

The Truth about Immigrants, Medicare, and Social Security

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MarketWatch Blog by [Geoffrey T. Sanzenbacher](#)



[Geoffrey T. Sanzenbacher](#) is a columnist for [MarketWatch](#) and a professor of the practice of economics at Boston College. He is also a research fellow at the Center for Retirement Research at Boston College.

Honest debate can't start with fiction.

Lord knows it's best to stay out of the day-to-day drama of the news cycle.

But, when a prominent car manufacturer and space enthusiast currently in the Trump Administration claimed that entitlements are a way to attract unauthorized immigrants to the country to vote for Democrats, I'll admit that it caught my eye. Let's ignore the fact that unauthorized immigrants can't vote (and no one has turned up evidence that they fraudulently do in any large number). Instead, let's focus on two reasonable questions. First, do unauthorized immigrants appear to use entitlement programs – as a retirement researcher I'll focus on Medicare and Social Security – in a way that would suggest that these programs are a draw? And, secondly, if we substantially expended authorized immigration, would that negatively affect these programs' finances?

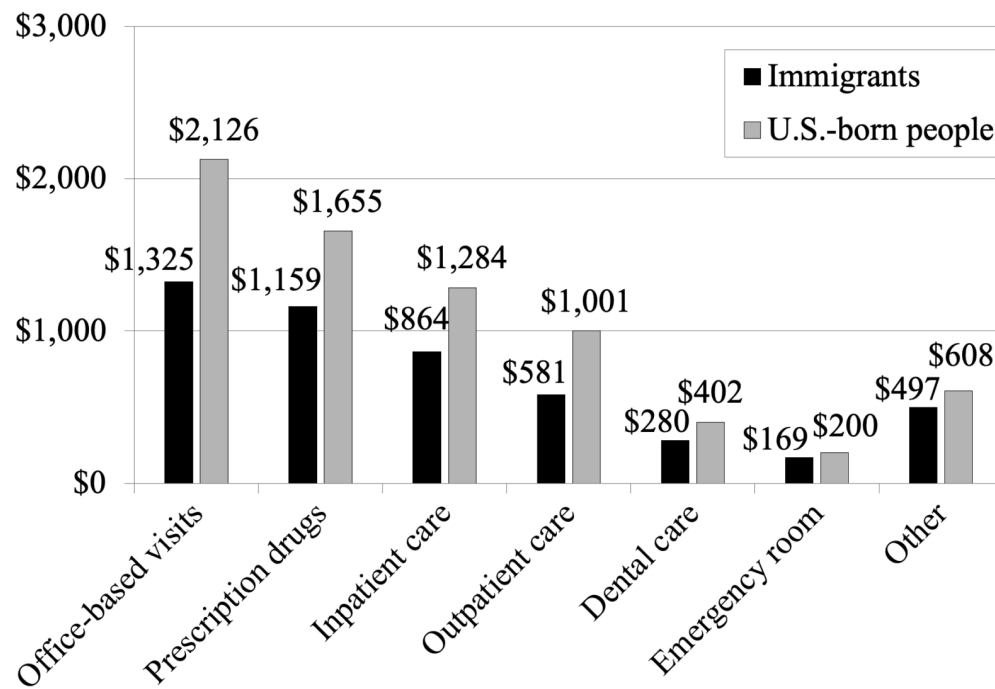
The answer to the first question is a resounding “no.” Unauthorized immigrants are not eligible for Medicare or Social Security retirement benefits. Nor does any evidence exist that unauthorized immigrants fraudulently receive benefits in large numbers. In fact, to the extent that unauthorized immigrants “participate” in these programs, they do so on the

revenue side. That is, their employers may contribute the FICA tax on their behalf even though they'll never get the money back out. This simple (sort of unfair) fact explains why all the research suggests that unauthorized immigrants actually *improve* the fiscal health of Medicare and Social Security. In short, mass deportations will hurt the programs' trust funds, not help them.

OK, but what if these entitlements are drawing unauthorized immigrants who hope that one day they'll become authorized immigrants or even citizens? Presumably, for many of these individuals, that is in fact their dream. How would that affect Medicare and Social Security? Here, the answer is certainly more complicated. New immigrants will pay into the system, receive benefits, and have children who are citizens that will then repeat that cycle of payment and receipt. Projecting that future impact is harder.

But, here, the evidence also seems to suggest that immigrants at worst have no impact and at best are net contributors to the system. On the Medicare side, the potential for positive impact exists largely because immigrants spend less on health care than those born in the United States. Figure 1 shows the result as tabulated by KFF for a nationally representative sample. Across every single type of health expenditure, immigrants spend less than the native-born population. Summing across all the categories, immigrants spend just two-thirds what the native born do – \$4,875 versus \$7,277. And while Figure 1 applies to all immigrants – not just those 65 plus – that same study found that those on Medicare spend just 60 percent of native-born folks. In addition to this lower spending, immigrants also contribute a disproportionate share to Medicare, if for no other reason than they are more likely to be working-age taxpayers than the native born.

Figure 1. Annual Per Capita Health Care Expenditures by Immigration Status, All Ages



Source: Adapted from Drishti Pillai and Samantha Artiga. 2024. “Immigrants Have Lower Health Care Expenditures Than Their U.S.-Born Counterparts.” KFF.

On the Social Security side, the potential for positive impact stems from this same feature – immigrants are often younger people who work. This fact means that new immigrants contribute to the system at exactly the time we need it – as the Baby Boomers age. Plus, immigrants have more children than the native born, meaning that they will increase the number of people paying into the program in the longer run too. So, at least for the next few generations, immigrants and their children would likely be a boon to the system, not a burden. Indeed, in Social Security’s projections, scenarios with higher rates of immigration have lower programmatic deficits.

Now, to be clear, I’m not saying that we should just allow an unrestricted immigration policy. Legitimate questions about immigration reform exist. For example, would allowing more authorized immigration lower the wages of existing U.S. workers? If so, by how much and for which workers? Should

certain professions of need be targeted and what are they? And, despite the long-term contributions of immigrants to the economy, how can the short-term costs of education and infrastructure be shared across locations? These are all important questions.

However, we can never get to these sorts of questions if we start with the complete fiction that immigrants are coming here to take advantage of entitlements. If anything, these programs take advantage of them.