

**“AMERICA PAYS, WAL-MART SAVES” – THE GROWING COST
OF THE WAL-MART HEALTH CARE CRISIS**

**A comprehensive analysis of reported state, federal and company data
regarding Wal-Mart’s health care
by WakeUpWalMart.com**

A. The “Wal-Mart Health Care Crisis”

At the end of 2005, Wal-Mart ranked #2 on the Fortune 500 with sales of \$312 billion and net profits of \$11.2 billion, and was America’s largest employer with 1.39 million workers. However, because Wal-Mart fails to provide company health care to over 775,000 of its workers, Wal-Mart ranks #1, among all companies in America, with the highest total number of workers without company health care insurance and is the #1 abuser of taxpayer funded public health care in 18 of the 19 states where statewide data has been reported.

B. Scope of the Wal-Mart Health Care Crisis

Based on new health care figures released publicly on Walmartfacts.com in January 2006, the scope of the Wal-Mart Health Care Crisis is considerable and continues to get worse. According to Wal-Mart, only “43% of all associates” have company health care coverage.¹ Based on Wal-Mart’s new data, **775,000 or 57 percent, of Wal-Mart workers and their family members have no company health care coverage.** This represents a 5 percentage point increase in the percentage of workers and family members without company health care, and is far worse than has been previously reported.

	Total # of US Wal-Mart Workers	% of Workers with Company Health Care Coverage	Change in Coverage % 2004-2005
2004	1,271,474 ²	48% ³	
2005	1,385,090 ⁴	43% ⁵	-5

In addition, in 18 of the 19 states that have disclosed statewide data, Wal-Mart ranks #1 with the highest number of Wal-Mart workers and family members on public health care assistance.

Despite Wal-Mart claiming only 5% of its workforce is on public health care assistance, based on the reported data, it is estimated that an average of 13 percent of Wal-Mart’s workforce is on public health care assistance. The 13 percent figure is 3.25 times higher than the national average of 4 percent for all employers and is 2.6 times higher than the 5 percent average Wal-Mart states publicly.

Based on the data from the states who have released the number of dependents of Wal-Mart workers using public healthcare, it is estimated that for every 12 Wal-Mart workers, one dependent of a Wal-Mart worker is on a taxpayer-funded public health care program. Wal-Mart claims that 27 percent of its workers’

¹ From Wal-Mart’s website:

http://www.walmartfacts.com/docs/1625_jan2006healthcarebackgrounders_576890240.pdf

² Accessed from www.walmartfacts.com

³ From New York Times, 5/1/05, “Choosing Sides Over \$9.68 an Hour”

⁴ Accessed from www.walmartfacts.com

⁵ From Wal-Mart’s website:

http://www.walmartfacts.com/docs/1625_jan2006healthcarebackgrounders_576890240.pdf

dependents are using state Medicaid or Children's Health Insurance Programs. In Georgia, for example, nearly 10,000 dependents of Wal-Mart workers are enrolled in the state PeachCare program – nearly 14 times more than any other employer.

Wal-Mart Health Care Crisis: Infected States

State	Reported # of Wal-Mart Workers on Medicaid	Reported # of Wal-Mart Dependents on Medicaid/SCHIP	Reported # of Wal-Mart Workers on Public Welfare Programs (Including Medicaid)
Alabama		4,700	
Arizona	2,700	450**	
Arkansas			3,971
Connecticut		824**	
Florida	12,300*		
Georgia		10,261	
Iowa	845		
Maine			751
Massachusetts	1,969	3,280	
Montana		193**	
Nebraska	654		
New Hampshire	487		
New Jersey		589	
Tennessee	9,617		
Texas		4,363	
Vermont	286		
Washington	3,180		
West Virginia		452**	
Wisconsin	809	443	

- * Medicaid Worker Figure includes unknown number of dependents
- ** Dependent figure notes number of families but not total number dependents

C. Cost of the Wal-Mart Health Care Crisis

The direct cost to American taxpayers of the Wal-Mart health care crisis is significant and growing. Based on the states that have disclosed information, the estimated 2005 cost of providing public health care assistance to uninsured Wal-Mart workers and their dependents was nearly \$1.4 billion.

