

# Immigration and U.S. Health Care Costs

## How do immigrants impact health care?

Concern about the extent to which immigrants, especially *unauthorized* immigrants, are a burden to the U.S. health care system through uncompensated care costs is frequently cited as a reason for limiting immigration. These concerns compel us to examine the issue more closely.

Uncompensated care costs result when a patient is provided with health care services for which no insurance or other payment is made. These costs are then absorbed by hospitals, health care providers, or public entities. The extent to which people do not have health insurance (called the rate of “uninsurance”) drives uncompensated care costs.

But gaps in available data make it difficult to know the *extent* to which these assumptions are true. And since unauthorized immigrants cluster in specific areas of the country, their impacts on health care costs are not uniformly distributed among states, or even within states among individual hospitals.

**Contrary to the first assumption, some unauthorized immigrants DO have health insurance.**

**Gaps in Information**  
**Comprehensive, accurate data measuring unauthorized immigrants’ impacts on uncompensated care costs are not available.**

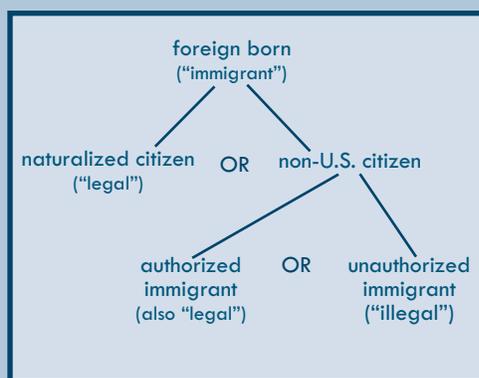
The presumed link between unauthorized immigrants (see sidebar, below) and uncompensated care costs is based on:

- (1) an assumption that the majority of unauthorized immigrants is uninsured; and
- (2) an assumption that, as a result, unauthorized immigrants rely on hospitals for critical care (because hospitals are legally required to provide such care regardless of citizenship or ability to pay), and thus contribute significantly to uncompensated care costs.

Some unauthorized immigrants obtain insurance through an employer (albeit sometimes using forged documents). Consequently, an estimated 41 percent of unauthorized adults, 47 percent of unauthorized children, and 75 percent of native-born children of unauthorized parents *do* have health insurance (see Figure 1, next page). Thus, the number of uninsured attributable to illegal immigration is approximately 7.2 million persons nationwide,<sup>1</sup> consisting of just over half of the total of unauthorized adults and children, combined with uninsured native-born children of unauthorized adults. These uninsured persons do incur some uncompensated health care costs.

<sup>1</sup> Calculated as 59 percent of 9.3 million unauthorized adults, plus 53 percent of 1.8 million foreign-born unauthorized children, plus 25 percent of 3.1 million native-born children of unauthorized parents.

### Citizenship and Immigration Status Categories



The term “immigrant” can refer to a range of different citizenship categories in the United States, illustrated in this diagram. Individuals who are foreign born are often referred to as immigrants. Immigrants may become naturalized citizens or remain non-citizens. Non-citizens may be authorized by the government to reside in the United States or they may be unauthorized immigrant residents (also called “illegal immigrants”).

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## Studies of Illegal Immigrant Impacts on Health Care Costs

There have been numerous attempts to estimate the *magnitude* of uncompensated health care costs attributable to illegal immigrants and their families.

- The U.S. Government Accounting Office (GAO), after attempting to work with patient data linked to false social security numbers, concluded that sufficient data did not exist to make accurate estimates of associated costs.<sup>a</sup>
- In a 2002 National Association of Counties study, 86 percent of 150 counties surveyed reported increases in uncompensated care costs. Sixty-seven percent of these counties cited more immigrant patients as a factor. The legal status of the immigrants was not known.<sup>b</sup>
- A 2002 article in *The New York Times* stated that U.S. hospitals write off up to \$2 billion per year in uncompensated costs.<sup>c</sup>
- A study funded by Congress estimated that hospitals in counties along the Mexican border provided \$190 million in uncompensated care to illegal immigrants.<sup>d</sup>

