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The Decline in Medicaid Use by Noncitizens since Welfare Reform

Marie Wang and John Holahan

Introduction

This brief looks at whether the enrollment of noncitizens in Medicaid has decreased since the enactment of welfare reform. The common expectation has been that noncitizen enrollment would decrease, given that welfare reform significantly restricted Medicaid eligibility of noncitizens, barring most of them from receiving Medicaid during the first five years of living in the country unless states chose to cover them through state programs.[1] The analysis detailed in this brief finds that Medicaid enrollment among noncitizens did in fact *decrease* after welfare reform as intended by law, and that noncitizens are much less likely than native citizens to receive Medicaid. However, a report released by the Center for Immigration Studies (CIS) in March 2003 suggested the opposite—that enrollment of noncitizens in Medicaid increased after welfare reform and remains much greater than that of native households.[2]

The CIS finding regarding Medicaid was large enough to offset the decreases they found in use of TANF/General Assistance and food stamps by immigrant households, and led them to conclude that immigrant households still used welfare programs significantly more than native citizen households. A closer examination of their analysis shows that their methods overstate the percentage of the population receiving Medicaid and the share of immigrants on Medicaid, resulting in misleading conclusions about welfare use among immigrants. There are two main reasons for this. First, the CIS looked at Medicaid enrollment on a household level, which meant if one person in the household received Medicaid, the entire household was counted as receiving Medicaid. Since Medicaid only serves the individual eligible for the program and not the entire household, this method would overstate the share of the population on Medicaid. For example, in 2001, 14.4 percent of households had at least one individual on Medicaid, but only 11.4 percent of individuals reported Medicaid coverage.[3] This method would also mask changes in individual Medicaid enrollment.

Secondly, the immigration status of a household was assigned according to status of the head of the household, without regard to the status of the individual recipients. This misrepresented the number of immigrants with Medicaid because households were identified as immigrant households receiving Medicaid even if all program recipients were native citizens. In

[1] Rosenbaum, Sara. *Medicaid Eligibility and Citizenship Status: Policy Implications for Immigrant Populations.* Kaiser Commission on Medicaid and the Uninsured, The Henry J. Kaiser Family Foundation, August 2000.
[2] Camarota, Steven. *Back Where We Started: An Examination of Trends in Immigrant Welfare Use Since Welfare Reform.* Center for Immigration Studies, March 2003.
[3] Authors' calculations of the March 2002 Current Population Survey.

fact, in the CIS report, 37 percent of those identified as immigrant households receiving Medicaid in 2001 were households in which all the Medicaid recipients were native citizens.[4] A recent report found that the increase in immigrants' Medicaid use that the CIS reported was actually due to an increase in use of Medicaid or SCHIP by *native citizen* children in households headed by foreign-born individuals.[5] Thus, assigning immigration status by household overstated the extent to which immigrants use Medicaid, especially because Medicaid is an individual benefit. Medicaid enrollment is more accurately studied by assigning citizenship status on an individual level and analyzing the percentage of people, not the percentage of households, who receive the benefit.

We analyzed the same data the CIS used, the March Current Population Survey (CPS) data from 1997 to 2002, and looked at Medicaid coverage by citizenship status on an individual level. In examining Medicaid coverage, we included anyone who reported coverage from Medicaid, SCHIP, or a state program. We divided the analysis into two time periods, 1996–2000 and 2000–2001, and provided two data points for 2000 because changes in survey questions and weighting techniques make comparisons across time difficult. The 1996–2000 data are weighted to the 1990 Census and represent respondents who did not verify their health insurance information, while the 2000–2001 data are weighted to the 2000 Census and represent respondents who were asked to verify their insurance information. These two time periods are key aspects of the analysis: starting from 1996 allows us to observe the impact of welfare reform provisions, while 2000 marks the beginning of the economic downturn.

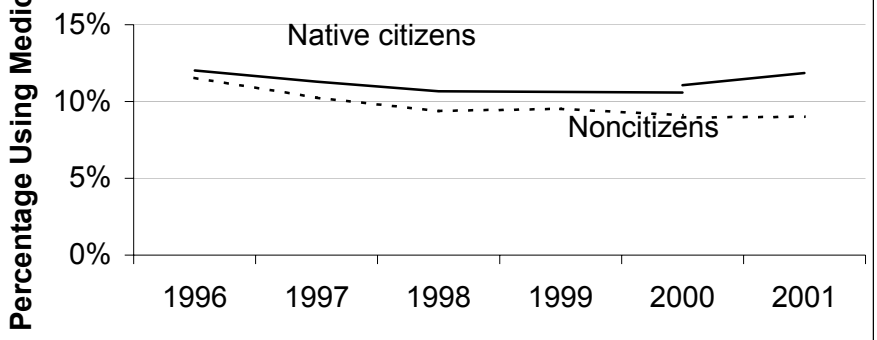
Medicaid Enrollment of Native Citizens and Noncitizens, 1996–2001

Overall, noncitizens were less likely to enroll in Medicaid than native citizens. In 2001, 11.9 percent of native citizens received Medicaid compared with only 9 percent of noncitizens (figure 1). From 1996 to 2000, use of Medicaid by native citizens decreased from 12 percent to 10.6 percent. Use of Medicaid by noncitizens decreased even more, from 11.5 percent to 9.1 percent. From 2000 to 2001, during the beginning of the recession, Medicaid enrollment increased significantly among native citizens but not among noncitizens.

