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Front Section

Top 9 employers in state have 9,698 getting public aid 3,971 of them work at Wal-Mart

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CORRECTION 03182005

Nine of Arkansas' 10 largest employers have nearly 10,000 workers who receive public assistance for themselves and their families, according to the state Department of Human Services. A story and headline in Thursday's editions incorrectly described them as the nine largest employers in the state.

Nearly 10,000 workers with Arkansas' nine largest employers receive public welfare for themselves and their families, according to the state Department of Human Services.

Wal-Mart Stores Inc., with 3,971 of its 45,106 employees on public assistance, topped the list. By contrast, at Triad Hospitals Inc. - the state's seventhlargest employer - three employees are on public-assistance rolls.

The Human Services Department hand-counted figures this week for the largest employers in the state, as well as for several other businesses, at the request of the **Arkansas Democrat-Gazette** and the Arkansas Times. The department does not track by employer the 350,000 Arkansans receiving public assistance who also reported an income, said spokesman Julie Munsell.

Of the 9,698 working for the nine largest employers and receiving public assistance as of last week, the vast majority are enrolled in Medicaid - mostly for the benefit of their children - Munsell said. Medicaid is a federal- and state-funded healthcare program for the poor.

Food stamps and transitional employment assistance make up the rest of the public assistance, she said. The average annual cost to the state for each of those Medicaid recipients is \$4,083, for a maximum total cost of \$39.6 million.

Arkansas' numbers reflect a nationwide trend where rising health insurance premiums are squeezing lower-income workers out of company plans and onto public rolls, said Kevin Ryan, associate director for policy and programs with the Arkansas Center for Health Improvement.

Employers usually contribute proportionately less to family health plans, resulting in workers applying for Medicaid to cover their children, Ryan said. "They've shifted the cost to employees increasingly, and many employees aren't able to bear the cost of that family coverage on their own," said Ryan, who is interviewing employers statewide about their health plans for an Arkansas Center for Health Improvement study. "The ability to contribute to the cost of that benefit has been put at risk."

Dan Fogleman, a Wal-Mart spokesman, said the company pays about two-thirds of total premiums, a proportion that has not changed in recent years.

While only 54 out of 3,400 mostly white-collar Alltel Corp. employees receive public assistance, 3,004 of state government's 50,000 workers need public assistance. Figures were unavailable for federal employees, though the U.S. government is one of the state's largest employers.

"There are other benefits certainly to being in public service, but typically money is not one of them," Munsell said.

But some policy analysts say the big retailers such as Wal-Mart are propelling the shift from private to public insurance.

"I don't think that Wal-Mart can get off the hook by simply saying that it has low-wage workers, and therefore it's a situation that is comparable to that of other retail firms," said E. Richard Brown, director of the Center for Health Policy Research at the University of California at Los Angeles. "It is driving the standards, and it's driving them downward."

In Arkansas, Wal-Mart's 8.8 percent of employees receiving public assistance is similar to other large retailers. Target Stores Inc. has 103 of about 1,200 Arkansas employees, or 8.6 percent, on public-assistance rolls.

But Wal-Mart, which is based in Bentonville, has a larger corporate presence in Arkansas than does Minnesota-based Target, reducing the proportion of low-wage Wal-Mart workers in the state.

Eight other states conducted similar surveys to the one by the Human Services Department, but they analyzed Medicaid enrollment for all employers, not just the largest. Wal-Mart consistently ranked at or near the top in total employees on Medicaid.

The highest was 9,617 Wal-Mart employees out of 37,000, or 26 percent, in Tennessee, according to the Chattanooga Times Free Press.

Such figures are driven by Wal-Mart policies such as requiring part-time employees to wait two years before purchasing company health insurance, UCLA's Brown said.

Wal-Mart employees use 40 percent more in taxpayer-funded health care compared with other large retailers in California, costing the state \$32 million annually, according to the pro-union Labor Center of the University of California at Berkeley.

And that doesn't count the side effects of Wal-Mart's benefits policies, Brown said.

"Others feel pressure to follow when Wal-Mart is competing with low-wage workers and lower benefits than firms that may exist in an area," he said.

Fogleman said the company's insurance plan is comparable to other retailers.

"As the nation's largest employer, we will almost by default be the largest on many types of lists," he said. "We do not design our plans to be supplemented by public assistance, nor do we encourage associates to apply for these programs."

A survey by the Segmentation Co., commissioned by Wal-Mart in December, found that 5 percent of the company's hourly employees nationwide are on Medicaid, compared with 7 percent at other retailers, Fogleman said.

The company's plan, with premiums starting at \$40 per month for individuals and \$155 per month for families, is a plus, especially for the 30 percent of employees who had no insurance before joining Wal-Mart, Fogleman said.

Whatever Wal-Mart's effect is, more and more low-wage workers are being pushed into public-assistance programs, many of which are straining to cover them all, said Alwyn Cassil, spokesman for the Center for Studying Health System Change, a Washington, D.C.-based research organization.

"Many states are frantic about how to manage Medicaid budgets," Cassil said. "You're already starting to see the classic first reaction, which is when states stop doing outreach and start making enrollment more difficult."

Arkansas' Medicaid program is relatively healthy compared with other states contemplating drastic cuts, Ryan said.

But with the program already covering over half of Arkansas' children, the shift away from employer-sponsored health-care plans can't continue forever, he said.

"It puts pressure on the entire health-care system," Ryan said. "And it's especially true in Arkansas because of those numbers."

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