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Front

**WORKING POOR SWELL AHCCCS ROLLS**By Jonathan J. Higuera, The **Arizona** Republic

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**Arizona's** economy may be creating jobs faster than the nation as a whole, but it also is adding residents to the state health care program for the poor at a similar pace.

Interviews with business owners, policy analysts and social workers suggest that a growing number of participants in the program are the working poor.

Many work for businesses who don't offer health insurance. Others are employed by firms that have raised the worker's share of the premium so much it's forcing their employees to drop coverage or scale back. If the trend continues, more workers may be turning to government-sponsored health programs or flooding emergency rooms.

**Arizona** Health Care Cost Containment System officials said that they cannot provide a number of their clients who are employed. But front-line social workers and others say more workers appear to be turning to the program. And with the passage in 2000 of Proposition 204, which raised the income eligibility to the federal poverty rate, many more qualify.

"In the past, economic upturns and downturns usually had an inverse impact on AHCCCS enrollment," said Susan Gerard, Gov. Janet Napolitano's health-policy adviser. "That hasn't happened this time."

At community health clinics like Mountain Park Health Center, which has clinics in east Phoenix, Maryvale, south Phoenix and Tolleson, more working poor are coming through the doors, center President Sylvia Stock said. And her social workers refer them to AHCCCS if they qualify.

"The economy has improved greatly, but poor people are still poor," she said.

Several factors seem to be at work:

\* Employer-sponsored health care is shrinking. Fewer employers are offering health insurance, and many who still do have increased workers' premiums and co-pays and reduced coverage. From 2000 to 2003, the number of non-elderly Arizonans covered by employer-sponsored health care declined by nearly 49,000 people, or 4.6 percent, according the Kaiser Commission on Medicaid and the Uninsured.\* The state's burgeoning population has drawn new residents who qualify for AHCCCS. Nearly 165,000 people moved to the state this year, and about 160,000 more are expected next year. Because AHCCCS is federally subsidized, participants don't have a waiting period for qualifying other than the time it takes to prove they are established residents.

\* A growing part of the workforce includes temporary workers, independent contractors and part-time workers, all less likely to receive medical benefits. The American Staffing Association estimated nearly 190,000 people in **Arizona** received assignments through staffing agencies in 2003, with an average tenure of 11 weeks. When part-time workers are mixed in, the number of workers without access to benefits grows substantially.

\* Small business has accounted for a major portion of net new jobs during the recovery, according the U.S. Small Business Administration. Those businesses are having the most difficult time offering or maintaining health care coverage. Nationally, only 52 percent of firms with three to nine workers offer health care coverage, compared with 74 percent of firms with 10 to 24 workers, and 87 percent of firms with 25 to 49 workers. Most

firms with 50 or more workers offer it, although they, too, have raised premiums, co-pays and deductibles.

\* The lack of workers covered by union agreements. Only about 6 percent of **Arizona** workers are covered by collective-bargaining agreements, compared with about 14 percent nationally. Data from the Economic Policy Institute show that unionized workers are twice as likely to have health care and pensions as non-organized workers.

Employers are less likely to provide health benefits as long as costs continue to spiral upward, several business groups said. The National Federation of Independent Business, for example, cites it as the No. 1 issue facing their members, with annual double-digit increases proving too much for some.

"We get at least one call a day on it from our members," said Michelle Bolton, the National Federation of Independent Business' **Arizona** director. "They are feeling the pressure, and the valve is ready to release."

Some experts believe allowing small-business owners to form insurance pools will bring costs down by spreading the risk.

But even insurance pools can degenerate to high-risk users, who eventually drain the pool, said Gerard, the governor's policy adviser who also headed health and insurance committees during her nine years in the Legislature. "The healthier employers tend to drop out," she said.

Some are wondering if employers are looking for an easy way out, letting the government and taxpayers provide what they traditionally have provided. California voters narrowly turned back a proposal this year to require big employers to provide affordable health care or pay into a state insurance pool. Other states are considering similar proposals.

Mike Vespoli, director of community affairs for the United Food and Commercial Workers, Local 99, which represents grocery workers, refers to it as the "**Wal-Mart** factor." He points to the **KidsCare** program, which is part of AHCCCS. **Wal-Mart** Stores employees were four times as likely to have children enrolled in that program than the next biggest group, which are independent business owners and the self-employed. **Wal-Mart** is the state's largest employer with more than 24,000 workers.

"Profitable employers ought to be providing health care for its employees," said Vespoli, whose union has opposed non-union **Wal-Mart's** expansion in **Arizona**. "I see large employers like **Wal-Mart** going the other way. Now you are seeing other employers do the same."

**Wal-Mart** spokesman Dan Fogleman said that about 500,000 of the company's 1.2 million workers nationwide receive company health benefits and that the company pays about two-thirds of the cost. "The real answer isn't to mandate coverage but to find ways to make it more affordable for employers to provide it to employees," he said.

Although AHCCCS could not provide the number of clients who hold jobs, **KidsCare**, which has about 28,000 households with children in the program, found **Wal-Mart** employed about 450 adults with children in **KidsCare**, or less than 2 percent of its employees. Another grocer, Bashas', was fourth on the list, with 97 adults with kids on the plan, or less than 1 percent of its workforce.

At least one business group, the Greater Phoenix Chamber of Commerce, encourages employers to refer workers to government-sponsored plans if they qualify. The suggestion is included in its Business Tool Kit on its Web site and a recent press release.

"We let them know there are public and private options," said Tony Leombruno, the general insurance agent who handles the chamber's referrals for health insurance. "Our purpose is not to throw everybody into state coverage. Our purpose is to get them covered."

He and others point out that the coverage for uninsured workers ends up costing everybody more when major medical problems arise.

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Sidebar to: "AHCCCS TO PRESENT \$75 MILLION HEADACHE"

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