Wal-Mart's Health Care Cost to American Taxpayers 2005

Taxpayer Cost of Insuring Wal-Mart Workers on Public Health Care:	\$1,213,408,857
Taxpayer Cost of Insuring Wal-Mart Dependents on Public Health Care:	\$158,513,435
Total Cost (Medicaid-SCHIP; Federal & State):	\$1,371,922,293

Over the next five years, the projected cost of the Wal-Mart health care crisis will grow to over **\$2 billion a year by 2010 and will cost American taxpayers an estimated \$9.1 billion over the next five years.** This estimate takes into account Wal-Mart's publicly stated goal of expanding by 1,500 new stores. If lawmakers or Wal-Mart doesn't address this health care problem, American taxpayers will pay at least \$2.18 billion to subsidize Wal-Mart's health care coverage in 2010 alone.

Cost of Wal-Mart Health Care Crisis 2006-2010

2006	\$1,505,577,675
2007	\$1,652,254,028
2008	\$1,813,219,882
2009	\$1,989,867,348
2010	\$2,183,724,159
Total Cost (2006-2010)	\$9,144,643,092

D. Wal-Mart Cut Health Care Spending in 2004

Wal-Mart's latest Form 5500 filed with the Internal Revenue Service (IRS) reveals Wal-Mart's average health care spending per worker actually declined by 3.5% from 2003 to 2004. Wal-Mart's cuts to its average health care spending per worker is especially striking given that national health care spending per worker for the rest of corporate America rose by 7.6% between 2003 and 2004. More detailed figures for Wal-Mart's health care spending will be released when Wal-Mart files its Form 5500 for 2005.

Wal-Mart Health Care Spending Per Worker⁶

Year	Participants (Workers)	Wal-Mart Health Care Contributions	Average Wal-Mart Health Care Contribution Per Worker
2003	1,187,822	\$1,439,841,708	\$1,212
2004	1,351,634	\$1,580,915,575	\$1,169

2003-2004 Dollar Change in Average Wal-Mart Health Care Spending Per Worker: *-\$42.54*
 2003-2004 Percentage Change in Average Wal-Mart Health Care Spending Per Worker: *-3.5%*

National Health Care Spending Per Worker⁷

YEAR	Number of Total Workers Over 18 As Reported By the Census Bureau	National Health Care Spending on Private Health Care (worker + employer)	Average Health Care Spending Per Worker
2003	148,659,000	\$606,300,000,000	\$4,078
2004	150,050,000	\$658,500,000,000	\$4,389

2003-2004 Dollar Change in Average Spending per Worker For Private Health Care: *\$310*
 2003-2004 Percentage Change in Average Spending per Worker For Private Health Care: *7.6%*

E. Summary: A Wal-Mart Health Care Crisis Out of Control

The growing taxpayer costs associated with the Wal-Mart Health Care Crisis led the state of Maryland to adopt Fair Share Health Care legislation in January of 2006. In total, 32 states have now introduced or plan to introduce similar Fair Share Health Care legislation. Fair Share Health Care is an important way states can ensure that large profitable corporations, like Wal-Mart, stop shifting their health care costs onto taxpayers and begin to provide more affordable health care to their workers.

⁶ Wal-Mart Forms 5500 for 2003 and 2004. Accessed at www.freerisa.org

⁷ National Health Care Spending from: <http://content.healthaffairs.org/cgi/content/full/25/1/186>

Total worker figures from: <http://www.census.gov/hhes/www/income/histinc/p28.html>

Unfortunately, previous reports have underestimated the cost of the Wal-Mart Health Care Crisis. The reality is Wal-Mart's health care problem is getting worse, not better as the company would have you believe, and the cost to taxpayers is rising at a rapid rate.

