



Healthy Terminals: Assessing an Airports Healthcare Benefits Supplement in New Jersey and New York

Economic Roundtable Research Brief, Underwritten by SEIU 32BJ
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Summary of Findings

The Healthy Terminals Acts in New Jersey and New York would require employers to compensate covered workers¹ with a standard benefits supplement of \$4.54 per hour, which could be used to purchase quality healthcare. We estimate the legislation would affect 34,533 workers earning the PANYNJ mandated minimum wage² across both states and all three major PANYNJ airports.

In New Jersey, the proposed legislation would affect an estimated 10,074 minimum wage airport workers who live there. Newark Liberty Airport employs 10,085 of these workers, with just a few commuting from out of state. If New Jersey approves the Healthy Terminals Act, an estimated 2,028 airport workers who currently utilize state Medicaid to pay for their healthcare would stop relying upon that public assistance program. We estimate the total federal, state, and local public cost savings from reduced Medicaid use in New Jersey will total \$16,861,013 annually; state and local government savings will amount to \$7,206,503.

In New York, the proposed legislation would affect an estimated 24,460 minimum wage airport workers who live there. By place of employment, JFK Airport would have the most workers affected (21,745), with 2,703 affected workers employed at LaGuardia Airport. If New York approves its Healthy Terminals Act, an estimated 7,861 airport workers who presently rely on state Medicaid to pay for their healthcare would leave that public assistance program. We estimate the total federal, state, and local public cost savings from reduced New York Medicaid utilization would add up to \$76,110,808 per year; \$32,530,240 of this will accrue to state and local government.³

The airport businesses affected by the Healthy Terminals Acts include air transportation support firms hired by the airlines (such as baggage handling, cabin cleaning), as well as retail and restaurant concessions firms that lease space in the terminals from the Port Authority. We estimate the annual cost of the Healthy Terminals Acts to be \$85,558,033 for employers at New Jersey's Newark International Airport, and \$207,409,299 for employers at New York's JFK and LaGuardia International Airports. Employers currently paying private health benefits to some minimum wage workers could also forgo those cost outlays, as much as \$28,862,967 for those in New Jersey and \$69,969,443 in New York.

Introduction

In 2018, the Port Authority of New York and New Jersey (PANYNJ) put airport workers at its three major airports -- at John F. Kennedy (JFK), LaGuardia (LGA) and Newark Liberty (EWR) Airports -- on a path to earning \$19 per hour by 2023. Their decision rested on the recognized need to reduce worker turnover, ensuring an “experienced, well trained, and properly motivated” workforce capable of monitoring and securing these critical sites.⁴ While the PANYNJ recognized the importance of health insurance for these frontline workers, it was unable to include a health insurance mandate as part of this package.

The Healthy Terminals Acts (New York S.6266/A.8142, New Jersey S.989/A.2487) would require employers to compensate covered workers with a standard benefits supplement rate, which could be used to purchase quality healthcare. It would set the standard benefits supplement at the rate determined by the United States Department of Labor, pursuant to the *Service Contract Act of 1965* (41 U.S.C. Section 351 et seq.) This rate is determined each year based on the Bureau of Labor Statistics (BLS) Employment Cost Index (ECI),⁵ and it is currently set at \$4.54.⁶ The Act would not affect the benefits supplement for covered workers that are already receiving more than the designated rate.⁷ The \$4.54 supplemental benefit required by the Healthy Terminals Acts could be paid in health benefits, cash equivalent of benefits or both.

This research brief estimates the number of minimum wage airport workers that the proposed Healthy Terminals Act legislation in New Jersey and New York would affect, as well as the number of them who currently utilize state Medicaid benefits and what those benefits cost. Private employers would pay for the proposed healthcare benefits supplement, on top of the minimum wage, allowing these workers access to quality health insurance. As a result of this mandate, the number of airport workers receiving state Medicaid may go down as more enroll in private healthcare plans, thereby reducing public costs.

Estimates in this report include only those covered workers subject to the PANYNJ minimum wage rules.⁸ They exclude some workers whom the Healthy Terminal Acts would cover such as employees of hotel, car rental, and parking companies that operate on airport grounds, as well as employees at Stewart International Airport (SWF) in New York.⁹

1. Estimated number of covered airport workers earning the current minimum wage, \$15.60 per hour, with industry sector breakout

We estimate that there are 34,534 covered airport workers at JFK, LaGuardia and Newark Liberty Airports currently earning \$15.60 an hour (Table 1.1). They are 82 percent of the estimated total 41,875 covered airport workers employed there; the remainder earn above the PANYNJ minimum wage.

