At the November 2021 Special Meeting, the House of Delegates referred Resolution 203, which was supported by the Medical Student Section. Resolution 203-N-21 asked the American Medical Association (AMA) to support federal minimum wage regulation such that the minimum wage increases at least with inflation in order to prevent full-time workers from experiencing the adverse health effects of poverty. Testimony at the November 2021 Special Meeting regarding the resolution was mixed, with significant testimony both supporting and opposing Resolution 203. Testimony placed Resolution 203 within the context of the AMA’s advocacy regarding social determinants of health (SDOH). Testimony supporting Resolution 203 explained that a living wage is essential to promoting health and equity, while testimony in opposition indicated that increasing the federal minimum wage could cause some employers to reduce their number of employees, causing some low-wage workers to become jobless and their family incomes to fall. This report studies the impacts of poverty and minimum wage policies, highlights essential AMA policy, and presents new policy recommendations.

BACKGROUND

In the United States (US), one in 10 people lives in poverty, and despite being employed with steady work, many cannot afford things they need to stay healthy. Healthy People 2030 set a goal of economic stability to “Help people earn steady incomes that allow them to meet their health needs.” According to Healthy People 2030, the SDOH are “conditions in the environment in which people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality of life outcomes and risk.” The SDOH include education, housing, wealth, income, and employment, and they are impacted by larger, powerful systems that lead to discrimination, exploitation, marginalization, exclusion, and isolation. The COVID-19 pandemic has created a concurrent public health and economic crisis that has exposed and exacerbated pervasive and severe access to care issues and social inequities. Not only has the pandemic disproportionately impacted minoritized and marginalized communities, but economic insecurity, housing insecurity, and food insecurity have disproportionately burdened communities of color and other underserved populations (e.g., people living in rural areas).

The large number of confounding variables makes it challenging to directly attribute changes in minimum wage policies to health outcomes, but there is widespread consensus that populations with low incomes have worse health outcomes. This exacerbates health inequities because women and people of color (many of whom provide for families) are more likely to earn low wages. Black and Hispanic individuals and families specifically are disproportionately represented among minimum wage workers. In addition, studies have found that populations with high and rising income inequality are associated with lower life expectancy, higher rates of infant mortality, obesity, mental illness, homicide, and other measures compared to populations with a more equitable income distribution. A large body of research on wage, income, and health finds that policy interventions striving to increase the incomes of low-income
populations will improve both economic measures (increasing income equality and economic security) and health measures (lower mortality rates, improve overall population health status, decrease health inequity, and lower overall health care costs).\(^6\)

Many assume that low-wage workers are predominantly teenagers earning supplementary or optional income, but this is not accurate. Approximately 88 percent of minimum wage workers in the US are over 20 years old, and the average age is 35.\(^7\) Based on 2019 data, approximately 48 percent of the people earning at or below the federal minimum wage have some college education, nearly 67 percent are female, and approximately 45 percent work full-time.\(^8\) Most workers are in food service occupations (55 percent), and many others work in sales and related occupations (8.5 percent) or personal care and service roles (6.6 percent). Particularly relevant to physician practices, only 2.6 percent of minimum wage workers are characterized as having a “healthcare support” occupation, with another 4.6 percent generally characterized as holding “office and administrative” occupations.\(^9\) Approximately 28 percent of low-wage workers have children, which places many children at risk of living in poverty.\(^10\) Researchers have estimated that there would be 2,790 fewer low-birthweight births and 518 fewer postneonatal deaths annually if all states raised the minimum wage by one dollar. It is also critical to recognize the impact of racial, ethnic, and gender inequity. Although women make up 47 percent of the workforce overall, 64 percent of workers in frontline industries are women.\(^11\) Moreover, while women of color make up 17 percent of the workforce overall, they are 26 percent of the frontline workforce. This inequity takes on heightened significance in light of these workers’ service amidst the COVID-19 pandemic.

