spending	90	123	146	154	164	172	180	190	198	206	213	1,747
Increases in Revenues	17	28	38	41	48	52	56	61	66	72	78	540

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 and effects on discretionary spending of the coverage provisions.

Except in the memorandum lines, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit.

CHIP = Children's Health Insurance Program.

- Includes spending for exchange grants to states and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is recorded in the budget as a discretionary program; CBO estimates that payments and collections will offset each other in each year, resulting in no net budgetary effect.
- 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 2016–2025 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 \$9 billion over the 2016–2025 period and that the coverage provisions will have negligible effects on outlays for other federal programs.

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

Millions of Nonelderly People, by Calendar Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Insurance Coverage Without the ACA^a											
Medicaid and CHIP	38	38	38	38	38	38	39	39	39	40	40
Employment-based coverage	154	156	157	158	159	160	160	161	161	161	162
Nongroup and other coverage ^b	26	26	26	27	27	27	27	28	28	28	28
Uninsured ^c	52	52	51	51	51	51	51	51	51	52	52
Total	270	271	272	274	275	276	277	278	280	281	282
Change in Insurance Coverage Under the ACA											
Insurance exchanges	11	21	24	24	23	23	23	23	23	22	22
Medicaid and CHIP	10	12	12	12	13	14	14	14	14	14	14
Employment-based coverage ^d	-1	-6	-7	-8	-8	-7	-8	-8	-8	-7	-7
Nongroup and other coverage ^b	-3	-4	-4	-4	-4	-4	-5	-5	-5	-4	-4
Uninsured ^c	-17	-23	-24	-24	-24	-25	-25	-25	-25	-25	-25
Uninsured Under Current Law											
Number of uninsured nonelderly people ^c	35	29	27	27	26	26	26	26	27	27	27
Insured as a percentage of the nonelderly population											
Including all U.S. residents	87	89	90	90	90	91	91	91	90	90	90
Excluding unauthorized immigrants	89	92	92	93	93	93	93	93	93	93	93
Memorandum:											
Exchange Enrollees and Subsidies											
Number with access to unaffordable employment-based insurance ^e	*	*	*	*	*	*	*	*	*	*	*
Number of unsubsidized exchange enrollees ^f	3	6	6	6	6	6	6	6	6	6	6
Average exchange subsidy per subsidized enrollee (Dollars)	3,960	4,040	4,250	4,650	4,850	5,070	5,340	5,630	5,900	6,300	6,600

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 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 coverage" 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, through 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.
- Under the ACA, health insurance coverage is considered affordable for a worker and related individuals if the worker would be required to pay no more than a specified share of his or her income (9.56 percent in 2015) for self-only coverage. If coverage is considered unaffordable, the worker and related individuals may receive subsidies through an exchange if other eligibility requirements are met.
- Excludes coverage purchased directly from insurers outside of an exchange.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total, 2016- 2025
Exchange Enrollment (Millions of nonelderly people, by calendar year) ^a												
Individually Purchased Coverage												
Subsidized	8	15	18	18	17	17	17	17	16	16	16	n.a.
Unsubsidized ^b	3	6	6	6	6	6	6	6	6	6	6	n.a.
Total	11	21	24	24	23	23	23	23	23	22	22	n.a.
Employment-Based Coverage												
Purchased Through SHOP Exchanges ^b	1	2	3	3	3	3	3	3	3	3	3	n.a.
Effects on Direct Spending and Revenues (Billions of dollars, by fiscal year)												
Changes in Mandatory Spending												
Outlays for premium credits	19	36	49	56	58	59	62	65	68	71	74	599
Cost-sharing subsidies	5	9	12	13	14	13	14	14	15	16	16	136
Exchange grants to states	1	1	*	*	0	0	0	0	0	0	0	1
Payments for risk adjustment and reinsurance ^c	15	15	17	13	15	16	16	17	17	17	16	158
Total, Exchange Subsidies and Related Spending	41	60	78	83	87	88	92	97	100	103	107	895
Changes in Revenues												
Reductions in revenues from premium credits	-4	-7	-10	-11	-11	-11	-12	-12	-12	-12	-13	-111
Collections for risk adjustment and reinsurance ^c	17	14	16	13	15	16	16	17	17	17	16	157
Total, Revenues	13	7	6	3	4	5	5	5	4	4	4	45
Net Increase in the Deficit From Exchange Subsidies and Related Spending and Revenues	28	53	72	80	83	84	87	92	96	99	103	849
Memorandum:												
Total Exchange Subsidies (Billions of dollars) ^d												
By fiscal year	28	52	71	80	83	84	87	92	96	99	103	847
By calendar year	32	60	75	82	83	84	89	93	97	100	104	869
Average Exchange Subsidy per Subsidized Enrollee (Dollars, by calendar year)	3,960	4,040	4,250	4,650	4,850	5,070	5,340	5,630	5,900	6,300	6,600	n.a.

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

Note: SHOP = Small Business Health Options Program; n.a. = not applicable; * = between zero and \$500 million.

- 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.
- Excludes coverage purchased directly from insurers outside of an exchange.
- The risk corridors program is recorded in the budget as a discretionary program. CBO estimates that the payments and collections for the risk corridors program will each total \$1 billion in fiscal year 2015, \$1.5 billion in fiscal year 2016, and \$2.5 billion in fiscal year 2017.
- Total exchange subsidies include premium credit outlays, reductions in revenues from premium credits, and outlays for cost-sharing subsidies.

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**

	January 2015 Baseline	March 2015 Baseline	Difference
Change in Insurance Coverage Under the ACA in 2025 (Millions of nonelderly people, by calendar year) ^a			
Insurance Exchanges	24	22	-1
Medicaid and CHIP	16	14	-2
Employment-Based Coverage ^b	-9	-7	2
Nongroup and Other Coverage ^c	-4	-4	*
Uninsured ^d	-27	-25	2
Effects on the Cumulative Federal Deficit, 2016 to 2025^e (Billions of dollars)			
Exchange Subsidies and Related Spending and Revenues ^f	1,058	849	-209
Medicaid and CHIP Outlays	920	847	-73
Small-Employer Tax Credits ^g	15	11	-4
Gross Cost of Coverage Provisions	1,993	1,707	-286
Penalty Payments by Uninsured People	-47	-43	3
Penalty Payments by Employers ^g	-164	-167	-3
Excise Tax on High-Premium Insurance Plans ^g	-149	-87	62
Other Effects on Revenues and Outlays ^h	-284	-202	81
Net Cost of Coverage Provisions	1,350	1,207	-142
Memorandum:			
Increases in Mandatory Spending	2,026	1,747	-279
Increases in Revenues	677	540	-137

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

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

- 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 Coverage" 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, through an exchange, or directly from an insurer.
- e. Except in the memorandum lines, positive numbers indicate an increase in the deficit, and negative numbers indicate a decrease in the deficit. These numbers exclude effects on the deficit of provisions of the ACA that are not related to insurance coverage and effects on discretionary spending of the coverage provisions.
- f. Includes spending for exchange grants to states and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is recorded in the budget as a discretionary program; CBO estimates that payments and collections will offset each other in each year, resulting in no net budgetary effect.
- 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.