



THE ROLE OF EMPLOYER-SPONSORED HEALTH COVERAGE FOR IMMIGRANTS: A PRIMER

Health insurance is a critical need for families living in the United States. Health insurance is necessary for assuring that people can obtain needed preventive, specialty, and hospital care and for protecting families from high medical costs. Lack of insurance can adversely affect the health and financial stability of families. The workplace is the primary place through which the majority of Americans, including immigrants, acquire health coverage.

Even though immigrant families are just as likely as native citizen families to have a full-time worker, they are far less likely to have access to employer-sponsored health coverage. Further, access to employer-sponsored health insurance is declining for all families living in the United States, and this problem is especially acute for immigrant families. Employer-sponsored coverage is a particularly important source of insurance for immigrant families since their eligibility for public coverage through Medicaid and the State Children's Health Insurance Program (SCHIP) is restricted. This primer examines the role of employer-based coverage for immigrants and the specific hurdles they face in obtaining this coverage.

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This primer is designed to provide an introduction to some of the issues surrounding employer-based health insurance for immigrants. A companion primer provides an overview of broader health coverage issues for immigrants (available at <http://www.kff.org/uninsured/7088.cfm>).

More in-depth materials on many of the topics raised in this primer are available at:

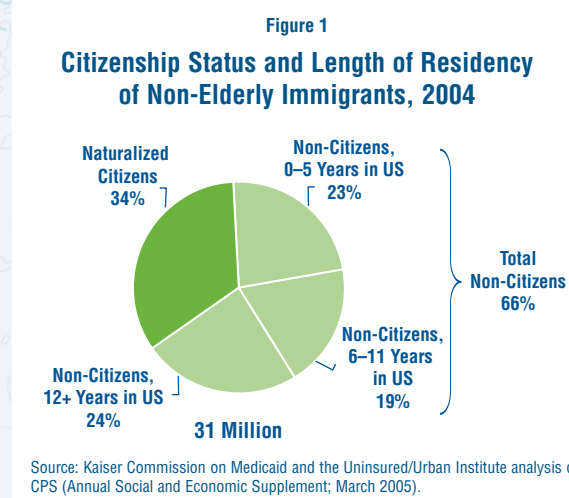
- Kaiser Commission on Medicaid and the Uninsured www.kff.org/kcmu
- National Council of la Raza www.nclr.org
- Center on Budget and Policy Priorities www.cbpp.org
- National Immigration Law Center www.nilc.org
- The Urban Institute www.urban.org

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WHO MAKES UP THE IMMIGRANT POPULATION IN THE UNITED STATES?

As of 2004, there were 31 million non-elderly immigrants living in the United States who came from diverse backgrounds and regions of the world.¹ Immigrants accounted for about 12% of the total non-elderly population in the country. Over a third of immigrants or nearly 11 million were naturalized citizens.² The remaining 20 million non-citizens include individuals who have been residing in the United States for many years as well as recent arrivals (Figure 1).³

Immigrants are a key part of the nation's workforce. While immigrants represent 12% of the population, they make up a larger proportion of workers (15%).⁴ Immigrant families are as likely as native citizen families to have at least one full-time worker, with over eight in ten having a full-time worker in the



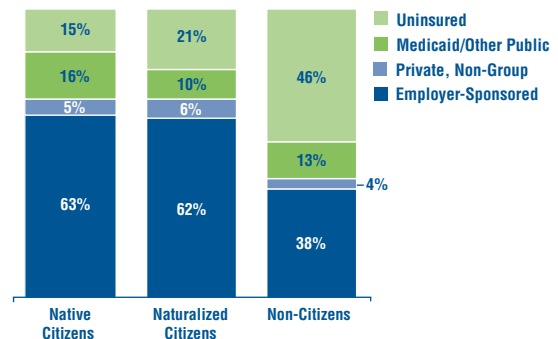
family.⁵ The incomes of naturalized citizens are comparable to those of native citizens, but non-citizen families are significantly more likely than native citizens to be low-income (below 200% of poverty or \$33,200 for a family of three in 2006).⁶

DO IMMIGRANTS HAVE HEALTH COVERAGE?

