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The Wal-Mart Tax: Shifting Health Care Costs to Taxpayers

AFL-CIO

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Abstract

[Excerpt] Maryland is the first state to hold giant companies such as Wal-Mart accountable for paying their fair share of workers' health care costs. Maryland's legislature voted overwhelmingly in January to enact the Fair Share Health Care Act over the governor's veto. The new law requires employers with more than 10,000 employees to pay their fair share for health care, defined as 8 percent of wages and salaries, or pay into the Fair Share Health Care Fund.

As AFL-CIO President John Sweeney wrote in The Washington Post in January 2006, "Wal-Mart complains that it's being singled out in Maryland, but Wal-Mart isn't the only company affected by the Fair Share Health Care bill. It's just the only company that thinks its workers don't deserve any better." Leaders in 32 other states agree and have introduced bills similar to the Maryland fair share legislation.

Below is a survey of states that have made public the names of companies whose employees receive free or subsidized health care services from the state, and how these companies — some of America's biggest — are pushing state budgets and services past their breaking points, forcing states to cut Medicaid benefits and eligibility.

Keywords

Wal-Mart, taxes, employee benefits, state budgets, services, health care, public policy, legislation

Comments

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The Wal-Mart Tax

Shifting Health Care Costs to Taxpayers

AFL-CIO

March 2006

As job-based health coverage declines and employers shift growing costs onto employees, workers are turning to taxpayer-funded programs such as Medicaid to get care for themselves and their families. Medicaid is wrestling with explosive cost growth, with total federal and state spending in 2006 expected to be 58.7 percent greater than in 2000.[1] Medicaid is the fastest-growing expense for most states, accounting for 16 percent of state budgets, on average. States' spending on the program is expected to increase 8.1 percent this fiscal year.[2]

A number of factors account for Medicaid's growing costs and caseloads, but a clear component is a decision by employers—including some that are highly profitable—to shift onto taxpayers the costs of insuring their workers.

To shine a light on large employers forcing others to pick up their health care tab, the AFL-CIO developed the model Health Care Disclosure Act, which requires states to report which employers' workers are forced to rely on publicly funded health care. In 2005, legislators in nearly 30 states introduced the model bill. Five state legislatures (Colorado, Hawaii, Illinois, Massachusetts and Washington) passed the bill, and three states (Hawaii, Illinois and Massachusetts) enacted it into law.

In addition, public pressure from the AFL-CIO, unions and allies has resulted in 23 states reporting publicly on the extent to which employers' workers utilize public health care programs to secure coverage for themselves or their families.

As of 2005, Wal-Mart was America's largest employer, with 1.39 million workers.

Wal-Mart's refusal to pay decent wages and provide affordable health insurance to its workers puts it atop the list in at least 19 of the 23 states surveyed here. This abuse of poverty health care programs means Wal-Mart is directly contributing to the nation's Medicaid crisis.

Here are just a few examples. In Arizona and Maine, roughly 10 percent of Wal-Mart's workers get their health benefits from the state. In Washington state, it's almost 20 percent. In New Jersey, Wal-Mart tops the list of employers pushing workers into state-provided health care programs although the retailer is only the state's eighth-largest employer.

That Wal-Mart should play such a prominent role in the Medicaid crisis is unjustifiable by any measure. The company rakes in profits at the rate of more than $21,000 per minute; its 2005 profits were $11.2 billion.[3] The 2005 compensation package for Wal-Mart CEO Lee Scott was more than $17.5 million.[4] Five members of the Walton family—all are major company stockholders—have a combined net worth exceeding $90 billion, putting all five on the list of the 10 wealthiest Americans.[5]

On top of its health care subsidies, Wal-Mart has wrung at least $1 billion in economic development assistance from state and local governments over the past 20 years.[6]

In a November 2005 poll by the national polling firm Lake Research Partners, 83 percent of U.S. voters said they support rules to require big, profitable companies to provide health insurance for their workers or to pay into a health care fund to cover them.[7]

Maryland is the first state to hold giant companies such as Wal-Mart accountable for paying their fair share of workers' health care costs. Maryland's legislature voted overwhelmingly in January to enact the Fair Share Health Care Act over the governor's veto. The new law requires employers with more than 10,000 employees to pay their fair share for health care, defined as 8 percent of wages and salaries, or pay into the Fair Share Health Care Fund.