In our conclusion, given the 19 states that have released data, the total amount of tax dollars and number of workers affected, Wal-Mart is the single biggest corporate abuser of the taxpayer-funded public health care system. More importantly, if the problem goes unaddressed, and Wal-Mart continues its expansion plans, the Wal-Mart Health Care Crisis will infect every state in America and billions of tax dollars be needlessly wasted while workers and their families will either go without health care or be forced to depend on a public health care system already in crisis.

Above all, given Wal-Mart's recent decline in the number of workers who have company health care, the decline in health care spending per worker, and the contradictory public statements by Wal-Mart executives about its commitment to providing affordable health care, Wal-Mart remains committed to profiting off of the exploitation of its workers, the taxpayers, and the public health care system.

Please note: a complete breakdown of the data and analysis is attached.

F. Methodology

The following is an outline of information sources and method of analysis.

- ***Data from States Reporting:*** As of February 2006, 19 states have reported information on the number of statewide workers of major employers using Medicaid (which includes Children's Health Insurance Program). Nine states reported the number of workers enrolled in state-funded insurance programs.⁸ Ten states reported figures on the total number of families or dependents of Wal-Mart workers enrolled in the programs.⁹ Arizona, Massachusetts, and Wisconsin released information on both workers and dependents. Maine, Arkansas, and Florida were excluded from the analysis because they did not conform to the methodology.¹⁰ An attached appendix lists the sources reporting by state.
- ***Estimating the number of Wal-Mart workers on Medicaid for states that have not reported:*** To create a "Worker Medicaid Ratio" of Wal-Mart workers on state Medicaid to total state Wal-Mart workers, we added up the total number of Wal-Mart workers using Medicaid in the nine states that reported and divided it by the total number of workers employed by Wal-Mart in those nine states.¹¹ For states that have not reported Wal-Mart workers on Medicaid, we multiplied the "Worker Medicaid Ratio" to Wal-Mart's state worker counts.

⁸ The nine states reporting the number of workers on Medicaid are Arizona, Iowa, Massachusetts, Nebraska, New Hampshire, Tennessee, Vermont, Washington, and Wisconsin.

⁹ The ten states reporting the number of dependents on Medicaid are Alabama, Arizona, Connecticut, Georgia, Massachusetts, Montana, New Jersey, Texas, West Virginia, and Wisconsin. Note that Arizona, Connecticut, Montana, and West Virginia did not list the number of dependents using Medicaid but rather noted "families" using Medicaid. For these four states, we assigned one child per family.

¹⁰ Only states that broke out workers and dependents were included. Florida reported the total number of workers and dependents on Medicaid programs, but did not break out workers and dependents. Arkansas and Maine reported all public welfare programs but did not break out Medicaid usage.

¹¹ The total Wal-Mart worker count by state was gathered from the original article which reported the number of Wal-Mart workers or dependents using public health care. If a worker count was not provided in the article then we used the state worker counts provided on the Wal-Mart website www.walmartfacts.com. The worker counts were provided for October 2004 and October 2005. We used the count that corresponded to the year of the reported data.