Table 1.1: Number of Covered Airport Workers Earning \$15.60 per Hour, by State of Residence

	State of Residence		
Wage Rate	New Jersey	New York	Total
Earning \$15.60	10,074	24,460	34,534
Above \$15.60	2,229	5,113	7,342
Total	12,303	29,573	41,875

Source: Economic Roundtable analysis; Employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RWDSU Local 1102 in 2018; Employment adjustment to 2020 utilizes PANYNJ data on airport employee badges issued to private companies at JFK, LGA and EWR.¹⁰ Also used is the Intervistas Consulting Inc. Summary Report: Potential Impacts of Increases in Wages and Benefits on the Port Authority of New York and New Jersey, Draft. Prepared for the Port Authority of New York and New Jersey, dated July 21, 2016. Estimates in columns may not sum exactly due to rounding of fractions.

JFK International employs the most covered airport workers earning the current \$15.60 minimum wage, numbering 21,745 (Table 1.2). Newark Liberty Airport employs 10,085 workers and LaGuardia employs 2,703 workers currently earning \$15.60 an hour.

Table 1.2: Number of Covered Airport Workers Earning \$15.60 per Hour, by Place of Work

	Airport of Employment			
Wage Rate	EWR	JFK	LGA	Total
Earning \$15.60	10,085	21,745	2,703	34,533
Above \$15.60	2,294	4,117	931	7,342
Total	12,379	25,862	3,634	41,876

Source: See Table 1.1. Estimates in columns may not sum exactly due to rounding of fractions.

Broken out by industry sector, the number of covered airport workers earning \$15.60 per hour is largest in “Support Activities for Transportation,” numbering 19,362 across the two states (Table 1.3). Companies in this sector employ 56 percent of the lowest wage workers studied, which includes in-terminal passenger and baggage handling services, airplane cabin cleaning, and cargo handling services. Companies in the food and beverage service, private security and buildings / grounds maintenance sectors also have significant employment of workers earning the minimum wage. We estimate that the Healthy Terminals Acts would not affect any workers directly employed by the airlines, which make up the “Air Transportation” industry.¹¹

Table 1.3: Industry Breakout of Covered Airport Workers at \$15.60 per Hour

Industry Sector	State of Residence		
	New Jersey	New York	Total
Air Transportation	0	0	0
Support Activities for Transportation	5,648	13,714	19,362
Retail (Book Stores, News Dealers, Gift Shops)	276	670	946
Private Security	1,512	3,671	5,183
Maintenance (Svcs. to Bldgs. and Landscaping)	1,172	2,845	4,017
Restaurants and Bars	1,466	3,560	5,026
Total	10,074	24,460	34,534

Source: See Table 1.1. Estimates in columns may not sum exactly due to rounding of fractions.

2. Covered airport workers at JFK-LGA-EWR Airports that currently receive state Medicaid benefits, number and public cost

After estimating the number of covered airport workers earning the current minimum wage in Section 1, how many of these workers – both earning wages at and above the current minimum – receive state Medicaid assistance¹² due to limited household income or disability? And what is the annual public cost of their Medicaid benefits?

We estimate there are 9,051 minimum wage covered airport workers at JFK, LaGuardia and Newark Liberty Airports who currently receive state Medicaid benefits (Table 2.1). These Medicaid users represent 21 percent of the estimated 41,875 covered airport workers employed at the three major PANYNJ airports. Ninety-two percent of those receiving Medicaid benefits are at the \$15.60 minimum wage, while the remainder earn above that wage rate.

Table 2.1: Number of Covered Airport Workers utilizing Medicaid, by State of Residence

Wage Rate	State of Residence		
	New Jersey	New York	Total
Earning \$15.60	1,878	7,173	9,051
Above \$15.60	150	688	838
Total	2,028	7,861	9,889

Source: Economic Roundtable analysis; U.S. Census Bureau, American Community Survey 2014-2018, 5-Year Public Use Microdata Sample for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area. Employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RWDSU Local 1102 in 2018; Employment adjustment to 2020 utilizes PANYNJ data on airport employee badges issued to private companies at JFK, LGA and EWR.¹³ Note: Where workers live determines their state Medicaid eligibility, so data in these research briefs reflect workers' state of residence. Estimates in columns may not sum exactly due to rounding of fractions.

JFK International employs an estimated 6,379 minimum wage covered airport workers who

utilize state Medicaid benefits (Table 2.2). Newark Liberty Airports employs 1,879 and LaGuardia employs 793 workers who currently utilize state Medicaid.

