

## **Republican Legislators Challenge Wal-Mart on Employee Health Insurance**

*It is well known that Wal-Mart stores shortchanges its employees with low-quality, high-cost health insurance coverage. Not surprisingly, less than 50 percent of Wal-Mart employees are covered by the company plan. To date, fifteen states have conducted studies which found large numbers of Wal-Mart employees and their family members relying on taxpayer funded programs to provide health insurance. Republican lawmakers are taking notice and challenging Wal-Mart to change its policies.*

*“There are government assistance programs out there that are so lucrative it’s hard to be competitive, and it’s expensive to be competitive,”*

-- A galling statement from Wal-Mart CEO Lee Scott [[St. Louis Post Dispatch](#), 04/06/05]

**IDAHO: House Speaker Demands Disclosure, Says Wal-Mart Actions on Health Insurance are “Really Wrong.”** “House Speaker Bruce Newcomb is making noise about taking on Wal-Mart because he thinks the company relies on taxpayer subsidies to support underpaid workers. A bill that would have taxed Wal-Mart for what lawmakers said were substandard health plans was vetoed May 19 by Maryland Gov. Robert Ehrlich, who had Wal-Mart's chief operating officer at his side for the veto ceremony. Newcomb, who helped Albertsons win a key tax break this year, said he's looking at the Maryland bill for two reasons: The fiscal impact on Idaho and what he sees as an issue of fairness to companies like Albertsons, which pay far more generous wages and benefits. ‘Wal-Mart's blowing people out of the water, and if they're doing that by having the public sector subsidize their health care, that's wrong,’ Newcomb said. ‘That's really wrong.’ Newcomb, R-Burley, said he will ask the Department of Health and Welfare to study Wal-Mart workers' share of Medicaid.” [[Idaho Statesman](#), 6/29/05]

**NEW HAMPSHIRE: Senate Majority Leader Working to Stop Wal-Mart Model of Stranding In** New Hampshire Senate Majority Leader Robert Clegg criticized news that Wal-Mart employees topped the state’s list of workers relying on the publicly funded Healthy Kids program. The [Associated Press](#) reported, “Clegg, a conservative Republican, believes businesses are shirking their responsibility to provide health care because they know taxpayers will pick up the tab. ‘[Business has looked at it as a method of reducing overhead](#),’ he said. Clegg is looking at reform proposals that would minimize public health insurance coverage substituting private coverage. [[Associated Press](#), 5/15/05]

**TENNESSEE: State Senator Called on Wal-Mart to Use Profit to Remove Employees from Medicaid.** Republican State Senator questioned Wal-Mart’s health care policy during town hall meeting debating a crisis in Tennessee’s Medicaid program (TennCare). “State Sen. Tim Burchett (R-Knoxville) said Wal-Mart shares some of the blame for the TennCare crisis. ‘[A large percentage of their \[Wal-Mart’s\] employees are on TennCare and I’d like to see them use some of their profits to support some of their people, and things like that](#),’ Burchett said.” [<http://www.wate.com/Global/story.asp?S=3620295>]

## **Newcomb says Wal-Mart rides on taxpayers' backs**

The Idaho Statesman, 6/29/05

By Dan Popkey

Anxiety about depressed wages and affection for a home-grown success story could make pro-business Idaho the unlikely scene of an attack on the biggest company in the world.

House Speaker Bruce Newcomb is making noise about taking on Wal-Mart because he thinks the company relies on taxpayer subsidies to support underpaid workers. A bill that would have taxed Wal-Mart for what lawmakers said were substandard health plans was vetoed May 19 by Maryland Gov. Robert Ehrlich, who had Wal-Mart's chief operating officer at his side for the veto ceremony.

Newcomb, who helped Albertsons win a key tax break this year, said he's looking at the Maryland bill for two reasons: The fiscal impact on Idaho and what he sees as an issue of fairness to companies like Albertsons, which pay far more generous wages and benefits.

"Wal-Mart's blowing people out of the water, and if they're doing that by having the public sector subsidize their health care, that's wrong," Newcomb said. "That's really wrong."

Newcomb, R-Burley, said he will ask the Department of Health and Welfare to study Wal-Mart workers' share of Medicaid. Such figures are not now available for Idaho. Wal-Mart employs 6,400 workers at 18 stores in Idaho. The average hourly wage for a full-time "associate" is \$9.20 per hour, the company says.

Data from other states suggests sloughing costs of health care, housing and other expenses to taxpayers is part of Wal-Mart's low-cost strategy.

In Georgia, Wal-Mart workers disproportionately take advantage of PeachCare, the state health insurance program for kids. For every four Wal-Mart workers, one dependent child was enrolled in PeachCare in 2002, or 10,261 of the 166,000 children covered. Wal-Mart's rival, Publix Supermarkets, enrolled one dependent for every 22 workers, according to the state.

"That's not random," Newcomb said. "That's because of some kind of policy within the company."

The PBS program "Now with Bill Moyers," reported Wal-Mart provides new workers with toll-free numbers to determine eligibility for public benefits.