[4] Authors' calculations of the March 2002 Current Population Survey.

[5] Ku, Leighton, Shawn Fremstad, and Matthew Broaddus. *Noncitizens' Use of Public Benefits has Declined since 1996: Recent Report Paints Misleading Picture of Impact of Eligibility Restrictions on Immigrant Families*. Center on Budget and Policy Priorities, April 2003.

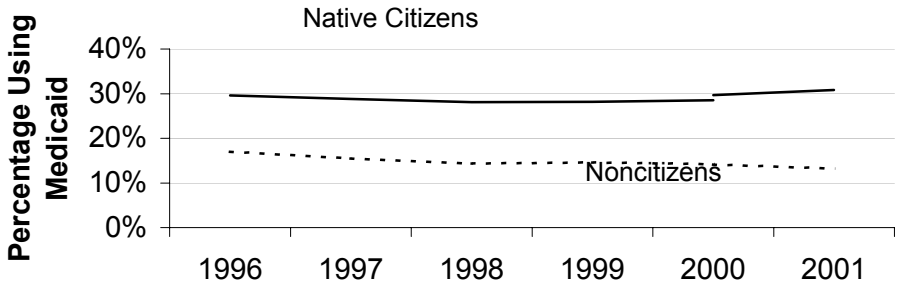
Figure 1
Medicaid Enrollment among Native Citizens and Noncitizens, 1996-2001



Source: Urban Institute, 2003. Based on data from March Current Population Surveys, 1997-2002.

These trends were similar among the low-income population (those with incomes less than 200% of the federal poverty level[6]), but the difference between native citizens and noncitizens was even more striking (figure 2). Nearly 33 percent of low-income native citizens used Medicaid in 2001, compared with only 13.2 percent of low-income noncitizens. From 1996 to 2000, low-income noncitizens' enrollment in Medicaid steadily decreased, from 17 percent in 1996 to 14.1 percent in 2000. Low-income native citizens' use of Medicaid also decreased during that time period, but only slightly. From 2000 to 2001, the percentage of low-income individuals receiving Medicaid increased significantly among native citizens but not among noncitizens. (Naturalized citizens are not included in the above analyses. However, we repeated them comparing native citizens to all foreign born—naturalized citizens and noncitizens—to match the comparison groups in the CIS report. They yielded the same trends as reported above.)

Figure 2
Medicaid Enrollment among Low-Income Native Citizens and Noncitizens, 1996-2001



Source: Urban Institute, 2003. Based on data from March Current Population Surveys, 1997-2002.

[6] 200 percent of FPL in 2001 was $14,128 for a family of three and $18,104 for a family of four.

These data show that native citizens have consistently used Medicaid at a higher rate than noncitizens, a conclusion contrary to that of the CIS report. The recent downturn in the economy has caused the gap to widen because native citizens can turn toward Medicaid if they lose their health insurance whereas only certain groups of noncitizens have that option.

Health Insurance Coverage by Citizenship Status, 2001

Given the concerns about the extent to which noncitizens use public benefits, it is useful to examine the health insurance arrangements of noncitizens in comparison to citizens. In table 1, we provide data on coverage for the nonelderly by income group.[7] The population is divided into native citizens, naturalized citizens, long-term noncitizens living in the country for five or more years, and recent noncitizens living in the country for less than five years. We make the distinction between long-term non-citizens and recent noncitizens because most recent noncitizens are not eligible for non-emergency Medicaid until five years after entering the U.S.