Table 2.2: Number of Covered Airport Workers utilizing Medicaid, by Place of Work

Wage Rate	Airport of Employment			
	EWB	JFK	LGA	Total
Earning \$15.60	1,879	6,379	793	9,051
Above \$15.60	152	560	127	838
Total	2,031	6,939	920	9,889

Source: See Table 2.1. Estimates in columns may not sum exactly due to rounding of fractions.

There are public cost savings if the states of New York and New Jersey enact the proposed healthcare benefits supplements for covered services workers at JFK-LGA-EWB Airports, since these workers no would longer need Medicaid. What amount of public cost savings would result for state and local governments?

We use Medicaid cost factors based upon state budgets and national research, including the portion of adults who utilize Medicaid due to the Affordable Care Act (ACA) expansion of eligibility in 2014. In states that chose to expand the Medicaid programs under the ACA, such as New Jersey and New York, 76.74 percent are currently eligible under the pre-ACA household income thresholds, while the remaining 23.26 percent have gained eligibility through the ACA expansion of Medicaid, for households with somewhat higher incomes (Table 2.3).¹⁴ From the New Jersey Governor’s FY2020 Detailed Budget, we use their average annual Medicaid cost factors for pre-ACA and ACA expansion adults, averaging the latter for ‘parents’ and ‘childless adults’.¹⁵ This state budget includes the percentage of Federal Financial Participation (FFP) for each cost factor, allowing us to remove the federal dollars. The New York State budget does not reveal average annual Medicaid costs per participant,¹⁶ so we refer to Medicaid cost factors researched earlier by the Kaiser Family Foundation that reveal 16 percent higher costs for this benefit in the State of New York, compared to New Jersey.¹⁷

Table 2.3: Medicaid Average Annual State + Local Cost Factors for Adult Recipients, by State

Eligibility Type	Percent of Adults	Average Annual Medicaid Costs	
		New Jersey	New York
Pre-Expansion	76.74%	\$4,433	\$5,163
ACA Expansion	23.26%	\$649	\$756

Sources: Economic Roundtable analysis; Urban Institute, *Changes in Health Insurance Coverage 2013–2016: Medicaid Expansion States Lead the Way*, U.S. Health Reform—Monitoring and Impact, September 2018, by Laura Skopec, John Holahan, and Caroline Elmendorf; State of New Jersey, *The Governor’s FY2020 Budget: Detailed Budget* (released March 2019). Kaiser Family Foundation. 2019. *Employer Health Benefits: 2019 Annual Survey*. San Francisco, CA.

Applying these blended Medicaid cost factors to the numbers of covered airport workers utilizing Medicaid, by state of residence (from Table 2.1), we estimate that the current state and

local cost of state Medicaid benefits received by 9,051 minimum wage covered services *workers* at JFK-LGA-EWR Airports adds up to \$36,355,278 in 2020 (Table 2.4). Including all covered workers, the total cost savings for state and local government is \$39,739,743: \$7,206,503 for New Jersey, and \$32,530,240 for New York.

Table 2.4: Current Medicaid State + Local Costs of Covered Airport Workers, by State

	State of Residence		
Wage Rate	New Jersey	New York	Total
Earning \$15.60	\$6,673,111	\$29,682,167	\$36,355,278
Above \$15.60	\$533,392	\$2,848,073	\$3,381,465
Total	\$7,206,503	\$32,530,240	\$39,736,743

Source: Economic Roundtable analysis; U.S. Census Bureau, American Community Survey 2014-2018, 5-Year Public Use Microdata Sample for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area. Estimates in columns may not sum exactly due to rounding of fractions.

The total Medicaid costs for these workers, including the Federal Financial Participation (FFP) dollars, appear in Table 2.5. For Pre-Expansion low-income adults, the FFP rate is 50 percent, and for ACA Expansion adults, the FFP is much higher, typically 90 percent.¹⁸

Table 2.5: Medicaid Average Annual Cost Factors for Adult Recipients with FFP, by State

		Average Annual Medicaid Costs	
Eligibility Type	Percent of Adults	New Jersey	New York
Pre-Expansion	76.74%	\$8,865	\$10,326
ACA Expansion	23.26%	\$6,489	\$7,558

Source: See Table 2.3.

The total Medicaid cost – which include federal state and local dollars – for all covered airport workers utilizing Medicaid, amounts to \$16,861,013 in New Jersey and \$76,110,808 in New York (from Table 2.4).