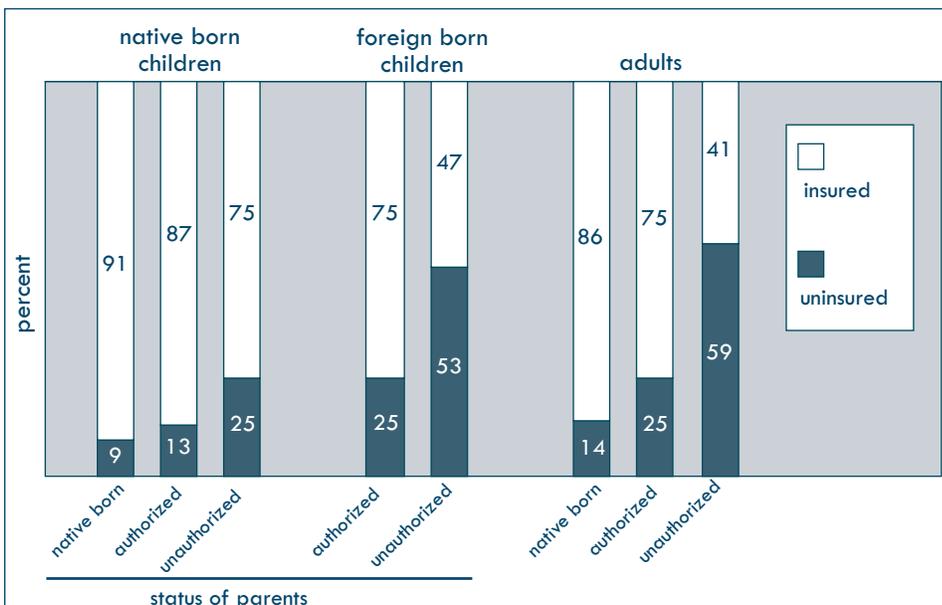
In light of known data limitations, any such estimates should be carefully scrutinized for the extent to which they derive from objective, fact-based measures.

<sup>a</sup> GAO, *Undocumented Aliens: Questions Persist About Their Impact on Hospitals' Uncompensated Care Costs*, United States General Accounting Office Report to Congressional Requesters, GAO-04-472, Washington DC, May 2004.

<sup>b</sup> National Association of Counties, *Revisiting Uncompensated Health Care Expenses: A Report*, NACO, Washington DC, 2003.

<sup>c</sup> Canedy, Dana, *Hospitals Feeling Strain From Illegal Immigrants*, *The New York Times*, August 25, 2002.

<sup>d</sup> MGT of America, *Medical Emergency: Costs of Uncompensated Care in Southwest Border Counties*, U.S.-Mexico Border Counties Coalition, Austin Texas, September 2002.



**Figure 1: Rates of uninsurance by citizenship status (2004)**

**Source:** Passel, Jeffrey, "Unauthorized Migrants: Numbers and Characteristics," Pew Hispanic Center, June 14, 2005.

**Contrary to the second assumption, most uncompensated hospital care costs are not clearly attributable to unauthorized immigrants.**

Not all hospitals track the citizenship status of patients, which makes accurate, comprehensive data on the costs of providing uncompensated care to unauthorized immigrants unavailable (see sidebar, at left). However, the evidence<sup>2</sup> does suggest that:

- Emergency room ("ER") patients, regardless of citizenship status, are a significant source of uncompensated care costs to hospitals.
- Per-capita ER expenditures are *lower* for foreign-born adults than for native-born adults.
- Per-capita ER expenditures are *higher* for foreign-born children than for native-born children.

## What We Do Know

While comprehensive data focused on unauthorized immigrants and uncompensated care is not available, reliable information on health insurance and health care expenditures for native-born citizens, naturalized citizens, and non-U.S. citizens *does* exist through the U.S. Census. (Within the "non-citizen" category, the Census does not distinguish between legal and unauthorized immigrants.) Because we know that uninsurance rates *drive* uncompensated care costs, we can make inferences about the extent to which unauthorized immigrants drive uncompensated care costs by examining:

- (1) *all* immigrants' use of health care services, and
- (2) *all* immigrants' rates of health insurance.

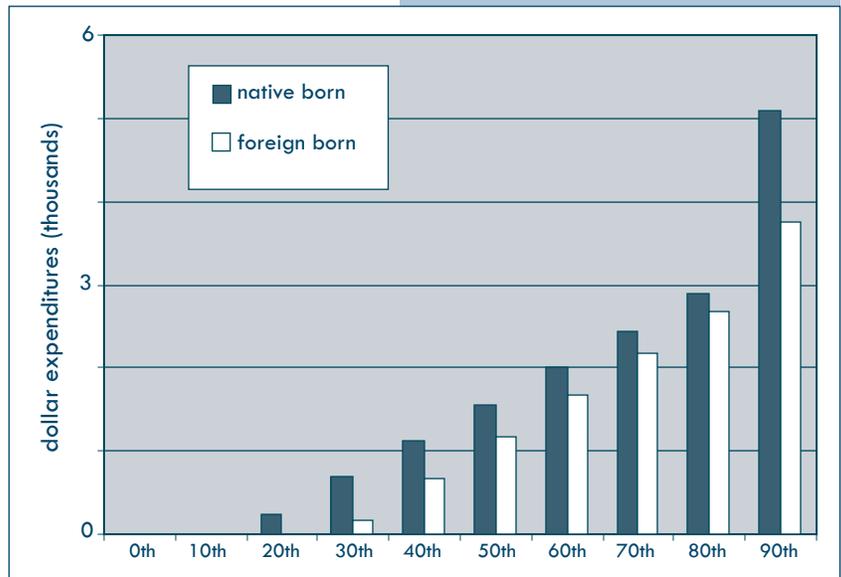
We can then consider *unauthorized* immigrants and their potential impact on health care costs as a subset of that of the entire immigrant population.

