Vol. XIV, No.9
December 2011

Changes in Health Care Financing & Organization (HCFO)

findings brief

key findings

- From 1999 to 2007, the number of undocumented immigrants increased from an estimated 8.5 million to 11.8 million, leading to an estimated additional 1.8 million uninsured.
- Undocumented immigrants with incomes below 133 percent FPL are almost twice as likely to be uninsured as native-born citizens in the same income level.
- 19.5 percent of undocumented immigrants with incomes above 400 percent FPL are uninsured, versus 6.6 percent of native-born citizens at the same income level.
- Undocumented immigrants will not be eligible for public insurance or private coverage obtained through exchanges under the ACA.

Robert Wood Johnson Foundation

Changes in Health Care Financing and Organization is a national program of the Robert Wood Johnson Foundation administered by AcademyHealth.

Undocumented Immigrants, Left Out of Health Reform, Likely to Continue to Grow as a Share of the Uninsured

The issue of health care coverage for undocumented immigrants is complex and politically challenging. As of March 2010, there were an estimated 11.2 million undocumented immigrants in the United States. Although the flow of undocumented immigrants has slowed in recent years, due in part to the economic recession, they remain an important population for the health policy debate.

Undocumented immigrants have historically had very high uninsurance rates. Although one of the objectives of the Patient Protection and Affordable Care Act (ACA) is to reduce the number of uninsured in the United States, the ACA excludes undocumented immigrants. Such exclusions have implications not only for undocumented immigrants but for the overall health care system.

In a HCFO funded study, Stephen Zuckerman, Ph.D, Timothy Waidmann, Ph.D., and Emily Lawton of the Urban Institute examined the impact of the undocumented immigrant population on the U.S. health care system. The results of this study were published in the October 2011 issue of *Health Affairs*.[1] The authors consider the implications of excluding undocumented immigrants from the coverage expansions in the ACA, focusing on their likely increases as a share of the uninsured.

Data and Methods

Using data from the 2000-09 Annual Social and Economic Supplements of the Current Population Survey, the researchers examined trends in the numbers of uninsured, as well as the relationship between coverage and immigration status. As one of the largest sources of information on insurance coverage status in the United States, this data set includes variables such as age, race, sex, health status, family income, education, industry of employment, and firm size for working adults. The researchers used an approach developed by

Jeffrey Pasell of the Pew Hispanic Center to identify undocumented immigrants as a "residual of the foreign-born population"—taking the total foreign-born population and eliminating those who are in the United States legally[2]. Information from the Department of Homeland Security and from refugee and asylum applications was used to estimate the size of the legal foreign-born population.

Descriptive analyses focused solely on nonelderly individuals, so as to exclude the influence of near-universal coverage of the elderly by Medicare. Individuals were placed in one of four categories of immigration status: native-born, naturalized citizens, legal permanent residents, and undocumented immigrants. The research team employed several multivariate and logistic regression models to control for differences in the groups and various individual- and family-level factors (including age, race, sex, health status, income, education level, and industry of employment).

Results

Between 1999 and 2007, the total number of uninsured people in the United States increased from 39.3 million to 46.0 million, with undocumented immigrants accounting for 27 percent of the total increase. As of 2007, 14.6 percent of uninsured people in the United States were undocumented immigrants (up from 12.5 percent in 1999). However, the increase in the number of uninsured undocumented immigrants had less to do with a decrease in insurance coverage among undocumented immigrants and more to do with a general increase in the total number of undocumented immigrants. Between 1999 and 2007 the undocumented immigrants' share of the U.S. nonelderly population increased approximately 29 percent.

During the study period, approximately 75 percent of native-born and naturalized citizens of the United States had private health insurance, compared with approximately 50 percent of legal permanent residents and approximately 33 percent of undocumented immigrants. While public insurance programs filled some of the gap, undocumented immigrants were largely ineligible for coverage from these programs.