As AFL-CIO President John Sweeney wrote in *The Washington Post* in January 2006, "Wal-Mart complains that it's being singled out in Maryland, but Wal-Mart isn't the only company affected by the Fair Share Health Care bill. It's just the only company that thinks its workers don't deserve any better."[8]

Leaders in 32 other states agree and have introduced bills similar to the Maryland fair share legislation.

Below is a survey of states that have made public the names of companies whose employees receive free or subsidized health care services from the state, and how these companies—some of America's biggest—are pushing state budgets and services past their breaking points, forcing states to cut Medicaid benefits and eligibility.

ALABAMA

A review of state records in 2005 found Wal-Mart first among 46 major Alabama employers with workers whose children receive health care through the state's Medicaid program. Altogether, 3,864 children of Wal-Mart employees were on the Medicaid rolls, representing one in five of the Medicaid-insured children whose parents worked for the major employers identified in the state's analysis. Wal-Mart accounted for more than twice as many children on Medicaid as McDonald's, the next highest-ranking employer, which had 1,615 Medicaid children.[9]

The cost to taxpayers of providing health care to children of Wal-Mart's workers in Alabama was between $5.8 million and $8.2 million per year. The Wal-Mart share is slightly more than 20 percent of the total cost ($27 million to $38 million) for Medicaid coverage for 18,000 children of 46 major Alabama employers.[10]

Even as Wal-Mart shirks its responsibility for providing its workers with basic health care, forcing taxpayers to pick up the tab, the company also has benefited from more than $38 million in taxpayer-financed economic assistance in Alabama since 1983, with the majority of the benefits accruing since 2000.[11]

Alabama has identified Medicaid as one of the top fiscal issues it will have to address in the 2006 legislative session.[12] During the past two fiscal years, the state has taken steps to rein in Medicaid costs, including prescription drug cost-control initiatives and freezing provider payment rates.[13] Funding for Medicaid will continue to be a concern in Alabama for FY 2007, when the state expects that it will need an additional $90 million just to avoid cutbacks in the program.[14]

ARIZONA

According to statistics released by the Arizona Department of Economic Security in 2005, nearly 10 percent of Wal-Mart's workers in Arizona get their health benefits from the state, a total of almost 2,700 employees—more than any other private employer in the state.[15]

Even as Wal-Mart avoids providing its workers with basic health care, the company has benefited from more than $8 million in taxpayer-financed economic assistance in Arizona since 1999, with $7.6 million in infrastructure subsidies alone. [16]

Arizona had to address a $269.1 million shortfall in its state Medicaid budget in FY 2005.[17] The state took several steps to contain its Medicaid costs over the last two fiscal years, including freezing provider payment rates and making cuts to program eligibility.[18]

ARKANSAS

Wal-Mart tops the list of Arkansas' largest companies with workers who must rely on state programs to meet their health care needs. According to estimates reported in 2005 by the state's Human Services Department, 3,971 of Wal-Mart's 45,106 employees (8.8 percent) were enrolled in public assistance programs, mostly in Medicaid and primarily to provide health care for their children. The department estimated the average annual Medicaid cost per recipient at $4,083. That means providing health care coverage to Wal-Mart's uninsured employees and family members in the corporate giant's home state costs taxpayers as much $16.2 million per year.[19] Wal-Mart benefited from more than $350,000 in taxpayer-financed infrastructure assistance and state tax credits for distribution centers in 1989 and 1993 and additional state tax credit assistance (of an unknown amount) in 2000.[20]

The state faced a $200 million increase in Medicaid spending over the 2005-2006 period.[21] According to Gov. Mike Huckabee (R), the Medicaid budget increases each year by 9 to 10 percent.[22] Arkansas' Medicaid caseload has increased by nearly 80 percent since 1999, and the governor says one reason for the growth is the rising number of uninsured workers.[23] Arkansas has taken several steps to address Medicaid costs over the past two budget years, including freezing provider payments and implementing pharmacy controls.[24]

