Robert Wood Johnson Foundation

URBAN INSTITUTE

Characteristics of Those Affected by a Supreme Court Finding for the Plaintiff in King v. Burwell

Linda J. Blumberg, Matthew Buettgens, John Holahan

Timely Analysis of Immediate Health Policy Issues

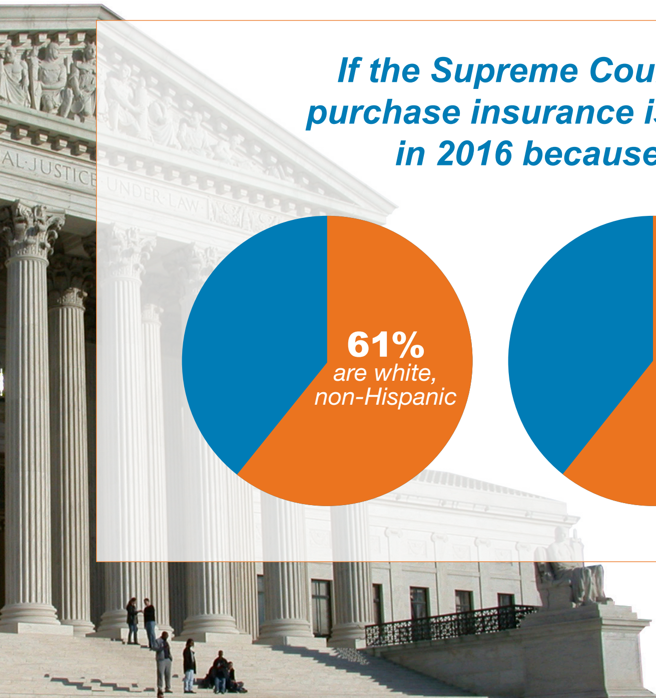
JANUARY 2015

In-Brief

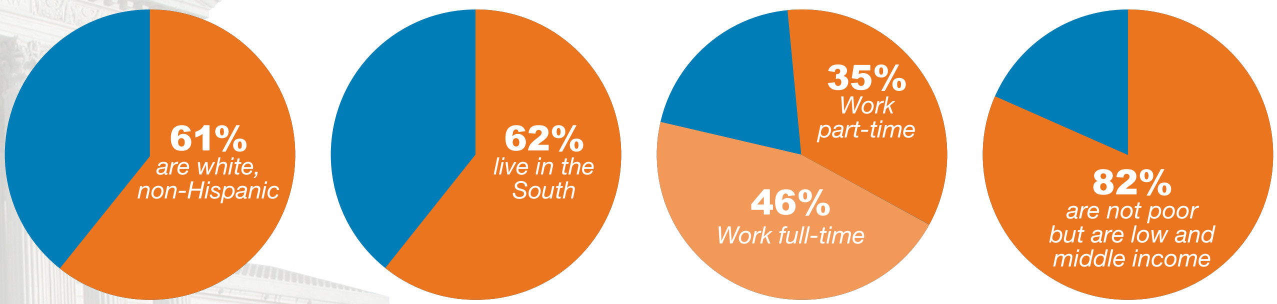
In a recent brief, we examined the broad coverage and premium implications of a ruling that would end federal tax credits for marketplace-based private health insurance coverage in states in which the federal government operates the marketplaces.[1] Here, we provide the characteristics of those affected by such a ruling. Of the 9.3 million people estimated to lose tax credits under a finding for King, two-thirds would become uninsured. Most of these are adults with incomes between 138 and 400 percent of the federal poverty level (FPL). Over 60 percent of those who would become uninsured are white, non-Hispanic and over 60 percent would reside in the South. More than half of adults have a high school education or less, and 80 percent are working.

Many others lose nongroup coverage not because of the loss of tax credits but because of the 35 percent premium increase that would occur as healthier people leave the markets. Of the 4.9 million purchasing coverage in the nongroup market without tax credits as the law is currently implemented, about one quarter would become uninsured. Over half of this group who would become uninsured are from the South and over half work full-time. A large share of those who would become uninsured if the Court finds for King have a small-firm worker in their family; almost two million of those who would become uninsured have a self-employed person in the family. A relatively small number of people who would have public insurance or employer-based insurance would also become uninsured as an indirect consequence of eliminating the tax credits.

