

Welfare Reform and Elderly Legal Immigrants

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Executive Summary

Welfare reform, technically the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRA), was signed into law on August 22, 1996. Under PRA most legal immigrants arriving after August 22, 1996 will no longer be eligible for cash assistance and food stamps and are effectively barred from other services, including Medicaid, for at least a decade.¹ Legal immigrants residing in the United States on August 22, 1996 will also lose their entitlements unless they meet certain exemptions. A critical exemption enables legal immigrants who have worked for forty quarters (10 years) in Social Security covered employment to retain benefits. The various provisions concerning legal immigrants are complicated and the ensuing confusion has already resulted in the denial of assistance to some qualified immigrants.

Relative to the federal budget, the reductions in welfare expenditures are modest. To the individuals who depend on them they are of enormous importance. Most of the cuts come in the form of reduced benefits and time limits. The cuts for legal immigrants are especially severe: the Congressional Budget Office estimates that over the first six years the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 will reduce federal spending by nearly \$54.2 billion from what would have been spent.² About 44 percent of the total reductions (\$23.8 billion) over the first six years, will be borne entirely by legal immigrants.

In 1995, there were an estimated 1.1 million legal immigrants age 65 or older. Elderly legal immigrants are concentrated in a small number of states. In fact, more than one-half of the elderly legal immigrant population lives in three states and 80 percent live in seven states. This suggests that the broader economic consequences of these cuts will fall disproportionately on the citizens of communities

¹ Technically, the bar from Medicaid is five years, but applicants must include the resources of their sponsor after the five-year bar, for as long as they remain legal immigrants, or until they have worked and paid FICA taxes for at least forty quarters, which takes at least ten years. Legal immigrants are barred from Food Stamps and SSI until they become citizens (which takes a minimum of five years) or until they have paid FICA taxes for at least forty quarters.

² *Federal Budgetary Implications of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, Congressional Budget Office, December 1996. Summary Tables 1 and 2.

with immigrant populations.

The portrait that emerges from the analysis suggests that the typical elderly legal immigrant did not come to the United States because of its welfare programs. More than half of elderly legal immigrants arrived in the United States over twenty years ago, and over three-quarters arrived prior to their 65th birthday. Some elderly legal immigrants have served in the military, most have worked and paid taxes, and more than three-quarters paid sufficient FICA taxes to earn Social Security and Medicare benefits. As a result, most elderly legal immigrants will not lose public assistance but the most vulnerable—those without Social Security and Medicare—might lose some or all of their public assistance. They are likely to lose SSI, food stamps, and other means-tested benefits. They could also lose access to Medicaid, the principal source of nursing home care, depending on legislative and administrative decisions made by each state.

Elderly legal immigrants are substantially more likely than elderly citizens to rely upon Medicaid because of their lower income levels. They are also more likely than elderly citizens to be uninsured. As a group, elderly legal immigrants were nearly twice as likely to live in households with incomes below the poverty level, and are more likely to be receiving some form of public assistance than elderly citizens. The average family income among elderly legal immigrants is about half that of elderly citizens. Even among the working elderly, average monthly earnings for legal immigrants were about 66 percent less than elderly citizens. As a consequence, legal immigrants are nearly twice as likely to be poor as elderly citizens (24% versus 14%).

Elderly legal immigrants were found to be more likely than elderly citizens to have long-term care needs. An estimated 80,000 to 90,000 nursing home residents in 1995 were elderly legal immigrants; relying principally upon Medicaid to finance their care. The welfare reform law enacted last year permits states to discontinue Medicaid eligibility and coverage for legal immigrants, including those in nursing homes. Those in nursing homes who lose Medicaid coverage have limited options. It is unlikely that the typical nursing home resident will have the physical and/or cognitive ability to become a naturalized citizen, in order to assure Medicaid coverage.

Public assistance is critical for many elderly legal immigrants. Given the concentration of elderly

legal immigrants within families and specific communities, the implications of these changes go beyond the elderly legal immigrant and their families, but will also affect the citizens in communities in which they live.

Welfare Reform and Elderly Legal Immigrants

Introduction

Welfare reform, or technically the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRA), was signed into law on August 22, 1996. This law fundamentally changed the nature of federal public assistance by eliminating some federal entitlement programs and delegating to the states authority over who would be eligible to receive public assistance. In addition, federal money provided to states and to beneficiaries for public assistance was reduced. The Congressional Budget Office estimates that over the first six years the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 will reduce federal spending by nearly \$54.2 billion.³ About 44 percent of the total reductions (\$23.8 billion) over the first six years will be borne entirely by legal immigrants. Eliminating legal immigrants from benefits reduces the federal deficit annually by \$5.1 billion when fully phased-in in 2002.⁴

Relative to the federal budget, these expenditure cuts are modest. However, to the individuals who depend on them they are of enormous importance. Elderly immigrants are particularly vulnerable, based on their service and their income needs. Analysis indicates that the majority of elderly legal immigrants come to the U.S. long before they are elderly or in need of health or long-term care. Eliminating public support for these services—especially for people already residing here—impacts immigrants, their extended families, and their communities, for circumstances beyond their control.

Elderly Immigrants and the Personal Responsibility and Work Opportunity Reconciliation Act

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³ *Federal Budgetary Implications of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, Congressional Budget Office, December 1996. Summary Tables 1 and 2.