The current federal minimum wage of $7.25 per hour translates to an annual wage of $15,080, if working 40 hours per week for all 52 weeks of the year.\(^12\) Workers striving to support a family on the federal minimum wage qualify for federal poverty assistance. Currently, full-time work at the federal minimum wage rate is insufficient for a single parent to support even a single child above the federal poverty line, but in 1968, the federal minimum wage was sufficient to keep a family of three out of poverty. The federal minimum wage hit its peak in inflation-adjusted terms in 1968, and since then, increases have been too small to counter the decline in value due to inflation.\(^13\) Although current low-wage workers tend to be older (offering more experience) and more educated than their 1968 counterparts, the reduced purchasing power of the federal minimum wage means that workers must work longer hours to achieve the standard of living that was considered the minimum half a century ago. The declining value of the minimum wage has been found to be the key driver of the growth of inequality between low-wage and middle-wage workers since the late 1970s. In contrast, a federal minimum wage of $15 per hour has been predicted to raise family income for 14.4 million children, or nearly one-fifth of all US children.

**HISTORY AND CURRENT STATUS OF MINIMUM WAGE**

The Fair Labor Standards Act (FLSA) was enacted in 1938 and is the federal law that establishes the minimum hourly wage that must be paid to all covered workers.\(^14\) One of the goals of the FLSA and, specifically, the minimum wage, is to “correct and as rapidly as practicable to eliminate” labor conditions “detrimental to the maintenance of the minimum standard of living for health, efficiency, and general well-being of workers.”\(^15\) However, determining what a “minimum standard of living” is, and what dollar amount is needed to support that, is a policy choice, and one that has been subject to voluminous debate. Moreover, the minimum wage is only one of many variables that influence a standard of living. The minimum wage rate has been raised 22 times, most recently in 2007 (P.L. 110-28), which increased the minimum wage to its current level of $7.25 per hour.\(^16\) The FLSA was intended to both protect workers and stimulate the economy, and it covers approximately 139 million workers, or 85 percent of all wage and salary workers. Under the FLSA, if states enact minimum wage, overtime, or child labor laws that are more protective of employees than the FLSA, the state law applies. As of this writing, 30 states and the District of Columbia have minimum wage laws that set the minimum wage above the federal minimum. Two states have laws that would set minimum wages below the federal rate, and five states have no
minimum wage requirement. The remaining 13 states have minimum wage rates equal to the federal rate. Localities (cities and counties) can also choose to establish higher minimum wages. As of this writing, 45 localities have adopted minimum wages above their state minimum wage. Accordingly, the federal minimum wage serves as the wage floor for approximately 39 percent of the labor force. However, the number of hourly paid workers who are earning the federal minimum wage is relatively small and decreasing in recent years (down from 1.9 percent in 2019 to 1.5 percent in 2020). In 2020, 1.1 million workers earned the federal minimum wage.

Given the varying mechanisms that states may have in place to adjust their minimum wage, in any year, the number of states with minimum wage rates that exceed the federal minimum can vary. Generally, a legislature can adjust minimum wage in one of two ways. First, a legislature may choose specific dates by which a minimum wage will increase by a specific amount. Future legislative action is then needed to subsequently increase the minimum wage. This is the approach that the federal government took with P.L. 110-28, which raised the minimum wage from $5.15 per hour in 2007 to $7.25 per hour in 2009 through three phases. Twelve of the 30 states and District of Columbia that have minimum wage rates above the federal rate follow this approach, as well. When a minimum wage is set to a specific fixed amount, inflation will cause its value to erode over time. Accordingly, as the sponsors of Resolution 203-N-21 suggest, several states have taken a second approach to minimum wage, striving to maintain the value of the minimum wage over time by linking their minimum wage to some measure of inflation. Critically, though, choosing a measure of inflation and a point at which to begin indexing minimum wage to inflation is complex, with dramatically varying results. Of the 18 states and the District of Columbia that currently or are scheduled to index their state minimum wages to inflation, six different measures of inflation have been chosen. In addition to selecting an index, policy proposals to link a minimum wage to inflation must also consider the initial value (starting point for indexation), limits to the changes, triggers for change, and periodicity of change. To illustrate the importance of these detailed decisions, if the federal minimum wage had been indexed to the Consumer Price Index for All Urban Consumers (CPI-U) at the time of its enactment in 1938, when minimum wage was $0.25 per hour, the federal minimum wage would have been $4.23 per hour in 2016. In contrast, if the federal minimum wage were indexed to the CPI-U in 1968 when the rate was $1.60 per hour, it would have been $10.98 per hour in 2016. Congress has considered indexing the federal minimum wage several times but has not chosen to do so. Indexation is used, however, for some federal programs, such as Social Security and Supplemental Nutrition Assistance (SNAP) benefits and in other federal wage regulations, such as the minimum wage for employees on certain federal contracts.

