

Fear versus Facts: Undocumented Immigrants and ColoradoCare  
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## **Fear versus Facts: Undocumented Immigrants and ColoradoCare**

This paper addresses two questions regarding ColoradoCare. First, would migration patterns change in this state if ColoradoCare were to pass in November? (i.e., would undocumented immigrants be drawn to Colorado because it was offering free health care?) Second, regardless of whether or not health care acts as a magnet, what would be the financial impact of insuring the undocumented population in this state?

### **I. Background**

#### ***A. Still a Nation of Immigrants***

“As long as there are borders, there will be migrants.<sup>1</sup>”

This fact is especially true in America, and for two reasons.<sup>1</sup> First, this country still holds the promise of a better life for many people. It is the *land of opportunity*. Migrants make the monumental decision to leave their homes in order to build a better life here for themselves and their families. Second, the shared border with Mexico and the proximity of the two countries lends itself to undocumented immigration, not to mention the fact that the rest of Latin America can access the US border through Mexico. For these reasons and others, America is home to more undocumented immigrants than any other nation.<sup>2</sup> In 2013, the US was estimated to have

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<sup>1</sup> *National Population Council of the Government of Mexico*. (2008.) Migration and Health: Latinos in the United States.

<sup>2</sup> United Nations. (2013.) International Migration.

the world's highest number of international migrants (both documented and undocumented.<sup>2</sup>) This figure was 300% larger than the next country, the Russian Federation.<sup>2</sup>

An undocumented immigrant is defined as a foreign born non-resident living in a country where he or she is not a legal immigrant.<sup>3</sup> Some people enter America without documentation but obtain work authorization by applying for legal permanent residency (LPR,) getting Temporary Protected Status (TPS) or Deferred Action for Childhood Arrivals (DACA.<sup>3</sup>) This quasi-legal group is estimated to be up to 10% of the undocumented population.<sup>3</sup> Of course, many people who have obtained one of the above quasi-legal statuses may revert to undocumented status at some point during their stay.

The majority of undocumented immigrants in America come from Mexico (60%.) 21% come from other Latin American countries, 11% from Asia, 4% from Canada and Europe combined, and 4% from Africa.<sup>4</sup> In 1990, there was an estimated 3.9 million undocumented immigrants in this country.<sup>5</sup> In 2010, the estimate was 11.9.<sup>5</sup> The US is expected to add 120 million people by 2050, and 80 million of those will come here as a direct or indirect consequence of immigration.<sup>6</sup> However, the number of undocumented immigrants has recently declined and subsequently leveled off after *the great recession*.<sup>6</sup> The undocumented population in Colorado reflects the national trends. The estimated undocumented population in 2009 was 210,000 and it decreased to 180,000 in 2012.<sup>3</sup>

The limited role of government in the American political system is partly to blame for the heightened level of divisiveness surrounding immigration. Many other countries (particularly

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<sup>3</sup> Passel, J., Cohn, D. (2014.) Unauthorized Immigrant Totals Rise in 7 States, Fall in 14. *Pew Research Center*.

<sup>4</sup> Johnson, H. (2006.) Illegal Immigration. *At Issue: Public Policy Institute of California*.

<sup>5</sup> Becerra, D., Androff, D., Ayon, C. (2012.) Fear v. Facts: Examining the Economic Impact of Undocumented Immigrants. *US Journal of Sociology and Social Welfare*.

<sup>6</sup> Goldman, D., Smith, J., Sood, N. (2006.) Immigrants and the Cost of Medical Care. *Health Affairs*.

Canada and much of Europe) view health care as a human right.<sup>7</sup> In this country, health care is instead viewed as a market good<sup>7</sup>. Canada is unique in the welcoming attitude they take towards immigrants<sup>7</sup>. Our neighbors to the north believe in the economic and cultural benefit that immigrants add to their country and they see migration and health as being closely intertwined.<sup>1</sup> The “migrant’s health forms part of their social, human and productive capital and is an asset for the migrants themselves and their families and communities of origin and destination.<sup>1”</sup> They believe that a healthy migrant leads to a healthy country, both socially and economically.

Should America do the same?