⁴ *Ibid.*, Table 4.

he Personal Responsibility and Work Opportunity Reconciliation Act (PRA) of 1996 eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and replaced it with Temporary Assistance to Needy Families (TANF), a block grant with a fixed amount of funding given to states to provide time-limited cash assistance to low-income families. The new law also fundamentally alters access to federal assistance for legal immigrants.

The PRA distinguishes between two classes of immigrants—unqualified and qualified. Unqualified immigrants are effectively illegal immigrants and qualified are legal immigrants.⁵ Prior to PRA, illegal immigrants were not eligible for most federal means-tested benefits except for emergency medical care, federally subsidized housing, and services related to the protection of life and safety. Illegal immigrants could, however, receive some forms of assistance by being categorized as “permanently residing under color of law” (PRUCOL). The new law eliminates this category, making them ineligible for benefits.

Under prior law, *legal* immigrants or those considered qualified in the PRA, could apply for public assistance.⁶ This too was changed under PRA. To understand these changes, one must differentiate between legal immigrants who were receiving public assistance on August 22, 1996 and those who were not. An overview of the changes in law are provided in Figure 1.

Current Legal Immigrants. The PRA would not change the eligibility for public assistance for legal immigrants who meet specific exemptions. One of these exemptions is having worked for more than forty quarters in Social Security covered employment.

⁵ The category of “unqualified aliens” includes nonimmigrants, applicants for asylum, registry, cancellation or removal, or adjustment of status, aliens granted deferred action, family unity, temporary protected status or an order supervision, and aliens “permanently residing under the color of law (PRUCOL).” See Charles Wheeler and Josh Bernstein, *New Laws Fundamentally Revise Immigrant Access to Government Programs*, National Immigration Law Center, November 8, 1996, p. 7.

⁶ “Qualified aliens” are lawful permanent residents, refugees, persons granted asylum, withholding of deportation, or conditional entrant status; persons paroled into the United States for at least a year, and certain battered spouses and children [PRA Sec. 431(b)].

**Figure 1
Restrictions on Public Assistance to Immigrants Under the Personal Responsibility
and Work Opportunity Reconciliation Act of 1996**

Benefit	Aliens permanently residing under color of law (PRUCOL) ¹	Legal Immigrants receiving benefits before August 22, 1996	Legal Immigrant that arrived before August 22, 1996, but not receiving benefits	Legal immigrant arriving after August 22, 1996	Refugee
Supplemental Security Income	Immediate cut-off	Cut off over the next year, unless in exempt category ²	Ineligible until naturalization, unless in exempt category ²	Ineligible until naturalization, unless in exempt category ²	Eligible for first five years after entry, then denied until naturalization
Food Stamps	Immediate cut-off	Cut off over the next year, unless in exempt category ²	Ineligible until naturalization, unless in exempt category ²	Ineligible until naturalization, unless in exempt category ²	Eligible for first five years after entry, then denied until naturalization
Medicaid	Immediate cut-off	State option to continue, unless in exempt category ⁵	States have the option to bar coverage until naturalization ⁵	Ineligible for first five years ³ after entry, then subject to deeming. ⁴ States have the option to bar coverage until naturalization. ⁵	Eligible for first five years after entry, then state option to continue
State and Local government assistance	Immediate cut-off	State option to continue, barring exemptions listed below	State option to continue. State may require deeming	State option to continue. State may require deeming ⁴	Eligible for first five years after entry, then state option to continue

¹ Under prior law, certain illegal immigrants could be eligible for specific public benefits if they were considered to be “permanently residing under color of law” (PRUCOL). Under the new law, this category of immigrants has been eliminated, making this group like other illegal immigrants ineligible for benefits.

²The following categories of immigrants are exempt from restrictions to SSI and Food Stamp programs during their first five years in the country: refugees, people seeking asylum, persons granted “withholding of deportation.” Also exempt are those legal immigrants who are active duty members of the U.S. armed forces or honorably discharged U.S. veterans and their spouses and unmarried dependent children. The law also exempts immigrants who have worked forty quarters (ten years) in the U.S.

³Aliens exempt from the five-year bar include the same categories that were exempt from restrictions on SSI and Food Stamps. However, there is an additional exempt category of Cuban and Haitian entrants who are paroled into the U.S. for at least one year.

⁴ The same categories exempt from the five-year bar, except for veterans and their families, are also exempt from sponsor-to-alien deeming. Veterans are the only class of immigrants who are subject to deeming, but not to the five-year bar.

⁵ States must continue to provide Medicaid to legal immigrants who are veterans or on active military duty, refugees, and persons who have been granted asylum within the last five years, and those who have worked for at least ten years within the United States.

Since most elderly legal immigrants worked, they are more likely to be exempt. Legal immigrants who were unable to work long-enough or who did not meet one of the other exemptions could lose benefits or become ineligible to apply for benefits. If they were receiving benefits on August 22, 1996, benefits will be terminated subsequent to a case-by-case review now underway to determine whether there is any basis for continued eligibility (for example, legal immigrants who served in the military or who have been in Social Security-covered employment for forty quarters).⁷ If they do not fall into one of those exempt categories and are not naturalized by the time their cases are reviewed, they will lose their benefits.⁸ Legal immigrants receiving Medicaid on August 22, 1996 continued to receive benefits through January 1, 1997. After this date the State may decide whether to continue medical assistance through Medicaid for this group of immigrants (most states are expected to continue Medicaid for this group). Elderly immigrants who arrived prior to the law's enactment (August 22, 1996), and who at that time were *not* receiving assistance, immediately become ineligible for applying for food stamps and SSI, unless they, too meet one of the exemptions.⁹

Confusion over these provisions, however, has already resulted in nursing homes denying access to legal immigrants with Medicaid coverage even when the state has made it clear that they will continue their Medicaid coverage.¹⁰ For current beneficiaries whose Medicaid was based on their receipt of SSI, however, the state will need to find another eligibility criterion (of which there are several) if they are no longer qualified for SSI.¹¹ However, this process too could cause some elderly legal immigrants to lose their access to Medicaid.