As shown in Figure 2, both non-citizens and naturalized citizens have higher uninsured rates than native citizens. Non-citizens are significantly more likely to be uninsured; almost half lack coverage compared to about one in five naturalized citizens and 15% of native citizens. This high uninsured rate is predominately driven by a significantly lower rate of employer-sponsored coverage—less than 40% of non-citizens have employer coverage compared to nearly two-thirds of native citizens. Undocumented immigrants have even lower rates of coverage.⁷

Non-citizen immigrants are significantly more likely to be uninsured than citizens but accounted for only 21% of the nation's nearly 46 million uninsured in 2004.⁸ Although the number of uninsured non-citizens has grown in recent years, they do not account for the primary share of growth in the uninsured.⁹

Figure 2
Health Insurance Coverage by Citizenship Status, 2004



Note: Medicaid/Other Public also includes S-CHIP, other state programs, Medicare, and military-related coverage. Data may not total 100% due to rounding.

Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2005 Current Population Survey.

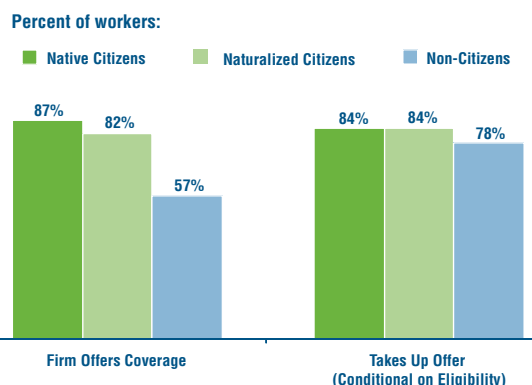
WHY DO NON-CITIZENS HAVE LOWER RATES OF EMPLOYER-BASED COVERAGE?

The primary reason non-citizens have lower rates of employer-based coverage is that they are less likely to be offered coverage by their employer (Figure 3). Non-citizens are more likely to work in low-wage jobs and in industries, occupations, and firms that often do not provide health insurance to their employees. When non-citizens are offered coverage, the majority participate.

Non-citizen workers are more likely to be in low-wage jobs. The median annual earnings for a full-time non-citizen worker were \$23,140 in 2003, compared to \$35,813 for a naturalized citizen worker and \$36,784 for a native-born worker.¹⁰ For a family of three, the earnings for a non-citizen worker translated to about 150% of the federal poverty level in 2003. Nearly 40% of non-citizen workers had income below \$20,000 per year in 2004, compared to 20% of naturalized and 23% of native citizens.¹¹ Low-income workers, regardless of their citizenship status, are less likely to have an offer of coverage from their employer. A little over half (55%) of workers with incomes below the poverty level are offered health insurance compared to over 90% of workers with family incomes of at least 400% of the poverty level.¹²

Non-citizens are more likely to work in service, construction, and agricultural industries. Non-citizens are over twice as likely to work in construction as naturalized and native citizens (Figure 4).¹³ Further, non-citizens have higher

Figure 3
Offer and Participation Rates
by Citizenship Status, 2005



SOURCE: Bowen Garrett, Trends in Employer-Sponsored Insurance Sponsorship, Eligibility, and Participation, 2001-2005, forthcoming Kaiser Commission on Medicaid and the Uninsured report, preliminary findings, May 8, 2006.

rates of employment in agricultural and service industries.¹⁴ Uninsured rates in these industries are over 30% for all workers, reflecting the fact that firms in these industries often do not offer coverage to their workers.¹⁵ In contrast, the average uninsured rate for workers across all industries is 19%.¹⁶

Non-citizens are more likely to be employed in labor and service occupations. Some 13% of non-citizens worked as laborers compared to less than 5% of citizens. Further, about 15% of non-citizens were employed as service workers compared to 12% of citizens (Figure 5).¹⁷ These occupations are among the least likely to offer health coverage. For example, about 44% of service workers have access to coverage.¹⁸ In contrast, some 77% of workers in white-collar positions, in which non-citizens are less likely to be employed, are offered coverage.¹⁹

Non-citizens are more likely to be employed in small firms. In 2004, nearly 55% of non-citizens worked in firms with less than 100 workers versus 44% of naturalized citizens and 42% of native citizens.²⁰ Research suggests that the wide gap in employer-based coverage between citizens and non-citizens is largely explained by differences in firm structure.²¹ Smaller and often nonunionized firms are less likely to offer employer-sponsored insurance.²² About 59% of firms with less than 100 employees sponsored health benefits in 2005 compared to 84% of firms with more than 100 workers.²³ Further, only 68% of nonunionized firms offered health coverage compared to 92% of unionized firms.²⁴

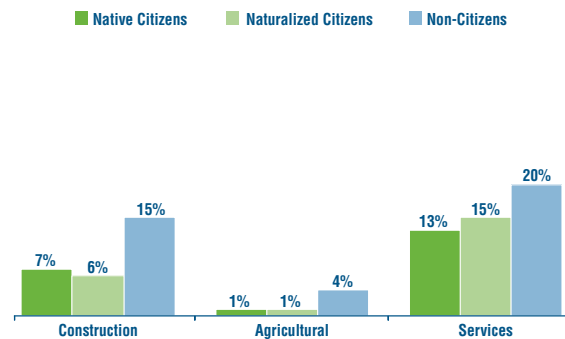
WHAT EMPLOYER-BASED COVERAGE TRENDS CAN BE EXPECTED FOR IMMIGRANTS IN THE FUTURE?

