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Testimony of Philip Mattera
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Before the Maryland House Health and Government Operations Committee
On HB 791 – Health Care Disclosure Act
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Good afternoon and thank you for the invitation to testify today. My name is Philip Mattera and I am the research director of Good Jobs First, a non-profit, non-partisan research group that tracks best practices in state and local economic development. As part of our work, we monitor state fiscal conditions as well as trends in job quality, including wage levels and employee benefits. We are based in Washington, DC with additional project offices in New York and Chicago.

I am here to speak on HB 791, the Health Care Disclosure Act. This bill would require the State to gather information on the employer of beneficiaries (or of certain of their family members) in state health programs. The State would also be required to compile a report listing those employers with 25 or more employees participating in such programs, and that report would be made available to the public.

On its surface, this bill is simply about information gathering, but it also addresses one of the most serious issues facing Maryland and the rest of the United States today: the ongoing crisis in the nation's system of health insurance coverage.

Beginning in the mid-20th Century, more and more Americans began to receive their health insurance through employer-based coverage. Eventually, about two-thirds of the non-elderly population came to obtain their insurance in this manner.

In recent years, there has been a decline in such coverage. Last August the Center for Studying Health System Change released a survey that found the portion of Americans under 65 covered by employer-sponsored insurance had fallen from 67.0 percent in 2001 to 63.4 percent in 2003.[1] In October 2004 the Employee Benefit Research Institute found that the portion of the population as a whole with employer-sponsored coverage had fallen from 63.6 percent in 2000 to 60.4 percent in 2003. The decline meant that 3.8 million fewer workers and their dependents were participating in workplace health plans.[2]

[1]. Center for Studying Health System Change, *Trends in U.S. Health Insurance Coverage, 2001-2003*, August 2004; available online at < http://www.hschange.org/CONTENT/694/ >.

[2]. Employee Benefit Research Institute, *Uninsured Rose in 2003 as Number of Americans with Employment-Based Health Benefits Declined*, October 2004; available online at

The drop in coverage has two main causes: a rise in the number of jobs that do not provide coverage at all and growth in the number of workers who decline coverage because it is too expensive.

Smaller businesses have always had difficulty providing health coverage to workers, especially in times of rapidly increasing insurance costs. However, the most striking development in the past two decades has been the growth in the number of workers employed by the nation's largest companies who lack health insurance. A 2003 report published by the Commonwealth Fund found that the portion of workers in large firms (500 or more employees) participating in health insurance at their job fell from 71 percent in 1987 to 66 percent in 2001. During the same period, the share of the total uninsured worker population who were employed at large firms rose from 25 percent to 32 percent.[3]

In the face of rising health premiums, employers have been shifting more and more of the cost onto workers. By 2003, 90 percent of workers were required to contribute to the cost of family coverage, with an average monthly contribution of $228.98.[4] Low-wage workers often cannot afford that cost and instead opt to forgo workplace coverage altogether.

In many cases, the consequence of the erosion of workplace coverage is a rise in the ranks of the uninsured. Yet that is not the only alternative available to lower-income families. More and more low-income workers are turning to government programs that provide taxpayer-funded health coverage, especially for children. The poorest families may be eligible for coverage under Medicaid, while slightly higher income families can qualify for the State Children's Health Insurance Program (SCHIP). According to the Center for Studying Health System Change report cited above, the portion of the non-elderly population depending on such forms of public insurance has risen from 7.6 percent in 1997 to 11.9 percent in 2003. The Employee Benefit Research Institute report put the latter figure even higher.

The increasing numbers of Medicaid and SCHIP enrollees come at a time when the programs are already under stress because of fiscal constraints caused by medical inflation and federal cutbacks. Many states are curtailing benefits and tightening eligibility requirements.

At the same time, states are beginning to question whether they should be saddled with the cost of providing coverage to workers and their dependents who in the past would have obtained affordable health insurance on the job. Medicaid was originally designed for the non-working poor, and SCHIP, a much younger program, was intended mainly to

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< http://www.ebri.org/EBRI_Notes_10-2004.pdf >

3. Sherry Glied, Jeanne M. Lambrew and Sarah Little, *The Growing Share of Uninsured Workers Employed by Large Firms*, The Commonwealth Fund, October 2003; available online at < http://www.cmwf.org/publications/publications_show.htm?doc_id=221335 >.

4. U.S. Census Bureau, *Statistical Abstract of the United States: 2004-2005,* p.104.

help the families of workers whose employers could not afford to provide adequate dependent health coverage. The decline in workplace coverage, especially at large firms, raises the question of whether states are being forced to subsidize private-sector cost cutting.

In order for legislators and other policymakers to properly analyze this question, there is a need for detailed information on the employment situation of current participants in programs such as Medicaid and SCHIP. Part of this process is the identification of the specific employers of program beneficiaries or, in the case of children, their parents or guardians.