In order to maintain the same insurance coverage as they have under the law's current implementation, individuals and families would have to pay substantially more as a percentage of their incomes; as a result, most would not keep their coverage. The largest changes in financial burdens would be for the lowest income individuals and for those currently receiving tax credits. For those at the lowest income level, the median direct premium payment would increase from 4.1 percent to 29.6 percent of income for single policies and from 3.6 percent to 48.9 percent of income for family policies. Purchasers in all income groups, however, would be significantly affected. In fact, if the Court decides in favor of King, 99 percent of those who would otherwise have purchased nongroup coverage using premium tax credits would face premiums deemed by the ACA to be unaffordable to them, as they would exceed 8.0 percent of family income (data not shown).



If the Supreme Court rules that using federal tax credits to purchase insurance is illegal, here is who becomes uninsured in 2016 because they would not receive tax credits:



Methods

This analysis follows the same methodological approach as the previous brief.[2] We rely upon the Urban Institute's Health Insurance Policy Simulation Model (HIPSM) which simulates full implementation equilibrium of the Affordable Care Act (ACA) in 2016 (i.e., knowledge of the law and its provisions are assumed to have peaked and individual and employer behavior to have fully adjusted to the reforms).

Marketplaces in which the federal government has taken on at least some of the responsibilities of administration are often referred to as federally facilitated marketplaces (FFMs). For purposes of this analysis, we include 34 states, including those where the federal government has taken on complete responsibility (19), those with explicit agreements with the federal government where the state takes on some responsibilities but not others (7), and states without explicit agreements but which have taken responsibility for plan management nonetheless (8). We do not include states that had created the legal framework for a state-based marketplace (SBM) but for which technical problems led to use of the federal IT system (healthcare.gov).

Estimates presented in this analysis reflect effects at a point in time, and therefore understate the number of people who would be affected over the course of a year and over multiple years, as individuals' employment and income fluctuate.

Financial burdens associated with the purchase of nongroup coverage are computed as premiums, net of any premium tax credits, relative to family income. Premium levels for individuals and families for each age and geographic location are determined under full simulations of two scenarios: (A) a simulation of the ACA as currently implemented, including tax credits and (B) a simulation of the ACA without tax credits. Financial burdens for all individuals and families simulated to enroll in nongroup under scenario A are computed, and the median financial burdens for purchasers of single and family policies are provided, separating those purchasing with and without tax credits. Next, for each individual and family simulated to enroll in nongroup under scenario A, we identify the premium that would apply to them under scenario B if they were to enroll (regardless of their actual simulated decision under scenario B), and compute their alternate financial burden.

