

TABLE 2.

March 2012 Estimate of the Budgetary Effects of the Insurance Coverage Provisions Contained in the Affordable Care Act

EFFECTS ON THE FEDERAL DEFICIT ^{a,b}												11-Year Total,
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2022
(Billions of dollars, by fiscal year)												
Medicaid and CHIP Outlays ^c	-1	1	48	81	98	103	107	113	118	127	136	931
Exchange Subsidies and Related Spending ^{d,e}	2	4	16	46	74	92	102	109	114	121	127	808
Small Employer Tax Credits ^f	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>23</u>
Gross Cost of Coverage Provisions	3	6	66	130	175	197	210	224	234	250	265	1,762
Penalty Payments by Uninsured Individuals	0	0	0	-3	-6	-7	-7	-7	-8	-8	-9	-54
Penalty Payments by Employers ^f	0	0	-4	-9	-10	-12	-13	-15	-16	-16	-17	-113
Excise Tax on High-Premium Insurance Plans ^f	0	0	0	0	0	0	-11	-18	-22	-27	-32	-111
Other Effects on Tax Revenues and Outlays ^g	<u>0</u>	<u>-1</u>	<u>-4</u>	<u>-8</u>	<u>-16</u>	<u>-24</u>	<u>-30</u>	<u>-35</u>	<u>-38</u>	<u>-37</u>	<u>-38</u>	<u>-231</u>
NET COST OF COVERAGE PROVISIONS	3	5	58	110	143	154	150	149	151	161	169	1,252

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

Notes: The Affordable Care Act is comprised of the Patient Protection and Affordable Care Act (P.L. 111-148) and the health care provisions of the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

Numbers may not add up to totals because of rounding.

CHIP = Children's Health Insurance Program

a. Does not include federal administrative costs that are subject to appropriation.

b. Positive numbers indicate increases in the deficit, and negative numbers indicate reductions in the deficit.

c. 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 in the 2012-2022 period would increase by about \$73 billion as a result of the coverage provisions.

d. Includes spending for high-risk pools, premium review activities, loans to co-op plans, grants to states for the establishment of exchanges, and the net budgetary effects of proposed collections and payments for risk adjustment and transitional reinsurance.

e. Figures may not equal the amounts shown in the table entitled "Health Insurance Exchanges: CBO's March 2012 Baseline" (posted on CBO's Web site) because different related items are included in the two tables.

f. The effects on the deficit of this provision include the associated effects on tax revenues of changes in taxable compensation.

g. The effects are almost entirely on tax revenues. CBO estimates that outlays for Social Security benefits would increase by about \$7 billion over the 2012-2022 period, and that the coverage provisions would have negligible effects on outlays for other federal programs.