Wal-Mart denies encouraging workers to get on the dole. In a May 18 letter to Newcomb, Joe Kefauver, director of state government relations for Wal-Mart, said the company has been unfairly targeted by grocery employee unions.

"Please be assured that we do not encourage the use of public assistance, and we do not structure our plans with the idea that there will be a governmental safety net," Kefauver wrote, adding that more than 500,000 of its 1.2 million workers buy company health plans, which begin at \$155 a month for a family.

But Wal-Mart's plans are less generous than competitors'. Wal-Mart says it spends \$3,100 per year on medical benefits per employee, well below the average of \$4,400 for large retailers, according to Mercer Human Resource Consulting. Wal-Mart workers pay about one-third of the cost of premiums, while employees of the typical Fortune 500 company pay one-fifth.

Wal-Mart says 48 percent of its workers are in its health plan. That compares with 61 percent enrollment at all large retailers, according to a 2004 study by the University of California-Berkeley Labor Center.

The study found Wal-Mart workers in California make an average of \$9.70 per hour, compared to \$14.01 for employees at other retailers with 1,000 or more workers. Wal-Mart workers got an estimated \$1,952 in public assistance per worker, compared to \$1,401 per worker for other big retailers.

Wal-Mart employees cost California taxpayers \$86 million a year, according to the study, \$32 million for health care and \$54 million in other assistance including welfare, housing, energy assistance, low-income tax credits, and nutrition programs. The study estimated the cost of public aid to Wal-Mart workers nationally at up to \$2 billion a year.

Nate Hurst, a Wal-Mart spokesman, said the company commissioned its own study, which found Wal-Mart has helped get people off Medicaid. The Segmentation Co. found the proportion of employees on Medicaid fell from 7 percent three months before employment to three percent after two years on the job.

"We estimate Wal-Mart has taken 160,000 Americans off the list of America's uninsured," said Hurst.

Kefauver wrote Newcomb and every state legislator in the country to say Wal-Mart is eager to address what he called a national health care crisis.

House Appropriations Committee Chairwoman Maxine Bell, R-Jerome, is deeply troubled by Medicaid spending in Idaho, which has grown 10-fold since 1990, accounting for 14 percent of the state budget.

"But we have a far broader problem than Wal-Mart," she said. "It's a national issue and it's just too complicated for one solution."

Jim Girvan, dean of the College of Health Sciences at Boise State University, said the Maryland approach is a "creative idea" worthy of discussion. The bill would have required large employers to spend at least 8 percent of total wages on health care. Otherwise, they would pay the difference between what they spend and 8 percent of wages into a state Medicaid fund.

But Girvan agreed that targeting Wal-Mart isn't a fix for a system in crisis. "Anything that's going to add to the pool of available money for those not making a living wage is going to help," Girvan said. "But is it going to turn the corner on containing costs? Probably not."

Still, Speaker Newcomb, yanking on his populist agrarian roots, has hit on a way to engage conservative lawmakers. Going after Wal-Mart as the low-hanging fruit could prompt legislators anxious about a changing economy to grasp one of our central problems. Kudos to Newcomb for spurring the debate.

At [IdahoStatesman.com](http://IdahoStatesman.com)

Read the Maryland Fair Share Health Care Fund Act that would have taxed Wal-Mart for not spending what lawmakers consider enough on health care <http://mlis.state.md.us/2005rs/billfile/sb0790.htm>

Read Maryland Gov. Robert Ehrlich's veto message for the Fair Share Act

Read more on Wal-Mart's position

Learn what Wal-Mart's critics have to say

Read the University of California-Berkeley's study on the impact of Wal-Mart on taxpayers in California.

To read more of Dan Popkey's columns, including the one he wrote about his mom, go to [IdahoStatesman.com/Popkey](http://IdahoStatesman.com/Popkey)

## **State, Retail Workers High On List of Needing Health-Care Subsidy**

By Norma Love, Associated Press Writer  
Associated Press, 5/15/05

The state shares a dubious distinction with retailers - being high on a list of employers whose lowest-paid workers are on Medicaid.

Perhaps just as surprising are the number of health care workers also on Medicaid, the state-federal subsidized health insurance program for the poor.

And many other higher-paid state, retail and health care workers in New Hampshire are receiving taxpayer-subsidized insurance for their children through a companion program to Medicaid called Healthy Kids Silver.

Wal-Mart is the employer with the most workers receiving subsidized coverage in both categories - 487 out of about 8,500 workers, as of Jan. 31. But also high on the lists are the state, Dunkin Donuts, Shaws, Concord Hospital, nursing home provider Genesis and the U.S. Postal Service.

A general breakdown of employers in New Hampshire with five or more workers covered by Medicaid found 22 percent worked for retailers; 16 percent for health care providers; 10 percent for government or schools; 15 percent for service providers; 4 percent for non-profits; and 20 percent for a variety of other employers.

An analysis of the Healthy Kids program - obtained by The Associated Press - was prepared by the state Department of Health and Human Services and is the impetus behind renewed reform efforts in the Senate that were abandoned by the House last month.

Both Medicaid and Healthy Kids Silver are intended to help lower-income families, but Senate Majority Leader Robert Clegg and other lawmakers are increasingly questioning whether the right people are being served.