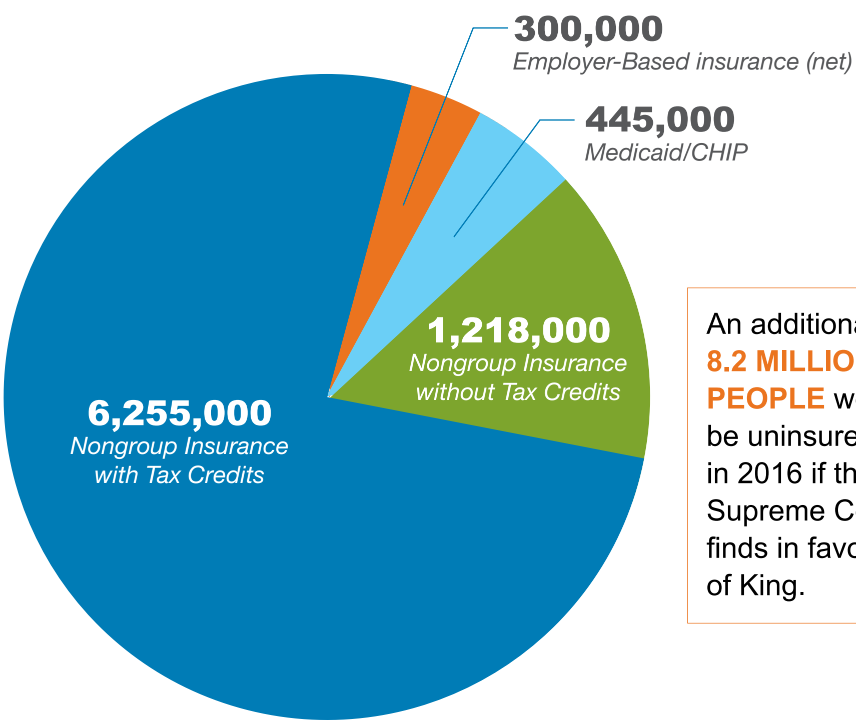
Results

As estimated in our previous analysis of the implications of King v. Burwell, the number of people uninsured would increase, on net, by 8.2 million. As we describe below, approximately 6.3 million of these would have enrolled in nongroup coverage using federal tax credits under current implementation of the law, about 1.2 million would have otherwise enrolled in nongroup coverage fully at their own cost, about 445,000 would otherwise have had Medicaid or CHIP coverage, and about 300,000 would otherwise have had employer-based insurance (Figure 1). The principal emphasis of this analysis is on the two largest portions of this group, those that would otherwise have had nongroup insurance.

Those Losing Tax Credits Under a Finding for King

Table 1 shows the characteristics of the 9.3 million people losing tax credits if the Supreme Court rules in favor of the plaintiff (i.e., King). This entire group would lose the financial assistance that has made coverage affordable for many of them, leading to approximately two-thirds becoming uninsured. Of those obtaining coverage with the tax credits under the current implementation of the law, 885,000 are children, a relatively small share (9.5 percent) as so many children in this income category are eligible for Medicaid or CHIP, making them ineligible for tax credits. Over 35 percent are between the ages of 45 and 64. Of adults losing tax credits, 70 percent (just under 6

Figure 1. Individuals Becoming Uninsured Under King v. Burwell, by Source of Insurance Under ACA as Currently Implemented



An additional **8.2 MILLION PEOPLE** would be uninsured in 2016 if the Supreme Court finds in favor of King.

Source: HIPSM-CPS 2015. ACA modeled in 2016.

million people) would become uninsured as a consequence. The share losing insurance varies between 67.6 percent and 74.8 percent, depending upon the age group. Only 34.0 percent of children losing tax credits become uninsured. The differential rates occur because, on average, the children who lose tax credits are in families with higher incomes compared to adults (lower income children tend to be eligible for Medicaid or CHIP), and most children would have nongroup insurance coverage even if the ACA were not in place. The adults losing tax credits, on the other hand, are much more likely to have lower incomes and thus only 30 percent would have insurance coverage if not for the premium tax credits.

Not surprisingly, most individuals losing tax credits have incomes between 138 percent and 400 percent of the FPL; 35.2 percent have incomes between 138 and 200 percent of the FPL and 48.1 percent have incomes between 200 and 400 percent of the FPL. The lower income individuals (between 100 and 138 percent FPL) losing tax credits are those living in states that elected not to expand Medicaid under the ACA, as well as lower income individuals who are legal immigrants who have not yet been in the country long enough to qualify for Medicaid. Over 70 percent of those with incomes below 200 percent of the FPL who would lose tax credits would become uninsured. Over half (56.1 percent) of those with incomes between 200 and 400 percent of the FPL who would lose tax credits would become uninsured, as well.

A large share of those who would lose tax credits are white, non-Hispanic (65.5 percent), largely consistent with the white share of the population as a whole. About 12.9 percent are black, non-Hispanic, and another 16.3 percent are Hispanic. The remainder are from other racial/ethnic groups. Almost 62 percent of whites who would lose their tax credits under King would become uninsured; over 70 percent of all other racial/ethnic groups would become uninsured.

A very large percentage of people who would lose tax credits live in southern states (58.7 percent), reflecting the large number of states in the South (with the exception of Kentucky) that have FFMs. Another large share of those who would lose tax credits (27.0 percent) live in the Midwest (Wisconsin, Indiana, Ohio, and Illinois have FFMs and relatively large populations). Only a small share of those losing tax credits are in the Northeast or West. Of those losing credits in the South, 70.5 percent would become uninsured, the highest rate among the four regions.

Among adults losing credits, just about 50 percent have a high school education or less; only a small share (15.9 percent) have graduated from college. The share that would become uninsured after losing tax credits increases for those with lower levels of education. Most of those losing tax credits are reasonably healthy, reporting excellent, very good, or good health status (90.3%). Those in fair or poor health are less likely to become uninsured, 58.2 percent, compared to 67.9 percent of those in better health.

