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

**A comprehensive analysis of available state, federal and company data
regarding Wal-Mart’s health care**

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 employees. 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 data is available.

B. Scope of the Wal-Mart Health Care Crisis

Based on new health care figures made public 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 number 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 Wal-Mart averages 13 percent of its workforce 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 2.6 times higher than the 5 percent average Wal-Mart states publicly.

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

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 employee is on a taxpayer-funded public health care program. Wal-Mart claims that 27 percent of its employees' children are using state Medicaid or Children's Health Insurance Programs. In Georgia, for example, nearly 10,000 children 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 Children on Medicaid/SCHIP
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

- * Figure is for all workers receiving some public welfare program including food stamps
- ** Medicaid Worker Figure includes Unknown # of Dependents
- *** Dependent figure notes number of families not children

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, in 2005, the estimated cost of providing public health care assistance to uninsured Wal-Mart workers and their dependents will reach nearly \$1.4 billion.

Cost to American Taxpayers 2005

Cost of Wal-Mart Workers:	\$1,213,408,857
Cost of Wal-Mart Workers Dependents:	\$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 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 cut 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	\$1,212.17
2004	1,351,634	1,580,915,575	\$1,169.63

\$ Change in Average Wal-Mart Health Care Spending Per Worker from 2003-2004: -\$42.54
 % Change in Average Wal-Mart Health Care Spending Per Worker from 2003-2004: -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

\$ Change in Average Spending per Worker For Private Health Care: \$310
 %Change in Average Spending per Worker For Private Health Care: 7.6%

⁶ Wal-Mart Forms 5500 for 2004 and 2005. Accessed at www.freeerisa.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>

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.

Unfortunately, previous studies and 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 employees 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 will 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 employee, and the contradictory public statements by Wal-Mart executives about its commitment to providing affordable health care, it is clear Wal-Mart remains committed to profiting off of the exploitation of its workers, the taxpayers, and the public health care system.

F. Methodology

- As of February 2006, 19 states have compiled information on the number of state-wide workers of major employers using Medicaid (which includes Children's Health Insurance Program). Nine states reported the number of employees whose family members are enrolled in state-funded insurance programs.⁸ Ten states reported figures on the total number of dependents of Wal-Mart employees 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
- 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

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 children using Medicaid but rather noted "families" using Medicaid. For these three states, we assigned one child per family.

¹⁰ Only states that broke out workers and dependents were included. Florida reported the total number of employees 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. Including these states would have actually increased the estimates.

states that reported and divided it by the total number of workers employed by Wal-Mart in those nine states.¹¹

- 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 Wal-Mart workers on Medicaid, we multiplied the “Worker Medicaid Ratio” to Wal-Mart’s state employee counts for 2004 and 2005. For states that have not reported total Wal-Mart dependents on Medicaid, we multiplied the “Dependent Medicaid Ratio” to Wal-Mart’s state employee counts for 2004 and 2005.
- To determine the cost of Wal-Mart’s usage of Medicaid, we used average annual Medicaid payments per enrollee by enrollee group (children, adults, elderly, and disabled). These averages were broken down by state.¹²
 - 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 for 2004 and 2005.
 - To calculate the cost of Wal-Mart workers on Medicaid we derived the average cost of a non-child Medicaid enrollee by state. Using information on the distribution of Medicaid enrollees by enrollee group, for each non-child enrollee group we multiplied the number of enrollees by the average annual Medicaid payments for the corresponding group.¹³ We then averaged this cost by total non-child enrollees in the state. For each state, we multiplied this figure (the average cost of a non-child Medicaid enrollee) by the number of reported or estimated Wal-Mart workers using Medicaid for 2004 and 2005.
- For each state, to determine the state portion of the estimated total Medicaid cost associated with Wal-Mart, we applied the associated Medicaid Federal Matching Assistance Percentage (FMAP) to the corresponding estimated Wal-Mart Medicaid cost.¹⁴
- To project forward, we calculated the percentage increase in Wal-Mart employees from 2004 and 2005. We applied this percentage to 2005 to estimate 2006 and then repeated this process onward to 2011. We maintained the same “Worker Medicaid Ratio” and “Dependent Medicaid Ratio.” We also assumed the same FY2002 average enrollee Medicaid payment for children and non-child enrollee.

¹¹ This total state Wal-Mart employee count was either reported in the relevant news article or reported by Wal-Mart on their website walmartfacts.com. On the website, Wal-Mart listed total employee counts as of October 2004 and October 2005 by state.

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.

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.