

Should Medicaid Cover Undocumented Immigrants?

Key Takeaways:

There are approximately 10.7 million undocumented immigrants in the United States. Undocumented immigrants cannot receive any federal public benefit, yet there are concerns that their lack of federally-sponsored health insurance is detrimental to the American economy.

California, Colorado, Florida, and Texas have all either proposed or implemented changes to their Medicaid programs to permit treatment of undocumented immigrants to reduce overall healthcare costs.

The Emergency Medical Treatment and Labor Act (EMTALA) requires all individuals to be treated and stabilized in emergency departments. Undocumented immigrants depend on this law to receive care, but the process drives up costs and encourages patients to wait until they are in life-threatening conditions.

The cost of undocumented immigration, the potential savings of expanding federal healthcare benefits to the undocumented population, and the financial contributions made by undocumented immigrants all remain contested. Unreliable data and the undocumented community's preference to stay undetected make finding concrete numbers difficult.

While some argue that healthcare that is paid for by taxpayers should only benefit American citizens, others claim that the United States should offer healthcare to both legal and illegal residents.

Introduction

The question of whether Medicaid should be further expanded to cover undocumented immigrants has become one of great controversy in today's era of immigration and healthcare reform in the United States. Undocumented immigrants cannot purchase coverage through the ACA Marketplaces and are not eligible to receive coverage from CHIP, Medicare, or in most cases, Medicaid. Yet their lack of insurance raises issues of cost and morality. While one side of the debate claims that federally-funded health insurance

programs are paid for by taxpayers and should therefore only benefit American citizens, others believe that the United States has a responsibility to provide all residents access to health insurance regardless of immigration status. In this session, the question of whether Medicaid should cover undocumented immigrants will be explored through the current state of immigration, cost debates, and ideological arguments.

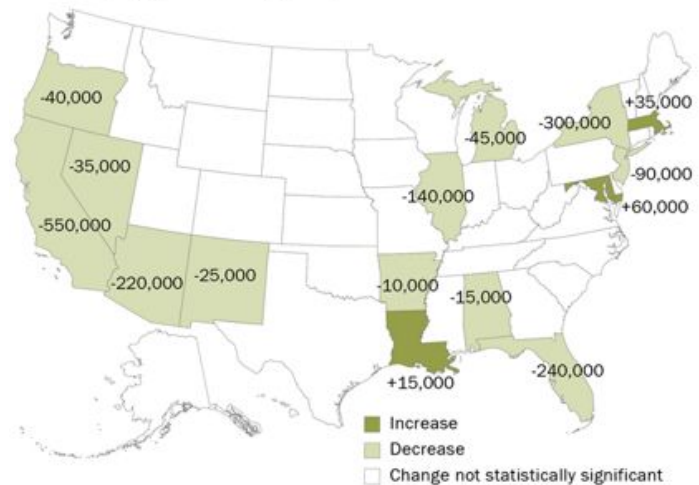
The Current State of Affairs

The Undocumented Immigrant Population in the United States

Approximately 10.7 million undocumented immigrants reside in the United States, a majority of whom currently live in California, Texas, Florida, New York, New Jersey, and Illinois [1]. Five out of these six states have experienced declining rates of unauthorized immigration since 2007, suggesting a decline in illegal immigration. Yet Yale and MIT researchers produced estimates of up to 29.5 million undocumented immigrants in the United States [2]. President Trump suggested that the number could actually be approximately 30 to 35 million given that the population data on the undocumented immigrant population is scarce and unreliable [3].

