



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

September 22, 2009

Honorable Chuck Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senator:

This letter responds to your request for additional information about health insurance coverage among nonelderly unauthorized immigrants under current law, the Chairman's mark for proposed health care legislation released by the Committee on Finance on September 16 (the America's Healthy Future Act of 2009), and H.R. 3200 (the America's Affordable Health Choices Act of 2009).

Estimates of the unauthorized immigrant population residing in the United States are derived from survey data that identify foreign-born individuals but do not specify their legal status. As a result, the Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT) must use statistical methods to impute legal status when modeling the effects of proposals affecting health insurance coverage. Although the best available information is used in that process, the data have substantial limitations, and the estimates described in this letter are subject to a significant amount of uncertainty.

Under current law, CBO projects that the nonelderly unauthorized immigrant population will total about 14 million in 2019. Of those individuals, nearly 60 percent (about 8 million) will be uninsured. A further 25 percent (about 4 million) will have employment-based coverage, and about 7 percent (1 million) will have some alternative form of insurance (other than Medicaid). The remaining 10 percent (about 1 million) will make use of some Medicaid coverage, reflecting the current law that allows unauthorized immigrants—who are not eligible for full Medicaid benefits—to receive limited Medicaid coverage for emergency care if they would be eligible for the program apart from their unauthorized status. The number using Medicaid may also include some unauthorized immigrants

who manage to obtain full Medicaid coverage even though they do not qualify for it; however, we believe that state agencies administering the Medicaid program successfully screen out most ineligible individuals.

The Chairman's mark indicates that, under the bill, unauthorized immigrants would not be eligible to participate in exchanges or receive refundable tax credits for health insurance coverage; it also indicates that the verification process might be similar to what is required under current law for Medicaid. The effect of those provisions would depend on the legislative language that is drafted to reflect those specifications and the rules that are ultimately developed to enforce them. More stringent enforcement procedures would increase the likelihood that unauthorized immigrants could not obtain insurance or subsidies through the exchanges, but they could also discourage eligible individuals from seeking coverage. More rigorous methods would thus reduce subsidy costs; they would also increase administrative costs to some extent. For the people who would not obtain insurance under more stringent rules, the amount of medical care they would receive and the source of financing for that care are difficult to predict.

As noted in CBO's September 16 letter to Chairman Baucus, CBO and JCT have completed a preliminary analysis of specifications for the Chairman's mark that were provided by committee staff, rather than the Chairman's mark itself.¹ Moreover, we have not reviewed legislative language that would specify the policies involved and their enforcement provisions. In the absence of such language, we assumed that enforcement mechanisms would be in place that would be highly effective at keeping ineligible individuals from receiving tax credits. However, we have also assumed that there would be some noncompliance—resulting from misreporting of income, family circumstances, or other qualifying conditions to obtain more generous subsidies. Illegal participation by unauthorized immigrants would fall into this category. We have no basis for quantifying those factors separately for this or other proposals. Consequently, we do not have the detailed estimates you requested on the types of coverage that might be obtained by unauthorized immigrants under the Chairman's mark.

H.R. 3200, as it was introduced in July 2009, also indicated that unauthorized immigrants would not be eligible to receive premium and

¹ See Congressional Budget Office, letter to the Honorable Max Baucus providing a preliminary analysis for the Chairman's mark of the America's Healthy Future Act (September 16, 2009).

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cost-sharing credits for health insurance coverage.² As was the case with the Chairman's proposal, our preliminary analysis of that legislation took into account a variety of factors that would affect compliance with its requirements, but again, we cannot provide a specific figure for coverage of unauthorized immigrants under that proposal.

I hope that you find this information useful. If you have any further questions, please contact me or my staff. The primary staff contact is April Grady.

Sincerely,



Douglas W. Elmendorf
Director

cc: Honorable Max Baucus
Chairman
Committee on Finance

² See Congressional Budget Office, letter to the Honorable Charles B. Rangel providing a preliminary analysis of the America's Affordable Health Choices Act of 2009 (August 17, 2009).