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POLICY BRIEF

Not Getting What They Paid For:

Limiting Immigrants' Access to Benefits Hurts Families Without Reducing Healthcare Costs

By Walter A. Ewing, Ph.D.*

The 1996 welfare reform law barred most lawful permanent residents of the United States from receiving many of the public benefits their tax dollars help to fund. Benefit restrictions have increased food insecurity and reduced access to health insurance for both legal immigrants and their U.S.-citizen children, while failing to significantly reduce government healthcare expenditures due to the high costs of caring for the uninsured.

As Congress prepares to take up reauthorization of public-benefit programs, policymakers once again will consider the extent to which legal immigrants in the United States utilize these programs. Since passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), most taxpaying, lawful permanent residents are ineligible to receive many of the benefits their tax dollars help to fund. As a result, PRWORA has increased food insecurity and reduced access to health insurance among both legal immigrants and their U.S.-citizen children. At the same time, benefit restrictions do not significantly reduce federal, state and local healthcare expenditures in the long run given the high costs of caring for the uninsured. Despite claims by some anti-immigrant groups that use of public benefits by legal immigrants has increased since the passage of PRWORA, benefit use has in fact declined substantially.

Declining Use of Benefits

Title IV of PRWORA barred most lawful permanent residents of the United States from receiving public benefits such as Temporary Assistance for Needy Families (TANF), Medicaid, food stamps and Supplemental Security Income (SSI). The law also barred states from offering benefits to legal immigrants who arrived in the United States after the law's enactment on August 22, 1996, although it did permit states to offer benefits to immigrants who were already present in the country on that date. In 1997, Congress restored SSI eligibility for most legal immigrants present in the country prior to the law's enactment. In 1998, Congress also restored food-stamp eligibility to immigrant children and those elderly or disabled immigrants present before the law's enactment, which included only about one quarter of the 935,000 immigrants who lost benefits under PRWORA.

Given these restrictions, it is not surprising that use of public benefits by immigrants has declined substantially. According to a January 2002 report by the Urban Institute, "There were substantial declines between 1994 and 1999 in legal immigrants' use of all major benefit programs: TANF (-60 percent), food stamps (-48 percent), SSI (-32 percent), and Medicaid (-15 percent)." The report found that, in comparison to their "citizen counterparts" in 1999, "low-income, working-age noncitizens had substantially larger declines in Medicaid use rates" and "low-income legal immigrant families with children had lower use rates for TANF and food stamps."[1]

Increased Hardship

As one would expect, the eligibility restrictions imposed on immigrants by PRWORA have resulted in considerable hardship for lawfully present, low-income immigrant families, particularly in terms of access to health insurance and food security. In a January 2002 report, the Urban Institute found that "reductions in Medicaid use are not being made up by other forms of health insurance, but rather are leading to the total loss of health insurance." Between 1994 and 1999, "declines in Medicaid participation were offset almost entirely by increases in the proportion of the population without health insurance," amounting to a 4.5 percent increase in the uninsured among lawful permanent residents compared to a 1.1 percent increase among U.S. citizens. "Among citizens, 31.6 percent of working-age adults were uninsured in 1999 compared with 56.3 percent of legal permanent residents."[2]

Even analysts who favor restrictionist immigration policies have noted the inequitable impact of PRWORA. In a May 2001 study, George J. Borjas, Professor of Public Policy at Harvard University, found that "those immigrants most likely to be adversely affected by the welfare reform legislation experienced…a substantial relative increase in the probability of food insecurity." Borjas compared "more generous" states that offered substantial benefits to immigrants after 1996 to compensate for the loss of federal benefits under PRWORA with "less generous" states that offered only "minimal" benefits. He found that, between 1995 and 1999, the "fraction of native households that is food insecure declined by about 1 percentage point in both the less generous and more generous states. In contrast, the proportion of non-citizen households that is food insecure rose substantially in the less generous states (from 18.9 to 22.9 percent), but declined in the more generous states (from 22.7 to 20.6 percent). Similarly, the fraction of newly arrived immigrant households who are food insecure rose from 11.3 to 16.3 percent in the less generous states, but declined from 16.1 to 14.8 percent in the more generous states." Borjas concludes that "although tightened eligibility rules reduce the cost of welfare expenditures, they also aggravate the social ills that the programs were designed to address."[3]