Unauthorized immigrant populations changed in 15 states over the past decade

Statistically significant change, 2007 to 2016



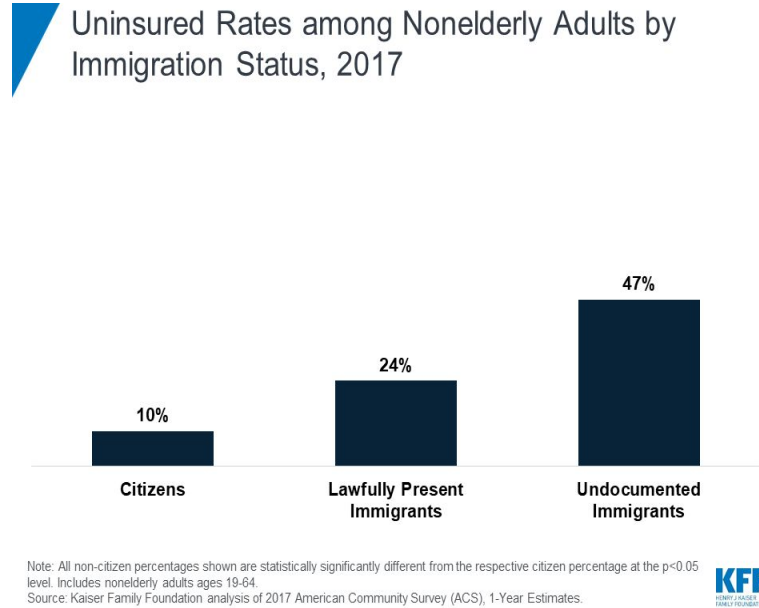
Note: All numbers are rounded; see Methodology for rounding rules. Significant changes based on 90% confidence interval.
 Source: Pew Research Center estimates based on augmented U.S. Census Bureau data. See Methodology for details.
 "U.S. Unauthorized Immigrant Total Dips to Lowest Level in a Decade"

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Access to Healthcare: State and Local Programs

The Kaiser Family Foundation estimates that undocumented immigrants make up about 47 percent of the uninsured nonelderly adult undocumented immigrant population in the

United States [4]. Undocumented immigrants are excluded from federally funded programs and the only federal payments that can go toward care for undocumented immigrants are hospital reimbursements for uncompensated care, Medicaid funds for emergency services, and grants to community health centers. While some current Medicare-for-All proposals, such as that of U.S. Senator Bernie Sanders, aim to include undocumented immigrants in the future, notable local and state policies have already been proposed or implemented to address this issue.



California, Illinois, Massachusetts, New York, Oregon, Washington, and Washington D.C. all currently provide healthcare coverage for all children without any legal residency or citizenship requirement. California specifically covers children up until the age of 19 through its Medicaid program, Medi-Cal, after the approval of SB 75. California Governor Gavin Newsom has taken this further to propose the inclusion of all young adults up to the age of 26 by July 1, 2019 [5]. This Medi-Cal expansion will require \$260 million in its first year to provide full-scope coverage to approximately 138,000 undocumented young adults in California. California State Senator Maria Elena Durazo has also recently proposed a bill that will expand Medi-Cal to all California residents, regardless of immigration status. This would be a net state cost of about \$3 billion dollars and cover approximately one million eligible undocumented immigrants, as estimated by California’s Legislative Analyst’s Office [6].

Colorado does not currently cover undocumented children, but a recent modification in its Medicaid program now allows undocumented immigrants to receive scheduled dialysis treatments. A commonly cited study from the Baylor College of Medicine found that

emergency dialysis treatments in Houston cost \$280,000 per undocumented immigrant patient per year, which is approximately 3.7 times more than the annual cost of scheduled dialysis [7]. Colorado currently spends \$40.5 million on emergency care for its undocumented population [8]. Colorado's Medicaid expansion is expected to save \$17 million per year by allowing undocumented immigrants to receive scheduled dialysis treatment. Marc Williams, from the Department of Health Care Policy and Financing, stated that this new policy can both "contain costs" and manage care more "effectively and efficiently"[9].

"It's something that as we look for ways to contain the costs in the health-care system and do things more effectively and efficiently, this is one that jumped out at us."