Current trends suggest that the difficulties immigrant workers face in securing employer-sponsored insurance are likely to worsen. Rising costs are causing fewer employers to offer coverage, and employees who still have coverage offers are facing higher premium contribution amounts as well as reductions in benefits and increases in cost sharing.

Between 2000 and 2005, the percentage of employers offering coverage dropped from 69% to 60%. This drop was primarily driven by a decline in offers (from 68% to 59%) among small firms (3-199 workers), where non-citizens tend to be employed.²⁵

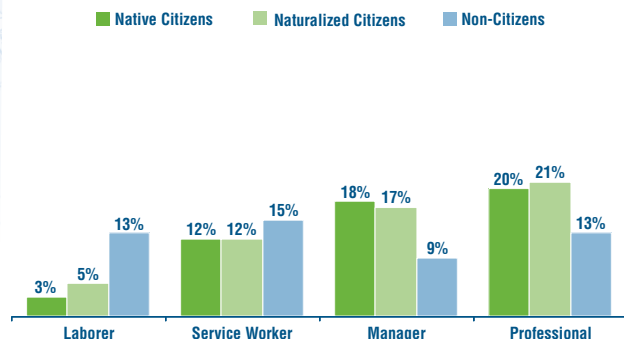
Private health insurance premiums have steadily increased over the last seven years. In 2005, premiums increased by 9.2%, three times the rate of growth in workers' earnings.²⁶ Reflecting these

Figure 4
Percent of Citizenship Group
in Specified Industries, 2004



Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2005 Current Population Survey.

Figure 5
Percent of Citizenship Group
in Specified Occupations, 2004



Source: Urban Institute and Kaiser Commission on Medicaid and the Uninsured analysis of March 2005 Current Population Survey.

increases, between 2001 and 2005, the average monthly worker contribution for family health insurance coverage increased from \$149 to \$226.²⁷ These costs are likely to continue to increase. In 2005, 42% of small firms and 74% of large firms reported they are at least somewhat likely to increase employee contributions for health insurance in the next year.²⁸

For immigrant families, particularly non-citizen families who are more likely to be low income, premiums can be a significant financial burden. The average annual premium cost paid by a worker for employer-sponsored family coverage was \$2,661 in 2004. This represented about 11% of the median income for a non-citizen family compared to 6% for a native citizen family.²⁹ Deductibles and copayments have also been rising, increasing the cost of obtaining care.

CONCLUSION

The problems that many Americans face in obtaining and maintaining health insurance are exacerbated for immigrants, especially non-citizens. While immigrants are as likely to work as U.S.-born adults, they tend to be in low-wage jobs and in industries, occupations, and firms that do not offer coverage. Trends in the employer-based market are making it increasingly difficult for all workers to obtain health coverage, and some of these trends are disproportionately impacting immigrant workers. Given the major hurdles immigrants face in obtaining employer-based coverage, public coverage options are important for this population. Yet, immigrants, particularly recent immigrants, have more limited access to public programs than native

citizens as a result of eligibility restrictions imposed in the mid-90s.³⁰

The limited access to employer-based and public coverage drives the high uninsured rate for immigrants. Lack of health insurance makes a significant difference in whether and when people get needed care, where they get their care, and, ultimately, in their health and financial situations. Expanded access to health insurance coverage would improve immigrants' ability to obtain needed care, enhance their ability to participate in the workforce, and help protect their overall health and financial well-being.



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The Kaiser Commission on Medicaid and the Uninsured provides information and analysis on health care coverage and access for the low-income population, with a special focus on Medicaid's role and coverage of the uninsured. Begun in 1991 and based in the Kaiser Family Foundation's Washington, DC office, the Commission is the largest operating program of the Foundation. The Commission's work is conducted by Foundation staff under the guidance of a bipartisan group of national leaders and experts in health care and public policy. Additional copies of this publication (#7524) are available on the Kaiser Family Foundation's website at www.kff.org.