

Poverty Research Flash

Highlighting New Poverty Research

by **Kelly P. McCarrier, Frederick J. Zimmerman, James D. Ralston, and Diane P. Martin**

“Associations between Minimum Wage Policy and Access to Health Care: Evidence from the Behavioral Risk Factor Surveillance System, 1996-2007.” 2011. *American Journal of Public Health* 101(2): 359-67.

Kelly P. McCarrier is a Senior Research Scientist with Health Research Associates, Inc. Frederick J. Zimmerman is a Professor in the Department of Health Sciences at the University of California, Los Angeles. James D. Ralston is an Associate Investigator with the Group Health Research Institute. Diane P. Martin is a Professor in the Department of Health Services at the University of Washington.

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: wpcpc.washington.edu

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Associations between Minimum Wage Policy and Access to Health Care: Evidence from the Behavioral Risk Factor Surveillance System, 1996-2007

Background. Many low-wage workers lack access to health insurance, and among those who have access, many report difficulty affording the premiums. The federal minimum wage sets a floor for wages (currently \$7.25 per hour), but a number of states have mandated higher minimum wage rates. While higher wages could provide low-wage workers with a greater ability to use health coverage offered by their employers or to pay for their health care expenses themselves, opponents of higher minimum wage laws posit that employers might respond to higher mandated minimum wages by hiring fewer employees or reducing the benefits available to their workers. If employers respond to higher minimum wages in either of those ways, higher minimum wage rates might actually reduce access to health care or increase unmet medical needs among low-wage workers.

Methods. Using data for 1996 to 2007 from a nationally representative survey, the Behavioral Risk Factor Surveillance System (BRFSS), 2008-2009 WCPC Dissertation Fellow Kelly McCarrier and his colleagues Frederick J. Zimmerman, James D. Ralston, and Diane P. Martin look at the impact of higher minimum wages on health care coverage and unmet medical needs. Because changes in minimum wage laws are most likely to affect working conditions and circumstances among those at the lower end of the labor market, the researchers restricted their sample to economically-active, working-age individuals with low levels of education (e.g., a high school degree or less education). They combined the BRFSS data with state-level data on minimum wage rates, policy variables, and labor force characteristics from the Census, the Bureau of Labor Statistics, and other sources. Using logistic regression models with state fixed effects and linear time trends, the researchers explore whether low-skilled workers in states with higher minimum wages were more likely to report being uninsured or having a cost-related unmet medical need (i.e., that they needed to see a doctor but were not able to do so because of the cost). In the regression models, the researchers control for individual-level characteristics that may affect workers' employment or health care needs, such as gender, race, age, marital status, body mass index and self-reported health status. They also controlled for various state-level characteristics that might affect the labor market or access to health care, including the percent of the population that was poor, the state unemployment rate, characteristics of the state health-care system, and selected characteristics of state welfare assistance policies.

Findings. Based on bivariate associations, workers with low levels of education in states with minimum wage rates above the federal level were more likely to report being uninsured and were more likely to report unmet medical need over the past year. After controlling for state- and individual-level characteristics and including state fixed effects, however, the association between higher minimum wages and lower odds of health care coverage disappeared and the relationship between cost-related unmet medical needs and higher minimum wages was reversed. In the fully-specified regression models, workers in states with higher minimum wages had statistically-significantly lower odds of reporting difficulty affording needed medical care. There was no significant relationship between higher minimum wages and the odds of reporting health insurance coverage. The researchers conclude that mandating a higher minimum wage does not appear to reduce access to health care and may reduce cost-related unmet medical needs. They also note that the changes in the relationships between the minimum wage and their measures of health care access and affordability appear to be driven by differences in state policies that affect access to both health insurance and the ability to afford care. Exploring these associations between state policies and health care access and affordability may be opportunities for future research.

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The West Coast

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New research from Kelly P. McCarrier, Frederick J. Zimmerman, James D. Ralston, and Diane P. Martin

Key Findings

- Between 1997 and 2007, the federally-mandated minimum wage remained unchanged at \$5.25 per hour. During this decade, a majority of states adopted higher minimum wage rates to address the diminishing real value of the federal standard. There is debate about the nature of the association between minimum wage increases and access to health care and cost-related unmet medical need.
- Based on nationally-representative survey data from 1996-2007, higher minimum wage rates were not associated with the odds of low-skilled workers reporting health insurance coverage after controlling for individual-level demographic and health characteristics, state-level characteristics, and state fixed effects.
- There was a negative relationship between higher minimum wages and the odds of reporting cost-related unmet medical need, with workers in states with higher minimum wages being less likely to report unmet medical need.
- The researchers conclude that mandating a higher minimum wage does not appear to reduce access to health insurance and may help low-skilled workers afford needed medical care.