## **II. On Single Payer Health Care and the Migration Patterns of Undocumented Immigrants**

### ***A. Would Single Payer Health Care be a Magnet for the Undocumented?***

Opponents of single payer health care say that large numbers of undocumented immigrants would move to Colorado as a result of the *Magnet Affect*.<sup>7</sup> The *magnet affect* refers to the belief that immigrants- documented and undocumented- are drawn to a host country for its public benefits above all other potential factors, if those benefits are available to them when they arrive.<sup>8</sup> However, there is no empirical evidence to support this theory. Each migrant has his or her own personal reasons for leaving, but migration does not happen in a vacuum: there is a set of common factors behind the decision and health care simply is not very high on the list.<sup>9</sup>

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<sup>7</sup> Gray, B., van Ginneken, E. (2012.) Health Care for Undocumented Migrants: European Approaches. *Issues in International Health Policy*.

<sup>8</sup> Yang, JS., Wallace, SP. (2007.) Expansion of Health Insurance in California Unlikely to Act as Magnet for Undocumented Immigration. *Los Angeles: UCLA Center for Health Policy Research*.

<sup>9</sup> *Population Bulletin*. (1996.) Why People Migrate Population Bulletin.

Offering free access to health care does not seem to change immigration patterns.<sup>10</sup> There are two examples that can illustrate the point. First, in 1996, federal laws were passed which limited an immigrant's ability to access public services such as health care.<sup>10</sup> As a result, some states decided to invest heavily in health care for the undocumented. Research has suggested that immigrants did not flock to these states at any significant level and in fact, the states with the least generous benefits had some of the highest rates of growth for undocumented immigrant populations.<sup>10</sup> Second, it would be reasonable to assume that pregnant women may be motivated to move to Colorado if free health care were offered. However, under the Emergency Medical Treatment and Active Labor Act (EMTALA), pregnant women and their children already receive free services.<sup>11</sup> So, the incentive of free antenatal care already exists.

### ***B. Are There Common Factors in the Decision to Migrate?***

There is empirical evidence to support the existence of a set of common factors behind a person's decision to migrate. Economic and familial factors are the strongest indicators of a potential move and of the two, economic factors are primary. Most migration streams "spring from economic pull factors" that start inside the receiving country.<sup>9</sup> In other words, a host country has jobs, so migrants come. A study confirmed that undocumented Latino adults in LA immigrate for employment, before other reasons.<sup>8</sup> In a similar fashion, undocumented immigrants are also pulled to the US by guest worker programs, recruitment, company transfer or smugglers.<sup>9</sup>

There are several other reasons to suggest that economics is the key variable in the decision to migrate. First, labor force statistics show that undocumented immigrants are

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<sup>10</sup> California Immigrant Policy Center. (2005.) Immigrants and the US Health Care System.

<sup>11</sup> Fabi, R. (2014.) Undocumented Immigration in the United States: Access to Parental Care. *The Hastings Center*.

estimated to have more than a 90% labor participation rate for males and a 60% participation rate for females.<sup>4</sup> When undocumented individuals come to America, they are generally productive members of our society. Using the labor participation figures, it would be reasonable to assume that employment opportunities are difference in the USA than in their home country. Taking the economic situation of Mexico as an example, the US wage for production workers in manufacturing is about nine times higher than in Mexico.<sup>4</sup> The second reasons to see economics as the chief driver of migration is what happened to undocumented immigration numbers during and directly after the *great recession*. The undocumented population peaked in 2006 before the financial crisis but during the crisis, the labor force was uncharacteristically weak and the numbers decreased significantly.<sup>12</sup> This was the first time in 6 decades that the undocumented population stopped growing.<sup>12</sup> Temporary worker migration dipped as well.<sup>12</sup> This dip suggests that when the American economy became less inviting, the risk versus reward calculus being done by potential migrants begin to trend in a new direction.

There is evidence supporting ‘family reasons’ as the most influential non-economic reason for migration (and second overall reason to economics.) Other powerful non-economic reasons are: marriage, a personal desire to live abroad, refugee assistant organizations and the push and pull of wars, violence, and political and religious persecution.<sup>9</sup>

### ***C. Does In-Migration across State Lines Occur in the USA?***

Among the undocumented who already live in America, would the availability of free health care convince them to move across state lines?

