

# Poverty Research Flash

## Highlighting New Poverty Research

by Tara Watson

"Inside the Refrigerator: Immigration Enforcement and Chilling Effects in Medicaid Participation." November 2010. NBER Working Paper Series. Working Paper 16278. Available online at: [www.nber.org/papers/w16278](http://www.nber.org/papers/w16278)

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The West Coast Poverty Center's **POVERTY RESEARCH FLASH** highlights new research by Center faculty affiliates and others on causes, consequences, and effective policy responses to poverty, with an emphasis on changing labor markets, demographic shifts, family structure, and social and economic inequality. More information about the West Coast Poverty Center is available from our website: [wcpc.washington.edu](http://wcpc.washington.edu)

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## Inside the Refrigerator: Immigration Enforcement and Chilling Effects in Medicaid Participation

**Background.** Restrictions on recent immigrants' eligibility for safety net services were a visible part of the 1996 welfare reform law. In the years following the passage of the law, immigrant participation in various public programs declined sharply, even though many immigrants retained eligibility for benefits. Many observers have attributed the decline in benefit use among immigrants to "chilling," or to immigrants' declining willingness to apply for benefits because they were deterred by the icy policy climate in the wake of welfare reform. Chilling effects from welfare reform have been difficult to identify empirically, and there are other possible explanations for declining immigrant use of benefits. For example, in addition to restricted immigrant eligibility for public assistance, federal immigration enforcement was increasing around the time of welfare reform. Could increased immigration enforcement have affected immigrants' participation in social programs?

**Methods.** WCPC Poverty and Policy Small Grant recipient and Assistant Professor of Economics at Williams College Tara Watson combined data on immigration enforcement activities from 1992 to 2003 from the Immigration and Naturalization Service (INS) with data on individual characteristics and Medicaid and State Child Health Insurance Program (SCHIP) receipt from the Current Population Survey to examine whether immigration enforcement could help explain declining participation in Medicaid/SCHIP among immigrant children. Watson excluded noncitizen children whose mothers had been in the country less than five years because these children were ineligible for benefits under the welfare reform law. In the main analyses, Watson used a linear probability model in which she controlled for state-level fixed effects for each noncitizen group and annual changes in non-citizen Medicaid participation as well as a number of demographic factors and then compared the differential response to enforcement activity between the children of citizen and noncitizen mothers. For many of the analyses, Watson examined children below 200 percent of the poverty line whose mothers lack a college degree with all children.

**Findings.** In initial analyses, Watson found that immigration enforcement was associated with reduced Medicaid participation among children with non-citizen mothers. Even among citizen children who were born to women who entered the country more than 5 years prior to the survey (i.e., those unaffected by welfare reform immigrant restrictions), increased immigration enforcement was associated with reduced Medicaid/SCHIP enrollment. Though documentation status was not directly observed, groups with a higher share of undocumented migrants showed larger declines in participation in response to enforcement. Children of mothers from countries with large shares of migrants estimated to be living illegally in the US (e.g., from Mexico, Honduras, Kenya, and other countries) reduced their participation in Medicaid by almost three times as much as children whose mothers were from countries from which most immigrants are documented. Overall, Watson estimates that increased immigration enforcement was responsible for roughly half of the 8.3 percentage point decline in immigrant participation in Medicaid between 1995 and 1999, which had previously been attributed to chilling effects from the welfare reform bill.

Watson drew two broad conclusions from this research. First, Watson suggests that these findings reveal a potential conflict between providing health insurance coverage for low-income children and immigration enforcement. Second, Watson notes that researchers may want to pay attention to the spillover of policy effects from one domain into another.

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## **Poverty Research Flash 2011-03**

### **Inside the Refrigerator: Immigration Enforcement and Chilling Effects in Medicaid Participation**

#### **New research from Tara Watson**

#### **Key Findings**

- To investigate “chilling effects” on benefit use among immigrants after the passage of the 1996 welfare reform law, WCPC Poverty and Policy Small Grant recipient Tara Watson explored how increased immigration enforcement affected Medicaid/SCHIP participation among children of citizen and non-citizen mothers between 1993 and 2002.
- Additional immigration enforcement activity was associated with reduced Medicaid/SCHIP participation among children with non-citizen mothers.
- Children of mothers from countries with large shares of undocumented migrants in the US were the most sensitive to increased immigration enforcement.
- Overall, these findings suggest that increased immigration enforcement was responsible for roughly half of the 8.3 percentage point decline in immigrant participation in Medicaid between 1995 and 1999, a decline which had previously been attributed to chilling effects from the welfare reform bill.