

Internal Wal-Mart Memo Validates Findings of UC Berkeley Study

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The University of California, Berkeley's Center for Labor Research and Education released a report in 2004, "The Hidden Cost of Wal-Mart Jobs." This study found that Wal-Mart workers disproportionately rely on taxpayer funded public health programs in California compared to workers in large retail as a whole. An internal Wal-Mart memo reported on in the *The New York Times*ⁱ provides data from Wal-Mart that validates the basic findings of that UC Berkeley report.

The Wal-Mart memo contains detailed information about their workers' and dependent children's health coverage, allowing us to compare Wal-Mart to other large retailers and to check the findings of our earlier report. A quote from the memo is below:

"We also have a significant number of Associates and their children who receive health insurance through public-assistance programs. Five percent of our Associates are on Medicaid compared to an average for national employers of 4 percent. Twenty-seven percent of Associates' children are on such programs, compared to a national average of 22 percent (Exhibit 5). In total, 46 percent of Associates' children are either on Medicaid or are uninsured."

Using data from the 2005 Current Population Survey, we analyzed the difference between Wal-Mart's reported numbers and those for large retailers in general (defined as those with 1,000 or more workers). The greatest differences are for enrollment in children's health programs. We find that 22% of children of employees of large retailers are enrolled in Medicaid/SCHIP, compared to 27% reported by Wal-Mart for children of their employees. We also find that 7% of the children of employees of large retailers are uninsured, compared to 19% reported by Wal-Mart. While 46% of the children of Wal-Mart workers are either uninsured or on Medicaid/SCHIP, the comparable figure for children of all large retail workers is 29%. Wal-Mart workers are less likely than workers in all large retail to have job based coverage (48% compared to 54%.) Wal-Mart workers' enrollment in Medicaid nationally is similar to large retail as a whole (see Tables 1 and 2).

Applying Wal-Mart's reported percentages of workers and children enrolled in Medicaid/SCHIP implies Wal-Mart workers and children cost \$456 million to taxpayers nationally through their use of public health programs. This does not include the costs of adult dependents. (See Table 3)

The memo further reports that 19% of Wal-Mart employees lack health insurance. The cost of uncompensated care for those workers adds an estimated \$202 million in taxpayer costs nationally, and \$10 million in California. These costs were not quantified in the original report (see Table 4).

UC Berkeley report:

<http://laborcenter.berkeley.edu/lowwage/walmart.pdf>

Wal-Mart internal memo:

<http://www.nytimes.com/packages/pdf/business/26walmart.pdf>

Table 1: Health Care Coverage for the Children of Wal-Mart Workers: The Uninsured and those on Government Insurance

	Medicaid/S-CHIP	Uninsured	Total
Wal-Mart	27%	19%	46%
Large Retail	21.7%	7.4%	29.1%
All Retail	22.7%	9.1%	31.8%

Note: Large Retail = Firms with over 1,000 Employees

Table 2: Health Care Coverage for Wal-Mart Workers: The Uninsured and those on Government Insurance

	Medicaid	Uninsured	Total	ESI
Wal-Mart	5%	19%	24%	48%
Large Retail	4.9%	17.6%	22.5%	53.5%
All Retail	4.9%	20.9%	25.8%	46.2%

Note: ESI = Employer-Sponsored Insurance. Large Retail = Firms with over 1,000 Employees

Sources:

- Wal-Mart data from Wal-Mart memo (2005)
- Large Retail and All Retail data from the 2005 Current Population Survey (March Supplement), Bureau of Labor Statistics.

Table 3: Medicaid and SCHIP Costs for Wal-Mart Workers and Children (Does Not Include Dependent Adults)

		USA
A	Number of Wal-Mart Workers	1,330,000
B	Percentage of Wal-Mart Workers on Medicaid	5%
C	Average Number of Kids/Worker	0.74
D	Percentage of Kids on Medicaid/SCHIP	27%
E	Average Cost/Adult in Medicaid	\$1,771.00
F	Average Cost/Child in Medicaid	\$1,271.00
G	Total Cost for Adults (= AxBxE)	\$117,771,500.00
H	Total Cost for Children (=AxCxDxF)	\$337,747,914.00
E	TOTAL COST for Workers and Children	\$455,519,414.00

Sources:

A) New York Times (Steven Greenhouse, Oct 26), and Wal-Mart Web Site

<http://www.walmartfacts.com/community/article.aspx?id=144>

B) Exhibit 5, "Supplemental benefits documentation" memo

C) March 2005 Current Population Survey - figure is average for all retail workers

D) Exhibit 5, "Supplemental benefits documentation" memo

E) Medicaid Statistical Information System (MSIS) - FY 2002 [most recent available]. Medicaid cost per enrollee cost is computed for non-elderly/blind/disabled adults and children nationally.

Table 4: Uncompensated Care Costs for Wal-Mart Workers

		California	USA
A	Number of Wal-Mart Workers	68,495	1,330,000
B	Percentage of Wal-Mart Workers Uninsured	19%	19%
C	Uncompensated Care/Uninsured Person	\$800.00	\$800.00
E	TOTAL UNCOMPENSATED CARE	\$10,411,240.00	\$202,160,000.00

Sources:

A) *New York Times* (Steven Greenhouse, Oct 26), and Wal-Mart Web Site

<http://www.walmartfacts.com/community/article.aspx?id=144>

B) Exhibit 5, "Supplemental benefits documentation" memo

C) Hadley and Holahan 2003, *Health Affairs*

<http://content.healthaffairs.org/cgi/reprint/hlthaff.w3.66v1.pdf>

Hadley and Holahan find that full-year uninsured workers used \$1,253 annually in health costs, 64% of which was uncompensated care

ⁱ "Wal-Mart Memo Suggests Ways to Cut Employee Benefit Costs," *New York Times* (Steven Greenhouse, Oct 26, 2005).