

Immigrants heavily subsidize Medicare's Trust Fund: Health Affairs study

Harvard Medical School and Hunter College School of Public Health researchers find immigrants generated surplus contributions of \$115.2 billion in 2002-2009, \$13.8 billion in 2009

Immigrants, particularly noncitizens, pay billions more into Medicare's Hospital Insurance Trust Fund than they withdraw in health benefits each year, according to researchers at Harvard Medical School and Hunter College School of Public Health. The study is being released today as a Web First by Health Affairs, and will also appear in the journal's June issue.

In 2009 alone, immigrants paid \$33.1 billion into the Trust Fund but used only \$19.3 billion in health care paid for by the Trust Fund, yielding a surplus of \$13.8 billion. About three-quarters of this surplus, \$10.1 billion, came from noncitizens. The article concludes that reducing immigration would worsen Medicare's financial health.

Payroll taxes are the major source of revenues for the Trust Fund, which mostly pays hospital bills. The overwhelming majority of immigrants are working age, have high rates of labor force participation, and hence pay substantial payroll taxes. Moreover, even undocumented immigrants often pay these taxes, usually under a borrowed or false Social Security number.

Trust Fund outlays for immigrants are low for several reasons. Few are elderly. Moreover, even some elderly immigrants are ineligible for Medicare because they have not worked the required 40 quarters in the U.S. under a valid Social Security number, lack legal status, or, if legal residents, do not meet the five-year (legal) residency requirement. Even among eligible immigrants, some may not use Medicare because they retire to their country of origin. Those who do enroll in Medicare use relatively little care, which probably reflects problems in access to care.

The study authors examined Trust Fund contributions and expenditures for each year between 2002 and 2009. They analyzed data from the Census Bureau's Current Population Survey to determine tax contributions, and used the Medical Expenditure Panel Survey to examine medical expenses.

They found that immigrants contributed a surplus of between \$11.1 billion and \$17.2 billion per year, or a total of \$115.2 billion dollars from 2002-2009. During the same years, U.S.-born persons generated a net deficit of \$28.1 billion. In 2009 immigrants provided an average per capita surplus of \$368, while native-born Americans generated a per capita deficit of \$113. Noncitizen immigrants contributed a net subsidy of \$466 per person.

"For years I have seen my immigrant patients be blamed for driving up health care costs," said lead author Dr. Leah Zallman, an instructor in medicine at Harvard Medical School and staff physician at Cambridge Health Alliance, "and yet few acknowledge their contributions. Our

study demonstrates that in one large sector of the U.S. health care economy, immigrants actually subsidize the care of native-born Americans.”

“The numbers completely contradict the widely held misperception that immigrants are a drain on the health system,” said Dr. Steffie Woolhandler, professor at Hunter College School of Public Health, visiting professor of medicine at Harvard, and co-founder of Physicians for a National Health Program. “Reducing immigration would worsen Medicare’s financial woes.”

“Immigrants contributed an estimated \$115.2 billion more to the Medicare Trust Fund than they took out in 2002-09,” Leah Zallman, M.D., M.P.H., Steffie Woolhandler, M.D., M.P.H., David Himmelstein, M.D., David Bor, M.D., M.P.H., Danny McCormick, M.D., M.P.H. Health Affairs, June 2013. Web First, May 29, 2013.

A free copy of the complete study will be available from May 29 through June 3 at 4 p.m. Eastern time at the following link:

<http://content.healthaffairs.org/content/early/2013/05/20/hlthaff.2012.1223.full>

After that time the study will migrate to be part of the June print issue.