Table 2.6: Current Medicaid Total (Federal + State + Local) Costs of Covered Airport Workers, by State

	State of Residence		
Wage Rate	New Jersey	New York	Total
Earning \$15.60	\$15,613,039	\$69,447,188	\$85,060,227
Above \$15.60	\$1,247,974	\$6,663,620	\$7,911,593
Total	\$16,861,013	\$76,110,808	\$92,971,821

Source: Economic Roundtable analysis; U.S. Census Bureau, American Community Survey 2014-2018, 5-Year Public Use Microdata Sample for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area. Estimates in columns may not sum exactly due to rounding of fractions

Projected cost savings to state, local, and federal government include Medicaid-billed costs only, but do not account for other federal, state, local or hospital expenditures related to uninsured workers' medical expenses ineligible under Medicaid. They also do include the costs borne by both insured and uninsured workers themselves for medical care, such as visit copayments.

3. Estimated cost of the proposed Healthy Terminals Acts supplements in New Jersey and New York, for workers currently earning \$15.60 an hour

The proposed Healthy Terminals Acts would add \$4.54 an hour to the pay of airport workers currently at the \$15.60 minimum wage, affecting several occupations (Table 3.1). Workers receiving more than the minimum wage but less than \$20.14 per hour – the equivalent of the current \$15.60 PANYNJ minimum wage plus the \$4.54 healthcare benefit supplements – will receive a portion of the supplement, the difference between \$20.14 and their current wage. (Due to the smaller number of workers above the current minimum wage, and the unknown impact of the September 1, 2019 minimum wage increase on them, this report brief excludes the costs of workers at wage levels beyond \$15.60. Our findings also exclude tax savings to employers, for whom employee health premiums are tax deductible.) What is the aggregate annual cost of this legislated benefit to employers, assuming that all workers currently earning \$15.60 an hour would qualify?

Table 3.1: Number of Covered Services Workers Earning \$15.60 per Hour by Occupation and Place of Work

Occupation	New Jersey	New York
Passenger-Related Security Svcs.	1,121	2,717
Cargo Related & Ramp Svcs.	664	1,609
In-Terminal Passenger & Baggage Svcs.	3,541	8,585
Building Maintenance Svcs.	1,234	2,991
Terminal Concession Svcs.	1,464	3,549
Airplane Cabin Cleaning	1,705	4,132
Airplane Catering & Provisioning	357	864
Total	10,085	24,448

Source: See Table 1.2. Estimates in columns may not sum exactly due to rounding of fractions.

To estimate the employer cost of the Healthy Terminals Acts, we calculated the average annual hours worked by airport covered services workers using the U.S. Census *American Community Survey* (WKHP * WKW_NUMB), and multiplied this by the amount of the proposed healthcare benefit supplement, \$4.54 an hour, yielding the average annual cost per worker. Next, we multiply that *per worker* factor by the number of workers (from Tables 1.2 and 3.1), in order to get the aggregate annual cost of the proposed legislation. We break out these calculations by airport covered services workers' *occupations* in order to capture their different work schedules and hours, as well as the different numbers of these workers employed in each.

In New Jersey, we estimate the total annual cost to employers of the Healthy Terminals Act would be \$85,558,033 (Table 3.2), covering all 10,085 workers at Newark Liberty (EWR) Airport currently earning \$15.60 an hour. The largest group of these workers are *In-Terminal Passenger & Baggage Services* workers, whose aggregate Healthcare Benefit Supplement would add up to \$30,805,889, over a third of the total.

Table 3.2: New Jersey Cost Estimate of a proposed Healthy Terminals Act supplement, for Workers earning \$15.60 per Hour

Occupation	Avg. Hours Worked Annually	Healthcare Benefit (Hourly) Supplement	Annual Cost per Worker	Number of Workers	Total Annual Cost
Passenger-Related Security Svcs.	1,826	\$4.54	\$8,290	1,121	\$9,291,602
Cargo Related & Ramp Svcs.	1,965	\$4.54	\$8,921	664	\$5,921,706
In-Terminal Passenger & Baggage Svcs.	1,916	\$4.54	\$8,699	3,541	\$30,805,889
Building Maintenance Svcs.	2,083	\$4.54	\$9,457	1,234	\$11,668,119
Terminal Concession Svcs.	1,586	\$4.54	\$7,200	1,464	\$10,541,096
Airplane Cabin Cleaning	1,848	\$4.54	\$8,390	1,705	\$14,301,333
Airplane Catering & Provisioning	1,871	\$4.54	\$8,493	357	\$3,028,286
Average / Total	1,907		\$8,658	10,085	\$85,558,033

Source: Economic Roundtable analysis; U.S. Census Bureau, American Community Survey 2014-2018, Public Use Microdata Sample (PUMS) for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area.