Marc Williams, Colorado State Department of Health Care Policy and Financing

Florida and Texas are covering the undocumented population by reallocating more federal dollars toward their safety-net hospitals. Section 1115 of the Social Security Act allows states the flexibility and innovative opportunity to shift Medicaid funding toward other projects, such as institutions like safety-net hospitals. Safety-net hospitals provide care to low-income or uninsured populations, including the undocumented. Florida and Texas, states that have not expanded Medicaid, recently received approval from the Centers for Medicare and Medicaid Services to increase funding for uncompensated care by 50-70 percent [10]. The two states are now attempting to provide quality care and access for undocumented immigrants through improvements in their safety-net hospital systems.

The Potential for Participation

If given the opportunity to enroll in Medicaid, would undocumented immigrants take advantage of its benefits? The answer is less clear than it may appear at first blush. Many undocumented immigrants are fearful that participation in government programs makes them a potential target for deportation either now or in the future. Utilization of public benefit programs by undocumented immigrants is difficult to determine since eligible programs do not ask for immigration status and the numbers of the undocumented population as a whole are uncertain.

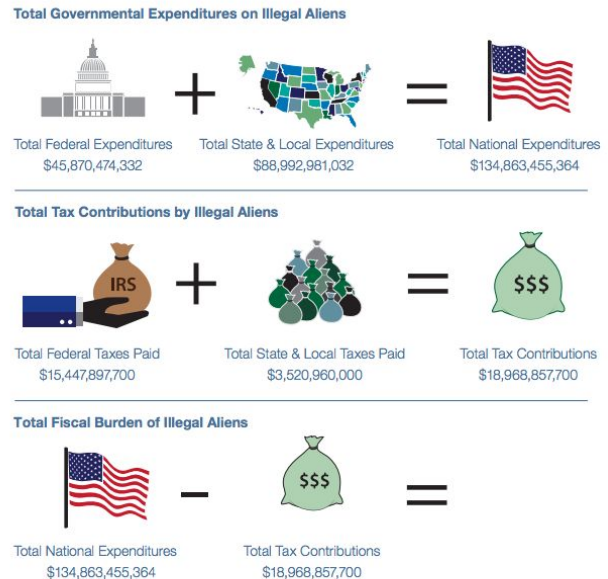
However, there may be clues from other programs that are accessible to the undocumented immigrant population. For example, about 44 percent of eligible young adults enrolled in the Deferred Action for Childhood Arrival program from 2012 to 2017 [11]. The U.S. Supreme Court

Ruling in *Plyer vs. Doe* (1982) allowed undocumented children and young adults to attend public schools without proof of U.S. residency. Today, about 92 percent of eligible undocumented children are enrolled in school [12].

Cost Debates and Ideological Differences

Overall Financial Drain or Gain?

Competing estimates of contributions from the undocumented population and costs of immigration-related expenditures make any conclusions about net financial impact difficult. The Institute on Taxation and Economic Policy, a left-leaning think tank, estimates that the undocumented immigrant community collectively contributes \$11.74 billion to state and local taxes each year through sales, personal income, and property taxes [13]. While 2017 data from FAIR, the right-leaning Federation for American Immigration Reform, estimates a higher contribution, it calculates a \$115,894,597,664 net fiscal burden of the undocumented on U.S. taxpayers [14]. President Donald Trump, however, tweeted that illegal immigration actually costs almost double that estimate at more than \$200 billion annually [15].



Total Fiscal Burden of Illegal Aliens on U.S. Taxpayers:
\$115,894,597,664
 Source: The Fiscal Burden of Illegal Immigration on United States Taxpayers (2017). Federation for American Immigration Reform.