Eighty percent of adults who would lose tax credits are working, with 46.5 percent working full time and 33.7 percent working part time. We estimate that 70.1 percent of full-time workers losing tax credits, 73.0 percent of part-time workers and 66.8 percent of those not working would become uninsured.[3] Of those who would lose tax credits, 26.3 percent have a family member who is self-employed and 62.5 percent have a family member employed by a small firm (50 or fewer workers). Among those who would lose tax credits, 65.2 percent of those with a self-employed worker and 70.2 percent of those with a small firm worker in the family would become uninsured.

Those Purchasing Nongroup Coverage Under the Law as Currently Implemented Without Tax Credits

We estimate that in 2016, 4.9 million people will enroll in nongroup coverage that they purchase on their own, without financial assistance, through plans offered inside or outside the marketplaces under the law as currently implemented (Table 2). These people, who tend to have higher incomes than those receiving tax credits, are significantly more likely to remain insured under a ruling in favor of King. Still, about one quarter of this group, or 1.2 million people, would become uninsured. Once 9.3 million marketplace enrollees lose their tax credits and two-thirds of them become uninsured as a consequence, the composition of the nongroup insurance market would change significantly. Many fewer healthy adults would enroll, increasing the average health care cost and risk of those remaining. As a result, as we demonstrated in our earlier analysis, average premiums in the nongroup market would increase by 35 percent.[4] Such a price increase would affect virtually everyone purchasing coverage in the nongroup market, both inside and outside the marketplaces.[5] Therefore, even those never eligible for tax credits would be significantly less likely to enroll in nongroup insurance coverage under a Supreme Court finding for King.

Over 70 percent of those paying full price for nongroup coverage as the law is currently implemented have incomes above 400 percent of the FPL. Of these 3.5 million people, only 15.5 percent would become uninsured under a finding for King. Many of those in this higher income category would continue to be bound by the ACA's individual mandate and would have purchased nongroup coverage in the absence of any reform at all, since their high incomes mean that even the increased premium would be manageable for them.[6] However, there are 1.4 million lower income people who are estimated to buy coverage without assistance in 2016; they do not qualify for tax credits due to having affordable employer-based offers of insurance in their family, or, particularly in the case of young adults, the full premiums for Silver coverage are low enough that they fall below the level covered by the tax credits (i.e., the premium is less than their applicable percent of income cap). The rates at which these lower income purchasers would become uninsured are much higher, ranging from 78.0 percent for individuals below 138 percent of the FPL to 44.6 percent for those between 200 and 400 percent of the FPL.

A very large share of those buying nongroup coverage fully at their own cost under the current implementa-

Table 1. Characteristics of Those Enrolled in Nongroup Marketplace with Tax Credits Under ACA as Currently Implemented & Those Becoming Uninsured Under Supreme Court Finding for King, 2016

	Enrolled in Marketplace Coverage with Tax Credits as ACA is Currently Implemented			
	Total and Composition of Each Subgroup		Number and Percentage Becoming Uninsured Under Decision for King	
	Number	*Share of Subgroup*	*Number*	*Percent Becoming Uninsured*
Total	**9,346,000**	**100.0%**	**6,255,000**	**66.9%**
Age				
0 – 18	885,000	9.5%	308,000	34.8%
19 – 24	1,488,000	15.9%	1,005,000	67.6%
25 – 34	1,861,000	19.9%	1,345,000	72.3%
35 – 44	1,715,000	18.3%	1,191,000	69.5%
45 – 54	2,012,000	21.5%	1,371,000	68.1%
55 – 64	1,384,000	14.8%	1,035,000	74.8%
Income				
< 138% FPL	1,558,000	16.7%	1,138,000	73.1%
138 - 200% FPL	3,291,000	35.2%	2,593,000	78.8%
200 - 400% FPL	4,497,000	48.1%	2,524,000	56.1%
400% FPL +	0,000	0.0%	0,000	0.0%
Race/Ethnicity*				
White, non-Hispanic	6,122,000	65.5%	3,786,000	61.8%
Black, non-Hispanic	1,207,000	12.9%	910,000	75.4%
Hispanic	1,522,000	16.3%	1,213,000	79.7%
Other, non-Hispanic	495,000	5.3%	346,000	70.0%
Region				
Northeast	757,000	8.1%	467,000	61.7%
Midwest	2,520,000	27.0%	1,554,000	61.7%
South	5,488,000	58.7%	3,869,000	70.5%
West	580,000	6.2%	365,000	62.8%
Education**				
Less than High School	1,100,000	13.0%	906,000	82.4%
High School Graduate	3,178,000	37.6%	2,361,000	74.3%
Some College	2,829,000	33.5%	1,906,000	67.4%
College Graduate	1,341,000	15.9%	775,000	57.8%
Health Status				
Fair/Poor	906,000	9.7%	527,000	58.2%
Better than Fair/Poor	8,440,000	90.3%	5,728,000	67.9%
Employment Status**				
Full-Time	3,928,000	46.5%	2,753,000	70.1%
Part-Time	2,846,000	33.7%	2,078,000	73.0%
Not Working	1,672,000	19.8%	1,116,000	66.8%
Small-Firm Worker in Family				
No	3,503,000	37.5%	2,151,000	61.4%
Yes	5,843,000	62.5%	4,104,000	70.2%
Self-Employed Work in Family				
No	6,888,000	73.7%	4,654,000	67.6%
Yes	2,457,000	26.3%	1,601,000	65.2%