Clegg, a conservative Republican, believes businesses are shirking their responsibility to provide health care because they know taxpayers will pick up the tab.

"Business has looked at it as a method of reducing overhead," he said.

Clegg is talking about "crowd out," broadly defined as the substitution of public health insurance coverage for private coverage.

State Medicaid Director Steve Norton said it's a national trend. "We've seen significant declines in employer-based coverage and significant increases in public coverage," he said.

A recent Kaiser Family Foundation study found that the percentage of all workers receiving health coverage from their employer nationally fell from 65 percent in 2001 to 61 percent last year. A contributing factor was a decline in the percentage of all small firms offering health insurance during the period.

But Tricia Brooks, executive director of Healthy Kids, insists that's not the case in New Hampshire. She notes that the percentage of Wal-Mart, state and other workers receiving subsidized coverage is small compared to the company's total employment. She cites U.S. Census figures to show the percentage of

children under age 18 covered by employer plans has risen slightly, from 70 percent in 1987 to 79 percent in 2003.

Clegg believes that Wal-Mart encourages workers to apply for government assistance, but Brooks says that's not her experience.

"We are aware of one or two retailers - Wal-Mart is not one of them - that asked us to come in and talk to their employees. We have refused. We won't do public outreach through business. We don't do sales calls," she said.

A Wal-Mart spokesman also disagreed with Clegg. "We do not design our plans to be supplemented by public assistance nor do we encourage our employees to apply for it," Dan Fogleman said.

Wal-Mart offers full-time workers a range of options with monthly premiums starting at about \$40 for individuals and \$154 for family plans with an annual \$1,000 deductible, Fogleman said. Workers who work less than 34 hours a week must wait two years to be eligible for coverage that is limited to the individual.

Similarities exist between Wal-Mart's health insurance policy and the state's.

The state offers full-time workers generous health benefits, but does not offer any coverage to employees who work less than 30 hours a week.

Clegg is looking at several reform proposals requiring New Hampshire to minimize "crowd out." They include narrowing the list of exemptions for families to be covered by the state; enforcing an asset test to limit eligibility to families without means; and paying a share of employers' premiums for poor workers if it costs less than enrolling them in the Healthy Kids program.

Clegg, a member of the Senate budget committee, also is studying proposals in Maryland and New Jersey that would require companies with 10,000 or more employees to spend at least 8 percent of their payroll on employee health insurance or pay the difference to help the state provide coverage under Medicaid.

The proposals target Wal-Mart, which is under attack not just from state Legislatures but unions and other critics who complain the giant retailer does too little to provide health coverage to its 1.2 million workers in the United States.

Meanwhile, Gov. John Lynch wants to enroll more children in Healthy Kids Silver, not establish hurdles to coverage. He proposes enrolling another 6,000 children - though he accidentally didn't put enough money in the budget to pay for all of them.

"I believe firmly that we should be working to increase the number of children enrolled in our children's health insurance program," he said.

Lynch doesn't want the debate over whether companies are doing enough to be used as an excuse to make it harder to enroll children. He acknowledges government may need to set limits on which low-income families qualify.

"There may be a line to be drawn," he said. "I don't know where that is."

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On the Net: [www.walmartfacts.com](http://www.walmartfacts.com)

<http://www.nhhealthykids.com/>

LOAD-DATE: May 16, 2005

## **Should Wal-Mart Share Blame For TennCare Crisis?**

By Amelia Graham

6 News Reporter, 0720/05

KNOXVILLE (WATE) -- During WATE's TennCare town hall meeting Tuesday night, state Sen. Tim Burchett (R-Knoxville) said Wal-Mart shares some of the blame for the TennCare crisis.

"A large percentage of their employees are on TennCare and I'd like to see them use some of their profits to support some of their people, and things like that," Burchett said.

Wal-Mart was quick to defend its health insurance plan for employees.

It's unclear how many of Wal-Mart's 39,000 employees in Tennessee are on TennCare. A recent newspaper survey showed that one out of every four Wal-Mart associates in Tennessee is on TennCare. That's approximately 9,800 people.

Wal-Mart disputes the data used in the survey.

Scotty Hurst is a full-time employee at Wal-Mart who is covered by TennCare. He suffers from epilepsy. He must see a doctor regularly and take medicine.

Now that he's worked there six months he's eligible for the company healthcare plan.

"But by looking at my budget and everything, it's kind of hard for me to get it," he said. "I pay rent, you know. I live on my own"

Scotty told 6 News he's not worried because TennCare pays his medical bills.

6 News talked with a company spokesman several times Wednesday. He issued a statement: saying, "The company does not encourage associates to apply for public assistance, nor does Wal-Mart design plans to be subsidized by it."

But what about Scotty? Remember, he was already on TennCare. Does Wal-Mart encourage its employees to stay on public assistance, as opposed to enrolling in the company's plan?

"I was wanting to, but since I've already got it, they say it's the same thing," Scotty said.

Wal-Mart maintains its healthcare plan is affordable for both full and part-time employees.

Wal-Mart says its average associate in Tennessee makes \$9.68 an hour.