CALIFORNIA

A 2004 study by the University of California at Berkeley Labor Center found that Wal-Mart employees' reliance on public assistance programs, including health care, costs California $86 million annually, with health-related costs accounting for $32 million.[25] According to the study, 23 percent fewer Wal-Mart employees participate in the company's health care plan than is typical for employees of large retailers in general.[26] And Wal-Mart families use 40 percent more in taxpayer-funded health care services and 38 percent more in non-health public services (food stamps, Earned Income Tax Credit, subsidized school lunches and housing) than the families of all large retail workers.[27]

The study concluded that if other California retailers followed Wal-Mart's example when it comes to wages and benefits, it would cost state taxpayers an additional $410 million annually to provide public assistance to workers.[28]

While the company evades costs for worker health care, Wal-Mart has benefited from at least $48.5 million in taxpayer financed economic assistance in California since 1991.[29]

California has had to address significant budget shortfalls over the past several fiscal years, and future gaps are predicted through 2010.[30] Medi-Cal spending has been on the rise over the past several budget years, and more than 1 million additional people have enrolled in the program since the 2000-2001 fiscal year.[31] Spending on the program increases by 10 percent per year as a result of increased costs and enrollment.[32] Over the past two fiscal years, California has cut Medicaid benefits and taken a variety of other steps to control costs.[33]

CONNECTICUT

Wal-Mart tops the list of Connecticut employers with workers receiving health benefits for themselves or their children through the state's HUSKY A (Medicaid) program. In December 2004, 824 Wal-Mart workers received health benefits through HUSKY A, and an additional 204, while not themselves covered by HUSKY A, had children who were covered by it.[34] In total, 1,028 Wal-Mart employees—more than 11 percent of the company's workforce in the state—were dependent on HUSKY A for their own coverage or for their children's.[35] A great many of the Wal-Mart workers who receive coverage for their children, but not themselves, through HUSKY A put in substantial work hours. Nearly four in five (78 percent) work more than 30 hours per week.[36]

Wal-Mart workers' reliance on the state's health programs costs Connecticut taxpayers $5.4 million a year,[37] or 13 percent of the $43 million tab for the top 25 employers whose workers and children get health coverage under the state's programs.[38]

Over the past two fiscal years, Connecticut has cut Medicaid eligibility and taken other steps to rein in program costs.[39]

FLORIDA

Wal-Mart ranks first among Florida employers whose workers are eligible for Medicaid for themselves and/or their dependents. According to estimates released in 2005 by the state's Department of Children and Families, 12,300 Wal-Mart employees or their dependents qualify for Medicaid, although the precise number using Medicaid as their primary health care source is unknown.

Wal-Mart is one of five large Florida employers that receive economic incentives from the state at the same time their workers qualify for Medicaid for themselves or their dependents. Altogether, these five employers account for roughly 29,000 Medicaid-eligible individuals (employees or dependents), with Wal-Mart representing 42 percent of that group.[40]

In addition, Wal-Mart has benefited from at least $54.1 million in taxpayer-financed economic assistance in Florida since 1992, with 70 percent of that benefit accruing in 2004 and 2005.[41]

Florida ranks Medicaid costs among the top three fiscal issues it must address in the 2006 legislative session.[42] The state's Medicaid costs have more than doubled over the past seven years, rising to more than $15 billion.[43] Medicaid spending accounts for 25 percent of the state's budget,[44] and program expenditures exceeded FY 2005 budgeted amounts by $372.1 million.[45] During the past two fiscal years, Florida cut Medicaid eligibility and took other measures to rein in the program's costs.[46] Most recently, Florida requested permission from the federal government to begin a pilot program that would privatize the Medicaid program for 43,000 recipients in eight counties in the state.[47]