In New York, we estimate the Healthy Terminals Act’s total annual cost to employers would be \$207,409,299 (Table 3.3), covering all 24,448 combined workers at John F. Kennedy (JFK) and LaGuardia (LGA) Airports currently earning \$15.60 an hour. The largest group of these workers are also *In-Terminal Passenger & Baggage Services* workers, whose aggregate Healthcare Benefit Supplement would add up to \$74,679,463, over a third of the total.

Table 3.3: New York Cost Estimate of a proposed Healthy Terminals Act supplement, for Workers earning \$15.60 per Hour

Occupation	Avg. Hours Worked Annually	Healthcare Benefit (Hourly) Supplement	Annual Cost per Worker	Number of Workers	Total Annual Cost
Passenger-Related Security Svcs.	1,826	\$4.54	\$8,290	2,717	\$22,524,650
Cargo Related & Ramp Svcs.	1,965	\$4.54	\$8,921	1,609	\$14,355,367
In-Terminal Passenger & Baggage Svcs.	1,916	\$4.54	\$8,699	8,585	\$74,679,463
Building Maintenance Svcs.	2,083	\$4.54	\$9,457	2,991	\$28,285,788
Terminal Concession Svcs.	1,586	\$4.54	\$7,200	3,549	\$25,553,665
Airplane Cabin Cleaning	1,848	\$4.54	\$8,390	4,132	\$34,669,212
Airplane Catering & Provisioning	1,871	\$4.54	\$8,493	864	\$7,341,155
Average / Total	1,907		\$8,658	24,448	\$207,409,299

Source: Economic Roundtable analysis; U.S. Census Bureau, American Community Survey 2014-2018, Public Use Microdata Sample (PUMS) for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area.

Estimated cost avoidance for Employers if a Healthcare Benefit Supplement is enacted in New Jersey and New York

Some employers of covered airport workers at JFK, LaGuardia and Newark Liberty Airports currently pay for private health insurance benefits as part of workers' overall compensation. If the New Jersey and New York state legislatures both enact the proposed Healthy Terminals Acts, airport employer costs for health insurance would be redundant and they could avoid that expense, but how much does that amount to?

The estimated average annual cost of health insurance premiums per worker, as paid by medium- to large-employers of lower-wage workers, is \$5,021.¹⁹ We estimate that current percentage of covered airport workers and earning \$15.60 an hour with employer-paid health insurance ranges from a low of 13.6 percent at Newark Liberty Airport and 7 percent at JFK and LaGuardia Airports in New York²⁰ to as high as 57 percent.²¹

Based on these parameters, we estimate that total annual cost of health insurance premiums paid by employers for covered airport workers is between \$6.8 and \$28.8 million at Newark Liberty Airport, and between \$7.3 and \$69.9 million combined at the New York Airports, JFK and LaGuardia (Table 3.4).

Table 3.4: Cost of Current Employer-Provided Health Insurance, offered to some Covered Service Workers earning \$15.60 per Hour

	New Jersey	New York
Average annual premium cost ¹⁹	\$5,021	\$5,021
Number of Covered Airport Workers earning \$15.60 an hour:		
Number of Airline subcontractor workers	8,621	20,899
Number of concessions subcontractor workers	1,464	3,549
Total Covered Airport Workers	10,085	24,448
Number of Covered Airport Workers with Employer-Paid Health Insurance:		
<i>Low End</i> Estimate Rate (SEIU 32BJ) ²⁰	13.6%	7.0%
Airline subcontractor workers	1,172	1,463
Concessions subcontractor workers	199	248
Total	1,372	1,711
<i>High End</i> Estimate Rate (Kaiser Family Foundation) ²¹	57%	57%
Airline subcontractor workers	4,914	11,912
Concessions subcontractor workers	834	2,023
Total	5,748	13,935
Current Cost to Employers:		
<i>Low End</i> Estimate Cost (SEIU 32BJ) ²⁰		
Airline subcontractor workers	\$5,886,935	\$7,345,406
Concessions subcontractor workers	\$999,668	\$1,247,333
Total	\$6,886,603	\$8,592,739
<i>High End</i> Estimate Cost (Kaiser Family Foundation) ²¹		
Airline subcontractor workers	\$24,673,181.85	\$59,812,587.99
Concessions subcontractor workers	\$4,189,786	\$10,156,855
Total	\$28,862,967	\$69,969,443

Source: Economic Roundtable analysis; Kaiser Family Foundation. 2019. *Employer Health Benefits: 2019 Annual Survey*. San Francisco, CA; SEIU 32BJ. 2018-19. *Informal Survey of Airport Worker Members*.

