



Raising the Minimum Wage in New Jersey

Implications for Earnings and Medicaid Eligibility and Enrollment

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New Jersey has enacted an incremental minimum-wage increase from \$8.85 in 2019 to \$15 by 2024. Though some workers could lose Medicaid eligibility under the wage increase, our findings suggest loss of Medicaid eligibility and coverage will likely be small relative to the number of workers likely to experience a wage increase. We find this minimum-wage increase would raise earnings for 810,000 nondisabled citizen workers in New Jersey. Of those workers, we estimate 250,000 are Medicaid eligible under the current minimum wage, but most of them are either not enrolled in Medicaid or will not gain enough income to lose their Medicaid eligibility under a \$15 minimum wage. We estimate that 24,000 Medicaid-enrolled workers could have earnings that exceed the Medicaid income limit because of the minimum-wage increase. Our estimates show those at risk of losing Medicaid coverage constitute less than 5 percent of all nondisabled, nonelderly adult Medicaid enrollees in New Jersey. Moreover, we find that all workers losing Medicaid eligibility would be in the income range to qualify for subsidized coverage in the Affordable Care Act's Marketplace.

Introduction

At \$7.25 per hour, the federal minimum wage has stagnated since 2009, while workers' purchasing power has fallen over time because of inflation. To reduce wage inequality and help ensure minimum-wage workers can meet basic needs, a growing number of states and jurisdictions have instituted

policies raising the minimum wage beyond the federal level. As of 2019, 29 states and the District of Columbia had state minimum wages higher than the federal minimum wage, with some localities and states establishing or planning hourly minimums of \$15.¹

In February 2019, New Jersey enacted incremental increases in the state's minimum wage, from \$8.85 in 2019 to \$15 by 2024.² The law could greatly increase earnings for minimum-wage workers. For example, annual pretax earnings for a minimum-wage worker working 40 hours a week for 50 weeks a year would be \$17,700 at an hourly rate of \$8.85 but would rise to \$30,000 at a rate of \$15, holding all else constant; the resulting increase in earnings would move an unmarried worker without children from 141 percent of the federal poverty level (FPL) to 240 percent of FPL and a family of four from 68 percent of FPL to 116 percent of FPL.³

New Jersey's minimum-wage increase could positively affect families' financial health, and, in turn, improve physical and mental health and well-being.⁴ But there are concerns that it could have unintended consequences for low-wage workers, such as reduced employment rates or hours (Meer and West 2016; Neumark, Salas, and Wascher 2014; Neumark and Wascher 1992). Though several studies have found minimal adverse employment effects resulting from modest changes in the minimum wage, effects would likely be larger at the \$15 rate (Allegretto et al. 2017; Card and Krueger 1994; Cengiz et al. 2019; Congressional Budget Office 2019).⁵ However, research on the labor market effects of a minimum-wage increase on the scale of the New Jersey legislation is limited. Research on the recent minimum-wage increase in Seattle (from \$9.47 to \$13 per hour over two years) yielded mixed evidence; one study concluded the policy change increased wages and reduced hours worked and overall earnings (Jardim et al. 2018), and another found wage increases without negative employment effects among workers in industries most likely affected by changes in the minimum wage (Reich, Allegretto, and Godoey 2017). A recent Congressional Budget Office analysis projected a \$15 minimum-wage option, steadily phased in from 2020 to 2025, would increase wages for 27 million workers and reduce jobs for 1.3 million workers (Congressional Budget Office 2019); however, the study cautions a wide range of potential wage and employment effects, reflecting the findings in the literature. Moreover, given the structure of safety net programs and tax policy, even if employment rates and work hours are not affected, increases in the minimum wage could reduce eligibility for means-tested programs, such as Medicaid and the Supplemental Nutrition Assistance Program, and affect the size of the earned income tax credit and other tax credits available to low-income workers.

New Jersey is one of 34 states that have adopted Medicaid expansion under the Affordable Care Act, meaning citizen adults, and certain designated immigrants,⁶ with incomes below 138 percent of the FPL qualify for comprehensive Medicaid coverage.⁷ This income threshold translates to about \$17,200 for a single adult or \$35,500 for a family of four in 2019. Eligibility for public coverage through Medicaid or the Children's Health Insurance Program (CHIP) among the state's children is much higher than for adults, with a maximum threshold of 355 percent of FPL in 2019. Medicaid provides an important coverage backstop for low-wage workers who work for a firm that doesn't offer coverage, are not eligible for employer-sponsored coverage when it is offered, or face high employer-sponsored coverage

costs relative to income. Low-wage workers are much less likely than higher-wage workers to have employer-sponsored coverage (Shartzter, Blavin, and Holahan 2018; Williamson et al. 2016).

The effects of increasing the minimum wage on Medicaid eligibility and enrollment will depend on several factors, including how many Medicaid-enrolled workers are near Medicaid eligibility thresholds; behavioral changes, such as whether employees' work hours are reduced or jobs are eliminated; economic changes that affect the structure and characteristics of the jobs available; and how growth rates in New Jersey Medicaid enrollment will evolve over the minimum-wage law's phase-in period. Though research has not assessed the impact of a minimum-wage increase of this size on Medicaid enrollment, some research suggests smaller increases in the minimum wage reduced receipt of public benefits such as Medicaid, but other studies have been less conclusive, with findings varying across methodologies and assumptions and the context in which wage hikes take place (Acs et al. 2014; Page, Spetz, and Millar 2005; Reich and West 2015; Sabia and Nguyen 2017; West and Reich 2014).

Moreover, the implications of the minimum-wage increase on Medicaid eligibility and enrollment would be expected to vary across different types of workers. Effects of changes to the minimum wage will likely be larger among groups overrepresented among low-wage workers, such as women, black or Hispanic people, and those in low-income households (Cooper 2019; Williams and Waxman 2019; Williamson et al. 2016).⁸ Further, effects could extend beyond workers to other family members. Because Medicaid income eligibility is based on family earnings, minimum-wage workers' spouses or other nonelderly adult family members could be at risk of losing Medicaid eligibility even if the policy change does not affect their personal earnings. And though minimum-wage increases are less likely to directly affect Medicaid/CHIP eligibility among children of New Jersey workers given children's higher eligibility levels, to the extent higher earnings reduce their parents' Medicaid eligibility and coverage—which in turn could affect the family's finances and health—the new policy could also have repercussions for children.

This analysis considers potential implications of New Jersey's planned minimum-wage increases for workers' earnings and Medicaid eligibility and enrollment using data from the 2014–18 Current Population Survey Annual Social and Economic Supplement (CPS-ASEC). We focus on nondisabled, non-self-employed, US-citizen workers ages 19 to 64 with estimated wages below the planned \$15 hourly rate, the group of New Jersey workers whose earnings and Medicaid eligibility are most likely to be affected by changes under the law. We exclude noncitizens from this analysis; though some noncitizens are eligible for Medicaid, many are not, and CPS-ASEC data do not include information that allow us to designate those meeting the eligibility conditions. We first assess how many and what types of workers in the state could see their earnings rise. We then assess Medicaid eligibility under various minimum wage scenarios. Finally, we estimate potential effects of the minimum-wage increase on the number of workers eligible for Medicaid and on those enrolled in Medicaid, modeling the increase as if implemented over 2014–18. As discussed below, this research has several limitations, and eligibility and enrollment effects will depend on factors that cannot be accounted for in this analysis.

We find increasing the minimum wage to \$15 could have direct effects on many New Jersey workers and their family members:

- An estimated 810,000 workers in New Jersey had hourly wages below \$15 and appeared to be subject to the planned minimum-wage increase. This represents nearly a quarter of the state's nondisabled citizens ages 19 to 64 working for an employer. Approximately 125,000 (3.7 percent) had wages at or near the prevailing minimum wage (ranging from \$8.25 to \$8.60 in New Jersey during this period), and 686,000 (20.5 percent) had wages above the current minimum wage but below \$15.
- Among the estimated 810,000 workers subject to the minimum-wage increase, more than a quarter were parents, most were full-time workers, and slightly more than half were ages 35 or older. Nearly half of the workers likely to see a wage increase were in racial/ethnic groups other than non-Hispanic white.