⁷ The categories of immigrants who are exempt from this provision during their first five years in the country include refugees, people seeking asylum, and persons granted "withholding of deportation." Also exempt are those legal immigrants who are active duty members of the U.S. Armed Forces or honorably discharged U.S. veterans and their spouses and unmarried dependent children. The bill also exempts immigrants who have worked forty quarters (ten years) in the United States [PRA Sec. 402(a)(2)]. Also exempt are Cuban and Haitian entrants, as defined in Section 501(e)(2) of the Refugee Education Assistance Act of 1980, who are paroled into the United States for at least one year [PRA Sec. 403(b)(1) and Sec. 403(b)(2)].

⁸ It should be noted that while refugees and those seeking political asylum are exempt from the bar on benefits for five years, it takes at least seven for them to become naturalized citizens. As of June 10, 1997 the Budget Reconciliation bill now moving through Congress, includes a provision to change the five year exemption for refugees, asylees, and persons granted withholding of deportation, to seven years.

⁹ See note 6 above.

¹⁰ Rachel L. Swarns, "Confused by Law, Nursing Homes Bar Legal Immigrants," *New York Times*, April 20, 1997, A1.

¹¹ Letter from Department of Health and Human Services Health Care Financing Administration to state Medicaid directors, October 4, 1996.

Future Legal Immigrants. Elderly legal immigrants arriving on or after August 22, 1996, are prohibited from receiving SSI or food stamps until they become naturalized citizens or fit one of the exemptions, such as working forty qualifying quarters (which takes a minimum of ten years).¹² They are also restricted from applying for Medicaid, Title XX-funded social services,¹³ Temporary Assistance for Needy Families,¹⁴ and other federal means-tested benefits¹⁵ (other than SSI and food stamps), for a period of five years on entry into the U.S. as a legal immigrant (States have the option to extend this restriction until naturalization). After the five-year bar expires, legal immigrants must include the financial resources of their sponsor in their application for assistance.

This provision is called “deeming.”¹⁶ Given the low income and asset limits for means-tested programs such as Medicaid, “deeming,” is likely to keep most very poor legal immigrants from becoming eligible for assistance until they become citizens or fulfill some other criterion like working forty quarters in covered employment.¹⁷ Prior to PRA, legal immigrants were not barred from applying for assistance and although their sponsor’s income was deemed, it was done for just the first three or five years (depending on the public assistance sought).

The meaning of the PRA and the procedures needed to implement it are still subject to political debate and judicial interpretation. The President and the Congress are revisiting some provisions—in

¹² See footnote 6, above.

¹³ “Title XX of the Social Security Act provides block grants to the states that they use for a wide variety of purposes, including child care, in-home care for disabled persons, programs to combat domestic violence, programs for abused and neglected children, [etc.]” (Social Security Act, Title XX, 42 USC Sec. 303, et seq.).

¹⁴ Temporary Assistance for Needy Families or TANF replaced AFDC which provided cash assistance to low-income families with children. Most elderly, however, were not eligible for AFDC.

¹⁵ “The term ‘federal means-tested benefit’ is not defined in the final version of the legislation. The term was deleted from the bill because of a procedural rule that effectively prevents a budget bill from legislating on programs that do not involve direct spending. The term will likely be interpreted to include Medicaid and TANF services; other means-tested programs, such as food stamps and SSI, are barred to legal immigrants under separate provisions.” (Wheeler and Bernstein, Op. Cite., p. 15.)

¹⁶ Programs from which states are not allowed to deem a sponsor’s income to the applicant’s income include emergency medical assistance; short-term, non-cash, in-kind emergency disaster relief; immunizations with respect to immunizable diseases and testing and treatment of symptoms of communicable diseases, whether or not such symptoms are caused by communicable disease; certain community-based programs, services, or assistance designated by the attorney general; school lunch and breakfast programs; and child nutrition programs [PRA Sec. 422(b)].

¹⁷ The same categories exempt from the five-year bar, except for veterans and their families, are also exempt from sponsor-to-alien deeming. Veterans are the only class of immigrants who are subject to deeming, but not to the five-year bar [PRA Sec. 421(a), Sec. 403(b)].

particular, the elimination of benefits for current legal immigrants and the access to benefits for legal immigrants here but not receiving benefits on August 22, 1996. The outcome is likely to impact current elderly legal immigrants, but unlikely to change provisions for future elderly legal immigrants. To better understand the consequences of this legislation, the following describes where and who elderly legal immigrants are and their need for assistance.

A Profile of Elderly Legal Immigrants

The Size and Distribution of the Population

Nationally there are relatively few elderly legal immigrants. Census data suggest that in 1995 there were about 1.1 million elderly legal immigrants.¹⁸ In 1995, elderly legal immigrants represented about 3.2 percent of the country's elderly population. Although elderly legal immigrants live in every state, some states have a particularly high concentration. More than one-half of elderly legal immigrants (60.4 percent) lived in three states—California, Florida, and New York. Adding Texas, New Jersey, Illinois and Massachusetts accounted for nearly 80 percent of elderly legal immigrants (see Table 1).