4. Research Notes and Methodology

As noted above, data in this report brief include only those workers covered by the PANYNJ wage policy and may exclude some whom the proposed health care benefits supplement will cover, such as employees of hotel, car rental, and parking companies that operate on airport grounds. It also excludes workers at Stewart International Airport in New York, which the Healthy Terminals Airport covers.²²

This report brief builds upon the Economic Roundtable's 2018 report, *Restoring Altitude: Economic Impacts of the Port Authority of New York and New Jersey Minimum Wage Proposal*. To estimate the current number of workers employed at John F. Kennedy, Newark Liberty, and LaGuardia airports, we analyze employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RWDSU Local 1102 in 2018. These data consist of 15,074 records of covered services workers, which we weighted by occupation, industry, wage rate, full- and part-time status, and geography to represent the full universe of workers in 2018. For weighting, we also referred to the InterVISTAS Consulting Inc. *Summary Report: Potential Impacts of Increases in Wages and Benefits on the Port Authority of New York and New Jersey, Draft*, prepared for the Port Authority in July 2016.

For this report brief, we adjusted the weights to 2020 employment levels utilizing PANYNJ data on airport employee badges issued to private companies at JFK, LGA and EWR; we utilized a time series of badging datasets from January 2015, March 2018 and September 2019 in order to determine airport specific employment change trends. (These trends equal a 1.5034% annual employment increase at Newark Liberty Airport, 2.1777% at JFK, and 2.3233% at LaGuardia. The trend across all three major PANYNJ airports is a 2.0072% annual employment increase.)

Estimates of Medicaid utilization among airport covered services workers come from analyzing the U.S. Census Bureau, *American Community Survey 2014-2018, 5-Year Public Use Microdata Sample* for the New York–Newark–Jersey City, NY–NJ–PA Metropolitan Statistical Area. We created this data set by merging the 5-Year PUMS person files for New Jersey and New York, and identified the PUMAs from each that are in the metropolitan area using the online [MABLE Geocorr](#) (Geographic correspondence tool for various geographies) correspondence tables. We filtered the working PUMS data file by geography, industry, occupation and wages, while adding rules to ensure positive earnings from employment. We used the variable "HINS4," found in the PUMS person data, which asks whether survey respondents utilized "Medicaid, Medical Assistance, or any kind of government-assistance plan for those with low incomes or a disability" that year. We monitored PUMS unweighted record counts in all crosstab tables to ensure statistical reliability of these findings.

To estimate Medicaid cost savings, we applied cost factors specific to the states of New Jersey²³ and New York. The most detailed of these is from the [New Jersey FY2020 State Budget](#), and the invaluable Henry J. Kaiser Family Foundation website on consumer health expenses: [Medicaid Spending per Enrollee \(Full or Partial Benefit\)](#). We also referred to recent public policy reports

about Medicaid, such as [Busting the Cap](#) (by Bill Hammond, Empire Center for Public Policy, 2019) and [Overdue Bills](#) (Citizens Budget Commission, 2019) in order to verify the steady rise of Medicaid cost factors. See table 2.3 and 2.5 for New Jersey and New York average annual Medicaid cost factors, which come from the expanded table below:

State	Group	Federal+ State+ Local Medicaid Cost per Person 2020	State + Local Portion	State+ Local Medicaid Cost per Person 2020	Percent of Adults in each Group
New Jersey	Title XIX Parents	\$8,865	50%	\$4,433	76.74%
	Expansion Childless Adults	\$7,846	10%	\$785	23.26%
	Expansion Parents	\$5,132	10%	\$513	
	ERT Blended Expansion Adults*	\$6,489		\$649	

State	Group	Federal+ State+ Local Medicaid Cost per Person 2020	State + Local Portion	State+ Local Medicaid Cost per Person 2020	Percent of Adults in each Group
New York	Title XIX Parents	\$10,326	50%	\$5,163	76.74%
	Expansion Adults	\$7,558	10%	\$756	23.26%

We used the Urban Institute report, [Changes in Health Insurance Coverage 2013–2016: Medicaid Expansion States Lead the Way, U.S. Health Reform—Monitoring and Impact](#) (September 2018, by Laura Skopec, John Holahan, and Caroline Elmendorf) to estimate the ratio of Title XIX to Expansion Medicaid adults. We averaged the cost factors for adults who are parents and childless in New Jersey to create the “ERT Blended Expansion Adults” (*) cost factor. The “State + Local Portion” is based upon the Federal Financial Participation (FFP) matching rates published in the [New Jersey FY2020 State Budget](#), page D-184, and on the Kaiser Family Foundation’s [Federal Medical Assistance Percentage \(FMAP\) for Medicaid and Multiplier](#) online report. The federal matching rate for low-income adults is 50 percent in New Jersey and New York, while the federal government covers 90 percent of Medicaid costs for ACA expansion adults. See also the Kaiser Family Foundation’s [Medicaid Financing: The Basics](#), by Robin Rudowitz, Kendal Orgera, and Elizabeth Hinton, Mar 21, 2019.