Increasing the minimum wage to \$15 would also affect Medicaid eligibility and enrollment among some workers in New Jersey:

- Under the \$8.85 minimum wage in place when the law was enacted in 2019, unmarried adults without children would maintain Medicaid eligibility as long as they work fewer than 40 hours a week at the minimum wage throughout the year. For families with two, three, or four members, minimum-wage workers in the family could work up to 53, 67, or 80 combined weekly hours, respectively, at the minimum wage to have earnings below New Jersey's Medicaid income eligibility limit for adults. At a minimum wage of \$15, however, single, childless adults working more than 23 hours a week year round would be ineligible for Medicaid, and adults in families with two, three, or four members would be ineligible for Medicaid if they worked more than a combined 31, 39, or 47 hours a week year round, respectively.
- Among the estimated 810,000 workers in New Jersey earning less than \$15 per hour who would be subject to the minimum-wage increase, 30.9 percent (250,000 workers) had incomes below the Medicaid eligibility threshold. But under a minimum wage of \$15, holding hours worked constant, the share of this group qualifying for Medicaid would fall to 18.1 percent (147,000 workers).
- Holding hours worked constant, we find most workers (88.0 percent) estimated to lose Medicaid eligibility under the minimum-wage increase would have family incomes between 138 and 250 percent of FPL, with the remainder (12.0 percent) having incomes between 250 and 400 percent of FPL. This suggests all those who lose Medicaid eligibility would be in the income range to qualify for subsidized coverage in the Affordable Care Act's Marketplace, with most qualifying for additional cost-sharing subsidies if they lack access to affordable employer-sponsored coverage.
- Of the estimated 250,000 workers currently eligible for Medicaid likely to see wages rise because of the minimum-wage increase to \$15, most (56.2 percent) have private insurance coverage, 25.1 percent are enrolled in Medicaid, and 17.9 percent are uninsured.
- Of the Medicaid-enrolled workers, an estimated 38.1 percent (24,000) could lose Medicaid eligibility under a \$15 minimum wage, 54.2 percent of whom are parents living with dependent

children. The 24,000 Medicaid-enrolled workers estimated to lose income eligibility under a \$15 minimum wage represent less than 5 percent of the estimated average annual number of nonelderly, nondisabled adults enrolled in New Jersey’s Medicaid program during this period.

- The estimated 24,000 Medicaid-enrolled workers likely to lose Medicaid eligibility under a \$15 minimum wage represent 9.4 percent of the 250,000 nondisabled citizen workers currently eligible for Medicaid and likely to see a wage increase, indicating the vast majority of minimum-wage workers would likely see income gains under the law without any adverse effects on their Medicaid enrollment.

Though some adults in New Jersey could lose Medicaid eligibility or coverage under the state’s minimum-wage increase, which could make it harder for them and their families to maintain coverage and access to health care, our estimates indicate these losses will not likely be large. Moreover, our estimates of the number of workers losing Medicaid eligibility or coverage are likely an upper bound, and many workers who could lose Medicaid eligibility or coverage may qualify for subsidized coverage through the Marketplace.

Data Source and Methodology

Data source and sample. We combined data from the 2014–18 CPS-ASEC to identify adults ages 19 to 64 living in New Jersey and produced average annual estimates for the 2014–18 period.⁹ We identified workers as those employed at any time during the prior calendar year. We excluded people reporting Medicare coverage or Supplemental Security Income receipt (many of whom are likely disabled and have additional pathways to Medicaid eligibility beyond those considered here), noncitizens (many of whom are ineligible for Medicaid; see endnote 6), and those reporting self-employment (because minimum-wage laws do not apply to these workers). Though the timing of New Jersey’s minimum-wage increase varies by employer characteristics and industry (e.g., the increase will take effect later in small businesses and the agricultural sector), most workers are expected to be subject to the new law in 2024. Therefore, we include all workers regardless of industry. The total sample includes 6,539 nonelderly, nondisabled, citizen adults working for an employer.

We identified workers whose earnings were below the planned 2024 minimum wage of \$15 per hour by calculating hourly wage (dividing the workers’ reported earnings by the product of the usual number of hours worked in a week and the number of weeks worked during the prior year). Among the sample of nonelderly, nondisabled citizen adults working for an employer in the 2014–18 CPS-ASEC, 1,950 people had hourly wages below \$15 per hour. The minimum wage in New Jersey varied from \$8.25 to \$8.60 over this period and was \$8.85 in 2019, when the law was enacted.¹⁰ Workers with earnings below \$15 per hour include those who earned at or near the state’s minimum wage in the survey year, those who earned above this level but below \$15, and those who earned far below the state’s minimum wage. We identify two of these groups as likely subject to the minimum-wage increase: those who earned at or near the state’s minimum wage and those who earned above this level but below \$15. We combined sample cases with wages below but near the minimum wage (defined as workers

earning at least 80 percent of the state’s year-specific minimum wage) with those earning the minimum wage to account for potential reporting error, consistent with other research (Cooper, Mokhiber, and Zipperer 2019). Holding all labor market–related factors constant, wages for these workers and those earning above the minimum wage but below \$15 should increase to \$15 in 2024 under the new law.

Additional respondents reported wages below 80 percent of the minimum wage in effect in the survey year; we assumed these cases likely worked in jobs not subject to minimum-wage requirements, such as seasonal or informal work, and excluded them from our analysis of Medicaid eligibility changes. For some of these cases, wages may appear low because of misreported income data or errors in approximating usual hours or weeks worked, meaning such cases would be subject to minimum-wage requirements and likely experience a wage increase under the new law. As indicated below, though the magnitude of changes we observe would differ somewhat if these workers were included in the sample, the main patterns would be similar.

Though the minimum-wage increase could have spillover effects on workers earning more than \$15, these workers would be less likely than those earning below \$15 to qualify for Medicaid.¹¹ Because their Medicaid eligibility and enrollment are therefore less likely to be affected, we exclude workers earning above \$15 per hour from our analysis of changes to Medicaid eligibility and enrollment.

We also assess the characteristics of workers likely affected by the minimum-wage increase, including marital and parental status (defined by whether the person lives with his or her spouse or own child/children below age 19), age group (19 to 24, 25 to 34, 35 to 54, or 55 to 64), sex, race/ethnicity (non-Hispanic white, non-Hispanic black, Hispanic, or other non-Hispanic race), and weekly hours worked (fewer than 40 hours per week or 40 hours per week or more).

Medicaid and Marketplace subsidy eligibility. Medicaid eligibility is approximated by computing total modified adjusted gross income for the worker’s health insurance unit¹² and comparing it with New Jersey’s adult Medicaid eligibility threshold of 138 percent of FPL (133 percent of FPL plus a standard 5 percent disregard). Though we exclude workers receiving Supplemental Security Income or Medicare to focus on the population eligible for Medicaid through pathways other than disability, some respondents could qualify for Medicaid through other pathways not measured here, such as pregnancy-related eligibility (Kenney et al. 2012).