- ***Estimating the number of Wal-Mart Dependents on Medicaid for states that have not reported:*** The same procedure was used to create a “Dependent Medicaid Ratio” for Wal-Mart dependents. We added up the total number of Wal-Mart dependents using Medicaid in the ten states that reported and divided it by the total number of workers employed by Wal-Mart in those ten states. For states that have not reported total Wal-Mart dependents on Medicaid, we multiplied the “Dependent Medicaid Ratio” to Wal-Mart’s state worker counts.
- ***Estimating the taxpayer cost of Wal-Mart Workers and Dependents on Medicaid:*** To determine the cost of Wal-Mart’s usage of Medicaid, we used average annual Medicaid payments per enrollee by standard enrollee group (children, adults, elderly, and disabled). These averages are broken down by state.¹²
 - To calculate the average cost of a Wal-Mart worker on Medicaid we derived each state’s average cost of a non-child Medicaid enrollee (adults, elderly, and disabled).
 - For each state, we used information on the distribution of Medicaid enrollees by enrollee group.¹³
 - Separating each enrollee group, we multiplied the number of enrollees for each group by the respective group’s average annual Medicaid payment.
 - For each state, we then totaled the three groups’ cost (for adults, elderly, and disabled) and divided this by the total non-child Medicaid enrollees for the state. This figure gives us an average cost of a non-child Medicaid enrollee that reflects the distribution of Medicaid enrollees in that state.
 - For each state, we multiplied this average cost of a non-child Medicaid enrollee by the number of reported or estimated Wal-Mart workers using Medicaid.
 - For each state, to calculate the cost of dependents we multiplied the average annual Medicaid payment for a child enrollee (for that state) by the reported or estimated dependents of Wal-Mart workers using Medicaid.
- ***Estimating the state taxpayer cost:*** To determine the state’s portion of the estimated total Medicaid cost caused by Wal-Mart, we multiplied the Medicaid Federal Matching Assistance Percentage (FMAP) by the respective estimated Wal-Mart Medicaid cost.¹⁴
- ***Estimating total taxpayer cost from 2006-2011:*** To project forward, we calculated the percentage increase in Wal-Mart workers from 2004 and 2005. We used this percentage to estimate 2006 and each ensuing year. We used the same “Worker Medicaid Ratio” and “Dependent Medicaid Ratio” for each year. We also used the same FY2002 average enrollee Medicaid payment for child and non-child enrollee for each year.

A. APPENDIX

¹² These Medicaid payments by state were calculated for fiscal year 2002 by The Urban Institute and Kaiser Commission on Medicaid and the Uninsured and based on data from Medicaid Statistical Information System (MSIS) reports from the Centers for Medicare and Medicaid Services (CMS). The data can be found at www.statehealthfacts.org. We believe that we are underestimating Wal-Mart’s cost to taxpayers because we are applying the 2002 average annual Medicaid payments to 2005 counts. Medical inflation across the health care industry has been significant from 2002 to 2005.

¹³ This distribution of enrollees by state was calculated for fiscal year 2002 by The Urban Institute and Kaiser Commission on Medicaid and the Uninsured and based on data from Medicaid Statistical Information System (MSIS) reports from the Centers for Medicare and Medicaid Services (CMS). The data can be found at www.statehealthfacts.org.

¹⁴ The FMAP can be found at www.statehealthfacts.org.