Source: HIPSM-CPS 2015. ACA modeled in 2016.
** Not available for dependents living alone (NIU).*
*** Analyzed for adults only. This category excludes a small number of dependents age 19-22.*
Analysis assumes the effects of a decision for the plaintiff are limited to the 34 Federally Facilitated Marketplace states.

Table 2. Characteristics of Those Enrolled in Nongroup Insurance Without Tax Credits Under ACA as Currently Implemented & Those Becoming Uninsured Under Supreme Court Finding for King, 2016

	Enrolled in Nongroup Coverage without Tax Credits			
	Total and Composition of Each Subgroup		Number and Percentage Becoming Uninsured Under Decision for King	
	Number	*Share of Subgroup*	*Number*	*Percent Becoming Uninsured*
Total	**4,881,000**	**100.0%**	**1,218,000**	**24.9%**
Age				
0 – 18	783,000	16.1%	54,000	7.0%
19 – 24	569,000	11.7%	252,000	44.2%
25 – 34	838,000	17.2%	239,000	28.5%
35 – 44	849,000	17.4%	197,000	23.2%
45 – 54	1,096,000	22.5%	245,000	22.4%
55 – 64	745,000	15.3%	231,000	31.0%
Income				
< 138% FPL	152,000	3.1%	119,000	78.0%
138 - 200% FPL	101,000	2.1%	59,000	57.9%
200 - 400% FPL	1,109,000	22.7%	494,000	44.6%
400% FPL	3,520,000	72.1%	547,000	15.5%
Race/Ethnicity*				
White, non-Hispanic	3,575,000	73.2%	744,000	20.8%
Black, non-Hispanic	354,000	7.3%	132,000	37.1%
Hispanic	608,000	12.5%	266,000	43.7%
Other, non-Hispanic	336,000	6.9%	76,000	22.7%
Region				
Northeast	670,000	13.7%	137,000	20.5%
Midwest	1,282,000	26.3%	304,000	23.7%
South	2,597,000	53.2%	703,000	27.1%
West	332,000	6.8%	74,000	22.2%
Education**				
Less than High School	284,000	7.0%	151,000	53.1%
High School Graduate	1,064,000	26.1%	357,000	33.6%
Some College	1,282,000	31.4%	392,000	30.6%
College Graduate	1,454,000	35.6%	264,000	18.1%
Health Status				
Fair/Poor	384,000	7.9%	76,000	19.9%
Better than Fair/Poor	4,497,000	92.1%	1,142,000	25.4%
Employment Status**				
Full-Time	2,427,000	59.4%	622,000	25.6%
Part-Time	1,030,000	25.2%	333,000	32.3%
Not Working	627,000	15.3%	209,000	33.3%
Small-Firm Worker in Family				
No	1,461,000	29.9%	381,000	26.1%
Yes	3,420,000	70.1%	837,000	24.5%
Self-Employed Work in Family				
No	2,878,000	59.0%	855,000	29.7%
Yes	2,003,000	41.0%	363,000	18.1%

Source: HIPSM-CPS 2015. ACA modeled in 2016.
** Not available for dependents living alone (NIU).*
*** Analyzed for adults only. This category excludes a small number of dependents age 19-22.*
Analysis assumes the effects of a decision for the plaintiff are limited to the 34 Federally Facilitated Marketplace states.

tion of the law (73.2 percent) are white, non-Hispanic. Only 7.3 percent are black, non-Hispanic and 12.5 percent are Hispanic. Most whites are estimated to remain insured if tax credits are eliminated; only 20.8 percent, or 744,000, are estimated to become uninsured, although they would comprise the largest share of those becoming uninsured. However, a much larger share of individuals from other racial/ethnic groups (37.1 of blacks or 132,000 people, and 43.7 percent of Hispanics or 266,000 people) buying nongroup coverage fully at their own cost would become uninsured.