Estimating eligibility for Marketplace subsidies is more difficult because it requires knowing whether the worker has access to “affordable” employer-sponsored coverage, costing less than 9.86 percent of income. Workers in New Jersey with incomes between 138 and 400 percent of FPL without an offer of affordable employer coverage could qualify for tax credits for premiums for Marketplace coverage, with those below 250 percent of FPL also eligible for additional cost-sharing subsidies. Though we cannot model eligibility for subsidized Marketplace coverage given lack of data on affordability of coverage offers in the CPS-ASEC, we assess how many of those losing eligibility for Medicaid fall below 250 or 400 percent of FPL under the higher minimum wage to approximate workers’ eligibility for Marketplace subsidies if they lack access to such coverage.¹³

Health insurance coverage. To assess Medicaid enrollment among workers who could lose Medicaid eligibility under the law, we create mutually exclusive health insurance coverage categories measuring coverage during the year before the survey using the following hierarchy: Medicaid, private coverage, other insurance coverage (i.e., through the military or veterans health care), and uninsured (no reported health insurance coverage at any point in the past year).¹⁴ As with the wage and income data, health insurance may be misreported because of recall error or confusion over plan type (e.g., respondents may confuse public coverage for private). However, the redesigned health insurance questions in the 2014 CPS-ASEC reduced presumed underreporting of past-year coverage and yielded fairly accurate estimates by coverage type—with direct coverage being the least accurate—compared with matched enrollment records (Pascale, Boudreaux, and King 2016; Pascale, Fertig, and Call 2019). As in other studies simulating Medicaid eligibility, we find “ineligible reporters,” cases who report Medicaid coverage but appear to have incomes higher than the Medicaid threshold. These cases may appear ineligible because of misreported income data or shifts in income throughout the year or may be eligible for Medicaid under pathways not measured in these data. We exclude ineligible reporters from estimates of Medicaid-enrolled workers who could lose eligibility under the minimum-wage increase (table A.1).

Limitations and benchmarking. This descriptive analysis does not account for any larger economic effects of the minimum-wage increase, such as changes in employment patterns or hours worked; shifts in offers of employer-sponsored coverage; “ripple effects,” including business owners reducing their own salaries; spillover effects on higher-wage workers; pass-through of the minimum-wage increases to consumers through higher prices; and other behavior changes (Acs et al. 2014; Congressional Budget Office 2019; Cooper, Mokhiber, and Zipperer 2019; Giannarelli et al. 2015). Research on effects of minimum-wage increases on employer/employee behavior has found mixed results, though most studies find minimum-wage increases are associated with wage growth (Card and Krueger 1994; Cengiz et al. 2019; Dube, Lester, and Reich 2010; Giannarelli et al. 2015; Neumark, Salas, and Wascher 2014; Neumark and Wascher 1992).

The law’s effects could be larger or smaller than estimated in this analysis. For instance, if the wage increase reduces Medicaid eligibility for additional groups of workers not considered here, if workers work more hours in response to a higher minimum wage, or if some of those with wages far below the minimum wage who appear exempt from minimum-wage laws see wage increases under the law, effects could be larger than estimated here. In addition, estimates of the number of children affected indirectly by a parent’s wage increase may be larger than indicated here, because our estimates do not account for noncustodial parents’ earnings. Conversely, if workers work fewer hours to retain Medicaid eligibility, employers reduce demand for low-wage workers, or if not all the workers we define as subject to the wage law see an increase (e.g., workers who live in New Jersey but work in a neighboring state with a lower minimum wage), the law’s effects on Medicaid eligibility and enrollment could be smaller. In addition, we model these estimates as the effect of immediately increasing the minimum wage to \$15 per hour, rather than steadily increasing the wage as prescribed by the law. The year-to-year impact of incremental minimum-wage changes on Medicaid eligibility would likely be smaller than the estimates presented here.

We also do not adjust for population growth or inflation likely to occur by 2024; our analysis assumes the minimum-wage increase occurred during the survey period. Because of wage growth, 2024 wages will likely be greater than 2014–18 estimated wages, even without the minimum-wage hike, so we anticipate fewer workers would be affected by the minimum-wage increase in 2024 than identified here. Thus, effects on Medicaid eligibility and enrollment would also be smaller. Therefore, our estimates of the number of workers and their family members affected likely represent an upper bound. Where feasible, we indicate our methodology’s implications for estimates we present.

Our estimate of the average number of workers in New Jersey potentially subject to the wage increase, reported below, is similar to that from a model of American Community Survey data, which projected 796,000 workers in New Jersey, or 18.1 percent of the state’s total workforce, would be directly affected by increasing the minimum wage to \$15 (Cooper 2019). This supports our analysis, especially given differences in the two studies’ methodologies, including data sources, age ranges, estimation of hourly wages, and assumptions about wage growth, population growth, and inflation (Cooper, Mokhiber, and Zipperer 2019). The American Community Survey model also estimated an additional 256,000 “indirectly affected” workers who earned higher than the planned minimum wage but whose earnings will likely rise after the increase goes into effect. We do not model such indirect effects because these workers have higher earnings and are therefore less likely to be currently eligible for Medicaid. To assess the strength of our methodology, we conducted sensitivity tests on some results and, overall, found our estimates fairly robust. Despite the year-to-year variation in economic conditions between 2014 and 2018, we found little variation in our topline estimates when we examined estimates for individual years over this period. However, as in all analyses of survey data, the indicators used to assess wages and likely Medicaid eligibility and enrollment, including earnings, work hours, and family structure, are subject to measurement error, and the estimates are subject to sampling error. Table A.2 provides 95 percent confidence intervals for selected estimates.

Results

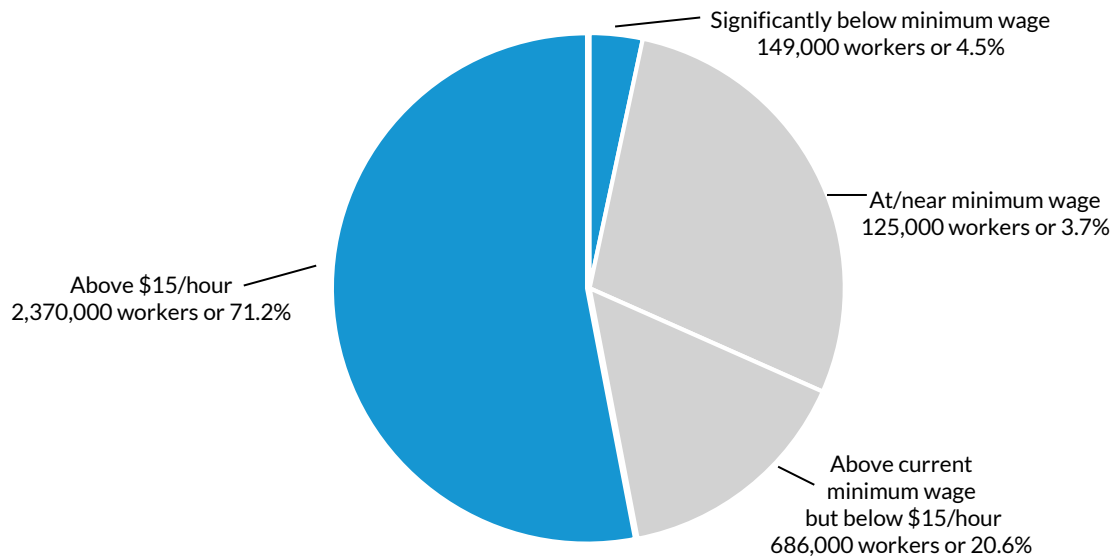
How Many New Jersey Workers Could See Earnings Rise under a \$15 Minimum Wage?

Using 2014–18 CPS-ASEC data, we estimated the average annual number of nonelderly, nondisabled, US-citizen adults in New Jersey working for an employer who could see their wages rise under full implementation of the state’s minimum-wage increase. Of the estimated 3.3 million workers in New Jersey,¹⁵ 125,000 (3.7 percent) had hourly wages at or near the minimum wage, and 686,000 (20.6 percent) had hourly wages above the minimum wage but below \$15, totaling 810,000 nondisabled citizen workers with wages in the range targeted by the new law (figure 1). Another 2.4 million (71.2 percent) had wages above \$15 and are unlikely to be directly affected by the law. In addition, 149,000 workers (4.5 percent) had wages lower than 80 percent of the minimum wage in effect in the survey year. As indicated above, we assume these cases work in jobs not subject to minimum-wage requirements (e.g., seasonal or informal jobs) and are therefore less likely to be directly affected by the

wage hikes; they are excluded from our subsequent analysis. The 810,000 workers with wages in the range targeted by the new law represented about 1 in 4 nondisabled citizen workers (table A.2) or about 1 in 8 nonelderly adults in the state (data not shown).