GEORGIA

Wal-Mart is at the top of the list of employers whose workers' children receive health coverage in Georgia through PeachCare for Kids, the state's health care program for low-income children. In September 2002, the Georgia Department of Community Health found that 10,261 kids (6.2 percent of *all* Georgia children who participated in PeachCare) had parents working for Wal-Mart.[48] PeachCare coverage for children of Wal-Mart employees costs state taxpayers an estimated $6.6 million per year.[49] The number of Wal-Mart children in PeachCare was more than 14 times greater than the next highest-ranking employer, Publix Supermarket, whose employees had 734 children in the program.[50] And the ratio of children participating in PeachCare per number of employees was far greater for Wal-Mart than for the three next highest-ranked employers. Wal-Mart had approximately one child in PeachCare for every four workers in the state.[51] The ratio of children participating in PeachCare per number of employees for the next highest ranking employers are as follows: one child for every 22 employees for Publix Supermarkets; one child for every 30 employees at Shaw Industries; and one child for every 26 workers at Mohawk.[52]

Even as Wal-Mart forces taxpayers to pick up much of the tab for worker health care, the company has benefited from almost $20 million in taxpayer-financed economic assistance in Georgia since 1987.[53]

Medicaid spending accounts for 19 percent of state spending in Georgia.[54] In the 2005 legislative session, Georgia had to address an $80 million deficit in the state's Medicaid program.[55] Medicaid will continue to be one of the top fiscal problems for the 2006 legislative session.[56] Over the last two fiscal years, Georgia has frozen provider payments, implemented pharmacy controls, and imposed other cost-containment measures to rein in Medicaid spending.[57]

IOWA

Wal-Mart leads Iowa employers in the number of workers on Medicaid, according to an analysis by the state's Department of Human Services. Approximately five percent of Wal-Mart's Iowa employees (845 workers) received health care under the Medicaid program in 2004.[58] Wal-Mart accounted for more than twice as many Medicaid participants as the state's largest employer, supermarket chain Hy-Vee Inc., which had 361 of its 24,500 employees (1.5 percent) on the Medicaid rolls.[59] The remaining three employers among the top five with workers on Medicaid also had fewer than half of Wal-Mart number: 388 employees of Tyson Fresh Meats were participating in Medicaid, as were 371 employees of Casey's General Stores and 217 employees of Access Direct Telemarketing.[60]

Meanwhile, Wal-Mart has benefited from almost $17 million in taxpayer-financed economic assistance in Iowa since 1985.[61]

Medicaid funding continues to be of serious concern in Iowa. With the state forecasting a Medicaid budget shortfall of more than $100 million in FY 2007, Iowa ranks Medicaid as one of the top three fiscal problems it must address in its 2006 legislative session.[62] Over the past two fiscal years, Iowa has frozen provider payments, implemented pharmacy controls, and imposed other cost-containment measures to rein in spending on the program.[63]

MAINE

Two separate tallies put Wal-Mart at or near the top of Maine employers with workers receiving public assistance.[64] According to the state's Department of Health and Human Services, Wal-Mart topped the list of companies in May 2005 with workers enrolled in Medicaid and other public assistance programs. [65] There were 751 Wal-Mart workers receiving benefits that month, representing more than 10 percent of its employees.[66] Wal-Mart was followed by supermarket chain Hannaford and L.L. Bean, with 527 and 170 employees receiving public assistance, respectively. [67]

According to a second count of the state's 50 largest employers from the Maine Department of Health and Human Services, Wal-Mart tied with Attendant Services of South Portland for the fourth-largest share of workers receiving state aid in October 2005, behind C.N. Brown Co, Goodwill Industries, and Irving Oil Corp.[68] More than one out of seven (15.4 percent) Wal-Mart workers received public assistance from Maine in October 2005.[69]

In 2006, after two years of benefit and eligibility cuts, Maine is facing a Medicaid budget shortfall of $31.5 million.[70] Medicaid is one of the state's top three fiscal issues that must be addressed in the 2006 legislative session.[71] Even as Wal-Mart has dumped hundreds of workers on the state's overburdened Medicaid rolls, it has racked up more than $22.2 million in state and local subsidies for its stores, with 72 percent of these subsidies for a store opening in 2005.[72]

MASSACHUSETTS

According to a February 2006 report from the Massachusetts Executive Office of Health and Human Services, among employers with 50 or more employees receiving public medical assistance in the state, Wal-Mart has the largest number of workers and dependents receiving assistance.[73] In the 2005 fiscal year, 2,866 Wal-Mart workers were insured through the state's MassHealth program or received care through the state's Uncompensated Care Pool.[74] There were 3,280 Wal-Mart workers' dependents receiving health benefits through the MassHealth program during the same period.[75] The total cost in FY 2005 to Massachusetts' taxpayers for providing health care to Wal-Mart workers and their dependents was nearly $8 million.

