

# medicaid and the uninsured

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## Are Immigrants Responsible for Most of the Growth of the Uninsured?

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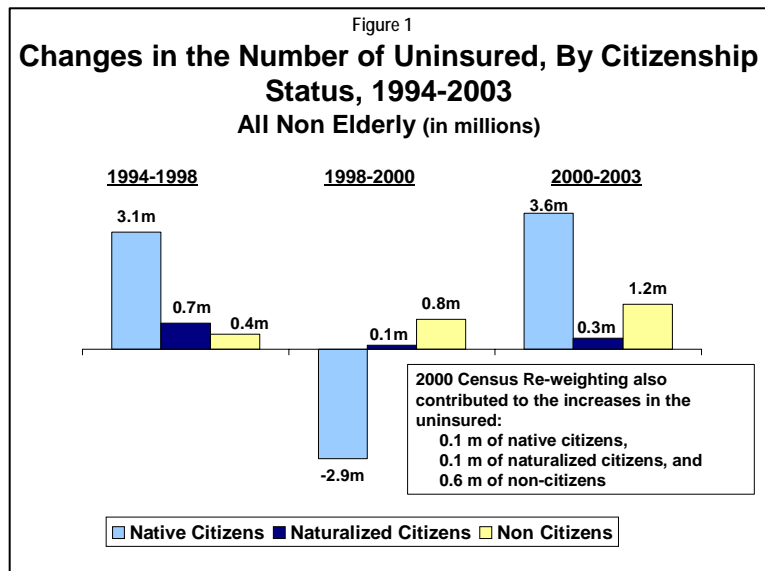
### Executive Summary

The number of uninsured Americans has increased over the last decade, driven by alternating periods of declining employer-sponsored insurance and public coverage. An issue that is often raised is whether immigration has also been a major contributor to the increasing number of uninsured. The number of non-citizens has been increasing in the United States and their uninsurance rates are very high – well over 40%.

Some in the health policy community have suggested that immigration is a major factor behind recent increases in the uninsured population. This analysis is intended to address the extent to which immigrants are the driving force behind the increasing uninsured population.

In this analysis, we examine changes in coverage over the 1994 to 2003 period. We decompose the 1994-2003 years into three separate periods to reflect distinct differences in the strength of the economy and the level of immigration: 1994-1998, 1998-2000, and 2000-2003. These periods are also not confounded by major changes made in the survey that do not allow a simple trend analysis spanning the year 2000 (the Census Bureau's Current Population Survey).

**1994-1998** Between 1994 and 1998, the U.S. economy was growing strongly and the rate of employer-sponsored insurance increased as labor markets tightened. When the federal government enacted welfare reform legislation in 1996, Medicaid rolls fell – both because of the tightening of welfare caseloads as well as because of the improving economy. It was not the intent of the federal legislation to reduce Medicaid enrollment; but this in fact did occur and as a result, the number of uninsured increased for both native citizens and non-citizens. The increased number of uninsured was much greater among the native citizens compared to non-citizens: 3.1 million vs. 0.4 million (Figure 1).



**1998-2000.** From June 1998 to 2000, the economy strengthened even more and labor markets became even tighter. As a result, employer-sponsored insurance increased and the number of uninsured declined. This decline in uninsurance was predominately among native citizens, and did not affect non-citizens. The uninsured rate of native citizens fell and the number of uninsured native citizens fell by 2.9 million. At the same time the number of non-citizens without coverage increased by 0.8 million, primarily because of a large increase in the non-citizen population (which grew by 2.1 million, presumably because of the strong demand for labor) who are much less likely to have health coverage.

**2000-2003.** Between 2000 and 2003, the economy entered a period of recession followed by slow economic growth. The unemployment rate increased as the labor market softened. The rate of employer-sponsored insurance began to fall and the uninsured rate once again began to increase. The number of the uninsured increased substantially among native citizens, with the number of uninsured increasing by 3.6 million. Non-citizens were also affected with an increase in the number of uninsured by 1.2 million.

If we combine the data from 1998 to 2003, we find that almost two-thirds of the increase of uninsured was among non-citizens (and somewhat more if we include the effects of re-weighting as detailed in the body of this report). But this result is largely driven by the reduction in the number of uninsured native citizens between 1998 and 2000. This period seems an aberration because of extremely rapid economic growth and very tight labor markets, which disproportionately improved health coverage for native citizens. In contrast, the results from 1994-1998 period and from 2000-2003 period indicate that the growth in the uninsured is largely among native citizens.

Because there are so many more native citizens than non-citizens, it is not surprising that they “bear the brunt” of most economic changes including changes in insurance. Immigration trends are not responsible, in large part, for the increase in the numbers of uninsured in this country. Indeed, non-citizens would have to fare dramatically worse than native citizens in terms of changes in health coverage rates to affect the overall numbers of uninsured.

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