Table 1
Health Insurance Coverage by Income and Citizenship Status, 2001

	Native Citizens	Naturalized Citizens	Long-Term Noncitizens (5+ years)	Recent Noncitizens (0-4 years)
All Incomes (millions of people)	**218.4**	**9.6**	**13.5**	**6.0**
Medicaid and State	11.9%	6.9%	9.0%	8.9%
Employer	66.8%	64.1%	44.4%	35.3%
CHAMPUS/Medicare	2.2%	2.3%	1.0%	0.7%
Private Non-group	5.2%	5.6%	4.0%	4.7%
Uninsured	13.9%	21.1%	41.6%	50.4%
Less than 200% of FPL (millions of people)	**69.9**	**2.9**	**7.2**	**3.8**
Medicaid and State	30.8%	19.0%	13.8%	11.9%
Employer	31.5%	31.1%	23.5%	19.1%
CHAMPUS/Medicare	3.8%	4.1%	1.4%	0.7%
Private Non-group	6.6%	7.0%	3.7%	4.7%
Uninsured	27.3%	38.8%	57.5%	63.6%
200 to 399% of FPL (millions of people)	**66.0**	**2.9**	**3.7**	**1.2**
Medicaid and State	4.9%	3.1%	5.0%	5.1%
Employer	76.8%	69.3%	59.3%	51.9%
CHAMPUS/Medicare	2.2%	2.0%	0.7%	1.4%
Private Non-group	5.3%	4.9%	3.7%	4.6%
Uninsured	10.9%	20.7%	31.3%	37.0%
400%+ of FPL (millions of people)	**82.5**	**3.8**	**2.6**	**1.0**
Medicaid and State	1.4%	0.6%	1.7%	2.4%
Employer	88.7%	85.4%	80.5%	75.3%
CHAMPUS/Medicare	1.0%	1.1%	0.5%	0.0%
Private Non-group	4.1%	5.2%	4.8%	4.7%
Uninsured	4.9%	7.7%	12.5%	17.6%

Source: Urban Institute, 2003. Based on data from March 2002 Current Population Survey.

Notes: Excludes persons age 65 and older and those in the armed forces. Income is defined as health insurance unit income.

[7] Table 1 uses a hierarchy to classify people by health insurance coverage; no one can have more than one type of coverage. The hierarchy is Medicaid and State, employer, CHAMPUS/Medicare, private non-group, uninsured. We also group people and income by health insurance unit. A health insurance unit includes members of a nuclear family who can be covered under one health insurance policy (i.e., policyholder, spouse, children under 19, full-time students under 23).

Health insurance coverage varies greatly by citizenship status, with recent noncitizens at the greatest risk of being uninsured. Access to health insurance improves the longer one resides in the country and the closer one is to native citizenship status (table 1). Native citizens have the lowest uninsurance rate (13.9 percent), followed by naturalized citizens (21.1 percent)—in contrast, more than 40 percent of long-term noncitizens and half of recent noncitizens are uninsured. Noncitizens are also much less likely to have employer coverage—only 44.4 percent of long-term noncitizens and 35.3 percent of recent noncitizens have employer coverage compared with 66 percent of native citizens and 64.1 percent of naturalized citizens. Noncitizens are also less likely than native citizens to receive Medicaid. Long-term and recent noncitizens are equally likely to receive Medicaid, despite the fact that welfare reform imposed a five-year waiting period on recent noncitizens receiving Medicaid. This is likely due to coverage of groups of noncitizens exempt from the five-year ban (i.e., veterans and refugees) and coverage from state-funded programs. As of June 2002, 22 states offered a state-funded program for some or all noncitizens during the five-year ban.[8]

Noncitizens are more likely to be low-income, less likely to have employer coverage and more likely to be uninsured. Almost two-thirds of recent noncitizens have incomes below 200 percent of the federal poverty level, compared with less than one-third of native citizens. Even when controlling for differences in income, noncitizens still have less health insurance coverage than citizens. Low-income noncitizens are much less likely than low-income native citizens to have Medicaid and employer coverage, and are much more likely to be uninsured. Within the middle- and higher-income brackets, recent non-citizens are still more than three times as likely as native citizens to be uninsured, primarily because even at higher income levels, noncitizens are less likely to have employer coverage.

Conclusion

From 1996 through 2001, noncitizens have been ***less*** likely than native citizens to be enrolled in Medicaid. The opposite conclusion presented in the CIS report—that more immigrants receive Medicaid than native citizens—was based on methodology that misrepresented and overstated the share of immigrants on Medicaid.

Our analysis shows that not only are noncitizens less likely to receive Medicaid, but the percentage receiving Medicaid has ***declined*** since welfare reform. Furthermore, the Medicaid enrollment rate among native citizens increased from 2000 to 2001, while it has stayed constant for noncitizens. The same trends are even more pronounced in the low-income population, demonstrating that Medicaid has been much more likely to cover low-income citizens than low-income noncitizens. The bottom line is that noncitizens are much more likely than native citizens to be uninsured, primarily because they are less likely to have employer coverage and Medicaid.

[8] Chin, Kimberley, Stacey Dean, and Kathy Patchan. *How Have States Responded to the Eligibility Restrictions on Legal Immigrants in Medicaid and SCHIP?* Kaiser Commission on Medicaid and the Uninsured, The Henry J. Kaiser Family Foundation, June 2002.

The views are those of the authors and do not necessarily reflect those of the Urban Institute, its trustees, or its sponsors.