



California

How the Immigrant Provisions of the Senate Prescription Drug Bill Will Help California

Language in the Senate version of the Medicare prescription drug bill would give states the option of providing Medicaid and SCHIP to children and pregnant women who are legal U.S. residents. This change in the law would provide California with federal matching funds to cover recent legal immigrant children and pregnant women in the Medi-Cal and Healthy Families program (California's Medicaid and SCHIP programs). Currently, California covers these women and children without any federal assistance. Since 1996, legal immigrants in low-income families have been barred from receiving federal Medicaid or SCHIP during their first five years in the country, even if they meet all other requirements for the programs and have no other source for health care coverage. The Medicare prescription drug bill, the most important health care bill of 2003, offers the best legislative vehicle to eliminate the unfair treatment of tax-paying immigrant families.

It is imperative that the provisions of the Senate bill be maintained in their entirety as the bill moves through conference. These provisions are supported by the National Governors Association and the National Conference of State Legislatures, as well as hundreds of national, state, and local organizations, including the American Academy of Pediatrics, Catholic Charities USA, Families USA, the March of Dimes, and the National Council of La Raza. A strong bipartisan majority in the Senate supports the inclusion of these provisions; in fact, *they passed by a wide margin, 65-33, on the Senate floor.*

How Much Would California Benefit?

- In California, about 96,000 legal immigrant children and an estimated 7,300 pregnant women live in families with incomes below 200 percent of the federal poverty level (the typical income eligibility limit for children in Medicaid and SCHIP) and could qualify for federal Medicaid and SCHIP coverage.¹
- Enactment of these provisions would bring more than \$69 million in additional federal matching funds into California each year.²

California currently provides health insurance to these legal immigrant children and pregnant women without any federal assistance. The federal government does not pay its share of Medi-Cal and Healthy Families coverage for them because they are recent immigrants, forcing California to pay the full cost of that coverage.

If Congress restores federal eligibility for these benefits, states will be able to get federal help to cover immigrant children and pregnant women. In 2004, California will get \$1.13 to match every dollar it spends on the health care needs of these women and children in Medi-Cal and \$1.86 for every dollar it spends in Healthy Families. In this time of fiscal crisis, these additional funds would help California maintain Medi-Cal and Healthy Families coverage for all of its residents.

Extending Health Insurance Saves Money

- **Covering uninsured children and pregnant women through Medicaid can reduce unnecessary hospitalizations by 22 percent,³ which produces substantial savings in uncompensated care.**

Uninsured children are more likely to have delayed medical treatment and, as a result, have significantly more preventable hospitalizations than do children who are covered by Medicaid. These unnecessary hospitalizations generate bills for uncompensated care that must be paid by state appropriations, higher insurance premiums, and higher medical bills.

- **Women without access to prenatal care are four times more likely to deliver low-birth-weight infants and seven times more likely deliver prematurely than women who receive prenatal care.⁴**

Restoring Medicaid and SCHIP for pregnant women will ensure that they have access to prenatal care, which is highly cost-effective in reducing the rate of pregnancy complications and birth defects. The children of these women will be U.S. citizens when they are born and will thus be eligible for Medicaid and SCHIP.

Health Insurance for Immigrant Children and Pregnant Women Is a Smart Investment in America's Future

- **Uninsured children are more likely to lack access to even basic health care services, such as treatment for ear infections, immunizations, or treatment for injuries, than children with health coverage.**
- **Children with health care coverage are more likely to succeed in school and to have fewer language and learning deficiencies than uninsured children.⁵**

Many legal immigrant children and pregnant women go without health insurance because of the federal restrictions on immigrants' eligibility for Medicaid and SCHIP. The parents in these families often work in jobs that do not offer health insurance. Moreover, because these families have low incomes—and private health insurance is very costly—they are usually unable to purchase private health insurance coverage on their own.

The future of these children is jeopardized by these restrictions. Because uninsured children get less regular medical care than do insured children, they are more likely to experience frequent occurrences of treatable illnesses such as asthma and ear infections. When children get proper treatment for these conditions, not only does their physical health improve, but also their prospects for social and economic success are greatly enhanced. Access to regular health care is vital to helping them reach their full potential.

¹ Urban Institute tabulations from modified CPS data. The estimate of the number of pregnant women is derived by multiplying the estimated number of low-income women between ages 20 and 44 by a fertility rate published by the Census Bureau.

² This figure is based on average per-child and per-non-disabled-adult expenditures in Medicaid, and the federal Medicaid match rate. Because many of these children would be eligible for Healthy Families, California would bring in significantly more than \$69 million because of the higher federal match rate for Healthy Families.

³ Leemore Dafny and Jonathon Gruber, *Does Public Insurance Improve the Efficiency of Medical Care? Medicaid Expansion and Child Hospitalizations*, Working Paper 7555 (Cambridge, MA: National Bureau of Economic Research, February 2000), available online at (www.nber.org/papers/w7555).

⁴ Michael C. Lu, Yvonne G. Lin, Noelani M. Prietto, and Thomas J. Garite, "Elimination of Public Funding of Prenatal Care for Undocumented Immigrants in California: A Cost/Benefit Analysis," *American Journal of Obstetrics and Gynecology* 182, part 2, no. 1 (January 2000): 233-239.

⁵ Institute of Medicine, *Health Insurance is a Family Matter* (Washington: The National Academies Press, 2002), available online at (www.nap.edu).