Over half of those buying nongroup coverage without federal assistance under the current implementation of the law live in the South (53.2 percent). Another 26.3 percent live in the Midwest; the remainder reside in the Northeast or West. As many as 27.1 percent of these people living in the South would become uninsured under a decision in favor of King, the highest of any region.

A much larger proportion of adults buying nongroup coverage at full price as the law is currently implemented have at least some college education (67.0 percent), as compared to those purchasing nongroup with tax credits (49.4 percent). Still, a quarter of these would become uninsured under a finding for King. While only 7.0 percent of adults purchasing nongroup at full cost have less than a high school degree, more than half, 53.1 percent, would become uninsured. As education increases, the share that would become uninsured declines.

As is true in the population at large, the vast majority of those purchasing nongroup coverage at full price under the current implementation of the law are generally healthy, with 92.1 percent reporting being in good, very good, or excellent health. Those reporting being in worse health are somewhat more likely to remain insured under a finding for King (19.9 percent would become uninsured compared to 25.4 percent of their healthier counterparts), likely reflecting a lower responsiveness to premium increases among those expecting to use significant medical services.

A majority of adults buying nongroup coverage at full price under the current implementation of the law work full-time (59.4 percent), another 25.2 percent work part-time, and 15.3 percent do not work, although they are very likely to have a working spouse. Of those who work full-time, 25.6 percent would become uninsured under a victory for King, as would a third of those working part-time or not working.

Seventy percent of those buying nongroup coverage at full cost under the current implementation of the law have at least one family member employed in a small firm. This reflects the significantly lower rate of employer-sponsored insurance offers among small firms compared to large firms.[7] In addition, about 40 percent of individuals buying nongroup coverage at full cost have at least one self-employed family member. Most of these individuals would remain insured under a finding for King.

Summing up, over half of those enrolling in nongroup insurance coverage as the law is currently implemented would become uninsured if the Supreme Court finds in favor of King. Those that are able to retain insurance, either through the nongroup market at significantly higher premiums or through another source, are more likely to be older adults and children, are much more likely to have incomes above 400 percent of the FPL, are more likely to be in fair or poor health, to be white, to be highly educated and to live in regions outside of the South.

Those Losing Other Types of Coverage

Some individuals covered by public insurance (Medicaid or CHIP) or by employer-sponsored insurance as the ACA is currently implemented would also be affected by a Supreme Court ruling in favor of King. Approximately 445,000 individuals otherwise enrolled in Medicaid or CHIP coverage would become uninsured instead. Most of these people are children whose parents would not investigate marketplace coverage due to the lack of financial assistance, thus their children would not be identified as eligible for public insurance and enrolled at the same time. About 72 percent of these individuals have incomes below 138 percent of the FPL, 25.6 percent have incomes between 138 and 200 percent of the FPL, and about 2.6 percent have incomes between 200 and 400 percent of the FPL (data not shown). On net, an additional 300,000 individuals who would be covered by employer-based insurance under the current implementation of the law would also become uninsured, because changes in nongroup insurance premiums and enrollment would lead to changes in some employer decisions whether to offer insurance coverage, as well as some decisions by workers to take up those offers. However, these represent very small changes in an estimated employer market of 104 million people under the ACA in 2016.[8] In total, a finding for King would increase the number uninsured, on net, by approximately 8.2 million people.

Health Care Financial Burdens

Table 3 shows the implications of the loss of tax credits and the consequent increase in nongroup insurance premiums for those who would have enrolled in coverage under the law as currently implemented. In order to maintain the insurance coverage that individuals and families would otherwise have, the share of income devoted to health insurance premiums would increase significantly, with the largest increased financial burdens falling on those otherwise eligible for the credits and those with the lowest incomes.