In most states, the elderly legal immigrant population constitutes less than 1 percent of the elderly population. However, in these seven states (see Table 1) and in nine others, whose numbers of immigrants are small, elderly legal immigrants are more than 3 percent of the state's elderly population.¹⁹ For example, Hawaii has fewer than 14,000 elderly legal immigrants, but they constitute over 9 percent of the state's elderly population. Since the concentration of elderly legal immigrants is consistent with that of legal and probably, illegal immigrants of all ages, the impact of the PRA on the community is substantially larger than what just happens with elderly legal immigrants. Communities with a large proportion of people who need public assistance are less likely to have public and private resources to assist those in need.

¹⁸ Projections for 1995 are based on data from the 1990 Census of Population and the 1993 *Survey of Income and Program Participation* (SIPP), and 1995 population estimates from the Current Population Survey.

¹⁹ In addition to the 7 states listed in Table 1, the following 9 states have elderly legal immigrants comprising more than 3 percent of their elderly population: Alaska, Arizona, Connecticut, District of Columbia, Hawaii, Maryland, Nevada, Rhode Island, and Washington.

Table 1
Distribution of Elderly Legal Immigrants Ranked
by State, 1995.

State	Elderly Legal Immigrants	Proportion of Elderly
California	358,720	10.4%
Florida	159,007	6.0%
New York	157,778	6.5%
Texas	74,466	3.9%
New Jersey	49,416	4.5%
Illinois	46,770	3.2%
Massachusetts	34,145	4.0%
All other States	237,254	1.2%
Total	1,117,556	3.2%

Source: National Academy on Aging estimates.

Demographic Characteristics

Table 2 provides a basic overview of the elderly legal immigrant population. Elderly legal immigrants are primarily white, female, and between the ages of 65 and 74. About 61 percent of elderly legal immigrants in 1993 were women and 68 percent were white. Compared to elderly citizens, elderly legal immigrants are substantially more likely to be Asian or a Pacific Islander. Legal immigrants are less likely to be married and living with their spouse, and are more likely than elderly citizens to be widowed, divorced, separated, or never married.

Table 2
Basic Demographics of
Elderly Citizens and Legal Immigrants
(Percentage Distribution)

Race	Legal Immigrants	Citizens
White	68.0	90.0
Black	2.5	8.5
Asian/Pacific Islander	29.4	1.3

Gender	Legal Immigrants	Citizens
Male	39.0	42.0
Female	61.0	58.0

Age	Legal Immigrants	Citizens
65-74	60.0*	58.4*
75 and older	40.0*	41.6*

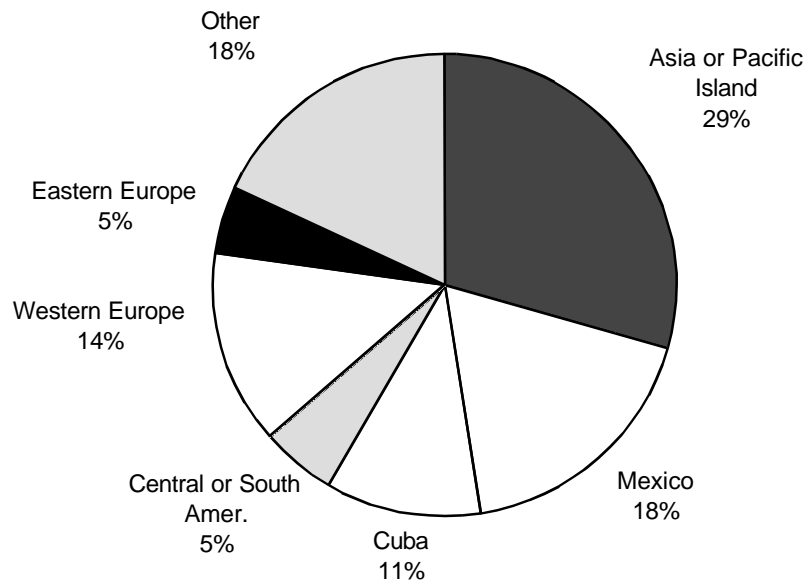
Marital Status	Legal Immigrants	Citizens
Married, spouse present	45.0	55.0
Widowed	37.0	33.0
Divorced, separated, or never married	14.8	11.1

*The differences in age distributions were not statistically significant.

Source: National Academy on Aging tabulations of the *1993 Survey of Income and Program Participation*.

Figure 2 provides information on the country of origin of elderly legal immigrants. The largest number of elderly legal immigrants originated from Asia or a Pacific Island (29 percent), followed by Europe (19 percent), and then Mexico (18 percent). Another 11 percent were from Cuba, and less than 5 percent were from Central or South America.

