



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop N3-01-21
Baltimore, Maryland 21207-0512

Date: July 3, 2023
From: Paul Spitalnic
Chief Actuary
Subject: **Certification of Rates of Uninsured**

Under section 1886(r) of the Social Security Act, which provides for an adjustment to the amount available to make uncompensated care payments based on changes in the rate of uninsured, the Chief Actuary of the Centers for Medicare & Medicaid Services (CMS) is required to certify reasonable estimates of the percentage of uninsured persons in both 2013 and 2024. Specifically, section 1886(r)(2)(B)(ii) stipulates that the prescribed formula for determining these estimates be based on the following (known as Factor 2):

For fiscal year 2018 and each subsequent fiscal year, a factor equal to 1 minus the percent change in the percent of individuals who are uninsured, as determined by comparing the percent of individuals—

- (I) who are uninsured in 2013 (as estimated by the Secretary, based on data from the Census Bureau or other sources the Secretary determines appropriate, and certified by the Chief Actuary of the Centers for Medicare & Medicaid Services); and
- (II) who are uninsured in the most recent period for which data is available (as so estimated and certified), minus 0.2 percentage points for each of fiscal years 2018 and 2019.

Based on data from the National Health Expenditure Accounts (NHEA), the applicable rates of uninsured are as follows:

| Year | Rate of Uninsured |
|----------|-------------------|
| CY 2013 | 14.0% |
| CY 2023 | 7.7% |
| CY 2024 | 8.5% |
| FY 2024* | 8.3% |

*Based on a weighted average of CY 2023 and CY 2024 data.

The figures in the table above are based on the latest publicly available projections of the NHEA produced by the CMS Office of the Actuary and published on June 14, 2023. The NHEA represent the government’s official estimates of health spending by type of good or service, as well as by source of funding. Comprehensive estimates and projections of health insurance enrollment for the total population are also produced and shown by various categories of coverage including uninsured, Medicare, Medicaid, private health insurance (direct and employer-sponsored), the Children’s Health Insurance Program, and other public coverage.¹ Uninsured persons include all individuals not covered by any health insurance (including those who use the Indian Health Service) at a specific point in time (such as at the time of a health insurance survey interview or during a reference period covered by the survey) and, as such, represent an average of the number of uninsured for the estimation period (in the NHEA, this is a calendar year).

Additional Background

The projected uninsured rate (the percentage of the population who have no source of comprehensive health insurance) for FY24 reflects a combination of factors that result in a projected uninsured rate that is higher in FY24 (8.3 percent) than the lows experienced during the public health emergency (PHE) (7.9 percent in FY22 and 7.7 percent in FY23), but lower than that observed prior to the PHE (9.6 percent in FY19).

Most notably impacting the FY24 projection is the “unwinding” of the Medicaid enrollment increases from the past few years. As part of legislation to address the COVID-19 PHE, the federal government provided a temporary increase in federal matching funds in Medicaid to states under the condition that states did not disenroll any individual in Medicaid for the duration of the PHE. [Families First Coronavirus Response Act, 2020] More recent legislation ended these provisions as of April 2023 and provided a phase-down of the federal matching rate increases. [Consolidated Appropriations Act, 2023] States have begun the process of redetermining eligibility, and the FY24 projections for Medicaid enrollment reflect the net impacts of those who disenroll from this “unwinding” over the next 18-24 months, as well as individuals who newly enroll or re-enroll and additional states expanding Medicaid eligibility under the Affordable Care Act (South Dakota in 2023, and North Carolina expected in 2024).

Enrollment on a month-to-month basis is anticipated to decline by about 17-18 million, from a peak in April 2023 to the end of the unwinding process expected in fall 2024. However, many of those who were not disenrolled due to the continuous enrollment requirement over 2020-2023, but who will be now due to the redeterminations process, already have overlapping comprehensive coverage from other sources (including private health insurance, the Children’s Health Insurance Program, or Medicare). Therefore, the impact of the projected declines in Medicaid coverage on the uninsured population is much smaller, consistent with what was observed over the last few years when enrollment in Medicaid increased significantly but there was not a commensurate decrease in the uninsured. The reduction in Medicaid enrollment is the primary contributor to the 4.1 million-person increase in the uninsured from CY2023 to CY 2025 (both of which represent their respective average annual monthly enrollment counts).

For those covered through private health insurance, two factors are having a notable impact in FY24. First, employment and enrollment in Employer Sponsored Insurance (ESI) is projected to remain strong due to very little change in the unemployment rate. Second, enrollment in individually purchased insurance is expected to remain robust, in part due to the Inflation Reduction Act's expanded subsidies that apply through CY25 for Marketplace coverage, as well as expanded eligibility for Marketplace coverage following the IRS's revision to the affordability test.²

Finally, health insurance coverage is impacted by continued Medicare enrollment growth as the baby boomers continue to become eligible for the program.

The full set of projections, as well as the methodology used to construct the estimates, can be found at the following link: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>

I certify that the published CY and estimated FY rates of uninsured are reasonable and appropriate for use in satisfying section 1886(r)(2)(B)(ii) of the Social Security Act.

Paul Spitalnic, ASA, MAAA
Chief Actuary

¹ For the total population, estimates are from the U.S. Bureau of the Census and reflect a count of U.S. residents less armed forces overseas and population of outlying areas.

² <https://www.federalregister.gov/documents/2022/10/13/2022-22184/affordability-of-employer-coverage-for-family-members-of-employees>