

**Estimating the Economic Impact of Changes to Public Charge Policy
Currently Under OMB Review (RIN 1615-AA22) - April 16, 2018**

If the public charge test were broadened to include the use of public health coverage programs, there would be an annual effect on the economy of far greater than \$100 million a year. The two estimates below based on different data sources yield that non-citizens incur more than \$17 billion in annual public-sector spending on programs that provide full, year-round insurance coverage (primarily Medicaid). If public charge rules were changed in ways that caused even a two percent drop in enrollment in Medicaid, public-sector health care spending would fall by more than \$340 million a year, with broader economic ripple effects.

Estimate 1: Medicaid costs for non-citizen enrollees based on the Current Population Survey

The Kaiser Family Foundation (KFF) produces annual estimates of U.S. health insurance coverage, including the percentage of non-citizens in various categories who are enrolled in Medicaid, based on data from the Census Bureau's March Supplement to the Current Population Survey. The most recent report, for calendar year 2016, shows that Medicaid and CHIP provided year-round coverage to 870,000 non-citizen children and 4,600,000 adults.ⁱ

The most recent available national estimates of per-capita Medicaid spending within discrete eligibility categories also come from KFF. For fiscal year (FY) 2014, average Medicaid costs per child were \$2,602. Average costs per adult who was neither disabled nor elderly were \$3,955.ⁱⁱ Multiplying those average costs by the estimated number of non-citizen enrollees yields the conclusion that Medicaid spent \$2.3 billion and \$18.2 billion on children and adults, respectively, totaling \$20.4 billion in 2014.ⁱⁱⁱ Updating that estimate to reflect changes in per capita health care spending from 2014 to 2016,^{iv} Medicaid spent approximately \$21.4 billion on non-citizens enrolled throughout 2016.^v

Estimate 2: Public-sector health care costs for immigrants using Medical Expenditure Panel Survey

In 2009, Professor Leighton Ku, Director of the Center for Health Policy Research at George Washington University, published a study in the *American Journal of Public Health* estimating immigrant adults' utilization of health care services funded by Medicaid, Medicare, CHIP, and other public programs.^{vi} Dr. Ku used 2003 data from the Medical Expenditure Panel Survey (MEPS). Table 1 shows his findings:

Table 1. Utilization of publicly-funded health coverage by immigrant adults age 18-64: 2003

	Immigrants living in the U.S. for <10 years	Immigrants Living in the U.S. for 10+ years
Percentage of all adults age 18-64	5.1%	11.6%
Among immigrants in this category, the proportion with year-round public coverage	4.5%	8.2%
Among immigrants in this category with year-round public coverage, mean annual health care costs	\$1,269	\$4,927

Source: Ku 2009.

According to Census Bureau data, approximately 200,240,000 adults age 18-64 lived in the U.S. in 2016.^{vii} Applying Dr. Ku’s findings to this general population estimate yields the conclusion that 460,000 immigrants who lived in the U.S. for less than 10 years and 1.9 million who lived in the U.S. for more than 10 years were non-elderly adults enrolled year-round in public programs. After updating Dr. Ku’s average public-sector health costs from 2003 to 2016 to incorporate changes in per capita health spending,^{viii} public programs spent approximately \$990 million and \$15.9 billion on these two groups of non-citizen adults, respectively, totaling \$16.9 billion.

Conclusion

This analysis explores a limited segment of public-sector spending on non-citizens—full-scope, ongoing Medicaid coverage for eligible non-citizens—and does not include other public programs. Both estimates indicate that Medicaid, by itself, spent more than \$17 billion on non-citizen adults under age 65 in 2016. Based on this one program alone, it is difficult to defend any conclusion except that there would be an annual effect on the economy of much more than \$100 million, requiring a thorough regulatory impact analysis to be conducted prior to the release of the proposed rule.

ⁱ Tables 2 and 3 from Kaiser Family Foundation, *The Uninsured: A Primer, Supplemental Tables* (December 2017) show, for various combinations of child and adult non-citizens (namely, those in the U.S. for <5 years and for 5+ years), the total number of individuals and the percentage who received Medicaid year-round in 2016. To derive the numbers in the text, we multiplied the total number within each category by the applicable percentage and then totaled the category-specific products. <http://files.kff.org/attachment/Supplemental-Tables-The-Uninsured-A-Primer-Key-Facts-about-Health-Insurance-and-the-Uninsured-Under-the-Affordable-Care-Act>

ⁱⁱ Kaiser Family Foundation, Medicaid Spending Per Full Benefit Enrollee (FY 2014). <https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-full-benefit-enrollee/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

ⁱⁱⁱ Totals may not add because of rounding.

^{iv} See Table 1, National Health Expenditures; Aggregate and Per Capita Amounts (2016). <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Tables.zip>.

^v These estimates likely understate costs. Among other reasons, they ignore the extra costs incurred by immigrants who are people with disabilities or pregnant.

^{vi} Leighton Ku, *Health Insurance Coverage and Medical Expenditures of Immigrants and Native-Born Citizens in the United States*, American Journal of Public Health (July 2009). <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2696660/>

^{vii} American Fact Finder, United States Census Bureau (2016) <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

^{viii} See Table 1 National Health Expenditures; Aggregate and Per Capita Amounts (2016). <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Tables.zip>