There have been several recent initiatives aimed at increasing the federal minimum wage. In July 2019, the House passed H.R. 582 which would increase the federal minimum wage to $15 per hour by 2025, index the minimum wage to changes in the median hourly wage, and phase out subminimum wages for some individuals currently exempt from the minimum wage. In January 2021, the Raise the Wage Act of 2021 (H.R. 603) was introduced, which would incrementally raise the federal minimum wage to $15 per hour by 2025. In April 2021, President Biden issued an executive order that will require federal contractors to pay a $15 per hour minimum wage for workers who are working on federal contracts.

Increasing the federal minimum wage is popular among Americans – in a recent study, 80 percent of those polled believed that $7.25 per hour is too low. According to the Pew Research Center, 62 percent of Americans support raising the federal minimum wage to $15 per hour. Large employers including Amazon, Target, and Costco have voluntarily raised their minimum wages, and a growing number of small and medium sized businesses have been committing to incrementally raising wages to $15 per hour. However, Amazon is a critical example of how increased wages alone may not always translate to improvements in health or quality of life for employees. Specifically, a recent study found that Amazon warehouse workers were not only injured more often than non-Amazon warehouse workers, they were also injured more severely, and they took longer to recover than others in the warehouse industry.
POLITICAL AND ECONOMIC DEBATE

Although the effects of the minimum wage have been well-studied, resulting in hundreds of academic and non-academic publications, there is no consensus on the causal relationship between changes in minimum wage and other economic outcomes. The question, “Does a minimum wage cause unemployment?” has been described as, “one of the most studied questions in all of economics since at least 1912, when Massachusetts became the first state to create a minimum wage.” Illustrating this lack of expert consensus, when a panel of experts in economics was asked if a $15 federal minimum wage would increase unemployment, only five percent of the panel had a strong opinion and nearly 40 percent were uncertain. For example, a Chicago Booth professor strongly agreed, an MIT professor disagreed, and a Harvard professor was uncertain. Economics research reflects this. For example, two recent studies of Seattle’s minimum wage suggested opposite effects. Proponents argue that raising the minimum wage would increase worker productivity, reduce poverty and income inequality (which is partly due to structural racism and/or sexism), spur economic growth, promote education and self-improvement, and improve employee retention/reduce turnover costs. In contrast, opponents argue that increasing the minimum wage would reduce private sector employment, increase labor costs, lead to small business and industry job loss, and increase outsourcing, unemployment, poverty, and cost of living.

In addition to the often-cited minimum wage debate positions, several additional factors are noteworthy. For example, some argue that it is not an increase to the federal minimum wage that is most important, but rather local or regional adjustments. Given the vastly different costs of living across the US, a $7.25 minimum wage affords significantly differing access to essential goods and services. For example, daily parking can cost approximately $35 in Boston or $1 in Cincinnati. Monthly rent may average $4,500 in San Francisco or $870 in Rapid City, SD. Under a regional minimum wage theory, the minimum wage could account for differences in costs of living, set high enough to lift the maximum number of full-time workers out of poverty, but not so high as to increase automation, a reduction in workers’ hours, or off-shoring. On the other hand, a federal mandate to increase minimum wages may be necessary to elevate the quality of life that minimum wage affords in areas of the country where systemic racism, sexism, and similar factors have contributed to low wages, and it may be necessary to avoid low-wage areas from being “trapped in a second-tier economy.”

Related, wages may fail to adequately compensate workers for the skill and/or risk inherent in their work. A recent study highlighted that skills that are usually associated with managerial and knowledge work, such as critical thinking, active learning, problem-solving, time management, and decision-making, are also important elements of low-wage positions. If undervalued skills were taken into account in determining wages, the average hourly wage was predicted to be $16.52. The undervaluing of low-wage workers takes on heightened relevance in the context of the COVID-19 pandemic. Throughout the COVID-19 pandemic, the US has relied upon essential workers to perform jobs vital to the economy, under conditions that jeopardize health and safety for workers and their households. Yet, according to the Brookings Institution, essential workers comprised approximately half of all workers in occupations with a median wage of less than $15 per hour, and workers of color are disproportionately impacted. Wages for care workers (e.g., home health aides) are so low that nearly 20 percent of care workers live in poverty, and more than 40 percent rely on some form of public assistance. Factoring public assistance into the minimum wage debate raises another important point: if minimum wage workers are earning so little that they must rely on taxpayer-funded benefits to survive, that is shifting the economic burden from the employers who benefit from employees’ time and service to taxpayers. According to recent estimates, raising the federal minimum wage to $15 per hour would reduce government expenditures on public assistance between $13.4 and $31 billion, and the majority of the workers who would benefit from the increased minimum wage are essential and frontline workers.
ADDRESSING ADDITIONAL SDOH TO REDUCE HEALTH IMPACTS OF POVERTY

