

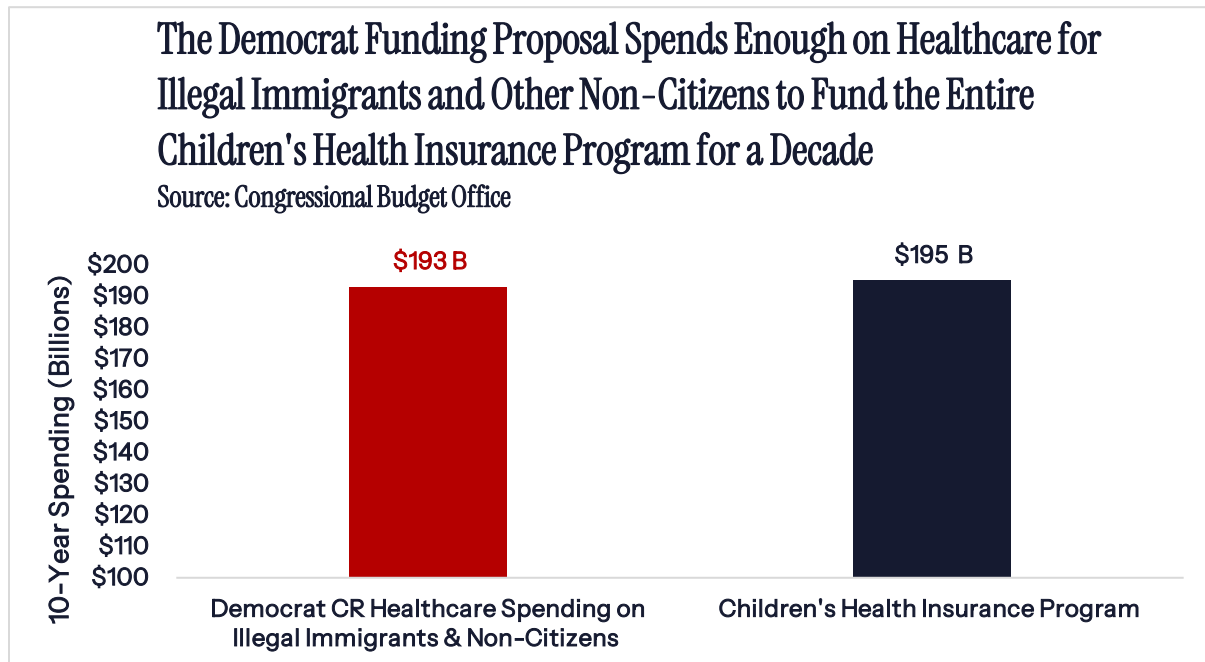


## MEMORANDUM

### Re: Democrat Plan to Fund Healthcare for Illegal Immigrants

The Working Families Tax Cut Act (WFTCA), signed into law by President Trump, contains the most important America First healthcare reforms ever enacted. The policies represent a comprehensive effort to address waste, fraud, and abuse to strengthen the healthcare system for the most vulnerable Americans, ensuring that taxpayer dollars are focused on American citizens and do not subsidize healthcare for illegal immigrants.

Democrats are demanding these reforms be repealed as a condition of keeping the government open for four weeks.<sup>1</sup> This would result in the federal government spending nearly \$200 billion on healthcare for illegal immigrants and non-citizens over the next decade—nearly enough to fund the entire Children’s Health Insurance Program over the same period—all while repealing reforms that strengthen care for the most vulnerable Americans.<sup>2,3,4</sup>



This memorandum outlines the provisions in the WFTCA that end taxpayer funding for the healthcare of illegal immigrants and non-citizens, which Democrats are demanding to repeal.