FIGURE 1

Number and Percentage of Nondisabled Citizen Workers in New Jersey, by Wage Category, 2014–18
Of 3.3 million workers



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Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

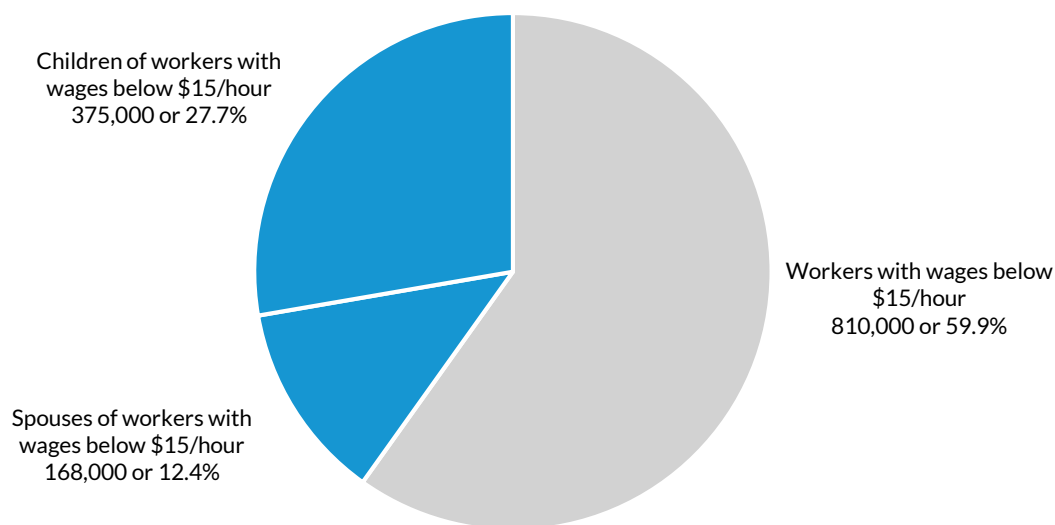
Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer (N = 6,837). Wages at or near the minimum wage are less than or equal to the minimum wage in the survey year and at least 80 percent of that minimum wage; workers with wages significantly below minimum wage have wages lower than 80 percent of the minimum wage in the survey year and are assumed exempt from minimum-wage laws. Workers in the grey wage categories comprise the 810,000 workers potentially subject to the wage increase under the new law.

An additional 168,000 adults who would be indirectly affected by the minimum-wage increase were not workers with wages below \$15 per hour but were married to a worker who earns wages below \$15 per hour (figure 2). Further, we estimate 375,000 children in New Jersey lived with at least one parent earning below \$15 per hour and potentially subject to the wage increase. This suggests 1.4 million workers and family members could see family incomes rise under the higher minimum wage.

FIGURE 2

Number and Percentage of Nonelderly Citizens in New Jersey Likely to Be Affected by Minimum-Wage Increase, 2014–18

Of 1.4 million workers and family members



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Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Nonelderly citizen workers likely to be affected by the wage increase are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Spouses and children are those living with a spouse/parent who is a worker likely to be affected by the minimum-wage increase.

Which New Jersey Workers Could See Increased Earnings under a \$15 Minimum Wage?

Workers in New Jersey potentially subject to the earnings increase varied across family, demographic, and work characteristics. Of the estimated 810,000 workers with wages below \$15 per hour who could be affected by the minimum-wage increase, most did not have children in the household: 71.9 percent (583,000) were adults not living with dependent children, most of whom were unmarried (table 1). But more than a third, an estimated 227,000 workers, were parents, either unmarried (63,000) or married (165,000).

In addition, just over half of these workers were over age 34 (36.3 percent were ages 35 to 54 and 14.5 percent were ages 55 to 64), and they were more likely to be women (56.3 percent). A slight majority was non-Hispanic white, and 22.3 percent were Hispanic, 17.3 percent were non-Hispanic black, and 8.0 percent were of a different race or ethnicity. Most were full-time workers, with 62.0 percent working 40 hours per week or more.

TABLE 1

Characteristics and Average Family Earnings of Nondisabled Citizen Workers in New Jersey Likely Subject to Minimum-Wage Increase

	Number (thousands)	Percent	Family Earnings (\$)			
			Average under minimum wage in survey year	Average under \$15 minimum wage	Increase under \$15 minimum wage	Percent increase
Total	810	100.0	39,104	45,765	6,662	17.0
Family status						
Unmarried, no children	439	54.2	19,128	25,177	6,049	31.6
Married, no children	144	17.7**	66,327	74,072	7,745	11.7
Unmarried, with children	63	7.7**	22,168	28,788	6,620	29.9
Married, with children	165	20.3**	75,169	82,536	7,367	9.8
Age						
19–24	189	23.4	14,691	19,965	5,274	35.9
25–34	209	25.8	28,959	36,085	7,126	24.6
35–54	294	36.3**	55,175	62,319	7,143	12.9
55–64	118	14.5**	56,223	63,087	6,864	12.2
Sex						
Female	456	56.3	45,680	52,049	6,369	13.9
Male	354	43.7**	30,639	37,678	7,039	23.0
Race/ethnicity						
Non-Hispanic white	425	52.5	44,686	51,111	6,425	14.4
Non-Hispanic black	140	17.3**	31,372	38,229	6,857	21.9
Hispanic	180	22.3**	30,744	37,774	7,030	22.9
Other race, non-Hispanic	65	8.0**	42,512	49,278	6,766	15.9
Weekly hours worked						
Less than 40	308	38.0	35,062	39,917	4,855	13.8
40 or more	503	62.0**	41,576	49,343	7,767	18.7

Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Modified adjusted gross income is calculated by totaling all personal income and deducting income from welfare programs, Supplemental Security Income, child support payments, veteran benefits, workers' compensation, disability benefits, and survivors' sources. Family earnings are calculated by totaling modified adjusted gross income at the health insurance unit level.

** Indicates the demographic subgroup is statistically different from the reference group (first listed group for each demographic group) at the $p < 0.05$ level.

Holding all else constant, average family earnings for these workers would rise by 17 percent, from about \$39,100 to \$45,800 under an hourly wage of \$15, an increase of \$6,700 annually. However, the increase would vary for different groups of workers. The additional earnings would be slightly larger, on average, for married workers than unmarried workers, likely because both workers' earnings would increase. But the growth in earnings represents a much larger percent increase in family income among unmarried workers, rising by about 30–32 percent, compared with about 10–12 percent among married workers. Other groups with lower average earnings under current law, such as younger, Hispanic, or black workers, would see larger percent increases in earnings than their peers. For example, workers ages 19 to 24 would experience the smallest absolute earnings gains relative to other

age groups; however, because of their low earnings under the current minimum wage, this change represents the largest percent increase (35.9 percent), compared with those ages 25 to 34 (24.6 percent) and ages 35 or higher (under 13 percent).

On average, women in this wage group have higher family earnings than men (though women’s personal earnings are lower on average than men’s, women had a higher likelihood of having a working spouse and higher wages among their spouses), and men would see a larger percent gain in family earnings than women (23.0 percent versus 13.9 percent). By definition, if work hours remain constant, those working more hours per week would see larger earnings gains, with family earnings rising by an average of \$7,800 among full-time workers, compared with \$4,900 among part-time workers.

Which New Jersey Households Could Lose Medicaid Eligibility under a \$15 Minimum Wage?

Table 2 shows the maximum number of hours families of different sizes can work at the 2019 and 2024 minimum wages to maintain Medicaid eligibility (i.e., remain below the New Jersey Medicaid threshold of 138 percent of FPL), assuming workers work 50 weeks per year. Under the 2019 minimum wage of \$8.85, unmarried adults without children would maintain Medicaid eligibility as long as they work fewer than 40 hours a week at the minimum wage throughout the year. For families with two, three, or four members, workers in the family could work 53, 67, or 80 combined hours, respectively, at minimum wage to have earnings below New Jersey’s Medicaid eligibility threshold for adults.