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<sup>12</sup> Massey, D., Immigration and the Great Recession. (2012.) *The Stanford Center for Poverty and Inequality and the Russell Sage Foundation*

This question, unfortunately, is difficult to answer because accurate data on undocumented immigrants and where they live is hard to come by. While very few studies look at undocumented immigrants and in-migration, many studies have investigated in-migration by US citizens (specifically looking at movement for public goods.)<sup>8</sup> Such studies have concluded that in-migration does not occur at any significant level. Similar to the reasons for undocumented immigration, family ties and employment are the two key decision-making factors.<sup>8</sup> There was one particular study done which looked at whether US citizens in-migrated across state lines for lower taxes.<sup>13</sup> The researchers came to the conclusion that movement across state lines just is not very common.<sup>13</sup> People develop fairly strong ties to their home state due to jobs, family, responsibilities, etc.<sup>13</sup> Only 1.7% of US residents moved to a new state per year between 2001 and 2010.<sup>13</sup> Researchers also found that when people do relocate, the reasons are (again) usually for new jobs or cheaper housing.<sup>13</sup> Taxes (and public goods like health care) do not seem to be key elements in the decision to move across state lines.

#### ***D. Will Single Payer be a Magnet for the Severely Ill?***

In some circles, there is discussion around whether single payer health care would draw a disproportionate number of individuals with severe illnesses to this state. There is no research to support this claim. If people with severe illnesses move for health care, then we would be seeing two things: worse health conditions and higher service use. As will be discussed in section III, it is known unequivocally (through peer-reviewed research) that the population of undocumented immigrants is healthier and utilizes hospital services far less frequently than US citizens. This evidence seems to support the belief that there are not disproportionate numbers of undocumented immigrants moving to America with severe illnesses.<sup>8</sup>

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<sup>13</sup> Tannenwald, R., Shure, J., Johnson, N. (2011.) Tax Flight is a Myth: Higher State Taxes Bring More Revenue, Not More Migration. *Center on Budget and Policy Priorities*.

### **III. On the Financial Impact of Single Payer Health Care on the State of Colorado**

#### **A. Why Insure the Uninsured?**

The Affordable Health Care Act (ACA) passed because the United States was experiencing a medical cost crisis, one marked by sky rocketing medical fees and lack of health insurance.<sup>10</sup> Health spending accounted for 16.9% of the US's GDP in 2012, which is the highest among the member countries of the Organization for Economic Co-Operation and Development (OECD).<sup>14</sup> The average was 9.3%, with the Netherlands at 11.8%, Germany at 11.5%, and Canada at 10.9%.<sup>14</sup> In comparison, the US spent \$8,745 per capita on public health care in 2012 while Canada spent \$4602 and the UK \$3289.<sup>14</sup>

The status quo was not working, and single payer health care is presented as a solution for Colorado.

Economic projections show that single payer health care actually would save money. One reason for this is that insuring all patients helps doctors and hospitals financially and allows patients to get the care they need.<sup>15</sup> If immigrants are in the system, then they are paying something, even if it is nominal.<sup>16</sup> As it stands now, there is a tremendous amount of uncompensated 'charity' care.<sup>17</sup> The Institute of Medicine estimates that lack of health insurance in the United States costs approximately 65 billion to 130 billion per year as a result of unreimbursed health procedures and years of productive life lost.<sup>17</sup>

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<sup>14</sup> OECD. OECD Health Statistics 2014: How Does the United States Compare?

<sup>15</sup> Galewitz, P. (2013.) How Undocumented Immigrants Sometimes Receive Medicaid Treatment.

<sup>16</sup> Ku, L. (2006.) Why Immigrants Lack Adequate Access to Health Care and Health Insurance. *Migration Policy Institute*.