<sup>1</sup> “Democrats Press on with Shutdown Threats... Even the Media Isn’t Buying Their Obstruction,” The White House, September 25, 2025, <https://www.whitehouse.gov/articles/2025/09/democrats-press-on-with-shutdown-threats-even-the-media-isnt-buying-their-obstruction/>

<sup>2</sup> “Estimated Budgetary Effects of Public Law 119–21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline,” Congressional Budget Office, July 21, 2025, <https://www.cbo.gov/publication/61570>

<sup>3</sup> “The Budget and Economic Outlook: 2025 to 2035,” Congressional Budget Office, January 2025, [https://www.cbo.gov/publication/61172#\\_idTextAnchor038](https://www.cbo.gov/publication/61172#_idTextAnchor038)

<sup>4</sup> “The Estimated Effects of Enacting Selected Health Coverage Policies on the Federal Budget and on the Number of People With Health Insurance,” Congressional Budget Office, September 18, 2025, <https://www.cbo.gov/system/files/2025-09/61734-Health.pdf>



### **Limiting Federal Healthcare Benefits for Illegal Immigrants and Non-Citizens**

The WFTCA takes a comprehensive approach to aligning eligibility requirements across federal healthcare programs to ensure taxpayer dollars are not subsidizing healthcare for non-citizens, including illegal immigrants. Specifically, the law limits eligibility under Medicaid, Medicare, and Obamacare to citizens of the United States, legal permanent residents, limited categories of individuals granted legal status, and individuals lawfully in the United States in accordance with a Compact of Free Association.<sup>5</sup>

These provisions ensure that Medicaid cannot be used in conjunction with abuses of the immigration system, like the Biden Administration’s misuse of the parole and asylum processes, to supplement radical open border policies and serve as a magnet for illegal immigration into the United States.

Repealing these eligibility limitations would increase federal spending by more than \$102 billion over the next decade and leave the United States more vulnerable to illegal immigration.<sup>6</sup>

### **Ending Enhanced Funding for Emergency Care Provided to Illegal Immigrants**

Under the WFTCA, states will no longer be able to claim enhanced federal funding for reimbursing hospitals that provide emergency services to illegal immigrants beginning on October 1, 2026.<sup>7</sup>

If repealed, federal spending will increase by \$28.2 billion and states will claim greater federal reimbursement for care provided to illegal immigrants than they receive for care provided to American children, seniors, pregnant women, and disabled individuals.

### **Closing the California Loophole**

California utilized an egregious loophole—since employed by several other states—to draw down federal matching funds used to provide Medicaid benefits for illegal immigrants.<sup>8</sup> The WFTCA closes this loophole, through which nearly 80% of federal savings are derived from ending California’s exploitation of past policy.<sup>9,10</sup>

Repealing this provision would result in \$34.6 billion in additional federal spending that would continue to primarily be abused by California to fund healthcare for illegal immigrants.

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<sup>5</sup> Sections 71109 (Medicaid), 71201 (Medicare), and 71301 (Obamacare) of the WFTCA

<sup>6</sup> See Table in Appendix

<sup>7</sup> Section 71110

<sup>8</sup> “One Big Beautiful Win to Remove Illegal Immigrants from Medicaid,” Economic Policy Innovation Center, July 3, 2025, <https://epicforamerica.org/social-programs/one-big-beautiful-win-to-remove-illegal-immigrants-from-medicaid/>

<sup>9</sup> Section 71117

<sup>10</sup> CMS Office of the Actuary Internal Data



### **Repealing a Special Obamacare Subsidy for Non-Citizens**

Obamacare prohibits Americans earning below the poverty line from receiving a subsidy to help afford their premiums while some immigrants who earn below the poverty line were made eligible for such subsidies.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) prevents most immigrants from receiving Medicaid for five years. The drafters of Obamacare created a “special rule” to subvert this limitation by extending Obamacare premium subsidies to these same immigrants earning below the poverty line despite denying subsidies to poor Americans.<sup>11</sup>

The WFTCA repeals this “special rule” for immigrants, once again ensuring non-citizens are not afforded a federal benefit not available to American citizens.<sup>12</sup> Overturning this provision would result in \$27.3 billion in federal premium subsidies for non-citizens over the next decade.