Figure 2
Distribution of Elderly Legal Immigrants by Country of Origin, 1993

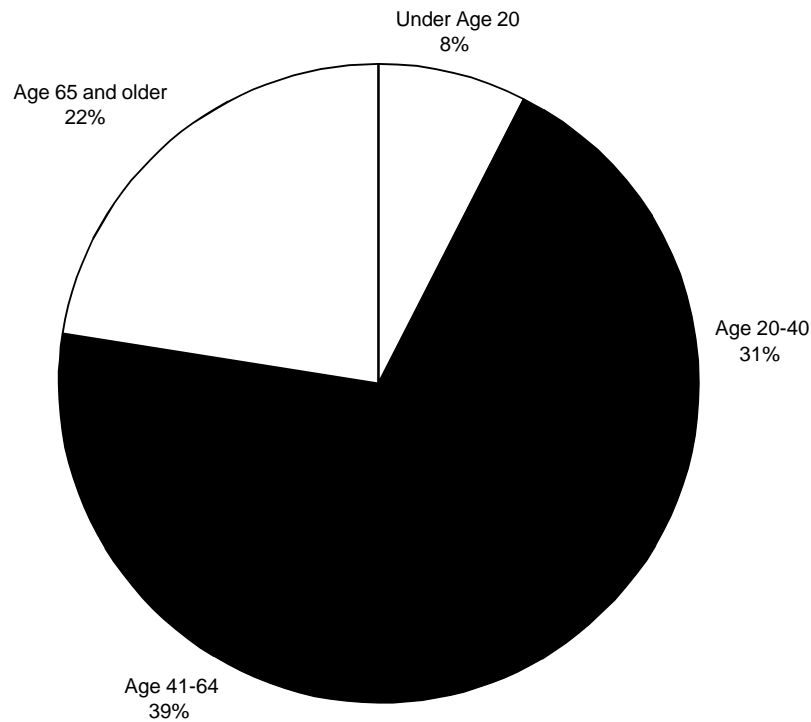


Source: National Academy on Aging tabulations of the 1993 *Survey of Income and Program Participation*.

When Did the Elderly Legal Immigrant Arrive in America?

People have expressed concern that elderly legal immigrants enter the United States after having retired from the work force of their own country. While this assumption could be true for some, it does not hold for the majority of elderly legal immigrants. More than half of elderly legal immigrants arrived in the United States over twenty years ago, and over three-quarters arrived prior to their 65th birthday (see Figure 3). About 22 percent did arrive after they were age 65.

Figure 3
Distribution of Age at Entry into U.S. of Elderly Legal Immigrants, 1993



Source: National Academy on Aging tabulations of the 1993 *Survey of Income and Program Participation*.

Economic Status of the Elderly Legal Immigrant

Economic status, especially in old age, is often dependent on a lifetime of choices and opportunities. Retirement income is directly dependent on previous labor force experiences, savings, and the health and insurance coverage of family members. Good health and high educational attainment tend to result in better employment opportunities, a greater likelihood of a pension, and increased prospects for saving. Poor health, the death of a spouse, lack of education, or poor employment opportunities can mitigate the opportunity for a secure retirement income.

Table 3 provides a profile of the educational attainment of elderly citizens and legal immigrants. Over 30 percent of elderly legal immigrants had not gone past the sixth grade, compared to 7 percent of elderly citizens. Interestingly, more than 8 percent of elderly legal immigrants had earned a law,

medical, dental, or doctorate degree. In contrast, less than 2 percent of elderly citizens had earned professional or academic doctorate degrees.

Table 3
Educational Attainment
of Elderly Citizens and Legal Immigrants
(Percentage Distribution)

Educational Attainment	Legal Immigrants	Citizens
6th grade or less	30.6	7.2
Grades 7-11	11.6	29.9
High school graduate	40.8	35.7
Some college through a Masters degree	9.2	25.5
Professional degree (MD, DDS, JD) or Ph.D. level.	8.4	1.8

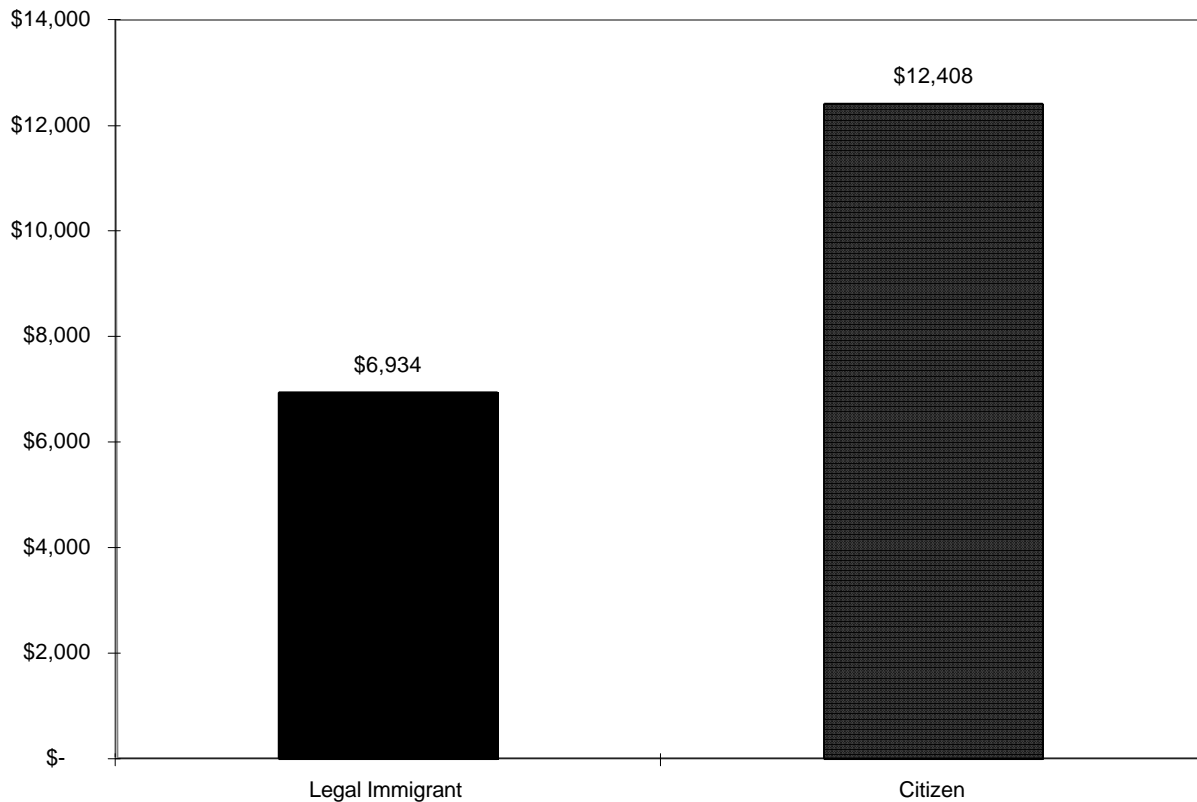
Source: National Academy on Aging tabulations of the 1993 *Survey of Income and Program Participation*.