For those with incomes below 200 percent of the FPL purchasing nongroup insurance with tax credits under the current implementation of the law, the median (50th percentile) individual and family pays approximately four percent of their income for premiums; this takes into account the tax credits that reduce their direct premium costs. Absent the tax credits, if they were to retain the same coverage, the median financial burden for a single adult would be 29.6 percent of income, and the median share of income for a family would be 48.9 percent of income. As a result of the extremely large increase in financial burden, the vast majority of these

Table 3. Potential Changes in Financial Burden for Those Purchasing Nongroup Coverage Under ACA as Currently Implemented
Median Direct Payments by Individuals/Families for Nongroup Market Premiums Under Current Implementation & Under Finding for King, 2016

	Median Premium Payment as ACA is Currently Implemented	Median Premium Payment Under Finding for Plaintiff in King v. Burwell	Difference	Median Premium Payment as % of Income as ACA is Currently Implemented	Median Premium Payment as % of Income Under Finding for Plaintiff in King v. Burwell
Purchasing with Tax Credits Under ACA as Currently Implemented					
< 200% of the Federal Poverty Level					
Single Policies	$763	$5,589	$4,826	4.1%	29.6%
Family Policies	$1,114	$14,318	$13,204	3.6%	48.9%
200-400% of the Federal Poverty Level					
Single Policies	$2,366	$6,427	$4,061	7.8%	19.7%
Family Policies	$4,318	$15,563	$11,245	8.8%	28.9%
Purchasing without Tax Credits Under ACA as Currently Implemented*					
Single Policies	$3,693	$5,693	$2,000	5.8%	9.0%
Family Policies	$9,952	$15,439	$5,487	8.6%	13.5%

Source: HIPSM-CPS 2015. ACA modeled in 2016.

**Note: About 3/4 of those purchasing nongroup insurance without a tax credit have incomes above 400 percent of the FPL. Those with lower incomes purchasing without a credit either have a family member with affordable, adequate insurance coverage available to them or the cost of their premium is sufficiently low that it falls below the percent of income cap for which the individual/family is eligible; the latter occurs most frequently for young adults who face lower premiums due to age-rating.*

individuals and families would drop their coverage. For tax credit recipients with incomes between 200 and 400 percent of the FPL purchasing nongroup insurance, median financial burdens would increase from 7.8 percent for singles and 8.8 percent for families to 19.7 percent and 28.9 percent of income, respectively. Again, many of these people, otherwise enrolled in nongroup coverage, would not be able to maintain health insurance coverage under these circumstances.

In fact, if the Court decides in favor of King, 99 percent of those who would otherwise have purchased nongroup coverage using premium tax credits would face premiums deemed by the ACA to be unaffordable to them, as they would exceed 8.0 percent of family income (data not shown).

Those not receiving tax credits under the current implementation of the law would be affected by a finding for King, as well, as the premiums for everyone would increase due to the worsening health status of those enrolled. Their median financial burden would increase from 5.8 percent to 9.0 percent for singles and from 8.6 percent to 13.5 percent for families. Again, these calculations reflect the difference in financial burdens that would be faced by any particular nongroup purchaser if they choose to purchase coverage in the market that prohibited tax credits, regardless of their actual decision whether or not to enroll. Those that choose to enroll under a ruling for King would have a different age and income distribution compared to those choosing to enroll under the current implementation of the law.[9]

Conclusion

With a ruling in favor of the plaintiff in King v. Burwell, a large number of Americans in the 34 FFM states would be affected by the loss of tax credits and all nongroup purchasers would face large premium increases. Average premiums would increase by an estimated 35 percent and 8.2 million more Americans would become uninsured compared with the law as currently implemented. About two-thirds of those who would lose tax credits would become uninsured as would one-quarter of other purchasers. Not surprisingly, those with incomes below 400 percent of the FPL would be most likely to become uninsured, although over 500,000 individuals with incomes above 400 percent FPL would lose coverage. Those that would become uninsured are more likely to be white, have lower education levels, live in the South, and to have a family member who works for a small firm.

The large increases in financial burdens required to maintain the same coverage would lead to large numbers of people becoming uninsured. These increased burdens are particularly profound for the low-income population (below 200 percent of the FPL), for whom the median cost of premiums relative to income would increase from about 4 percent with tax credits to about 30 percent for singles and 50 percent for families without them. Those between 200 and 400 percent of the FPL would see median financial burdens rise from about 8 to 9 percent of income with tax credits to about 20 percent of income for singles and about 30 percent for families without them.

The views expressed are those of the authors and should not be attributed to the Robert Wood Johnson Foundation or the Urban Institute, its trustees, or its funders.