TABLE 2
Maximum Number of Work Hours to Maintain Medicaid Eligibility in New Jersey at \$8.85 and \$15 Minimum Wages, by Family Size

	Number of People in Family			
	One	Two	Three	Four
Maximum number of weekly hours worked at \$8.85 per hour before losing adult Medicaid income eligibility	39	53	67	80
Maximum number of weekly hours worked at \$15 per hour before losing adult Medicaid income eligibility	23	31	39	47

Source: Income as a percentage of the federal poverty level was determined using 2019 poverty guidelines reported by the Department of Health and Human Services, available at <https://aspe.hhs.gov/2019-poverty-guidelines>.

Notes: Two-, three-, and four-person families may include adults and children, with at least one adult in the household. Total annual family income calculated assuming worker works 50 weeks per year at the designated hours-worked-per-week category. Medicaid income eligibility limit for nonelderly, nondisabled adults is 138 percent of the federal poverty level in New Jersey in 2019.

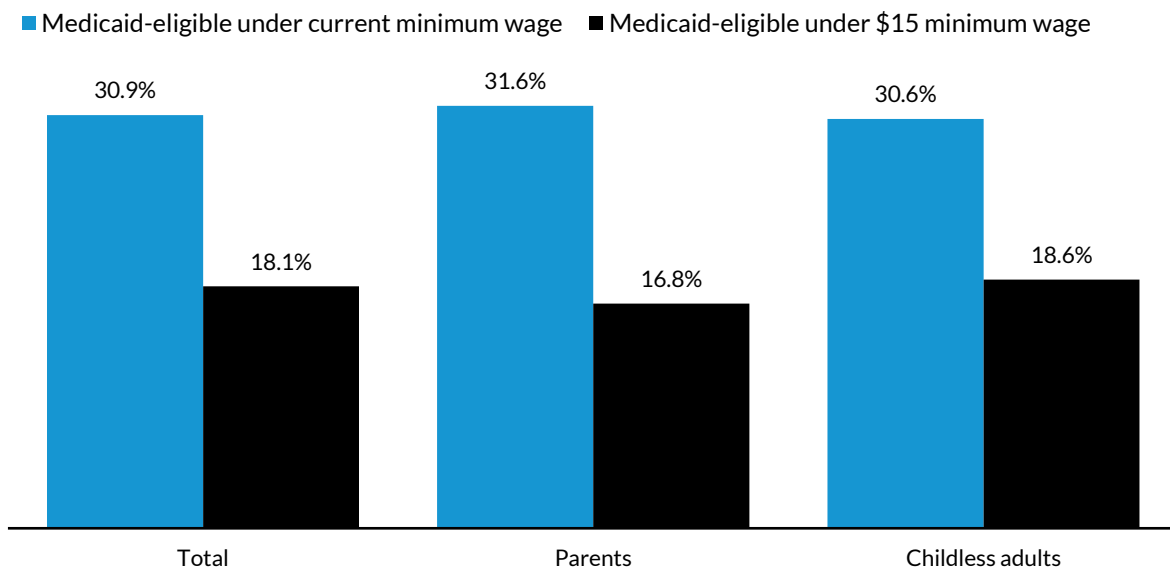
Under a \$15 minimum wage, however, several additional combinations of family sizes and hours worked could result in family incomes exceeding the state’s Medicaid eligibility threshold, even with only one worker earning the minimum wage. Unmarried childless adults would not be eligible for Medicaid if they worked 23 hours per week or more at a \$15 minimum wage. Adults in larger families

would maintain Medicaid eligibility with more work hours than those living alone. Those in two-, three-, and four-person families would lose Medicaid eligibility if weekly hours worked at minimum wage exceeded 31, 39, and 47 hours, respectively.

How Many New Jersey Workers Could Lose Medicaid Eligibility under a \$15 Minimum Wage?

Our analysis finds that of the estimated 810,000 New Jersey nondisabled citizen workers potentially subject to the minimum-wage increase, about 560,000 (69.1 percent) already had family incomes exceeding the Medicaid income limit under the current minimum wage. An estimated 250,000 workers (30.9 percent of all nondisabled citizen workers potentially subject to the minimum wage increase) qualify for Medicaid under the prevailing minimum wage because their family income falls below New Jersey’s Medicaid income eligibility threshold of 138 percent of FPL, including 31.6 percent of parents and 30.6 percent of childless adults (figure 3). But under a \$15 minimum wage, the share of this group remaining below 138 percent of FPL and qualifying for Medicaid would fall to 18.1 percent, declining to an estimated 16.8 percent among parents and 18.6 percent among childless adults.¹⁶ As described above, our estimates do not adjust for inflation, and we find the estimated number of workers losing Medicaid eligibility would be 15–31 percent smaller if assuming wage growth of 1.5–2.5 percent (data not shown).

FIGURE 3
Medicaid Eligibility of Nondisabled Citizen Workers in New Jersey Likely Subject to Minimum-Wage Increase, Based on Modified Adjusted Gross Income below 138 Percent of the Federal Poverty Level, by Parental Status, 2014–18



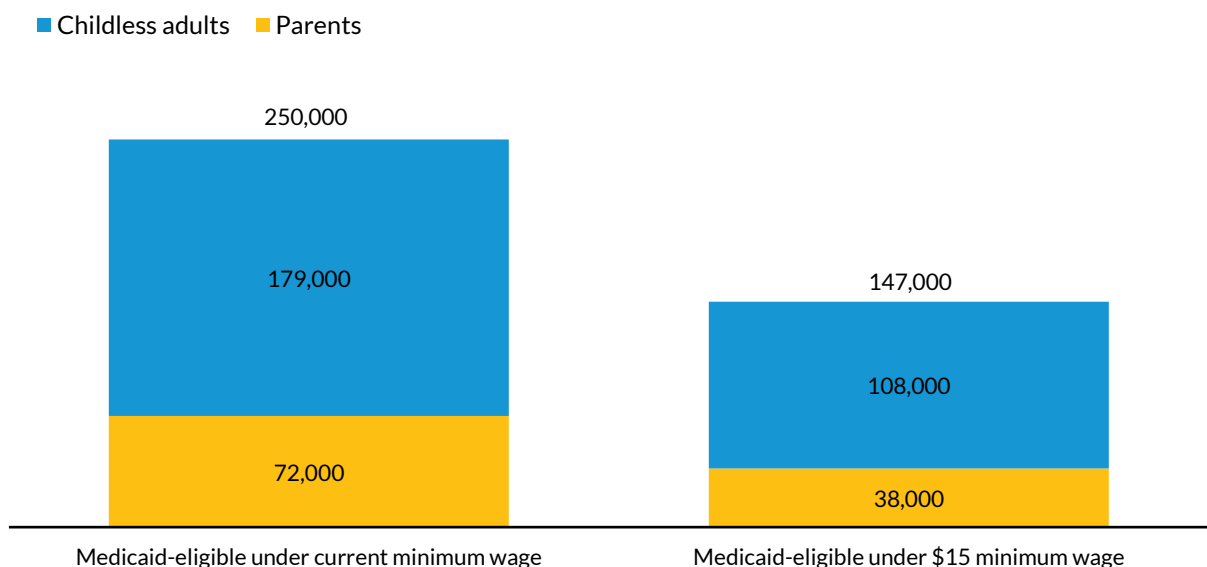
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Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Current minimum wage refers to wage in effect in survey year.

Thus, of the 250,000 workers estimated to qualify for Medicaid before the minimum-wage increase, 103,000 (4 in 10 workers in this group) could lose Medicaid eligibility because their family’s higher earnings would exceed the state’s eligibility threshold (figure 4), and 147,000 workers would experience earnings increases that do not exceed the Medicaid income limit. A total of 34,000 working parents and 70,000 working childless adults could become ineligible for Medicaid under the new law, with the number of Medicaid-eligible parents falling from 72,000 to 38,000 and the number of Medicaid-eligible childless adults falling from 179,000 to 108,000.

