



DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Date: July 31, 2024
From: Paul Spitalnic
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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 2025. 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	Rates of Uninsured
CY 2013	14.0%
CY 2024	7.3%
CY 2025	7.7%
FY 2025*	7.6%

*Based on a weighted average of CY 2024 and CY 2025 data.

The figures in the table above are based on the latest publicly available projections of the NHEA prepared by the CMS Office of the Actuary and published on June 12, 2024. 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 comprise all individuals not covered by any health insurance (including those who use the Indian Health Service) 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

Updated projections for the NHEA (published on June 12, 2024) reflect a fiscal year uninsured rate of 7.2 percent in FY 2023. The updated uninsured rate projected for FY 2025 (7.6 percent) is lower than the FY 2025 figure (8.7 percent) that was expected in the previous set of projections (published June 14, 2023) and that served as the basis for the FY 2025 inpatient hospital proposed rule. More details on the updated projections are provided below.

Primary Factors Underlying the Change in the Rates of Uninsured:

Relative to those published in 2023, the current projections include significantly higher enrollment in private health insurance, which contributes to the lower projected uninsured rate. The updated figures for FY 2025 reflect 4.1 million more enrollees in direct-purchase insurance, particularly Marketplace plans. This expected higher level of coverage is largely driven by (i) the Inflation Reduction Act’s extension of the American Rescue Plan Act’s enhanced Marketplace premium subsidies through 2025 and (ii) a special enrollment period open to those who are no longer eligible for Medicaid coverage because of state-based redeterminations. Additionally, FY 2025 enrollment in employer-sponsored insurance is expected to be higher than the previous projection by 2.9 million, reflecting anticipated greater levels of employment.

Updated Projections on the Unwinding of Medicaid Enrollment

Projected declines in Medicaid enrollment are expected to continue as states conduct their processes of redetermination and disenroll those who no longer qualify for coverage because of the expiration of the continuous enrollment provision (as enacted in the Families First Coronavirus Response Act of 2020 and terminated on March 31, 2023 in the Consolidated Appropriations Act of 2022).

Medicaid enrollment is projected to “unwind” and to fall by about 20 million—from a peak in April 2023 to the end of the unwinding process, which is projected to occur during the fall of 2024. For FY 2025, the current projection of enrollment is 79.8 million (compared with a level of 81.2 million in the previous projection). As people are disenrolled, the impact on the number of uninsured is expected to be mitigated, since many of those who were not disenrolled as a

result of the continuous enrollment provision over 2020–2023, but who are being disenrolled because of the redetermination processes now taking place, already have overlapping comprehensive coverage from an alternative source or are re-enrolling in the program. In total, the projected Medicaid enrollment used to update the uninsured rates reflects three factors: (i) the net impacts of this unwinding process, (ii) individuals who newly enroll or re-enroll, and (iii) the expansion of the program in North Carolina in December 2023.

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 calendar year and estimated fiscal year rates of uninsured are reasonable and appropriate for use in satisfying section 1886(r)(2)(B)(ii) of the Social Security Act.

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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 the population of outlying areas.