### **Other Provisions that Protect Against Federal Spending on Illegal Immigrant Healthcare & Improper Payments to Non-Citizens:**

Numerous other provisions of the WFTCA designed to reduce waste, fraud, and abuse also protect federal healthcare spending from supporting benefits for illegal immigrants, including:

- ***Recouping Improper Payments in Medicaid:*** The WFTCA requires the Centers for Medicare and Medicaid Services (CMS) to recoup improper payments to states if eligibility-related audits find that the state covered individuals ineligible for the program, such as illegal immigrants.<sup>13</sup>
- ***Verifying Eligibility for Obamacare Subsidies:*** The WFTCA requires Obamacare exchanges to confirm the eligibility of individuals, including immigration status, prior to any individual receiving an Obamacare premium subsidy.<sup>14</sup>
- ***Recapturing Overpayment of Obamacare Subsidies:*** The WFTCA removes limits on the ability of the federal government to recoup excess payments of Obamacare subsidies.<sup>15</sup> For example, if a non-citizen who received an advance premium subsidy was later found to be ineligible as a result of their income level or received an excess subsidy, this provision would allow the federal government to seek repayment in full of the improperly claimed subsidy or excess amount.

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<sup>11</sup> Section 36B(c)(1)(B) of the Internal Revenue Code, as added by Obamacare and repealed by the Working Families Tax Cut Act

<sup>12</sup> Section 71302

<sup>13</sup> Section 71106

<sup>14</sup> Section 71303

<sup>15</sup> Section 71305



### **Conclusion: The Democrat Continuing Resolution Puts American Patients Last**

Democrats' funding proposal would put American Patients Last by undoing critical WFTCA reforms, thereby spending nearly \$200 billion in taxpayer money on healthcare benefits for illegal immigrants and other non-citizens. Adding insult to injury, Democrats are also seeking to undo critical reforms that strengthen the healthcare system for American patients. Their bill would repeal a historic \$50 billion investment into transforming rural healthcare, take Health Savings Accounts away from 10 million Americans poised to gain access, and end common-sense Clinton-era work requirements for able-bodied, working-aged adults without young children.<sup>16, 17, 18</sup>

### **APPENDIX:**

<b>The Democrat Continuing Resolution Spends Nearly \$200 Billion on Healthcare Subsidies for Illegal Immigrants and Other Non-Citizens</b>		
<b><i>WFTCA Section:</i></b>	<b><i>Summary of WFTCA Provisions Repealed by Democrat CR:</i></b>	<b><i>Cost of Repeal (Millions)</i></b>
71109	Ending Medicaid Funding for Most Non-Citizens	\$6,211
71110	Ending Enhanced FMAP for Emergency Care to Illegal Immigrants	\$28,200
71117	Closing the California Loophole	\$34,606
71201	Ending Medicare Funding for Most Non-Citizens	\$5,096
71301	Ending Obamacare Funding for Most Non-Citizens	\$91,400
71302	Repealing the Obamacare "Special Rule" for Immigrants	\$27,300
<b>TOTAL COST OF REPEAL</b>		<b>\$192,813</b>

<sup>16</sup> "Expansion of HSA Eligibility Under OBBA Act to Improve Marketplace Coverage, Affordability, and Access," White House Council of Economic Advisers, September 26, 2025, <https://www.whitehouse.gov/research/2025/09/expansion-of-hsa-eligibility-under-obbb-act-to-improve-marketplace-coverage-affordability-and-access/>

<sup>17</sup> "The One Big Beautiful Bill is a Historic Investment in Rural Healthcare," The White House, July 25, 2025, <https://www.whitehouse.gov/articles/2025/07/the-one-big-beautiful-bill-is-a-historic-investment-in-rural-healthcare/>

<sup>18</sup> "Medicaid Community Engagement Requirements and the Value of Work," White House Council of Economic Advisers, June 10, 2025, <https://www.whitehouse.gov/research/2025/06/medicaid-community-engagement-requirements-and-the-value-of-work/>