Income is a critical SDOH, but it is inherently intertwined with other essential SDOH. Affordable housing, transportation, nutritious food, and childcare, as well as educational and job opportunities can be more difficult for low-wage workers to obtain.\textsuperscript{48} For example, as affordable housing becomes less accessible in many urban centers, homelessness (a well-established cause of poorer health outcomes) increases, and also causes low-wage workers to move farther from urban centers to access affordable housing. Extended commutes to work increase transportation costs, which decrease the portion of wages remaining to purchase other necessities, such as nutritious food and childcare. Moreover, low-wage work is often unpredictable and inconsistent, which causes many individuals to work multiple jobs, and gives them little control over their schedules. These erratic schedules can trap people in cycles of part-time work, limiting their ability to pursue educational or occupational opportunities, secure safe and affordable childcare, or attend to their health care needs. Accordingly, to increase the economic security of low-wage workers and families living in poverty, alongside minimum wage policy changes, additional changes to address non-occupational SDOH are required, and integrated public health programs can help. Research indicates that minimum wage increases are most successful in decreasing poverty and improving health when they are combined with other structural improvements that maintain or increase the purchasing power of wages.\textsuperscript{49} Specifically, policy proposals should also consider public benefit programs, tax credits, job-creation policies,\textsuperscript{50} employment programs, career counseling, and education to reduce poverty and improve health and wellbeing.\textsuperscript{51} Policies that do not recognize the importance of these multiple SDOH may lead to missed opportunities to improve the economic resources of people in low-income households and advance health equity among the most historically disadvantaged low-wage earners.\textsuperscript{52}

It is also essential to consider the unintended consequences incremental increases in minimum wage can have on low-wage workers. While increased wages have the potential to reduce workers’ and their families’ need for public assistance, minimal increases in wages could be sufficient to reduce or eliminate workers’ eligibility for public assistance, but without providing enough in wages to purchase the same basket of goods and services otherwise secured with public assistance, a challenge known as the “benefit cliff.” The benefit cliff can harm both employees struggling to meet their basic needs and employers struggling to hire and promote employees.\textsuperscript{53} Consider the case of a recent widow with three children. She excelled in her position at a local grocery store, where she earned $15 per hour, and relied on Medicaid and SNAP to help support her family.\textsuperscript{54} She was offered a promotion to become a supervisor and earn $18 per hour, but she had to decline the promotion because the increased income would have increased her Medicaid premiums, decreased her SNAP payments, and decreased her tax refund, impairing her ability to provide for her family. Public assistance programs are often rooted in federal statute and administered by federal, state, and local agencies. To resolve the benefits cliff and optimally support low-wage workers and their employers, these intersecting programs must evolve in concert. Moreover, resolving the benefits cliff is essential to promote equity, as workers of color are disproportionately likely to work in low-wage jobs, and disproportionately likely to rely on public benefits, resulting in higher marginal tax rates, and making it more challenging for families of color living at or near the poverty level to climb the economic ladder. Policymakers striving to reduce poverty must assess how minimum wage policy interacts with other social policies and supports to ensure that new policies do not result in new harm to the low-income populations they want to serve.

AMA POLICY

strongly supports Medicaid. (Examples include Policies H-290.986, D-290.979, D-290.985, and D-290.974). In addition, AMA policy emphasizes the importance of the SDOH and supports focus on the SDOH to improve overall health. (Key examples include Policies H-65.960, D-440.922, H-160.909, H-165.822, and D-440.916).