FIGURE 4
Number of Medicaid-Eligible Nondisabled Citizen Workers in New Jersey Likely Subject to Minimum-Wage Increase, by Parental Status, under Current and \$15 Minimum Wages, 2014–18



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Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Current minimum wage refers to wage in effect in survey year.

Workers in New Jersey who would no longer be eligible for Medicaid under the higher minimum wage would qualify for premium tax credits for Marketplace coverage if their income is between 138 and 400 percent of FPL and they do not have an offer of affordable employer-sponsored coverage, defined as costing less than 9.86 percent of the worker’s income. Those with incomes below 250 percent of FPL would also qualify for additional cost-sharing subsidies. In table 3, we show potential

household income transitions for workers when increasing the New Jersey minimum wage to \$15 per hour, holding all current labor market factors constant. As indicated above, among Medicaid-eligible workers with family incomes below 138 percent of FPL, many would remain eligible for Medicaid under a \$15 minimum wage. But of those losing eligibility, all would remain below 400 percent of FPL: 28 percent could lose Medicaid eligibility and have family incomes above 138 and below 250 percent FPL, and the remaining 4 percent could lose Medicaid eligibility and have family incomes between 250 and 400 percent of FPL. This suggests all the workers who could lose Medicaid eligibility would be in the income range to qualify for subsidized coverage in the Affordable Care Act’s Marketplace, with most qualifying for additional cost-sharing subsidies if they lack access to affordable employer-sponsored coverage.

TABLE 3

Changes in Income Levels under a \$15 Minimum Wage among Nondisabled Citizen Workers in New Jersey, 2014–18

Current family income level	Percent of Families at Income Level under \$15 Minimum Wage				Estimated number of workers (thousands)
	<138% FPL	138–250% FPL	250–400% FPL	> 400% FPL	
<138% FPL	69	28	4	0	334
138–250% FPL	0	60	39	0	492
250–400% FPL	0	0	93	7	609
>400% FPL	0	0	0	100	1,745

Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: FPL is federal poverty level. Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned at least 80 percent of minimum wage. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Current minimum wage refers to wage in effect in survey year. Row shares may not sum to 100 because of rounding.

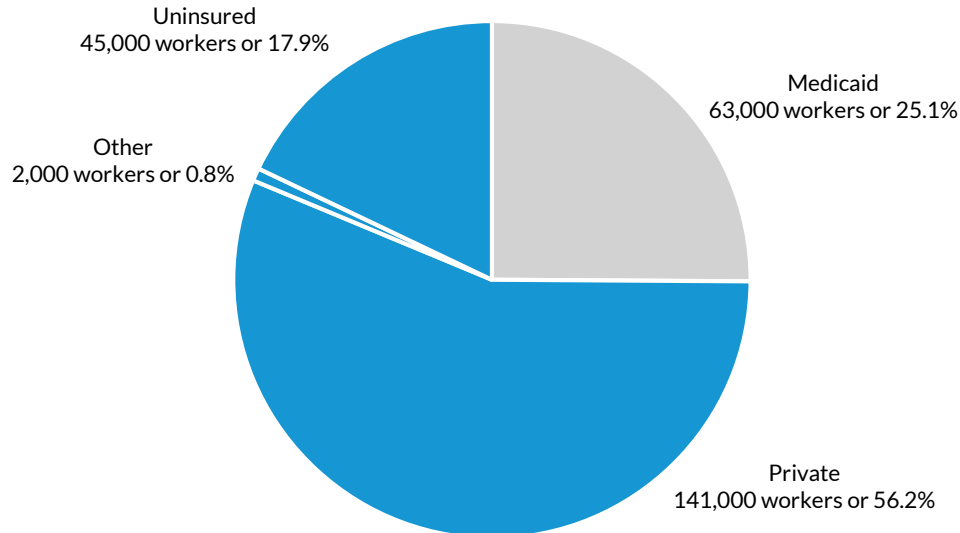
How Many Medicaid-Enrolled New Jersey Workers Could Lose Medicaid Eligibility and Be at Risk of Losing Medicaid Coverage under a \$15 Minimum Wage?

Many Medicaid-eligible adults are not enrolled in Medicaid, either because they have private insurance or they are eligible but uninsured. As shown in figure 5, of the estimated 250,000 workers earning below \$15 per hour who qualified for Medicaid under the prevailing minimum wage, 25.1 percent (63,000) reported having Medicaid coverage; 56.2 percent reported having private coverage through their employer, a spouse’s employer, or private nongroup coverage (which could include Marketplace coverage) or as a dependent of a parent’s employer plan (if the respondent is younger than 26); and 17.9 percent were uninsured (less than 1 percent reported having coverage through the military or veterans health care).

FIGURE 5

Health Insurance Coverage of Medicaid-Eligible Nondisabled Citizen Workers in New Jersey Likely Subject to Minimum-Wage Increase, 2014–18

Of 250,000 workers



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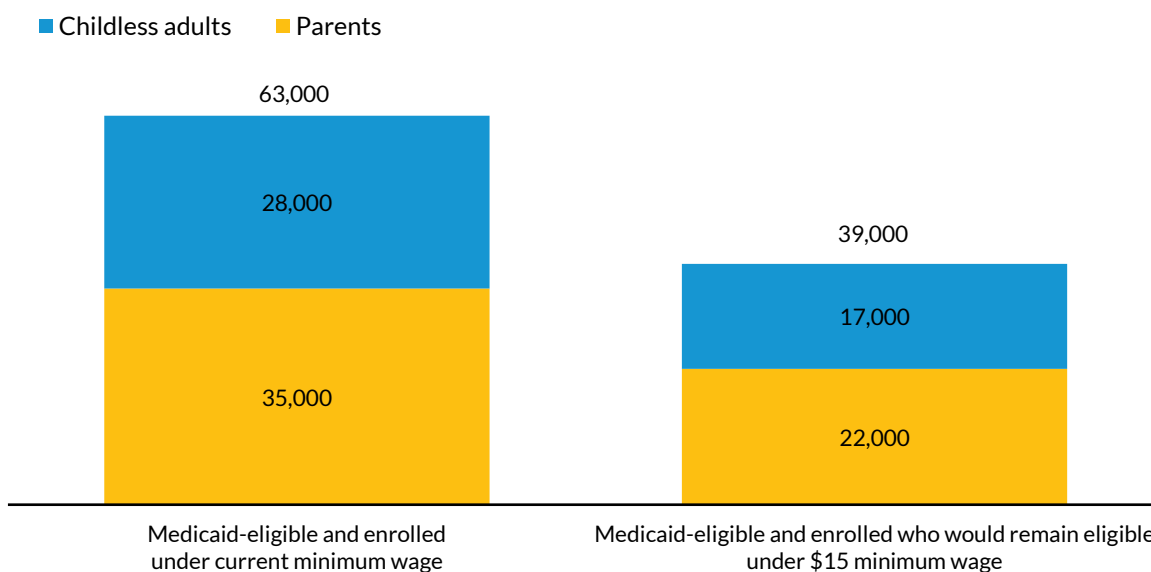
Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, and worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Coverage status reflects coverage in the year before the survey. Other coverage includes coverage through the Department of Veterans Affairs, Civilian Health and Medical Program of the US, or military health care. Components do not sum to total because of rounding. Workers enrolled in Medicaid are shown in grey.

Of the 63,000 Medicaid-enrolled workers, we estimate about 24,000 could lose Medicaid eligibility under a \$15 minimum wage, leaving 39,000 Medicaid-enrolled workers in this group eligible for Medicaid (figure 6).¹⁷ Of the 24,000 Medicaid-enrolled workers who could lose eligibility under the increase, most are either non-Hispanic white (37.9 percent) or Hispanic (36.2 percent), and about 20 percent are non-Hispanic black (data not shown). Just over half (54.2 percent) of these workers (13,000) are parents living with dependent children. An estimated 23,000 spouses and children are in families in which a Medicaid-enrolled worker is at risk of losing Medicaid eligibility under a \$15 minimum wage (data not shown), though as noted above, children are unlikely to be at risk of losing Medicaid/CHIP eligibility because their eligibility level is much higher than that for adults.