## **B. Is Insuring the Undocumented a Financially Viable Option?**

Evidence appears to show that providing health insurance to undocumented immigrants will benefit the economy.<sup>17</sup> Immigrants use less health care than US born citizens.<sup>18</sup> In 2009, they contributed \$33 billion to the Medicaid trust fund, nearly 15 percent of total contributions.<sup>18</sup> They received \$19 billion of expenditures, about 8 percent, which gave the trust fund a surplus of \$14 billion.<sup>18</sup> On the other hand, U.S born citizens spent \$31 billion more than they contributed.<sup>18</sup> The non-partisan CBO confirmed that undocumented immigrants contribute more in taxes than the cost of providing services for them at the federal level.<sup>5</sup>

It costs significantly less to insure undocumented immigrants than it does for US citizens. In fact, the journal *Health Affairs* wrote that "immigrants, particularly noncitizens, heavily subsidize Medicare. Policies that reduce immigration would almost certainly weaken Medicare's financial health, while an increasing flow of immigrants might bolster its sustainability."<sup>17</sup> Undocumented immigrants pay most types of taxes and yet they are not eligible for the full benefits of most programs, including social security, TANF, and public housing.<sup>8</sup>

One reason why undocumented immigrants have a net positive effect on health care spending is that they are generally healthier. 38% of US born people reported a chronic conditions, whereas 19% of undocumented did.<sup>6</sup> The relative youth of the people coming here is one reason for this. There is also a strong positive migration selection on health during the harrowing process of immigrating for many.<sup>6</sup> Foreign born men reported 1.4 fewer doctor visits per year than US citizens.<sup>8</sup> Only 58% of undocumented immigrants went to a doctor in the past year.<sup>6</sup>

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<sup>17</sup> Stimpson, J., Wilson, F., Eschbach, K. (2010.) Trends in Health Care Spending for Immigrants in the United States. *Health Affairs*.

<sup>18</sup> NPR. (2013.) Immigrants Subsidize, Rather than Drain, Medicare.

Preventative health care (as proposed in most single payer plans) would save a lot of money.<sup>19</sup> Cost skyrockets when a person delays going to the hospital. When they eventually do go, their condition may be acute, and the price increases. Research has shown that undocumented immigrants often wait until they get their citizenship. If necessary, they go to the ER. Research also shows that, in particular, prenatal care and early diagnosis and treatment of asthma saves significant sums of money.<sup>20</sup> A study conducted in Canada found that “health care costs and hospital use decline when accessible primary care is made available to the uninsured.”<sup>20</sup>

Not providing health insurance to undocumented immigrants also leaves the door open to a major humanitarian and public health crisis. ‘Birth right citizenship’ is written into the 14<sup>th</sup> amendment. This essentially dictates that children who are born on US soil are US citizens. And a healthy family is best for their development. Additionally, there is a major public health concern (and financial cost) to not insuring undocumented people. Policies that restrict access based on immigration status will inevitably harm US children as well, because they may come into contact with undocumented children at school who have not received the proper immunizations.<sup>10</sup>

## Conclusions

The research described above supports several conclusions. First, due to the desert border that America shares with Mexico, undocumented immigration is easier here than in other countries (and the route through Mexico to the US border is accessible from the rest of Latin America.) America already has more immigrants (documented and undocumented) than any other nation on earth and that is not likely to change any time soon. This is in part to geography and in part to the appeal that America still has as a *land of opportunity*. Second, the research does

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<sup>19</sup> Caulford, P., D’Andrade, J. (2012.) Health Care for Canada’s Medically Uninsured Immigrants and Refugees. Whose Problem is it? *Canadian Family Physician*.

not support the *magnet affect* and the belief that undocumented immigrants move for health benefits. There may be some movement for public benefits, but the level is not statistically significant. Peer-reviewed studies have consistently shown that economic reasons and family are the two main factors. Third, the evidence shows that insuring undocumented immigrants will benefit the the economy. This population pay most taxes that are paid by US citizens and yet they are not entitled to many of the same benefits. Therefore, they pay the federal government much more than the federal government pays out for their services, such as health care. On average, the undocumented population is healthier than US citizens, and utilizes health care services far less often.

Finally, the polarization of the American public around the issue of single payer health care goes back to the how health is conceptualized in America. The Federal Government, and public opinion to a varying degree, views health as a market good here, and not as a human right (as it is in Europe and Canada.) Because of this, single payer health may eventually become a reality in this country but the rancor will surely not subside.

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