Last year the Massachusetts legislature included in its 2005 budget a requirement that the state compile a list of employers with workers or their dependents participating in public healthcare programs. The requirement applied to employers with 50 or more employees using programs such as MassHealth and the Uncompensated Care Pool (UCP).[5]

On February 1, 2005 the Massachusetts Division of Health Care Finance and Policy issued the first report required by the law.[6] The report identified 138 employers that met the 50-employee threshold. At the top of the list were large, well-known companies. First was Dunkin' Donuts, with 1,923 employees participating in UCP and 982 participants in MassHealth. Others at the top of the list were the supermarket chain Stop & Shop (1,352 & 788), Wal-Mart (1,258 & 823) and McDonald's (1,125 & 600).

As far as we know, Massachusetts is the only state that has enacted legislation to compel employer disclosure for public healthcare programs, but legislators in at least nine other states have introduced similar bills this year. These include Alabama, California, Florida, Hawaii, Missouri, Tennessee, Vermont, Virginia and Washington.

In addition to legislative action, state agencies in at least nine other states have released some employer information at the request of legislators or journalists. The following is a summary of those disclosures:

Alabama

In February 2005 the *Montgomery Advertiser* published an article citing data from the Alabama Medicaid Agency on companies in the state with employees whose children are participating in Medicaid. The newspaper obtained a list from the agency of 46 companies whose employees had 100 or more children in the program. At the top of the list was Wal-Mart, whose employees had 3,864 children on Medicaid. Following it were McDonald's (1,615), Hardee's (849), Winn-Dixie (665) and Wendy's (650). The article

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5. The requirement can be found in Section 304 of Chapter 149 of the Acts of 2004; available online at < http://www.mass.gov/legis/05budget/outside_sections.htm >.

6. The report is online at < http://www.mass.gov/Eeohhs2/docs/dhcfp/pdf/50+_ees_ph_assist.pdf > and the accompanying spreadsheet at < http://www.mass.gov/Eeohhs2/docs/dhcfp/pdf/50+_ees_ph_assist_ss.pdf >.

noted that the big fast-food chains owned by YUM! Brands (Taco Bell, KFC and Pizza Hut) were listed separately. If combined, their total was 1,380.[7]

Connecticut

In January 2005, the Office of Legislative Research released a report on the employers of participants in the state's HUSKY health program for children of low-income families. The report was prepared at the request of several legislators who had been encouraged to seek the information by organizations such as Connecticut Voices for Children. HUSKY (an acronym for Healthcare for UninSured Kids and Youth) has two parts: Part A is traditional Medicaid and Part B is Connecticut's version of the State Children's Health Insurance Program. For HUSKY A, the top employer of workers with children in the plan was Wal-Mart, with 824 workers with children in the plan. It was followed by Stop & Shop (741), Dunkin' Donuts (530), Laidlaw (460) and McDonald's (also 460). The report also looked at employer data for HUSKY A enrollees who were also enrolled in HUSKY B. For that group the top employer was Stop & Shop with 99 HUSKY A enrollees also participating in HUSKY B, followed by Wal-Mart (79), Laidlaw (65), Home Depot (45), Dunkin' Donuts (39) and Family Care VNA (also 39).[8] The report counted only parents of plan participants, not the total number of their children.

Florida

In December 2004, the *Tallahassee Democrat* published a summary of data it obtained from the Department of Children and Families on the number of employers in the state with workers who qualified for Medicaid for themselves or their dependents because of low income or a lack of private health insurance coverage. The newspaper found that more than 50,000 private- and public-sector employers fell into that category. The newspaper said that the company with the most employees participating in Medicaid was McDonald's, with 1,792 claims filed. The other top private-sector employers on the list were Publix (1,579), Winn-Dixie (1,108), Burger King (830) and Wal-Mart (756).[9]

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7. John Davis and Jannell McGrew, "Health Plans Not Family Friendly," *Montgomery Advertiser*, February 22, 2005, p.B6.

8. Robin K. Cohen, *HUSKY A and B—Enrollment and Employer Data*, Connecticut Office of Legislative Research Report 2005-R-0017, January 10, 2005; available online at < http://www.cga.ct.gov/2005/rpt/2005-R-0017.htm >.

9. Rocky Scott, "50,000 Workers Qualify for Medicaid: Some Say Companies Taking Advantage," *Tallahassee Democrat*, December 19, 2004, p.1 According to a private communication with the author, the headline was incorrect and should have referred to 50,000 employers.