Consistent with educational attainment, elderly legal immigrants were more likely than elderly citizens to be poor. Figure 4 shows that the average family income among elderly legal immigrants is about half that of elderly citizens (\$16,934/year for legal immigrants and \$12,408 for citizens). Even among working elderly, average monthly earnings for legal immigrants were about 66 percent less than elderly citizens (about \$950 a month compared to \$1,438, in 1993).²⁰ As a consequence, legal immigrants are nearly twice as likely to be poor as are elderly citizens (24 percent versus 14 percent). This is true even though elderly legal immigrants were more than three times as likely to be living with others, including an adult child who may be working.²¹

²⁰ In 1993, nearly 12 percent of elderly citizens and slightly less than 10 percent of elderly legal immigrants were in the paid labor force. National Academy on Aging tabulations of SIPP, 1993.

²¹ About 46 percent of legal immigrants and 14 percent of elderly citizens live in a household of three or more people. Elderly legal immigrants were more than twelve times as likely as elderly citizens to live in a household of five or more people. Over 25 percent of elderly legal immigrants lived in a household with a child, compared to less than 2 percent of elderly citizens. (National Academy on Aging tabulations of SIPP 1993.)

Figure 4
Median Family Income, 1993



Source: National Academy on Aging tabulations of the 1993 *Survey of Income and Program Participation*.

Missing from this portrait are the employment histories of elderly legal immigrants. About 10 percent of elderly legal immigrants in 1993 were working. Three-quarters (76 percent) of the elderly legal immigrants had worked long enough under Social Security-covered employment to become entitled to Social Security benefits.²² This requires paying a minimum amount of FICA taxes in forty different quarters (i.e., working at least for ten years). However, it should be noted that Social Security benefits alone do not necessarily provide income that is above the poverty threshold. A lifetime of low-paying jobs will result in Social Security benefits that are below poverty. In 1995, almost two-thirds (63 percent) of all elderly Supplemental Security Income (SSI) beneficiaries were also receiving Social Security benefits.

²² National Academy on Aging tabulations of SIPP, 1993.

Health Care Coverage

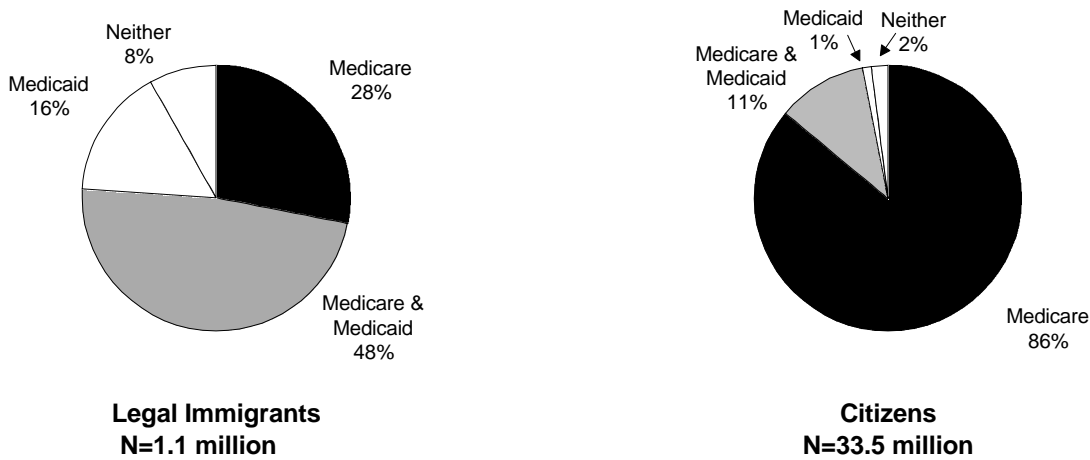
The PRA did not change legal immigrants' entitlement to earned benefits such as Social Security and Medicare. By working enough years, like citizens, legal immigrants can collect Social Security retirement benefits at age 62 and, hence, Medicare benefits at age 65. As already indicated, three-quarters of elderly legal immigrants had worked long enough in covered employment to be entitled to Medicare. Through the exemption, these elderly legal immigrants should be able to retain Medicaid or obtain Medicaid (as well as SSI and other benefits) in the same way as do citizens. However, for the 24 percent of the elderly legal immigrants who have not worked long enough to be entitled to Medicare, they may lose their access to Medicaid, depending on how states decide to treat legal immigrants under their Medicaid program.