The Impact on U.S.-Citizen Children

Restrictions on immigrants' access to public benefits inevitably harm their U.S.-born children, who as citizens are legally entitled to these benefits. According to a July 2001 report by the Urban Institute, "85 percent of immigrant families with children are mixed legal status families – that is, families where at least one parent is a noncitizen and one child is a citizen." As a result, "the imposition of benefit restrictions for noncitizens tend to spill over to their citizen children," while "policies intended to extend benefits to noncitizen children are limited in their reach because most children in immigrant families are already citizens."[4]

A 1999 report by the U.S. Department of Agriculture noted that "Restrictions on participation [in the food-stamp program] by legal immigrants appear to have deterred participation by their children, many of whom retained their eligibility for food stamps."[5] The Urban Institute found that "Between 1994 and 1998, food stamp use fell by 53 percent among citizen children in immigrant families (i.e., families with a noncitizen parent)." In addition, "Among low-income immigrant families with children who are U.S. citizens, 7.8 percent received TANF in 1999 compared with 11.6 percent of low-income citizen families with children. Similarly, the mixed-status immigrant families are considerably less likely to receive food stamps than citizen families – 19.8 percent versus 27.9 percent." According to the Urban Institute, "the greater drops in usage among noncitizens are attributable, in part, to welfare reform discouraging some immigrants from using benefits regardless of eligibility. These 'chilling effects' likely reflect confusion among immigrants about who is eligible for benefits and fears about the legal consequences of seeking assistance."[6]

The Costs of Benefit Restrictions

The Bush administration's proposed budget for Fiscal Year 2004 does not include restoration of public benefits for legal immigrants, primarily on the grounds of cost. However, limiting access to benefits increases costs to the public-health system in the long run. Denying health-insurance coverage to low-income immigrant families, for instance, forces them to seek expensive emergency-room care when they

become ill rather than making less costly routine visits to doctors' offices.

In response to a recent proposal by Senator Bob Graham (D-FL) to expand Medicaid and State Children's Health Insurance Program (SCHIP) coverage for legal immigrants, the White House noted that "the Congressional Budget Office recently estimated the cost of providing Medicaid and SCHIP services to legal immigrants at $2.24 billion over ten years. In times of state budget difficulties, optional expansions to the Medicaid and SCHIP programs must be carefully considered in the context of competing Federal spending priorities." But, as Senator Graham pointed out, "the reality is that states will pay these costs regardless – by funding optional Medicaid programs or by paying for emergency room visits. Why not spend the money on the front end?"[7]

A report issued in February for the Kaiser Family Foundation's Commission on Medicaid and the Uninsured reached a similar conclusion. The report found that federal, state and local governments covered roughly 85 percent of the $35 billion spent caring for all uninsured individuals in the United States in 2001.[8] Diane Rowland, Executive Director of the Commission, noted that the report "demonstrates that we are already paying a substantial amount to care for a large uninsured population without any guarantee of coverage. The implication is that we pay for care in the least efficient way possible - after people get sick and need emergency or hospital care."[9] The Commission also reported that the "uninsured receive less preventive care, are diagnosed at more advanced disease stages, and once diagnosed, tend to receive less therapeutic care"; that "having health insurance would reduce mortality rates for the uninsured by 10-15 percent"; and that "better health would improve annual earnings by about 10-30 percent…and would increase educational attainment."[10]

Misinformation

Despite the dramatic decline in benefit use by immigrants, some anti-immigrant groups are claiming that just the opposite has occurred. In an extraordinarily misleading report issued in March, the Center for Immigration Studies (CIS) contends that "After declining in the late 1990s, welfare use returned to 1996 levels by 2001" and that "the gap between immigrant and native households has not narrowed, and in fact has widened slightly." The report concludes that "immigrant households comprise a growing share of all households using the welfare system." [11]

However, as the Center on Budget and Policy Priorities (CBPP) points out in an April report, the CIS conclusions are based on methodological sleight of hand. CIS defines "immigrant households" to include "all households headed by foreign-born persons, including households headed by naturalized citizens" and attributes "benefit use to an immigrant household in cases where the only members of the household receiving benefits are U.S. citizens." The CIS report "itself finds that receipt of TANF, SSI, and food stamps by these households declined substantially between 1996 and 2001," but, "because it finds that the share of such households with at least one member who receives Medicaid rose modestly," concludes "that the share of immigrant households using 'at least one major welfare program' has not declined since 1996." The CIS report "fails to mention that the modest increase in Medicaid participation by so-called 'immigrant' households is due *entirely to an increase in Medicaid or State Children's Health Insurance Program (SCHIP) use by U.S. citizens* who live in households headed by foreign-born individuals." This is hardly surprising since SCHIP was created a year after passage of PRWORA. As a result, "CIS inexcusably fails to disclose" that "among both noncitizen adults and noncitizen children, Medicaid participation declined between 1996 and 2001." [12]