Randy Capps, Director of Research at the nonpartisan Migration Policy Institute responded to this claim by suggesting it was “inflated”[16]. The Migration Policy Institute has previously stated that the cost of illegal immigration on the United States is actually quite small, having little impact on the American economy overall. An analysis conducted by the Cato Institute, a libertarian organization, supported this idea by criticizing FAIR’s methods [17]. The analysis claimed that FAIR’s report overstates the impact, further suggesting that the

actual net impact is \$3.3-\$15.6 billion versus the estimated \$116 billion. While these numbers do suggest an overall drain in the United States economy, it may not be as big of a drain as the FAIR numbers suggest.

The Potential Impact on the American Healthcare System

Outlined in the following figure was FAIR’s estimate for the 2017 federal financial burden of the undocumented population on medical expenditures:

Total Federal Medical Expenditures	
Uncompensated Hospital Expenditure	\$8,200,000,000
Medicaid Births	\$1,242,990,372
Medicaid Fraud	\$3,458,475,000
Medicaid for U.S.-born Kids of Illegal Aliens	\$4,234,129,200
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Total	\$17,135,594,572

Source: The Fiscal Burden of Illegal Immigration on United States Taxpayers (2017). Federation for American Immigration Reform.

In addressing California’s potentially large financial burden of \$260 billion for Medi-Cal coverage of undocumented immigrants, California Governor Gavin Newsom has stated that providing coverage to undocumented immigrants is actually “fiscally conservative” [18]. He further explained that California already pays high rates of emergency care due to the state’s large undocumented population.

Undocumented immigrants have relied on the Emergency Medical Treatment and Labor Act, or EMTALA, which requires anyone seeking care in an emergency department to be stabilized and treated.

Additionally, doctors are left with the task of providing quality care for these patients, who have waited to seek treatment until the last minute and may now require more complex and expensive care. Undocumented immigrants’ high utilization of emergency care drives up costs, as suggested by Newsom and as seen in Colorado’s movement toward offering scheduled dialysis to undocumented immigrants.

“It’s the fiscally conservative thing to do. It’s the moral thing to do ... When we talk about universal healthcare, it means everybody. When everybody pulls together, it means lower costs to each and every one of you.

- California Governor Gavin Newsom

Yet data from the 2011-2015 California Health Interview Survey showed that undocumented immigrants utilized less healthcare resources than the other survey



respondents [19]. Of the undocumented immigrant participants, only 13 percent reported visiting an emergency department and 58 percent reported visiting a doctor in the past 12 months. Both these rates were lower than those of the other legal residents in the survey. These data could suggest that undocumented immigrants are healthier than the legal residents of the United States and could therefore not be a large financial burden through emergency care as some suggest. The data, however, showed that only 25 percent of the undocumented immigrant survey participants self-reported having excellent or very good health. The low rates of utilization could be due to fear of deportation or reporting on immigration status, two common reasons for undocumented immigrants' lack of participation in other public benefit programs. Even if undocumented immigrants are given access to affordable healthcare without the fear of any penalty, healthcare costs could still rise with a significant increase in utilization in other non-emergency department services.

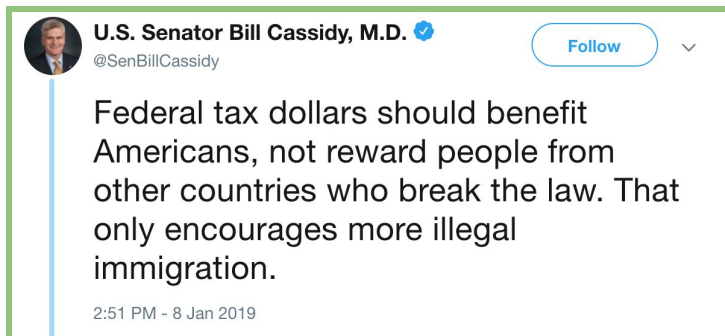
A UCLA Center for Health Policy Research study also found that the undocumented population currently does not utilize as much healthcare as legal U.S. residents, yet further suggested that allowing the undocumented immigrant population access to insurance could actually lower costs [20]. Coverage for the undocumented population could lower premiums and reduce strain on providers who have previously provided uncompensated care. Lead author Nadareh Pourat adds that it makes "financial sense" to cover undocumented immigrants as they "contribute greatly to California's economy by working in physically demanding service, agriculture and construction jobs"[21] Micah Weinberg, president of the Bay Area Council Economic Institute, has also supported the idea of overall financial contribution to the community through providing access to the undocumented population. While the policy process will be pricey, he adds that the additional financial benefits could expand to the broader community through an increase in worker productivity and improved overall community health [22, 23].