The study also reported on the share of health care premiums paid by employers for their employees in Massachusetts. Wal-Mart paid only 52 percent of covered workers' health insurance premiums, considerably less than the 2005 median employer contribution of 77 percent and less than B.J. Wholesale Club's 88 percent contribution, Target's 68 percent contribution, and the 66 percent share paid by Sears.[76] Wal-Mart's shifting of large premium costs to its employees is one reason so many Wal-Mart workers and their family members rely on public health assistance.

Medicaid and health care are rated as one of the top three fiscal problems the state must deal with in the 2006 legislative session.[77] Massachusetts has implemented pharmacy controls and imposed other cost-containment measures over the past two fiscal years to rein in Medicaid spending.[78]

MONTANA

Wal-Mart tops the list of Montana companies whose employees' children are enrolled in the Children's Health Insurance Plan (CHIP) program. State records analyzed by the *Great Falls Tribune* in 2005 show the 193 Wal-Mart employees using CHIP represented about 4 percent of the company's workforce in the state. McDonald's, Pizza Hut, NAPA Auto Parts and Subway followed Wal-Mart on the list.[79]

Over the past two fiscal years, Montana has frozen provider payments and implemented pharmacy controls and other cost-containment measures to control Medicaid spending.[80]

NEBRASKA

Two separate studies in Nebraska put Wal-Mart at or near the top of a list of companies with workers receiving Medicaid benefits.[81] In a 2005 analysis of companies with 25 or more workers receiving Medicaid benefits, the Nebraska Health and Human Services System put Wal-Mart at the top of the list, with 654 workers receiving Medicaid benefits.[82] Tyson, another company notorious for its race-to-the-bottom business model, was second with 548 workers on the rolls.[83] A second study, conducted by the Nebraska Appleseed Center for Law in the Public Interest, looked at the top 105 employers in the state and found that Wal-Mart was ranked fourth in the share of workers receiving Medicaid benefits, with 6.4 percent of its workers relying on Medicaid for their health care.[84]

Meanwhile, the company has been able to pick up $15.2 million in subsidies from state and local governments for the construction of a distribution center in central Nebraska.[85]

Over the past two fiscal years, Nebraska has frozen provider payments and implemented other cost-containment measures to control Medicaid spending.[86]

NEW HAMPSHIRE

New Hampshire's Department of Health and Human Services reported in 2005 that Wal-Mart tops the list of employers with workers and their dependents using the state's Medicaid and the Healthy Kids Silver program. Wal-Mart had 487 of its approximately 8,500 workers receiving subsidized health care as of Jan. 31, 2005.[87]
Paired with cuts in federal spending on poverty programs, New Hampshire's $1.5 billion budget is straining to meet the basic health care needs of hundreds of employees and dependents of America's largest company. Over the past two fiscal years, the state implemented cuts in Medicaid benefits and eligibility, and imposed other cost-containment measures to curb Medicaid spending.[88]

NEW JERSEY

A 2005 report from New Jersey Policy Perspective (NJPP) revealed that Wal-Mart employees use the state's FamilyCare program more than workers for any other employer. A total of 589 Wal-Mart employees and their dependents were participating in the government-funded program, compared to 335 for Home Depot, the company with the second-largest group on the list.[89] Wal-Mart tops the list, despite being only the state's eighth-largest employer.[90]

New Jersey is facing a state budget gap of approximately $4 billion, and it spends $4.5 billion on Medicaid each year.[91] Over the past two fiscal years, New Jersey has frozen provider payments in an effort to control Medicaid costs.[92]