<sup>2</sup> Mohanty, Sarita A. et al, "Health Care Expenditures of Immigrants in the United States: A Nationally Representative Analysis," *American Journal of Public Health*, Vol. 95, No. 8, August 2005.

**(1) Use of health care services**

As a group, immigrants use significantly less health care services than do native-born citizens. In 1998, for example, immigrants were ten percent of the overall population, but accounted for only 7.9 percent of health care expenditures. Data based on the 1996-97 National Health Interview Survey<sup>3</sup> (which does not differentiate immigrants by legal status) indicate that:

- For immigrants under the age of 65, the value of health care services used was 30 to 75 percent lower per capita than that of the native-born in this age group.
- Among those with publicly financed insurance, the value of health care services used by immigrants was 44 percent lower per capita than that of native-born persons.
- The value of health care services used by uninsured immigrants was around 61 percent less per capita than that of uninsured native-born people.
- The greatest disparity in health care spending occurred among children aged 12 to 17, with immigrant children using 74 percent less than native-born children. However, ER expenditures were more than three times higher for immigrant children than for native-born children.
- Figure 2 shows that, in every decile (ten percent increment) of median total health care expenditures, per capita expenditures for immigrants were lower than for native-born individuals.



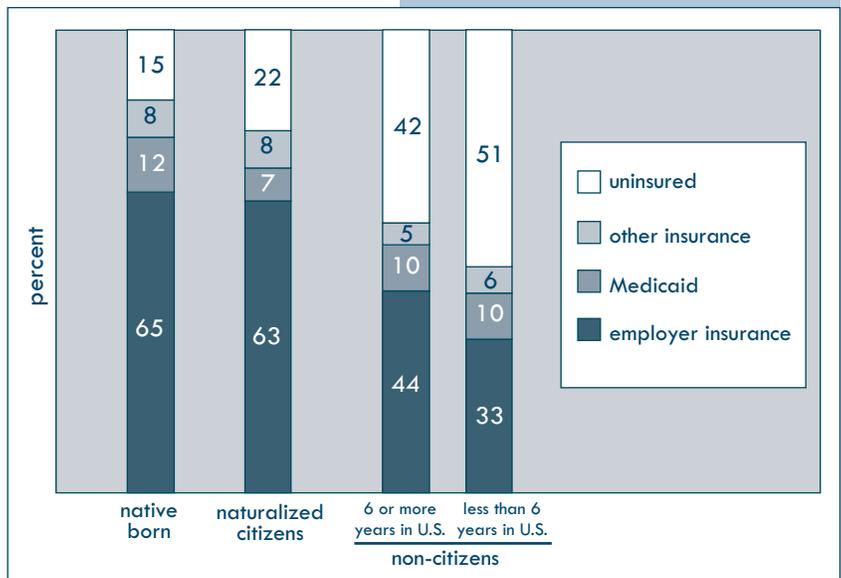
**Figure 2: Percentile distribution of health care expenditures (1998)**

Source: Mohanty, Sarita A. et al, "Health Care Expenditures of Immigrants in the United States: A Nationally Representative Analysis," *American Journal of Public Health*, Vol. 95, No. 8, August 2005.

**(2) Rates of uninsurance**

Overall, more than 40 percent of non-U.S. citizens are without insurance. Immigrants' access to health insurance depends on legal status, education, and length of time in the United States. Figure 3 shows insurance coverage for the non-elderly population, comparing native-born adults to various categories of immigrants.

- Naturalized-citizen immigrants are insured at rates similar to native-born citizens. However, legal restrictions on access to public assistance (i.e., Medicaid) mean that uninsurance rates are still higher for naturalized citizens.
- Uninsurance rates are highest for non-citizens. The category "non-citizens" includes legal immigrants as well as unauthorized immigrants, a large number of whom are recent entrants to the United States. In other words, many unauthorized immigrants fall into the "Less than 6 years in U.S." category, along with recent legal immigrants.