The CBPP report, "using the same database as CIS," finds that – in reality – "the percentage of legal noncitizens participating in each of the major means-tested federal programs – Medicaid, Food Stamps, TANF, and SSI – has *declined* significantly since 1996." The "percentage of low-income noncitizen children who participate in Medicaid or SCHIP fell from 28.6 percent in 1996 to 24.8 percent in 2001, despite the creation and expansion of SCHIP during this period." The CBPP report finds that "the percentage of U.S.-citizen children participating in these programs increased from 42.8 percent to 47.6 percent" between 1996 and

2001. In addition, U.S. Department of Agriculture "administrative data show that participation by noncitizens in the Food Stamp Program declined 64 percent between 1996 and 2000, from about 1.7 million to 600,000. During the same time period, food stamp participation by all individuals declined by 30 percent, from 23.8 million to 16.7 million."[13]

Conclusion

Restoring access to public benefits for legal immigrants and their U.S.-citizen children is a matter of both fairness and cost efficiency. Lawful permanent residents are entitled to the benefits their taxes help to fund, while their U.S.-born children have a right as citizens to receive benefits. Moreover, any "savings" from reduced spending on benefit programs that might be derived by cutting off access for immigrants is ultimately lost as a result of increasing costs to the public-health system, such as visits to emergency rooms rather than doctors' offices. As the U.S. Commission on Immigration Reform stated in its 1997 Report to Congress, "Legislation that leads immigrants to seek citizenship to protect eligibility for social benefits, rather than out of commitment to our polity, provides the wrong incentive. The effect is not to exalt citizenship, but to diminish it."[14] It is unworthy of a nation of immigrants to deny lawfully present newcomers access to the most basic necessities when they fall on hard times.

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[1] Michael Fix & Jeffrey Passel, *The Scope and Impact of Welfare Reform's Immigrant Provisions*. Washington, DC: Urban Institute, January 2002.
[2] Michael Fix & Jeffrey Passel, 2002.
[3] George J. Borjas, *Food Insecurity and Public Assistance* (JCPR Working Paper 243). Evanston & Chicago, IL: Northwestern University / University of Chicago Joint Center for Poverty Research, November 2001.
[4] Michael Fix, Wendy Zimmermann & Jeffrey S. Passel, *The Integration of Immigrant Families In the United States*. Washington, DC: Urban Institute, July 2001.
[5] Jenny Genser, *Who is Leaving the Food Stamp Program?: An Analysis of Caseload Changes from 1994 to 1997*. Washington, DC: United States Department of Agriculture, Food and Nutrition Service, Office of Analysis, Nutrition, and Evaluation, March 1999.
[6] Michael Fix & Jeffrey Passel, 2002.
[7] Office of Senator Bob Graham, Press Release: "Graham Faults Administration for Shortsighted Health Care Policy," May 1, 2003.
[8] Jack Hadley & John Holahan, "Covering The Uninsured: How Much Would It Cost?" *Health Affairs* web exclusive, February 12, 2003.
[9] Kaiser Commission on Medicaid and the Uninsured, Press Release: "*Health Affairs* Article Shows That a Substantial Amount of Public Money Is Potentially Available for a Program to Expand Insurance Coverage," February 12, 2003.
[10] Jack Hadley, *Sicker and Poorer: the Consequences of Being Uninsured*. Washington, DC: Kaiser Commission on Medicaid and the Uninsured, May 2002 (updated February 2003).
[11] Steven A. Camarota, *Back Where We Started: An Examination of Trends in Immigrant Welfare Use Since Welfare Reform*. Washington, DC: Center for Immigration Studies, March 2003.
[12] Leighton Ku, Shawn Fremstad & Matthew Broaddus, *Noncitizens' Use of Public Benefits Has Declined Since 1996: Recent Report Paints Misleading Picture of Impact of Eligibility Restrictions on Immigrant Families*. Washington, DC: Center on Budget and Policy Priorities, April 2003.
[13] ibid.
[14] U.S. Commission on Immigration Reform, *Becoming an American: Immigration and Immigrant Policy* (1997 Report to Congress), September 1997.