OHIO

According to a 2006 report from the Ohio Department of Job and Family Services, Wal-Mart is the number one employer of Medicaid recipients in the state. In FY 2005, an average of 12,184 Wal-Mart employees and their family members received health care through the Medicaid program each month, up by more than 2,000 recipients (a 20 percent increase) from the previous fiscal year.[93] McDonald's, Yum! Brands, Wendy's and Bob Evans followed Wal-Mart on the list.[94] State and federal taxpayers paid $27.7 million in FY 2005 to provide Medicaid benefits to Wal-Mart employees in Ohio.[95]

Over the past two fiscal years, the state has implemented Medicaid eligibility changes and benefit cuts and has imposed several other cost-containment measures to rein in Medicaid spending.[96] In 2005, Ohio dropped 25,000 parents from the program in order to cut costs.[97]

PENNSYLVANIA

According to data released by the Pennsylvania Department of Public Welfare, the percentage of workers receiving Medicaid benefits is greater at Wal-Mart than at any of the other top 10 largest employers in the state. There were 7,577 Wal-Mart workers in Pennsylvania enrolled in Medicaid between July and September 2005, representing 15.8 percent of Wal-Mart workers in the state.[98]

While one out of every six Wal-Mart employees in Pennsylvania relies on state-funded health care, the company has received subsidies to locate stores within the state. Since 1993, Wal-Mart has benefited from $26 million in state and local taxpayer-financed economic assistance.[99]

Like many other states, Pennsylvania has experienced significant Medicaid budget shortfalls, with program -expenditures exceeding the Medicaid budget by $757 million in FY 2004 and $57 million in FY 2005. Pennsylvania cut Medicaid benefits and eligibility and imposed other cost-containment measures over the past two fiscal years to limit spending on the program.[100] In FY 2004, Medicaid spending represented 31 percent of total state expenditures.[101]

TENNESSEE

Wal-Mart ranks first among Tennessee employers with workers participating in TennCare, the state's expanded Medicaid program. One in every four Wal-Mart employees (9,617 workers of 37,000 employees statewide) gets his or her health coverage through the program.[102] The second ranked company, Randstad Staffing Services, accounted for 6,389 TennCare participants.[103] The 20 employers with the most workers covered through TennCare accounted for 68,303 program participants, 14 percent of whom work for Wal-Mart.[104]

Even as the company avoids its responsibility for providing its workers with basic health care, Wal-Mart has benefited from $11.6 million in taxpayer-financed economic assistance in Tennessee since 1983, with two-thirds of that coming in since 1997.[105]

A July 2005 survey from the National Governors Association and the National Association of State Budget Officers reported that Tennessee's Medicaid expenditures exceeded its FY 2005 budget by $644 million and exceeded its FY 2004 budget by $507 million.[106] Tennessee cut Medicaid benefits and eligibility (including eliminating coverage for 226,000 adults in FY 2006) and imposed other cost-containment measures over the past two fiscal years to limit spending on the program.[107]

TEXAS

Wal-Mart tops the list of employers in Texas whose workers must rely on public programs to get health care for their kids. According to data from the Texas Health and Human Services Commission, 4,363 children of Wal-Mart workers were in the state's CHIP program in February 2005, three times more than the number of children whose parents work for the No. 2 employer on the list, the Houston Independent School District.[108]

Wal-Mart has benefited from more than $100 million in taxpayer-financed economic assistance in Texas since 1980. This includes $19 million in subsidies ($18 million in property tax exemptions and $1 million in improvements for infrastructure) for a distribution center that opened in 2005 in Baytown.[109]

Over the past two fiscal years, Texas has frozen provider payments, implemented pharmacy controls, and imposed other measures to contain spiraling program costs.[110] In 2003, the state used benefit cuts in Medicaid to help close a budget shortfall of $10 billion.[111]

UTAH

Utah's Department of Health data show that Wal-Mart tops the state's list of companies whose employees rely on state health care. In 2005, there were 234 Wal-Mart employees receiving Medicaid benefits. Meanwhile, Utah's largest employer, Intermountain Health Care, has only 48 workers receiving Medicaid benefits.[112]