**Figure 3: Health insurance coverage by citizenship status (2002)**

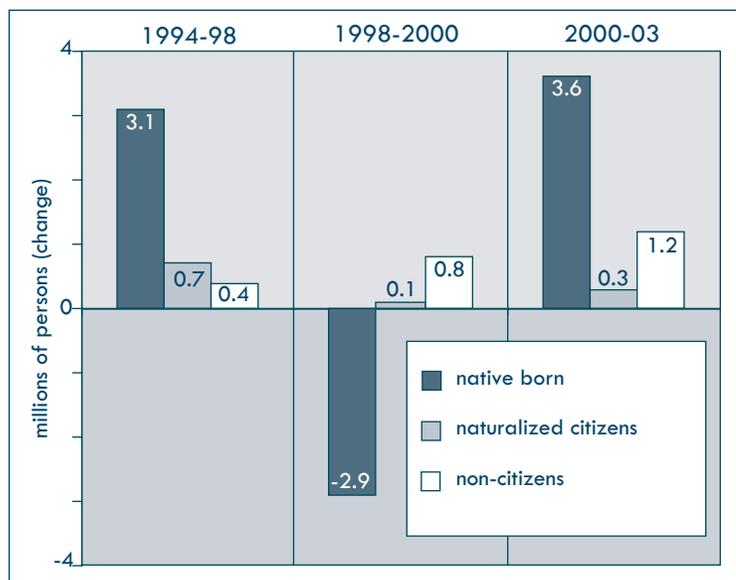
Notes: Non-elderly population only; 'Other' includes private non-group, Medicare and CHAMPUS. Source: Urban Institute estimates based on March 2002 Current Population Survey.

<sup>3</sup> Ibid.

## Uninsured and Uncompensated Health Care

Uncompensated health care costs nationwide were estimated at \$34-38 billion in 2001. Public funds cover up to 85 percent of the shortfall, diverting money from other public services and other health care.<sup>4</sup>

Figure 4 shows uninsurance rates by citizenship status between 1994 and 2003. Between 1994 and 1998, there was an overall increase of 4.2 million uninsured. This occurred despite strong economic performance, largely due to 1996 welfare reform legislation. Nearly three-fourths of the increase in the number



**Figure 4:** Changes in number of uninsured by citizenship status, all non-elderly (1994-2003)

**Source:** Urban Institute estimates based on March 2002 Current Population Survey. Holahan, John & Allison Cook, "Are Immigrants Responsible for Most of the Growth of the Uninsured?" The Henry J. Kaiser Family Foundation: Kaiser Commission on Medicaid and the Uninsured, The Urban Institute, October 2005.

of uninsured (3.1 million persons) were native-born. Immigrants accounted for 26 percent of the increase in the number of uninsured (1.1 million persons).

Between 1998 and 2000, continued strong economic performance reduced the number of uninsured by two million people. The number of uninsured native-born persons decreased by 2.9 million, but this was offset by smaller increases in uninsurance among immigrants overall.

Finally, between 2000 and 2003, the total number of uninsured persons increased by 5.1 million: 3.6 million were native-born and 1.5 million were immigrants.

Two points emerge from these data:

- The largest cohort of uninsured persons is native-born.
- Increased insurance coverage with strong economic performance has benefited native-born citizens more than immigrants.

During the entire period from 1994 to 2003, there was an increase of 7.3 million uninsured people. Of these:

- 3.8 million or 52 percent were native-born, and
- 3.5 million or 48 percent were immigrants; among immigrants, 1.1 million were naturalized citizens and 2.4 million were non-citizens.

While we do not know what proportion of non-citizens are unauthorized immigrants, it is clear that unauthorized immigrants are not the largest cohort of uninsured persons. Further, since immigrants use health care at lower rates than do the native born, these data also make it clear that:

***Unauthorized immigration is not the major cause of increases in uninsurance or uncompensated care costs in the United States.***

## Summary

It is difficult to make the case that unauthorized immigrants, as a group, drive uncompensated care costs. Certainly the impacts are not uniform. The hospitals in communities with large numbers of uninsured, unauthorized immigrants as patients bear a disproportionate burden as a result of illegal immigration.

While rates of uninsurance are higher among immigrants as a group (authorized and unauthorized) than in the native-born population, the number of native-born uninsured is larger than the number of uninsured immigrants. Further, because immigrant usage of health care services is significantly lower than that of native-born people, it becomes even harder to make the case that immigrants drive these costs. Certainly, uncompensated care costs are a serious problem for the health care system in the United States, particularly in areas with large numbers of uninsured patients. But, while illegal immigration is a problem with many other dimensions, its links to uncompensated health care costs are far from straightforward.

<sup>4</sup> Press Release, "Problems Arising from Lack of Health Insurance Ripple Through Whole Communities," National Academies Institute of Medicine, March 6, 2003.

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