Georgia

In February 2004, the *Atlanta Journal-Constitution* reported the contents of an internal memo prepared by the Department of Community Health in 2002 that contained a list of the employers whose workers had the most dependents enrolled in the state's PeachCare for Kids health insurance program for low-income working families. At the top of the list was Wal-Mart, whose employees in Georgia had 10,261 children in PeachCare. Far behind in second place was Publix with 734, followed by Shaw Industries (669), Mohawk Industries (657) and Cagle's Keystone Foods (463).[10]

Iowa

In March 2005, the Associated Press bureau in Des Moines reported that it had obtained a list of the Iowa employers with the largest number of workers participating in Medicaid. The list, prepared by the state Department of Human Services, listed Wal-Mart first with 845 employees. It was followed by Tyson Fresh Meats (388), Casey's General Stores (371), Hy-Vee Inc. (361) and Access Direct Telemarketing (217).[11]

Tennessee

In January 2005, state officials released the results of a survey, undertaken at the request of the *Chattanooga Times Free Press*, of which companies had employees who were enrolled in TennCare, the state's health plan for the poor, uninsured and disabled. Ranking first was Wal-Mart, with 9,617 employees on TennCare, nearly 25 percent of the company's entire workforce in the state.[12] Trailing Wal-Mart among the top five were four temp agencies: Randstad Staffing Services USA (6,389), Adecco USA Inc. (4,205), Staffmark East LLC (3,818) and Real Time Staffing Services (3,783).[13] The survey found that the top 20 employers of TennCare recipients accounted for more than 68,000 participants in the program, or about six percent of total enrollment.

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[10]. Andy Miller, Wal-Mart Stands Out on Rolls of PeachCare," *Atlanta Journal-Constitution*, February 27, 2004, p.1B.

[11]. Ryan Foley, "IA Medicaid Employers," Associated Press, March 4, 2005 and "Top Ten Employers with Workers on Medicaid," Associated Press, March 4, 2005.

[12]. John Commins, Dave Flessner and Ashley M. Heher, "On the Job and on TennCare," *Chattanooga Times Free Press*, January 20, 2005, p.A1.

[13]. Rebecca Ferrar, "Big Companies Have a Large Number of Workers in Program," *Knoxville News-Sentinel*, January 30, 2005, p.C1.

Washington

In February 2003, the state Health Care Authority gave the Associated Press a list of the ten employers whose workers appeared most frequently on the rolls of the state's Basic Health Plan, which provides coverage for the low-income families. At the top of the list was Wal-Mart, with 341 workers participating in the plan. It was followed by Catholic Community Services (265), Del Monte (253), Snokist (218) and Express Personnel (191).[14] In February 2004 the *Seattle Times* reported that 281 Wal-Mart workers were enrolled in Basic Health as of March 2003.[15]

West Virginia

In December 2004, the Bureau for Children and Families, acting at the request of the *Charleston Sunday Gazette-Mail*, released data on the employers of parents of children enrolled in the State Children's Health Insurance Program. Leading the list was Wal-Mart, with 452 workers whose children participated in the plan. This group represented about 4 percent of the company's employees in the state. Next on the list were the tree-cutting company Asplundh (146), McDonald's (100), Respite Care (97) and the U.S. Postal Service (94).[16]

Wisconsin

In November 2004, Madison's *Capital Times* reported that it had been told by the Department of Health and Family Services that 3,765 people who are Wal-Mart employees or the spouses and children of Wal-Mart employees were participants in BadgerCare, the state's health insurance program for low-income working families. The newspaper said that Wal-Mart had 25,861 employees in the state. The cost to taxpayers of the coverage provided to Wal-Mart's BadgerCare participants was estimated at $4.75 million, the paper noted, with the state covering $1.8 million of that amount.[17]

These one-time and partial revelations are of interest, but they are no substitute for annual, comprehensive and mandatory disclosures to a state's policymakers. Some states

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[14]. Rebecca Cook (Associated Press writer), "Legislature: Bill Has Employers Pay Share of Health Care," *The Columbian* (Vancouver, WA), February 28, 2003, p.C2.

[15]. Andrew Garber, "Enrollments in State's Health Plan Questioned," *Seattle Times*, February 3, 2004.

[16]. John Heys and Paul Wilson, "Wal-Mart Culture: Wal-Mart Tops State CHIP List," *Charleston Sunday Gazette-Mail*, December 26, 2004, p.1A.

[17]. Anita Weier, "Wal-Mart Workers Need State Health Aid," *The Capital Times* (Madison, WI), November 4, 2004, p.1A.

do not currently collect employer data and could only begin to do so with a legislative mandate.

In conclusion, I would like to point out several key features of HB 791. First is that the disclosure is limited to companies with 25 or more employees who participate in public health programs directly or through a dependent. This will reduce the administrative effort involved in the disclosure and focus the information on larger firms, which are at the center of the policy debate on this issue.

Second, this bill, like the others being considered around the country, does not entail disclosure of the names of the program participants. This prevents individual privacy problems and keeps the focus on the employers.

Finally, the bill calls for public release of the employer information that is compiled. This is an essential step that will enable analysts outside as well as inside the State government to assess the condition of the public health insurance system.

Overall, HB 791 is a relatively inexpensive measure that will provide policymakers and the public with valuable information that can be used to formulate solutions to the healthcare problems of the State and the country as a whole.

Thank you again for the invitation to offer this testimony.