Even as Wal-Mart shirks its responsibility for providing its workers with basic health care, forcing taxpayers to pick up the tab, Wal-Mart has wrangled at least $13.7 million since 1993 in subsidies for construction of its stores, including $2.5 last year to help Wal-Mart build a distribution center in Grantsville.[113]

Over the past two fiscal years, Utah has taken a number of steps to contain Medicaid costs, including pharmacy controls and freezing provider payments.[114]

VERMONT

According to a 2005 analysis by the state of Vermont, Wal-Mart is one of the state's top 10 employers ranked by total number of employees receiving Medicaid benefits. The figures indicate that 286 Wal-Mart workers rely on the state Medicaid program for health insurance.[115]

Medicaid is one of the top three fiscal problems Vermont must address in the 2006 legislative session.[116] Spending on the state's program has increased from $437 million in 2000 to $849 million in 2006.[117]

A July 2005 survey from the National Governors Association and the National Association of State Budget Officers reported that Vermont's Medicaid expenditures exceeded its FY 2005 budget by $20 million and its FY 2004 budget by $57 million.[118]

Vermont cut Medicaid benefits and eligibility and imposed other cost-containment measures in fiscal years 2005 and 2006 to limit spending on the program.[119] The state faces serious future budget shortfalls in its Medicaid program and has agreed to a cap on funding from the federal government in return for approval to use a managed care organization to run the Medicaid program.[120] Even if cost savings from moving to a managed care system are realized, the state will still face a five-year total Medicaid budget gap of $300 million. [121]

WASHINGTON

According to the state government, more than 3,100 Wal-Mart workers in Washington and their dependents received taxpayer-funded health care in 2004, nearly 20 percent of all in-state Wal-Mart employees.[122] A state Senate report in February 2006 estimated that providing government health care to Wal-Mart workers cost taxpayers $12 million in 2004.[123]

Even as Wal-Mart shirks its responsibility for providing its workers with basic health care, forcing taxpayers to pick up the tab, Wal-Mart benefited from $1 million in publicly financed infrastructure assistance for a distribution center that opened in 2004 in Grandview.[124]

In FY 2005, Washington had to address a $34.2 million Medicaid budget shortfall.[125] Over the past two years, the state has frozen provider payments, implemented pharmacy controls, and taken other steps to rein in Medicaid costs.[126]

WEST VIRGINIA

Wal-Mart tops the list in West Virginia for the largest number of workers with children receiving state-funded health benefits. According to data released in December 2004 by the West Virginia Bureau for Children and Families, 452 Wal-Mart employees get health coverage for their children through the State's Children Health Insurance Program (SCHIP).[127] Wal-Mart has more than three times as many employees with children covered by SCHIP than the next highest-ranked employer, Asplundh, which had 146 employees with children participating in the plan.[128]

Even as Wal-Mart shirks its responsibility for providing its workers with basic health care, forcing taxpayers to pick up the tab, Wal-Mart has benefited from more than $9.7 million in taxpayer-financed economic assistance in West Virginia since 1989, with most of the benefit accruing since 1998.[129]

Medicaid is one of the top three fiscal problems that West Virginia must address in the 2006 legislative session.[130] Over the past two fiscal years, the state has implemented Medicaid benefit cuts, frozen provider payments, and imposed several other cost-containment measures to control Medicaid spending.[131]

WISCONSIN

According to a 2005 report from the Wisconsin Citizen Action Fund, Wal-Mart accounts for 6,628 people (4,722 workers and 1,906 dependents) participating in Wisconsin's public health care programs.[132] The estimated annual cost to taxpayers for insuring these Wal-Mart workers and their family members is almost $14 million.[133]

Meanwhile, Wal-Mart has benefited from $21.8 million in taxpayer-funded economic assistance in Wisconsin since 1993, with almost all of the benefits accruing since 2000.[134]

Included in this is $7.7 million worth of city and state subsidies for a distribution center in Beaver Dam.[135] The distribution center has been the subject of controversy, due to reports in November 2005 that as many as eight prison laborers from the Fox Lake Correctional Institution were hired by the Wal-Mart building contractor to help construct the center.