Sources of State Information for Wal-Mart Worker and Families Usage of Medicaid

Alabama	"Health plans not family friendly," Montgomery Advertiser, 2/22/2005, Medicaid providing health care for kids of working families, The Mobile Register, Sunday, April 17, 2005
Arizona	Howard Fischer, "Taxpayers subsidizing Wal-Mart," Arizona Daily Sun, 07/31/2005
Arizona	"Working Poor Swell AHCCCS Rolls," The Arizona Republic, 1 January 2005
Arkansas	Brian Baskin, "Top 9 Employers in State have 9,698 Getting Public Aid," Arkansas Democrat-Gazette, March 17, 2005.
Connecticut	Robin K. Cohen, HUSKY A and B--Enrollment and Employer Data, Connecticut Office of Legislative Research Report 2005-R-0017, January 10, 2005; available online at www.cga.ct.gov/2005/rpt/2005-R-0017.htm
Florida	Sydney P. Freedberg and Connie Humburg, "Lured Employers Now Tax Medicaid," St. Petersburg Times, March 25, 2005
Georgia	Andy Miller, "Wal-Mart Stands Out on Rolls of PeachCare," Atlanta Journal-Constitution, February 27, 2004, p.1B.
Iowa	Ryan Foley, "IA Medicaid Employers," Associated Press, March 4, 2005
Maine	Press Release issued on Jun. 28, 2005 by Institute for Local Self-Reliance available at The HomeTown Advantage http://www.newrules.org/retail/news_slug.php?slugid=311 Accessed on 2/15/06
Massachusetts	Massachusetts Executive Office of Health and Human Services, Division of Health Care Finance and Policy, 2/1/2006
Montana	Mike Dennison, "State Insurance for Kids Going to Employees You Might Not Expect," Great Falls Tribune, June 26, 2005, p.16A.
Nebraska	Paul Hammel, "Thousands with Jobs are on Medicaid Rolls," Omaha World-Herald, October 19, 2005.
New Hampshire	Norma Love, "State, Retail Workers High on List of Needing Health-care Subsidy," Associated Press, May 12, 2005.
New Jersey	Mary Forsberg, "Attention Shoppers: You Pay the Health Insurance Bills of NJ Employers," Report for the New Jersey Policy Perspective, 2005
Tennessee	John Commins, Dave Flessner and Ashley M. Heher, "On the Job and on TennCare," Chattanooga Times Free Press, January 20, 2005, p.A1.
Tennessee	Rebecca Ferrar, "Big Companies Have a Large Number of Workers in Program," Knoxville News-Sentinel, January 30, 2005, p.C1.
Texas	HHSC Center for Strategic Decision Support 02.08.2005
Washington	Chris McGann, "Wal-Mart Bill Pits Chopp Against Party House Speaker," The Seattle Post-Intelligencer, February 14, 2006
Washington	Ralph Thomas, "More Than 3,100 Wal-Mart Workers Got State Health Aid," Seattle Times, January 24, 2006;
West Virginia	John Heys and Paul Wilson, "Wal-Mart Culture: Wal-Mart Tops State CHIP List," Charleston Sunday Gazette-Mail, December 26, 2004, p.1A.
Wisconsin	Stacy Forster, "Big firms, big tab for state; Report puts Medicaid for working poor at \$46 million a year," Milwaukee Journal Sentinel, October 27, 2005;
Wisconsin	Anita Weier, "Wal-Mart Workers Need State Health Aid," The Capital Times, November 4, 2004, p.1A.

**WakeUpWalMart.com Estimated Cost to State and Federal Taxpayers of
Wal-Mart Workers and Dependents**

State	2005 -Estimated Total Cost (Workers & Children; Federal & State)
Alabama	\$31,240,230
Alaska	\$4,403,016
Arizona	\$12,222,906
Arkansas	\$37,648,140
California	\$39,141,590
Colorado	\$30,713,003
Connecticut	\$17,139,714
Delaware	\$4,214,545
Florida	\$80,523,268
Georgia	\$58,027,172
Hawaii	\$3,475,233
Idaho	\$9,183,004
Illinois	\$52,954,278
Indiana	\$47,801,443
Iowa	\$10,059,698
Kansas	\$27,219,178
Kentucky	\$34,192,596
Louisiana	\$36,113,527
Maine	\$7,406,554
Maryland	\$27,119,825
Massachusetts	\$20,281,735
Michigan	\$23,235,602
Minnesota	\$30,113,022
Mississippi	\$24,875,001
Missouri	\$42,144,857
Montana	\$5,304,017
Nebraska	\$8,056,333
Nevada	\$9,166,378
New Hampshire	\$8,045,170
New Jersey	\$18,351,276
New Mexico	\$13,244,804
New York	\$61,497,167
North Carolina	\$54,409,985

**WakeUpWalMart.com Estimated Cost to State and Federal Taxpayers of
Wal-Mart Workers and Dependents**

State	2005 -Estimated Total Cost (Workers & Children; Federal & State)
North Dakota	\$3,781,150
Ohio	\$70,882,417
Oklahoma	\$30,182,284
Oregon	\$8,037,702
Pennsylvania	\$59,721,445
Rhode Island	\$3,139,393
South Carolina	\$20,526,959
South Dakota	\$6,152,825
Tennessee	\$44,223,375
Texas	\$134,161,466
Utah	\$16,868,207
Vermont	\$1,616,194
Virginia	\$42,950,692
Washington	\$18,073,326
West Virginia	\$11,211,002
Wisconsin	\$6,582,724
Wyoming	\$4,286,866
TOTAL	\$1,371,922,293