FIGURE 6

Number of Medicaid-Eligible and Enrolled Nondisabled Citizen Workers in New Jersey Likely Subject to Minimum-Wage Increase, by Parental Status, under Current and \$15 Minimum Wages, 2014–18



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Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: Workers are ages 19 to 64, do not have Medicare coverage or Supplemental Security Income, worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage, and were enrolled in Medicaid. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Current minimum wage refers to wage in effect in survey year.

The 24,000 Medicaid-enrolled workers who appear likely to lose Medicaid eligibility represent 9.4 percent of the 250,000 nondisabled citizen workers currently eligible for Medicaid and likely to see a wage increase under a \$15 minimum wage. In addition, these 24,000 Medicaid-enrolled workers who could lose eligibility under the new minimum-wage law are a small share of all Medicaid-enrolled adults in the state, representing 4.9 percent of the estimated average annual number of Medicaid-enrolled, nondisabled, nonelderly adults in New Jersey (table A.1).¹⁸

Conclusion

According to our analysis of 2014–18 CPS-ASEC data, an estimated 810,000 nondisabled citizen adults ages 19 to 64 working for an employer in New Jersey could see their earnings rise under a \$15 minimum wage, holding all labor market factors constant. This represents almost a quarter of nondisabled citizen workers in New Jersey. Family earnings would rise by 17 percent, with an average increase of \$6,700, under a minimum wage of \$15, compared with the rate in effect in the state before the new law. We estimate about 147,000 of these workers (18 percent) would have earnings increases that do not exceed the Medicaid income limit, and about 560,000 of these workers (69 percent) already had incomes above the Medicaid income limit under the current minimum wage. Thus, Medicaid benefits

will not change for most workers receiving a pay raise under the \$15 minimum wage. Further, the minimum-wage increase's effects would extend beyond the 810,000 workers estimated to be directly affected by the law; we also identified 168,000 spouses and 375,000 children of workers who could see family incomes rise. Increasing family income is associated with many health and human capital benefits to parents and their children, including improved maternal mental health, better access to care, and improved child cognitive development and health trajectories (Bastian and Michelmore 2018; Braga, Blavin, and Gangopadhyaya 2019; Dahl and Lochner 2012; Evans and Garthwaite 2014; Gangopadhyaya et al. 2019).

But these higher wages could make some of these workers and their spouses ineligible for Medicaid. Under the 2019 minimum wage of \$8.85 per hour when the law was enacted, adults in most family sizes could work at minimum wage full time (40 hours per week for 50 weeks per year) and still qualify for Medicaid. But under a \$15 minimum wage, a full-time worker living in a family of three or fewer members would be ineligible for Medicaid, and in a family of four, two minimum-wage workers averaging more than 47 total work hours per week year round would not be eligible for Medicaid. We estimate about 4 in 10 Medicaid-eligible workers likely subject to the wage increase, and about 4 in 10 of those workers enrolled in Medicaid, could lose eligibility under the new law.

The 24,000 Medicaid-enrolled workers estimated to lose income eligibility under a \$15 minimum wage represented less than 5 percent of the estimated average annual number of nonelderly, nondisabled adults enrolled in New Jersey's Medicaid program. This is a small effect in the context of previously published estimated rates of churning in and out of the Medicaid program in Medicaid expansion states (Roberts and Pollack 2016). Moreover, because these estimates do not account for inflation or wage growth and are modeled as the effect of immediately increasing the minimum wage to \$15 per hour in 2019, rather than incrementally increasing the wage steadily through 2024 as prescribed by the law, the year-to-year impact of incremental minimum-wage changes on Medicaid eligibility will be smaller than estimated here.

Though most workers targeted by the new law do not live with dependent children, just over half of those already enrolled in Medicaid who could lose eligibility are parents, meaning the law would affect 13,000 working parents, which could have adverse consequences for 23,000 spouses and children. Because parents' coverage not only improves parents' health and health care access but also the entire family's well-being, changes in parents' Medicaid eligibility and enrollment may affect their children as well (Center for Children and Families 2017; Dubay and Kenney 2003; Hudson and Moriya 2017).

For the estimated 24,000 Medicaid-enrolled workers who could lose Medicaid eligibility under a \$15 minimum wage, the minimum-wage increase's effect on their families' health care access and use and well-being is ambiguous. On one hand, the higher minimum wage would increase income among these low-income families, which is critical to family well-being and child development. On the other hand, some of these workers and their family members may be worse off if they become uninsured or end up paying more out of pocket for their health care. These workers may have access to subsidized coverage through the Marketplace or employer-sponsored coverage, which they can take up to offset the wage increase (though the increase in the minimum wage may crowd out employer-sponsored

benefits such as health insurance; Clemans, Kahn, and Meer 2018). Though we cannot assess eligibility for subsidized Marketplace coverage because it depends on the availability of affordable employer-sponsored coverage, we estimate all workers losing Medicaid eligibility under a \$15 minimum wage will have incomes qualifying them for subsidized Marketplace coverage, with most likely eligible for additional cost-sharing subsidies. However, some of these workers could face higher financial risks because Marketplace plans in New Jersey have lower financial protections and higher cost-sharing than Medicaid (Beutel, Gunja, and Collins 2016; Blavin et al. 2018).

These estimates do not account for the many economic changes that could occur under the minimum-wage increase, including labor supply and demand responses or other behavior changes. Consequently, changes may be larger or smaller than suggested by this descriptive analysis. Still, our findings indicate policymakers may need to consider the implications on health coverage options for minimum-wage workers as the law is implemented. For example, adjusting eligibility requirements for safety net programs could accommodate workers' higher earnings after the minimum-wage increase (Koller et al. 2019).¹⁹ These findings may also provide context for other states and localities considering minimum-wage increases. Though New Jersey is a relatively high-cost state that already had a state-level minimum wage higher than the federal minimum wage, and thus patterns may differ for other areas, these results suggest debates around minimum-wage changes should consider implications for Medicaid eligibility.

Further, given the interactions between various safety net programs, reduced Medicaid eligibility could affect enrollment in other programs and benefits. Evidence that enrollment in Medicaid can have spillover effects on enrollment in the Supplemental Nutrition Assistance Program suggests reductions in Medicaid eligibility could coincide with, and reinforce, changes in eligibility and enrollment in other safety net programs (Baicker et al. 2014; Reich and West 2015). Thus, it will be important to monitor trends to ensure wage gains support, rather than harm, the health and well-being of low-wage workers and their families.

Appendix A. Population Estimates of Adult Medicaid Enrollees and Nondisabled Workers in New Jersey

TABLE A.1

Nondisabled Medicaid-Enrolled Adults Ages 19 to 64 in New Jersey, by Whether Likely Subject to Minimum-Wage Increase, 2014–18

	Number (thousands)	95% CI
All nonelderly, nondisabled adults enrolled in Medicaid	480	(468, 493)
<i>Citizen workers likely subject to minimum-wage increase</i>	119	(113, 125)
Medicaid-eligible under current and \$15 minimum wages	39	(36, 42)
Medicaid-eligible under current minimum wage but not under \$15 minimum wage	24	(20, 27)
Not simulated to be Medicaid eligible under current or \$15 minimum wages	56	(51, 61)
Medicaid-eligible citizen workers earning more than \$15 per hour	19	(17, 22)
Citizen workers earning more than \$15 per hour but not simulated to be Medicaid eligible	97	(92, 102)
All other nonelderly, nondisabled adults enrolled in Medicaid	245	(236, 254)

Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: CI is confidence interval. Adults do not have Medicare coverage or Supplemental Security Income. Workers likely subject to minimum-wage increase are US citizens who worked for an employer and earned less than \$15 per hour and at least 80 percent of minimum wage. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Components do not sum to total because of rounding. Current minimum wage refers to wage in effect in survey year.