Zuckerman and his colleagues examined several characteristics that have been linked to insurance status. People of lower income, young adults, and people who work at small firms are less likely to have private insurance coverage. The study found that undocumented immigrants were more likely to have incomes below 133 percent of the federal poverty level (FPL), and only 10.8 percent of undocumented immigrants had incomes greater than 400 percent FPL. The undocumented immigrant population had a higher percentage of young adults (ages 19–29) than the native born population, and undocumented children had less access to public insurance programs. Finally, undocumented immigrants were less likely to receive employer-sponsored health insurance (ESI) because they tend to work in smaller firms (less than 25 employees) and in the agriculture or construction industries, which have low rates of ESI.

Among their analyses, Zuckerman and his colleagues looked at immigration category as a predictor for insurance status. They found that for individuals and families with incomes below 133 percent FPL, private insurance rates were largely consistent across all immigration categories. However, in this same income group, native citizens and legal permanent residents were more likely to have public insurance coverage. When considering people and families with incomes of 400 percent FPL or above, the rates of public insurance were very low across immigration categories. The differences in this income group appear in the private insurance group and the uninsured group. Undocumented immigrants are less likely to have private insurance coverage and more likely to be uninsured.

Policy Discussion

A variety of factors affect the share of the uninsured population who are undocumented immigrants. Some have projected that as we approach the ACA's 2014 coverage provisions, the undocumented immigrant population could account for as much as 25 percent of the uninsured population. However, the rate of undocumented immigration into the United States has decreased in recent years. Therefore, if the economy continues to be in recession and the rate of undocumented immigration continues to fall, this 25 percent projection may be high. However, if the economy rebounds in the years leading up to the implementation of the ACA, there could potentially be an increase in undocumented immigration and they could make up an even larger share of the uninsured population.

What is clear from the analyses is that undocumented immigrants are consistently less likely to have health insurance coverage than native born citizens. Legal permanent residents are slightly more likely than undocumented immigrants to have health insurance, but still less likely than native citizens. Therefore, the coverage gap for immigrants is due in part to individual's citizenship status, and in part to their legal status.

The ACA has direct implications for the undocumented population who are ineligible to achieve coverage through the expanded public insurance programs or through the purchase of subsidized insurance from the health insurance exchanges. However, there may also be indirect consequences for this population. Under the ACA, certain small firms are exempt from providing insurance to their employees. Insofar as undocumented immigrants are more likely to work for small firms, some of the undocumented population who currently receive insurance from their employers might lose their coverage. Similarly, provisions in the ACA discourage enrolling native-born children of undocumented parents into public insurance programs including Medicaid and CHIP. As the ACA is implemented, undocumented immigrants will have to rely more heavily on the safety net, placing additional financial strain on these providers, especially as the ACA cuts disproportionate-share hospital (DSH) payments.

The ACA may, however, offer some benefits to undocumented immigrants. The law provides more funding for community health centers, where increasing numbers of undocumented immigrants can receive care regardless of insurance status. In addition, the ACA provides more opportunities for undocumented immigrants to utilize emergency Medicaid, which pays to treat acute symptoms that are immediately health and life threatening. Eligibility for emergency Medicaid relies solely on meeting the financial requirements for Medicaid, and waives all categorical requirements.

Conclusion

As public policy on undocumented immigrants now stands, their health insurance coverage problems and the access barriers they face will not be solved without broader reform of immigration policy. Broader reform might provide a path toward citizenship for undocumented immigrants or, at a minimum, eliminate barriers to their participation in public programs. Until that hurdle is cleared, there is little reason to think that low rates of health insurance coverage of undocumented immigrants will be addressed.

For More Information

Contact Steve Zuckerman at szuckerman@urban.org

About the Author

Christina Zimmerman is a research assistant for the HCFO program. She can be reached at 202-292-6736 or christina.zimmerman@academyhealth.org.

Endnotes

1 For complete findings see Zuckerman S, Waidmann TA, Lawton E. Undocumented immigrants, left out of Health Reform, likely to continue to grow as share of the uninsured. Health Affair. 2011 Oct. 30(10): 1997-2004.

2 The method was originally developed to analyze data from the 1980 Census. Immigration and Naturalization Service, Office of Policy and Planning. Estimates of the unauthorized immigrant population residing in the United States: 1990 to 2000 [Internet]. Washington (DC): INS; 2003 Jan [cited 2011 Sep 6]. Available from: http://www.dhs.gov/xlibrary/assets/statistics/publications/Ill_Report_1211.pdf