Figure 5 shows the distribution of Medicare and Medicaid coverage among elderly legal immigrants and citizens. In 1993, virtually all (98 percent) elderly citizens were Medicare beneficiaries; by comparison, 76 percent of elderly legal immigrants were also beneficiaries. It should be noted that Medicare beneficiaries also have private supplemental health insurance policies (Medigap) which primarily covers Medicare copayments and deductibles. About 22 percent of elderly legal immigrants and 77 percent of elderly citizens had some form of private health insurance.²³

Overall, Medicaid covered 64% of all elderly legal immigrants. By comparison, Medicaid covered 12 percent of all elderly citizens. However, 16 percent of elderly legal immigrants relied on Medicaid alone compared to less than 1 percent of all elderly citizens. Moreover, 8 percent of elderly legal immigrants and 2 percent of elderly citizens had neither Medicare nor Medicaid. It is these latter two groups, the 16 percent of elderly legal immigrants with Medicaid, but no Medicare and the 8 percent with neither Medicare nor Medicaid who will no longer be eligible for cash assistance, food stamps and other means-tested benefits.

²³ National Academy on Aging tabulations of SIPP, 1993.

Figure 5
Medicare and Medicaid Coverage Among Elderly



Note: 22 percent of elderly legal immigrants and 77 percent of elderly citizens also had some form of private health insurance (primarily Medigap Insurance).

Source: National Academy on Aging tabulations of the 1993 *Survey of Income and Program Participation*.

Our analysis shows that most elderly legal immigrants did not come to the U.S. to gain access to Medicaid benefits. As shown previously, more than three-quarters of elderly legal immigrants arrived in this country before they were elderly. More importantly, legal immigrants who came to the United States after the age of 65 were *not* more likely than those who entered the United States between the ages of 40 and 64 to be receiving Medicaid benefits when they were elderly. Elderly legal immigrants arriving between age 41 and 64 were 3.5 times more likely than those arriving before age 40 and 2 times more likely than those arriving after age 65 to be Medicaid beneficiaries. Elderly legal immigrants who arrived here when they were under 40 years old, however, were less likely than those who arrived after age 40 to be Medicaid beneficiaries (when elderly).

Preliminary analysis also suggests that, overall, elderly immigrants are more likely than elderly citizens to need long-term care. Immigrants were twice as likely as citizens to need assistance with

personal care.²⁴ These findings are consistent with the educational attainment and income distribution of elderly legal immigrants. Regardless of citizenship, people with less schooling generally have less income and poorer health.²⁵ If an elderly legal immigrant with health care needs is not provided benefits, their access to care will be seriously impeded. Although there are a few safety-net providers who will provide acute care to the uninsured, without insurance or public coverage it is impossible to obtain a regular source of care. Having a regular source of care is necessary for chronic health conditions. Without substantial resources or access to Medicaid, it is impossible to obtain long-term care.

Unlike other types of health care, there is no last resort for long-term care generally and nursing home care, in particular—the nursing home is the last resort. Nursing homes routinely use ability to pay to decide who to accept. They also can dismiss people who outlive their resources. Nursing home residents include some of the most frail and cognitively impaired people. The typical nursing home resident is over age 85 and widowed. Nursing home residents are less likely to have any adult children, and if they do, their adult children are also likely to be elderly and have their own medical conditions.

Nursing home costs can easily exceed \$3,000 a month, beyond the reach of most very old people, and especially most legal immigrants. An estimated 80,000 to 90,000 nursing home residents in 1995 were elderly legal immigrants.²⁶ While this is less than 10 percent of all elderly nursing home

²⁴ In 1990, 17 percent of elderly citizens and 36 percent of elderly legal immigrants indicated that they needed assistance with personal care. National Academy on Aging Tabulations of the 1990 Census Public Use Micro Data Sample.

²⁵ See for example, Victor R. Fuchs, *How We Live*, (Cambridge, MA: Harvard University Press, 1983), or Michael Grossman, *The Correlation Between Health and Schooling*, in *Household Production and Consumption*, ed. Nestor E. Terleckyj, (New York: Columbia University Press, 1976), or Linda K. George, *Social Factors and Illness*, in *Handbook of Aging and the Social Sciences*, ed. Robert H. Binstock and Linda K. George, (New York: Academic Press, 1996).

²⁶ National nursing home surveys in the past have not asked about the citizenship status of residents and most population-based surveys exclude the nursing home population. The 1990 census does note where people live. People living in a nursing home are designated as living in an institution. Unfortunately, the data does not distinguish a nursing home from any other type of institution (prison, hospital, assisted-living facility, or life care community, for example). Applying the proportion of the elderly legal immigrants living in institutions from the 1990 census data to the elderly nursing home population suggests that as many as 114,000 elderly nursing home residents during 1995 were legal immigrants. Adjusting for the likelihood that not all institutionalized people were only in nursing homes, however, suggests that the number of elderly legal immigrants in nursing homes was probably closer to 80,000.

residents, it does represent nearly \$2.5 billion in revenues to nursing homes.