TABLE A.2

Nondisabled Citizen Workers in New Jersey Ages 19 to 64, by Wage Category and Medicaid Eligibility, 2014–18

	Number (thousands)	95% CI
All nonelderly, nondisabled citizen workers in New Jersey	3,329	(3,294, 3,363)
Workers not likely subject to minimum-wage increase	2,518	(2,489, 2,548)
Workers likely subject to minimum-wage increase	810	(793, 828)
Not Medicaid-eligible under current or \$15 minimum wages	560	(545, 574)
Medicaid-eligible under current minimum wage	250	(241, 260)
Medicaid-eligible under \$15 minimum wage	147	(140, 153)
Not Medicaid-eligible under \$15 minimum wage	103	(96, 111)

Source: 2014–18 Current Population Survey Annual Social and Economic Supplement.

Notes: CI is confidence interval. Adults do not have Medicare coverage or Supplemental Security Income and worked for an employer. Workers likely subject to minimum-wage increase earned less than \$15 per hour and at least 80 percent of minimum wage. Estimates do not adjust for inflation or labor market effects; we model Medicaid eligibility under a \$15 minimum wage as if the law were implemented in the 2014–18 period. Components do not sum to total because of rounding. Current minimum wage refers to wage in effect in survey year.

Notes

- ¹ “Consolidated Minimum Wage Table,” US Department of Labor, updated July 1, 2019, <https://www.dol.gov/whd/minwage/mw-consolidated.htm>.
- ² Wages will rise incrementally, increasing to \$10 on July 1, 2019, and \$11 on January 1, 2020, and then rise by \$1 every January 1 until reaching \$15 on January 1, 2024. A slightly different schedule is slated for some categories of earners; seasonal and small business workers’ wages will reach the new hourly minimum of \$15 later, in 2026, and agricultural workers will reach a lower minimum, \$12.50, in 2024, which may rise to \$15 in a later year. Tipped workers’ hourly wages will increase from \$2.13 to \$5.13 by 2024, but they will be required to earn the higher minimum wage through a combination of salary and tips. See Nicholas Pugliese and Trenton Bureau, “Here Are the Details on When and How \$15 Minimum Wage Will Be Implemented in New Jersey,” NorthJersey.com, January 24, 2019, <https://www.northjersey.com/story/news/new-jersey/2019/01/24/minimum-wage-nj-2019-heres-whats-15-wage-bill/2666052002/>; “Governor Murphy Signs Landmark Legislation Raising Minimum Wage to \$15 per Hour,” State of New Jersey Governor Phil Murphy, February 4, 2019, <https://nj.gov/governor/news/news/562019/approved/20190204b.shtml>.
- ³ These numbers do not account for inflation.
- ⁴ “Improving Health by Increasing the Minimum Wage,” American Public Health Association, November 1, 2016, <https://www.apha.org/policies-and-advocacy/public-health-policy-statements/policy-database/2017/01/18/improving-health-by-increasing-minimum-wage>.
- ⁵ Card and Krueger (1994) investigates the impact of minimum wages and employment in New Jersey, comparing workers in fast food restaurants along the New Jersey and Pennsylvania border before and after an \$0.80 increase in the New Jersey minimum wage in 1992. (Pennsylvania did not change its state minimum wage over this period.) In addition to documenting a large increase in starting-wage rates in New Jersey, the authors found no evidence of decreased employment in fast food restaurants in New Jersey relative to Pennsylvania after the minimum-wage increase.
- ⁶ Only immigrant adults who are legally present noncitizens with at least five years of residency are eligible for Medicaid in New Jersey.
- ⁷ “Status of State Medicaid Expansion Decisions: Interactive Map,” Henry J. Kaiser Family Foundation, August 1, 2019, <https://www.kff.org/medicaid/issue-brief/status-of-state-medicaid-expansion-decisions-interactive-map/>.
- ⁸ “Nine Things You Might Not Know about Minimum Wage Workers,” Center on Budget and Policy Priorities, June 9, 2014, <https://www.cbpp.org/blog/nine-things-you-might-not-know-about-minimum-wage-workers>.
- ⁹ The 2014 CPS-ASEC incorporated a split sample design in which each subsample weights to national population estimates. To ensure 2014 sample members were not double-counted in the combined 2014–18 estimates, we down-weighted all 2014 observations by 0.5. In addition, we note some cases in the 2014 data were given income questions not incorporating the redesigned series used in and after 2015.
- ¹⁰ “Consolidated Minimum Wage Table,” US Department of Labor.
- ¹¹ Cengiz and colleagues (2019) found increases in state minimum wages have modest spillover effects of increased earnings for lower-wage workers with wages just above the minimum wage.
- ¹² Modified adjusted gross income is calculated by totaling each individual’s personal income and deducting income from welfare programs, Supplemental Security Income, child support payments, veteran benefits, workers’ compensation, disability benefits, and survivors’ sources. Family earnings are calculated by totaling modified adjusted gross income at the health insurance unit level.
- ¹³ The CPS-ASEC asks respondents whether their employers offer health insurance to any employees and whether the respondent is eligible for that offer. Of the 63,000 Medicaid enrollees likely subject to the wage increase to \$15 per hour, 21,000 (33 percent) report their employer offers health insurance, and 8,000 (13 percent) indicate being eligible for that offer. However, the data do not assess the affordability of these coverage offers and thus do not indicate eligibility for subsidized plans on the individual Marketplace.

¹⁴ Because this hierarchy classification uses Medicaid first, our analysis may overstate potentially affected Medicaid-enrolled workers. We compared our main results with an alternative hierarchy classification that only classifies people as Medicaid enrolled if they do not report any private coverage in the past year, and these results are qualitatively similar to our main findings.

¹⁵ The 3.3 million nonelderly, nondisabled US citizens in New Jersey working for an employer represent about half of the estimated 6.6 million nonelderly adults living in New Jersey during this period.

¹⁶ As indicated above, we excluded some categories of workers to focus on the population whose earnings and Medicaid eligibility are most likely to be affected by the state's minimum-wage increase. Using a broader definition of the potentially affected population that includes self-employed people, noncitizens, or those with wages far below the minimum wage at the time of the survey, we still find the share of workers earning below \$15 per hour qualifying for Medicaid would be smaller under a \$15 minimum wage than under the minimum wage in effect at the time of the survey. For instance, though the magnitude of changes we observe would differ somewhat if we included workers not earning at least 80 percent of the minimum wage in the survey year, we find reductions in Medicaid eligibility of just under half whether including or excluding these sample cases. Among workers whose wages would rise under a \$15 minimum wage, the share eligible for Medicaid under current law could rise from 30.9 to 37.6 percent, and the share of those eligible for Medicaid under a \$15 minimum wage would rise from 18.1 to 20.4 percent if these workers were included, with the decline in Medicaid eligibility rising from 41.4 to 45.7 percent. To understand how robust estimates were over time, as the economy changed, we also assessed estimates for individual years from 2014 to 2018. Though the number of workers potentially affected by the minimum-wage increase varied from year to year, we found relatively little difference across individual years in the share of workers with wages below \$15 per hour who would remain Medicaid eligible and the share of workers who would lose Medicaid eligibility under a \$15 minimum wage.

¹⁷ Under an alternative hierarchy classification that identifies Medicaid enrollees as those who identify Medicaid coverage and no private coverage in the previous year, our estimate of the number of Medicaid-eligible and enrolled workers subject to the minimum-wage increase decreases from 63,000 to 51,000, and the number of these workers who could lose their Medicaid eligibility decreases from 24,000 to 20,000.

¹⁸ Though we estimate an annual average of 480,000 nondisabled, nonelderly Medicaid enrollees in New Jersey between 2014 and 2018, the estimated number of such enrollees in the state has increased by 35 percent since 2014 with the Medicaid expansion under the Affordable Care Act. Using only 2018 CPS-ASEC data, which yields estimates that are less precise than the pooled estimates, we find that of the estimated 533,000 nondisabled, nonelderly Medicaid enrollees in the state, 28,000, or 5.3 percent, are workers estimated to lose their Medicaid eligibility under a \$15 minimum wage.

¹⁹ "Improving Health by Increasing the Minimum Wage," American Public Health Association.

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