

Insurance Coverage Provisions of the Affordable Care Act— CBO's January 2015 Baseline

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

Table B-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	32	66	87	99	103	106	111	117	120	123	127	1,058
Medicaid and CHIP Outlays ^b	47	64	70	76	84	91	97	102	107	112	117	920
Small-Employer Tax Credits ^c	2	1	1	1	1	1	2	2	2	2	2	15
Gross Cost of Coverage Provisions	81	131	159	176	188	198	209	220	229	237	245	1,993
Penalty Payments by Uninsured People	-2	-4	-4	-4	-4	-4	-5	-5	-5	-5	-6	-47
Penalty Payments by Employers ^c	0	-7	-11	-13	-15	-15	-17	-19	-20	-22	-23	-164
Excise Tax on High-Premium Insurance Plans ^c	0	0	0	-5	-10	-13	-16	-19	-24	-29	-34	-149
Other Effects on Revenues and Outlays ^d	-3	-11	-19	-24	-27	-29	-31	-33	-35	-36	-38	-284
Net Cost of Coverage Provisions	76	109	124	130	132	137	141	144	144	145	145	1,350
Memorandum:												
Changes in Mandatory Spending	92	135	163	177	190	202	213	224	233	241	249	2,026
Changes in Revenues ^e	16	26	39	47	58	64	73	80	88	97	104	677

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

CHIP = Children's Health Insurance Program.

- a. Includes spending for exchange grants to states and net spending and revenues for risk adjustment and reinsurance. The risk corridors program is now 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.
- b. 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 \$63 billion higher because of the coverage provisions of the Affordable Care Act than it would be otherwise.
- c. These effects on the deficit include the associated effects of changes in taxable compensation on revenues.
- d. Consists mainly of the effects of changes in taxable compensation on revenues. CBO estimates that outlays for Social Security benefits will increase by about \$8 billion over the 2016–2025 period and that the coverage provisions will have negligible effects on outlays for other federal programs.
- e. Positive numbers indicate an increase in revenues.

Table B-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	35	34	33	33	34	34	34	35	35	35	35
Employment-based coverage	158	160	163	164	165	165	165	166	166	166	166
Nongroup and other coverage ^b	24	25	25	26	26	26	26	27	27	27	27
Uninsured ^c	55	55	55	55	56	56	56	57	57	57	57
Total	272	274	277	278	280	281	282	283	284	285	286
Change in Insurance Coverage Under the ACA											
Insurance exchanges	12	21	25	25	25	24	25	24	24	24	24
Medicaid and CHIP	11	13	13	14	15	16	16	16	16	16	16
Employment-based coverage ^d	-2	-7	-8	-9	-9	-9	-10	-9	-9	-9	-9
Nongroup and other coverage ^b	-3	-4	-4	-4	-4	-4	-4	-4	-5	-4	-4
Uninsured ^c	-19	-24	-26	-26	-26	-27	-27	-27	-27	-27	-27
Uninsured Under Current Law											
Number of uninsured nonelderly people ^c	36	31	30	30	29	29	29	30	30	30	31
Insured as a percentage of the nonelderly population											
Including all U.S. residents	87	89	89	89	90	90	90	89	89	89	89
Excluding unauthorized immigrants	89	91	92	92	92	92	92	92	92	92	92
Memorandum:											
Exchange Enrollees and Subsidies											
Number with access to unaffordable employment-based insurance ^e	*	*	1	1	1	1	1	1	1	1	1
Number of unsubsidized exchange enrollees ^f	3	5	6	6	6	6	7	6	7	7	7
Average exchange subsidy per subsidized enrollee (Dollars)	4,330	4,700	4,940	5,350	5,620	5,930	6,260	6,650	6,990	7,340	7,710

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" 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 B-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	9	16	19	19	18	18	18	18	17	17	17	n.a.
Unsubsidized ^b	3	5	6	6	6	6	7	6	7	7	7	n.a.
Total	12	21	25	25	25	24	25	24	24	24	24	n.a.
Employment-Based Coverage												
Purchased Through SHOP Exchanges ^b	1	3	4	4	4	4	4	4	4	4	4	n.a.
Effects on Direct Spending and Revenues												
(Billions of dollars, by fiscal year)												
Changes in Mandatory Spending												
Outlays for premium credits	22	45	63	72	75	77	81	86	89	92	95	775
Cost-sharing subsidies	6	10	12	14	14	14	15	16	17	17	18	147
Exchange grants to states	1	1	*	0	0	0	0	0	0	0	0	1
Payments for risk adjustment and reinsurance ^c	16	16	17	15	17	19	19	20	20	19	19	181
Total, Exchange Subsidies and Related Spending	45	71	93	101	106	110	116	122	125	128	131	1,104
Changes in Revenues												
Reductions in revenues from premium credits	-5	-9	-12	-13	-14	-14	-14	-14	-14	-14	-14	-134
Collections for risk adjustment and reinsurance ^c	17	15	17	15	17	19	19	20	20	19	19	180
Total, Revenues	12	5	5	2	3	4	5	5	5	5	5	46
Net Increase in the Deficit From Exchange Subsidies and Related Spending and Revenues	32	66	87	99	103	106	111	117	120	123	127	1,058
Memorandum:												
Total Exchange Subsidies (Billions of dollars) ^d												
By fiscal year	32	64	87	99	103	106	111	117	120	123	127	1,057
By calendar year	38	75	92	102	104	106	113	118	121	124	128	1,084
Average Exchange Subsidy per Subsidized Enrollee (Dollars, by calendar year)	4,330	4,700	4,940	5,350	5,620	5,930	6,260	6,650	6,990	7,340	7,710	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.
- CBO's April 2014 baseline for direct spending and revenues also included the net collections and payments for risk corridors. The risk corridors program is included in CBO's January 2015 baseline 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 B-4.**Comparison of CBO and JCT's Current and Previous Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act**

	April 2014 Baseline	January 2015 Baseline	Difference
Change in Insurance Coverage Under the ACA in 2024 (Millions of nonelderly people, by calendar year) ^a			
Insurance Exchanges	25	24	-1
Medicaid and CHIP	13	16	3
Employment-Based Coverage ^b	-7	-9	-1
Nongroup and Other Coverage ^c	-5	-4	*
Uninsured ^d	-26	-27	-1
Effects on the Cumulative Federal Deficit, 2015 to 2024^e (Billions of dollars)			
Exchange Subsidies and Related Spending and Revenues ^f	1,032	964	-68
Medicaid and CHIP Outlays	792	851	59
Small-Employer Tax Credits ^g	15	14	**
Gross Cost of Coverage Provisions	1,839	1,829	-9
Penalty Payments by Uninsured People	-46	-43	3
Penalty Payments by Employers ^g	-139	-140	-1
Excise Tax on High-Premium Insurance Plans ^g	-120	-116	4
Other Effects on Revenues and Outlays ^h	-152	-249	-97
Net Cost of Coverage Provisions	1,383	1,281	-101

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 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" 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. Positive numbers indicate an increase in the deficit; 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 discretionary spending effects 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 now 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.