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STATE

Lured employers now tax Medicaid

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Wal-Mart Corp., which is getting millions of dollars in state incentives to create jobs in Florida, has more employees and family members enrolled in Medicaid than any company in the state.

The giant retailer, which has 91,000 full-time and part-time employees in Florida, has about 12,300 workers or dependents eligible for Medicaid, the growing health care program for the poor and the elderly.

According to figures released Thursday by Florida's Department of Children and Families, Wal-Mart and four other large companies that receive state incentives have an estimated 29,900 employees or their family members enrolled in Medicaid.

The figures suggest taxpayers may be double-subsidizing low-wage employment by paying companies to create jobs and by paying for the health care of some of those companies' employees.

"This is another indication of how companies talk out of one side of their mouth about the free enterprise system and private initiative, but whenever they get the opportunity to exploit public resources, they'll do that," said Philip Mattera, research director for Good Jobs First, a nonprofit Washington group that studies corporate incentives.

"If you're going to give subsidies, they should be used to create the best possible jobs, not substandard or mediocre jobs," Mattera said.

Wal-Mart, which had \$10.3-billion in earnings last year, said 86 percent of its 1.2-million employees nationwide have health insurance - 56 percent through the company's health care plan, the rest through another source such as another employer, a family member, the military or Medicare.

It said 5 percent nationwide get coverage through Medicaid - a number that drops to 3 percent after employees are on the job for two years.

"As the nation's largest employer, we will by default be the largest on many types of lists," said spokesman Dan Fogleman, adding that the retailer doesn't design its health plans to be supplemented by Medicaid.

Four other large companies getting state incentives appear on the top of lists of employers with the most workers eligible for state-financed health care. They are Publix Super Markets, Winn-Dixie Stores, Burger King Corp. and Walgreen Co.

In addition, 3,342 children whose parents or guardians work for those five companies qualify for Florida Healthy Kids and KidCare. Those state-financed programs help 245,000 children whose parents or guardians earn too much for Medicaid but can't afford or don't have access to other insurance. (About 10,000 parents earn too much to qualify for Healthy Kids and KidCare, but they are able to buy that insurance at \$98 per child per month - the amount it costs the program.)

Combined, these five firms have been approved by the state for up to \$10.8-million in tax credits and tax refunds for at least 3,805 jobs, according to an analysis by the **St. Petersburg Times**.

Unlike some states, Florida does not require companies seeking incentives to help pay for their workers' health insurance. Florida also does not track the number of employees who were hired with the help of incentives and get state-financed health care for themselves or their families.

The Department of Children and Families, which determines Medicaid eligibility, said some of the workers on the list may have private health insurance and may not rely on the state for health care.

"When people are simultaneously enrolled in Medicaid and private health insurance, Medicaid is the payer of last resort," spokesman Tim Bottcher said in a statement. "It would not be accurate to report that Wal-Mart has 12,300 'on Medicaid.' "

Medicaid, a \$14.4-billion program jointly financed by state and federal funds, was originally a program for people on welfare. Now it primarily covers the elderly, the disabled, pregnant women and families with children at the poverty level.

Typically, two children could qualify for Medicaid if their parents' combined income is less than \$19,350 a year. A pregnant woman could make up to \$17,704 a year and her baby would automatically be eligible for Medicaid for up to a year. A family of four is eligible for KidCare if the parents earn less than \$38,700 a year.

Increasingly, working families with children qualify for taxpayer-funded health care because they don't have access to private insurance or they're not offered affordable insurance by their employers.

The Tallahassee Democrat reported in December that the Department of the Army, Department of the Navy, U.S. Air Force, Florida National Guard, Walt Disney World, BellSouth, Blue Cross, Bank of America and Dillard's also had Medicaid-eligible employees.

The **St. Petersburg Times** and its publisher, Times Publishing Co., have about 150 Medicaid-eligible employees and Medicaid-eligible dependents in Florida, the state said Thursday.

Wal-Mart said it pays its store workers an average of \$9.36 an hour in Florida, adding that it offers competitively priced health care to full-time workers after six months and to part-time workers after two years.

A study last year by the University of California at Berkeley - disputed by Wal-Mart - concluded that California taxpayers spend \$32-million a year providing health care to Wal-Mart workers and \$54-million a year in other assistance such as free school lunches and food stamps.

Like many large companies in Florida, Wal-Mart benefits from an array of incentives designed to create and retain jobs. The incentives range from federal funds to extend utility lines to local property tax breaks to state tax refunds for creating "high-wage jobs."

A study by Mattera, the Good Jobs First researcher, documented more than \$1-billion in state and local incentives for Wal-Mart nationwide since 1981. That includes \$51-million for five Florida distribution centers and supercenters in Zephyrhills and Palatka, the study said.

Examining state tax incentives alone, the Times found that since 2000 the state has approved \$6,799,000 in tax refunds and credits for Wal-Mart if it creates 2,053 jobs. To date, state records show, the company has been paid \$2,389,000 of that.

Fogleman, the Wal-Mart spokesman, said that without Wal-Mart's jobs, many more people would be on Medicaid and other forms of public assistance.

Providing incentives to Wal-Mart is a bargain for taxpayers, Fogleman said, because in Florida alone the company last year paid \$58.7-million in state and local taxes.

Florida is among nine states to report that Wal-Mart tops the list of companies with Medicaid-eligible employees.

The others are Alabama, Connecticut, Georgia, Iowa, Tennessee, Texas, Washington and West Virginia.

Increasingly, states and local governments are requiring recipients of incentives to provide or pay for portions of their employees' health benefits. Programs in Georgia, New Jersey, North Carolina and other states require health insurance in varying degrees.

Florida has been reluctant to embrace health care rules for companies getting incentives, however. Businesses and their allies say such rules would impose an unreasonable burden, be difficult to enforce and discourage businesses from locating here.

A report paid for by Enterprise Florida, the state's main economic development agency, recommended last month that the Legislature add health insurance as a requirement for companies seeking tax refunds for "high-wage jobs" in Florida.

The Agency for Health Care Administration, which administers Medicaid, referred questions about health care standards for companies getting incentives to the office of Gov. Jeb Bush.

Jacob DiPietre, the governor's press secretary, did not address whether the governor favors health care rules for companies seeking incentives.

DiPietre said that under the state's most widely used incentive program, all 33 companies that have received tax refunds this year for creating high-wage jobs offer health benefits.

Bush has complained that Medicaid is devouring the state budget. The program has more than doubled in the past six years to about one-fourth of the state's \$57.3-billion budget.

Times researcher Kitty Bennett contributed to this report.

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