Ideological Arguments

Numbers aside, ideological differences further complicate the debate of Medicaid's inclusion of undocumented immigrants. In a 2009 survey from Gallup, only 2 percent of participants noted that one of the biggest issues in the United States healthcare industry was undocumented immigrants receiving healthcare benefits [24]. One decade later, a Pew

Research Center survey found that 75 percent of its Republican participants and 19 percent of its Democrat participants believe that illegal immigration is one of the United States' largest problems [25].

Opposing Medicaid coverage of undocumented immigrants, Frontpage Mag writer Joseph Klein suggested that “freebies” act as rewards for illegal entry, allowing sanctuary cities and states to become “honeypots attracting more and more illegal immigrants to partake” [26]. U.S. Senator Bill Cassidy has also tweeted, “Federal tax dollars should benefit Americans, not reward people from other countries who break the law. That only encourages more illegal immigration” [27]. Senator Cassidy has also proposed S. 131, “The Protect Medicaid Act,” which would prohibit federal spending for administrative costs for providing health benefits to undocumented immigrants, require an explanation of how states are funding



them, and a full description of the states' methods in providing care [28]. Members of Congress Jim Jordan and Mark Meadows specifically named California's questionable Medicaid payments in a letter to CMS Administrator Seema Verma supporting the proposed bill [29].

While Senator Cassidy's bill has gained some traction amongst the Republicans in the Senate, a bill proposed by Democratic Senator Maria Elena Durazo giving all California residents access to Medi-Cal has been approved in the Senate Health Committee after a 7-1 vote [30]. California Governor Newsom has also since responded to critics by suggesting that healthcare should be provided to all residents, regardless of immigration status, as it is a human right [31]. It is important to note that 58 percent of registered voters in California supported the inclusion of expanding Medi-Cal coverage to the state's undocumented community [32]. This notion of healthcare as a human right was also echoed most recently by New York City Mayor Bill De Blasio. De Blasio is launching a \$100 million universal healthcare program in New York City, an initiative dependent on reductions in emergency

room treatments rather than a financial investment through taxpayer money [33]. In De Blasio's announcement of the program, he stated that, "from this moment on in New York City, everyone is guaranteed the right to health care."

The State of the Debate

While the current Administration continues to make changes to immigration policy and reform, the healthcare policy world is left with the issue of whether or not Medicaid should be expanded to cover the undocumented immigrants already living in the United States. This action would require a greater financial investment, yet the expected reduction in emergency care costs currently attributed to undocumented patient care could presumably reduce overall healthcare expenditures. Some states have already made actions toward universal coverage of both legal and illegal residents, but the potential underutilization of the programs may not result in any significant savings. Should Medicaid cover undocumented immigrants? Competing numbers, unreliable data, and ideological concerns keep experts divided as the future of undocumented immigrant coverage remains uncertain.

Discussion Questions

Would providing healthcare to undocumented immigrants be a net cost to the healthcare system? To the US economy?

If offering Medicaid coverage to undocumented immigrants would save money, does it then follow that it is something we should do?

Should states be allowed to reallocate federal spending toward Medicaid expansions that include undocumented immigrants, either all or for those under a specific age?

Does the United States have the ability and the resources to expand Medicaid when 27 million Americans remain uninsured and low-income Americans struggle with access and quality of care?

Should providers have the right to turn away uninsured undocumented immigrants seeking non-emergent care? Emergency care?

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