The general formula for cells in Table 2.4 is as follows:

[(Number of Covered Airport Workers utilizing Medicaid, by State) x [Percent of Pre-ACA adults (76.74%)] x [State & Local Medicaid Cost per Pre-ACA Adult]] + [(Number of Covered Airport Workers utilizing Medicaid, by State) x [Percent of ACA Expansion adults (23.26%)] x [State & Local Medicaid Cost per Expansion Adult]]

Table 2.6 uses a similar formula, but includes the Federal, State, Local Medicaid cost factors for pre-ACA and ACA Expansion adults.

Disclaimer

The Economic Roundtable (economicrt.org) prepared this research brief, and assumes all responsibility for its contents. Data, interpretations and conclusions contained in this report are not necessarily those of any other organization. The Service Employees International Union, Local 32BJ, underwrote this research brief.

Endnotes

¹ Covered employees and employers are defined in the *Healthy Terminals Acts* (New York S.6266/A.8142, New Jersey S.989/A.2487), available at <https://www.nysenate.gov/legislation/bills/2019/s6266/amendment/original> and <https://www.njleg.state.nj.us/bills/BillView.asp>

² In both states, the current minimum wage for these PANYNJ workers is currently \$15.60 per hour. See the Port Authority's "Minimum Wage Rules for Airport Employees" for the latest age rate, at <https://www.panynj.gov/airports/en/minimum-wage-rules.html>

³ Projected cost savings to state, local, and federal government include Medicaid-billed costs only, but not other federal, state, local or hospital expenditures for uninsured workers' medical expenses ineligible under Medicaid. Nor they do include the costs borne by both insured and uninsured workers themselves for medical care. In its "Report to Congress on Medicaid and CHIP, March 2020," the Medicaid and CHIP Payment and Access Commission (MACPAC) found total annual hospital uncompensated care costs in New Jersey totaling \$1,025 million in 2017, and in New York: \$2,630 million. See Table 1A-4. State Levels of Uncompensated Care, FYs 2016–2017, page 37-38. <https://www.macpac.gov/wp-content/uploads/2020/03/March-2020-Report-to-Congress-on-Medicaid-and-CHIP.pdf>

⁴ See Port Authority for New York and New Jersey. 2018. *Airport Worker Wages Analysis and Justification*. Available at <https://corpinfo.panynj.gov/documents/Airport-Worker-Wages-Analysis-and-Justification/>

⁵ U.S. Department of Labor, Wage and Hour Division, *McNamara-O'Hara Service Contract Act Overview*. Available at <https://www.dol.gov/whd/govcontracts/sca.htm#FactSheet>

⁶ U.S. Department of Labor, Wage and Hour Division, *All Agency Memorandum Number 230, July 05, 2019*. Available at https://www.gsanational.com/wp-content/uploads/2019/07/AAM-230_2019-Health-and-Welfare.pdf, accessed October 22, 2019. See also 41 U.S. Code § 6703.

⁷ The current the designated rate for PANYNJ airport workers would be \$20.14, the combined value of the current \$15.60 PANYNJ minimum wage and the \$4.54 benefit standard.

⁸ Port Authority of New York and New Jersey, *Amended Rules for Implementation of Minimum Wage Policy for Non-Trade Labor Service Contracts – LaGuardia Airport, John F. Kennedy International Airport and Newark Liberty International Airport*, October 15, 2018.

⁹ Security badging data from Stewart International Airport (SFW) shows 1,149 total personnel, compared to 72,423 at JFK, LGA, and EWR. Data available via PANYNJ Freedom of Information Act request (August 2019 and December 2019), available at <https://corpinfo.panynj.gov/documents/20621-O/> and <https://corpinfo.panynj.gov/documents/21224-O/>

¹⁰ December 2019 badging data available at <https://corpinfo.panynj.gov/documents/21224-O/>

¹¹ Source: Economic Roundtable analysis of employer-reported airport worker rosters with hourly wages received by Service Employees International Union (SEIU) Local 32BJ, Union of Needletrades, Industrial and Textile Employees, Hotel Employees and Restaurant Employees Union (UNITE HERE) Local 100, and Retail, Wholesale and Department Store Union (RWDSU) Local 1102 in 2018; PANYNJ data on airport employee badges issued to private companies at JFK, LGA and EWR.