Elderly legal immigrants who have not worked long enough to become entitled to Medicare are likely to lose cash assistance and food stamps and will be dependent on State action to ensure their access to Medicaid. It is this population that is under discussion in the budget negotiations currently underway in the U.S. Congress. In the non-binding budget agreement between the Congress and the President, it was agreed that PRA would be amended to restore SSI and Medicaid to legal immigrants with disabilities. The agreement covered legal immigrants who were receiving SSI on August 22, 1996 and who were legal immigrants on August 22, 1996, but not receiving SSI on that date but who subsequently become disabled. In the bill that is now moving through Congress, the PRA would be amended to include just the first category-legal immigrants receiving SSI on August 22, 1996. Elderly people receiving SSI are also eligible for Medicaid. Even if both provisions under discussion were made, legal immigrants arriving after August 22, 1996, regardless of their ensuing health care needs, could, depending on the State's actions, be denied access to Medicaid unless they had worked 40 quarters or become naturalized prior to needing medical assistance.

Issues for the Future

This paper provides a portrait of the lives of elderly legal immigrants. Reflecting on their lives offers a glimpse at the life ahead for younger immigrants arriving today. The findings in this paper strongly suggest that the elderly legal immigrant did not come to the United States because of its welfare program. Most of them arrived here more than two decades earlier and before the age of 65. Some elderly legal immigrants served in the military,²⁷ most worked, and, as a consequence, they paid taxes. Most raised children and because so many elderly legal immigrants are living in households with children, they are probably helping to raise their grandchildren.

Elderly legal immigrants as of the day the PRA was enacted will retain access to public assistance if they meet specific exemptions; those arriving after August 22, 1996 will face new

²⁷ In 1993, about 20,000 elderly legal immigrants were receiving veterans benefits from having served in the Military. (Academy tabulations of SIPP).

provisions that will effectively bar them from assistance for at least a decade if they are able to find and accumulate forty quarters of Social Security covered employment during that time or until they become naturalized. Some immigrants will no longer be considered legal and are in the process of losing their benefits. These immigrants are receiving benefits due to special provisions under PRUCOL.

Legal immigrants receiving benefits are now having their cases reviewed and will be denied coverage unless they meet specific exemptions.²⁸ One of those exemptions is having paid FICA taxes for forty quarters. Because of this exemption, more than three-quarters of the elderly legal immigrants are likely to remain entitled to their benefits. However, because of confusion about the law, some legal immigrants entitled to benefits may think they are not entitled or may find that they are denied service from providers concerned about being reimbursed.

About a quarter of current elderly beneficiaries, however, did not work long enough and they will not only lose access to SSI and food stamps but they could, depending on what happens in the state they live, lose access to Medicaid. Elderly legal immigrants seeking public assistance after August 22, 1996 are barred from applying for Medicaid for 5 years, after which they must include their sponsor's resources in their application. They will also be ineligible for food stamps and cash assistance until they are naturalized or unless they are able to find Social Security covered employment for 40 quarters.

Despite having worked, elderly legal immigrants were more likely than elderly citizens to be poor. Elderly legal immigrants have lower incomes because they have, on average, fewer years of education and language and cultural differences may have hindered employment opportunities. This suggests that if legal immigrants found work, it was more likely to be low-paying and without benefits. Limited employment opportunities make it that much more difficult to maintain an adequate level of retirement income once one has left the labor force.

In the future, the proportion of poor elderly immigrants not eligible for public assistance depends on how legal immigrants respond to the law and on their ability to find and maintain

²⁸ See note 6 for a summary of exemptions.

employment. Future legal immigrants will be barred from Medicaid for five years and will require the inclusion of their sponsor s resources when they apply thereafter. Deeming of their sponsor s resources is likely to keep many elderly legal immigrants ineligible for assistance. Alternatively they will have to become a citizen before applying for public assistance. Citizenship requires five years of legal residency, being able to read and write simple English, and being able to answer basic questions about U.S. history and the government.²⁹ Clearly, some of the same factors that hinder employment opportunities, such as reading and writing English, may be barriers to obtaining citizenship.

Barring access to benefits for the first five years, and then until naturalization or until they have accumulated forty quarters of work, leaves substantial periods in which people are vulnerable. Accidents and illness can occur at any time. People at any age can find themselves in need of acute or long-term care. Without public or private coverage, this care is beyond the financial means of virtually everyone.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally changed the nature of public assistance. Although the cuts in federal spending on public assistance were relatively small, a substantial portion of the cuts fall on legal immigrants and their extended families. As shown in this profile, this public assistance is absolutely critical for many elderly legal immigrants. Given the concentration of elderly legal immigrants within families and specific communities, the implications of these changes go beyond the elderly legal immigrant and their families, but will also affect the citizens in communities in which they live.

²⁹ Throughout this paper the term “legal immigrant” has been used to describe people here in the United States legally, but under different visas. Technically, the holding of some visas do not count toward the five years of residency and hence some people must change their visa status and hold that status for five years. There are exemptions to the five-year residency requirement, however. For example, the time period is three years if married to an American citizen, or none in either the case of having served three years in the U.S. military, or having been discharged honorably after less than three years during specifically defined war actions. There are also some people exempt from the English language test, but not the exam of the basic understanding of U.S. history and government. The English language test is waived for persons over age 50 who have been a legal permanent resident alien for twenty years, or for persons age 55 or older if they have been a legal permanent resident alien for fifteen years, or for persons age 55 or older who cannot understand English because of a disability, such as deafness.

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