ABOUT THE AUTHORS & ACKNOWLEDGMENTS

Linda J. Blumberg is a senior fellow, Matthew Buettgens is a senior research associate, and John Holahan is an Institute Fellow, all in the Urban Institute's Health Policy Center. The authors are grateful for research assistance from Hannah Recht and for comments and suggestions from Genevieve Kenney, Anna Spencer, and Stephen Zuckerman.

ABOUT THE URBAN INSTITUTE

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization that examines the social, economic and governance problems facing the nation. For more information, visit *http://www.urban.org*. Follow the Urban Institute on Twitter *www.urban.org/twitter* or Facebook *www.urban.org/facebook*. More information specific to the Urban Institute's Health Policy Center, its staff, and its recent research can be found at *www.healthpolicycenter.org*.

ABOUT THE ROBERT WOOD JOHNSON FOUNDATION

For more than 40 years the Robert Wood Johnson Foundation has worked to improve the health and health care of all Americans. We are striving to build a national Culture of Health that will enable all Americans to live longer, healthier lives now and for generations to come. For more information, visit *www.rwjf.org*. Follow the Foundation on Twitter at *www.rwjf.org/twitter* or on Facebook at *www.rwjf.org/facebook*.

Notes

1 Blumberg LJ, Buettgens M, and Holahan J. *The Implications of a Supreme Court Finding for the Plaintiff in King v. Burwell: 8.2 million More Uninsured and 35% Higher Premiums*. Washington: The Urban Institute, 2014, http://www.urban.org/UploadedPDF/2000062-The-Implications-King-vs-Burwell.pdf (accessed January 2015).

2 Blumberg, Buettgens and Holahan. *The Implications of a Supreme Court Finding for the Plaintiff in King v. Burwell.*

3 The vast majority of non-working adults in this income category have a working spouse. Employment status as measured here reflects the status of the individual adult, not their family members.

4 Blumberg, Buettgens and Holahan. *The Implications of a Supreme Court Finding for the Plaintiff in King v. Burwell.*

5 A small share of those purchasing nongroup insurance are expected to remain in grandfathered (non-ACA compliant) policies in 2016. This small share would not be affected by the increased premiums in the ACA compliant market until they ultimately left their grandfathered plans.

6 If these higher income individuals are more likely to drop their coverage in these circumstances, even in the presence of the individual mandate, then the number uninsured as a consequence of King would be considerably higher, likely more consistent with the results in our prior analysis for the alternative scenario without an individual mandate.

7 According to the 2013 Medical Expenditure Panel Survey Insurance Component, 34.8 percent of establishments in firms of fewer than 50 employees offers health insurance coverage to their workers, compared to 95.7 percent of establishments in firms of 50 or more workers. See Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Table I.A.2 (2013), available at: http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/national/series_1/2013/tia2.pdf (accessed January 2015).

8 Blumberg, Buettgens and Holahan. *The Implications of a Supreme Court Finding for the Plaintiff in King v. Burwell.*

9 The relative differences in median premiums shown in table 3 between the current implementation of the ACA and under a finding for King are about 55 percent, higher than the 35 percent of premium increase that we estimated in the nongroup market as a consequence of a finding for the plaintiff. It is important to note that these two measures are calculated in very different ways. The 35 percent estimate from our previous analysis compares the average premium per covered life for a person simulated to enroll under the law with tax credits to the average premium per covered life for a person simulated to enroll in the absence of credits. The people who would remain enrolled in coverage absent the tax credits are a somewhat younger population (since older adults are more likely to become exempt from the individual mandate), although in less good health, on average. Hence, the sicker population increases average premiums, but the shift to a somewhat younger enrollee population also means the average premium does not go up by as much as it might have if the age distribution had not changed. In addition, the 35 percent difference reflects the fact that as premiums increase, some individuals who continue to purchase nongroup coverage would shift to purchase lower actuarial value options (e.g., move from a Silver or Gold plan to a Bronze plan). The estimates presented in table 3 compare median premiums for those simulated to enroll under the law with tax credits, and then we use the premiums computed in the no tax credit scenario to compute what the premiums would be for each of these individuals and families if they remained enrolled. This approach implicitly recognizes that one individual or family making a decision to remain in the nongroup market would act as a premium “taker” – their presence would not affect average premiums. The median difference is even larger than 35 percent because those choosing not to enroll absent the credits are disproportionately older than those that choose to remain, and we are holding the type of coverage they are purchasing constant.