¹² Medicaid, created under the Social Security Amendments of 1965 (Title XIX to the Social Security Act, 42 U.S.C. §§ 1396 et seq.), is a joint federal-state program that provides health coverage or nursing home coverage to certain categories of low-asset people, including children, pregnant women, parents of eligible children, people with disabilities and elderly needing nursing home care. Administered by state Medicaid departments, it helps “low-asset people who fall into one of these eligibility categories” pay for some or all of their medical bills.”

New Jersey and New York both participate in Medicaid, each setting their own eligibility criteria, including household income thresholds. In New Jersey, the state’s Department of Human Services, Division of Medical Assistance and Health Services administers “NJ Medicaid” for Families and Children (<https://www.state.nj.us/humanservices/dmahs/clients/medicaid/families/>). In New York, the State Department of Health administers the “New York State Medicaid State Plan” (https://www.health.ny.gov/regulations/state_plans/).

¹³ December 2019 badging data available at <https://corpinfo.panynj.gov/documents/21224-O/>

¹⁴ Urban Institute, *Changes in Health Insurance Coverage 2013–2016: Medicaid Expansion States Lead the Way, U.S. Health Reform—Monitoring and Impact*, September 2018, by Laura Skopec, John Holahan and Caroline Elmendorf. See *Figure 9: Shares of Nonelderly with Incomes Below 138 Percent of the Federal Poverty Level with Each Coverage Type in 2013 and 2016, by State Medicaid Expansion Status*, which draws upon Urban Institute analysis of American Community Survey PUMS data from 2013 and 2016. <https://www.urban.org/research/publication/changes-health-insurance-coverage-2013-2016-medicaid-expansion-states-lead-way>

¹⁵ Murphy, Phillip D. 2019. *State of New Jersey: The Governor's FY2020 Budget: Detailed Budget*. See Budget Estimate for FY 2020 on page D-184.
<https://www.nj.gov/treasury/omb/publications/20budget/pdf/FY20GBM.pdf>

¹⁶ See New York State of Opportunity FY 2020 Enacted Budget Financial Plan.
<https://www.budget.ny.gov/pubs/archive/fy20/enac/fy20fp-en.pdf> Our efforts to obtain the state's own average annual Medicaid cost factors per participant included outreach directly to the office the Medicaid Director for the State of New York, and submitting a Freedom of Information Law (FOIL) request to the New York Department of Health. We did not hear back from either state office before completing this report.

¹⁷ Kaiser Family Foundation. 2019. *Employer Health Benefits: 2019 Annual Survey*. San Francisco, CA. For Medicaid Spending per Enrollee (Full or Partial Benefit) in New Jersey and New York, visit:
<https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-enrollee/?currentTimeframe=0&selectedRows=%7B%22states%22:%7B%22new-jersey%22:%7B%7D,%22new-york%22:%7B%7D%7D%7D&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>

¹⁸ Murphy, Phillip D. 2019. *State of New Jersey: The Governor's FY2020 Budget: Detailed Budget*. See Budget Estimate for FY 2020 on page D-184.
<https://www.nj.gov/treasury/omb/publications/20budget/pdf/FY20GBM.pdf>

¹⁹ Average employer contribution for single coverage for firms where at least 35 percent of workers earn \$25,000 per year or less is \$5,021. Source: Kaiser Family Foundation. 2019. *Employer Health Benefits: 2019 Annual Survey*. San Francisco, CA. See page 9 and figure C. Report accessed online in March 2020 at <http://files.kff.org/attachment/Report-Employer-Health-Benefits-Annual-Survey-2019>

²⁰ Source: Service Employees International Union (SEIU) Local 32BJ. 2018-19. *Informal Survey of Airport Worker Members*. Sample sizes for this informal survey were 371 workers at EWR, and 801 workers at JFK and LGA combines.

²¹ Source: Kaiser Family Foundation. 2019. *Employer Health Benefits: 2019 Annual Survey*. San Francisco, CA. See page 13 and figure G, for employers with 10-199 employees. Report accessed online in March 2020 at <http://files.kff.org/attachment/Report-Employer-Health-Benefits-Annual-Survey-2019>

²² See endnote 9.

²³ Murphy, Phillip D. 2019. *State of New Jersey: The Governor's FY2020 Budget: Detailed Budget*, page D-184. Available online at <http://www.state.nj.us/treasury/omb/>