Prisoners on work release from the correctional facility earn an average of $9 per hour, which goes to the prison and for child-support payments, restitution and fines.[136]

Wisconsin has frozen provider payments, implemented pharmacy controls and imposed other cost-containment measures over the past two years to rein in state health program costs.[137]

APPENDIX I

Taxpayer-Financed Economic Development

Assistance Benefiting Wal-Mart, 1982-2005

(Subsidies and industrial revenue bond issues for Wal-Mart or developers of sites where Wal-Mart is building or expanding)

State	Subsidies for Retail Stores ($ in millions)	Industrial revenue bond issues ($ in millions)	Subsidies for Distribution Centers ($ in millions)	Total
Alabama	19.6		19.2	38.8
Arizona	7.6		0.5	8.1
Arkansas			0.4	0.4
California	34.5		14.0	48.5
Connecticut				
Florida	1.7	2.6	49.8	54.1
Georgia		4.8	14.7	19.5
Iowa	1.2	5.5	10.0	16.7
Maine	6.2		16.0	22.2
Massachusetts				
Montana				
Nebraska		2.3	15.2	17.5
New Hampshire				
New Jersey				
Ohio	5.3		39.1	44.4
Pennsylvania	7.2		18.8	26.0
Tennessee		3.7	7.9	11.6
Texas	1.3	29.2	77.1	107.6
Utah	1.2		12.5	13.7
Vermont				
Washington			1.0	1.0
West Virginia	9.7			9.7
Wisconsin	6.7		15.1	21.8

Source: "Shopping for Subsidies: How Wal-Mart Uses Taxpayer Money to Finance Its Never-Ending Growth," *Good Jobs First,* May 2004. The *GJF* report provides state-by-state information on subsidies and other taxpayer-financed assistance that benefited Wal-Mart, either as a direct recipient of aid or because the company was anchoring a new development project that received assistance. The types of subsidies covered by the report include free or reduced-price land, infrastructure assistance, tax increment financing, tax breaks (property, corporate income and sales taxes), enterprise zone (and other zone) status, job training and worker recruitment funds, tax-exempt bond financing (industrial revenue bonds) and general grants.

According to the *GJF* report, Wal-Mart has benefited from at least $1 billion economic development assistance since 1982. The *GJF* report, while thorough, is not comprehensive because state and local recordkeeping and reporting on corporate subsidies is spotty and incomplete. As a result, the *GJF* finding understates, perhaps substantially, the total amount of economic development assistance benefiting Wal-Mart.

The table above extracts data for the 23 states covered in this report.

APPENDIX II

Medicaid Cost-Containment Measures: Fiscal Year 2005 or Fiscal Year 2006

State	Benefit Cuts	Eligibility Cuts	Other Measures
Alabama			X
Arizona		X	X
Arkansas			X
California	X		X
Connecticut		X	X
Florida		X	X
Georgia			X
Iowa			X
Maine	X	X	X
Massachusetts			X
Montana			X
Nebraska			X
New Hampshire	X	X	X
New Jersey			X
Ohio	X	X	X
Pennsylvania	X	X	X
Tennessee	X	X	X
Texas			X
Utah			X
Vermont	X	X	X
Washington			X
West Virginia	X		X
Wisconsin			X

Source: Vernon Smith, et al., *Medicaid Budgets, Spending and Policy Initiatives in State Fiscal Years 2005 and 2006—Results from a 50 State Survey,* Kaiser Commission on Medicaid and the Uninsured, October 2005. The report contains national and state-by-state data on a number of factors related to the Medicaid crisis, including the types of cost-containment steps states have taken. According to the Kaiser report, every state imposed one or more cost-containment measures over the past two years, including benefit cuts (in 20 states) and eligibility restrictions (in 18 states). As used in the above table, "other measures" include reductions in provider payments, pharmacy controls, higher co-pays, expansion of managed care options, greater controls on fraud and abuse, implementation of disease and case management techniques, and long-term care savings initiatives. This table includes steps taken in either fiscal year 2005 or 2006; the Kaiser survey reports each fiscal year separately.

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