DISCUSSION

It is essential that the AMA continue to be welcomed into conversations on all sides of policy debates as a trusted, evidence-based advocate for patients and the physicians who care for them. Accordingly, the Council recommends a set of principles that do not prejudge any minimum wage policy proposal, but instead clearly articulate essential variables that any minimum wage policy proposal should explicitly evaluate to ensure that proposals will translate into benefit, and not unanticipated harm, to individuals and communities. Consistent with AMA advocacy efforts, while the AMA is not opposed to the concept of indexing minimum wage to inflation, it wants to ensure that any such proposal has been well-designed to avoid unintended consequences and ensure that the proposal, once implemented, does not result in decreased access to health.

First among the Council’s recommended principles is a clear statement that poverty is detrimental to health. Next, the Council recognizes that the value of any set minimum wage will erode with the passage of time, but also recognizes that there are significant complexities and unintended consequences inherent in selecting an index for perpetual minimum wage adjustment. For this reason, the Council recommends a principle that broadly encourages federal, state, and/or local policies regarding minimum wage to include plans for adjusting the minimum wage level in the future and an explanation of how these adjustments can keep pace with inflation. In addition, the Council recommends building on Policies H-65.963 and H-65.960 to place those polices in the context of minimum wage debates. Accordingly, federal, state, and/or local policies regarding minimum wage should be consistent with the AMA’s: (1) commitment to speak against policies that create greater health inequities and be a voice for our most vulnerable populations who will suffer the most under such policies, and (2) principle that the highest attainable standard of health, in all its dimensions, is a basic human right and that optimizing the SDOH is an ethical obligation of a civil society.

The Council further appreciates that numerous variables impact the adequacy of a minimum wage for employees, as well as the potential burden on employers. Accordingly, the Council recommends that federal, state, and/or local policies regarding minimum wage should include an explanation of how variations in geographical cost of living have been considered. Similarly, federal, state, and/or local policies regarding minimum wage should include an estimate of the policy’s impact on factors including: unemployment and/or reduction in hours; first-time job seekers; qualification for public assistance (e.g., food, housing, transportation, childcare, health care, etc.); working conditions; health equity, with specific focus on gender and minoritized and marginalized communities; income equity; local small business viability, including independent physician practices; and educational and/or training opportunities.

Finally, the Council emphasizes the importance of viewing income as among the many essential SDOH and the importance of coordinated public health systems to support advances in all SDOH. Accordingly, the Council recommends reaffirming Policy D-440.922, which supports programs and initiatives that strengthen public health systems to address health inequities and the SDOH and Policy H-165.822, which encourages coverage pilots to test the impacts of addressing certain non-medical, yet critical health needs, for which sufficient data and evidence are not available, on health outcomes and health care costs.
RECOMMENDATIONS

The Council on Medical Service recommends that the following be adopted in lieu of Resolution 203-N-21 and that the remainder of the report be filed:

1. That our American Medical Association (AMA) affirm that poverty is detrimental to health. (New HOD Policy)

2. That our AMA advocate for federal, state, and/or local policies regarding minimum wage that include plans for adjusting the minimum wage level in the future to keep pace with inflation. (New HOD Policy)

3. That our AMA affirm that federal, state, and/or local policies regarding minimum wage should be consistent with the AMA’s commitment to speak against policies that create greater health inequities and be a voice for populations who will suffer the most under such policies, further widening the gaps that exist in health and wellness in our nation. (New HOD Policy)

4. That our AMA affirm that federal, state, and/or local policies regarding minimum wage should be consistent with the AMA’s principle that the highest attainable standard of health, in all its dimensions, is a basic human right and that optimizing the social determinants of health is an ethical obligation of a civil society. (New HOD Policy)

5. That our AMA affirm that federal, state, and/or local policies regarding minimum wage should include an explanation of how variations in geographical cost of living have been considered. (New HOD Policy)

6. That our AMA reaffirm Policy D-440.922, which states that the AMA will enhance advocacy and support for programs and initiatives that strengthen public health systems to address health inequities and the social determinants of health. (Reaffirm HOD Policy)

7. That our AMA reaffirm Policy H-165.822, which encourages coverage pilots to test the impacts of addressing certain non-medical, yet critical health needs, for which sufficient data and evidence are not available, on health outcomes and health care costs. (Reaffirm HOD Policy)

Fiscal Note: Less than $500.
REFERENCES

6 Id.
9 Id.
17 Id.
21 Id.
23 Id.
25 Id.
39 Id.
41 Id.
44 Id.
46 Id.
47 Id.
49 Id.
54 Id.