

REPORT SLAMS BENEFIT POLICIES

HEALTH INSURANCE AT BIG COMPANIES OFTEN LEFT TO STATE

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The state is paying an estimated \$43 million annually for health care insurance to cover workers at the top 25 major employers, led by Wal-Mart, officials said Thursday.

Nearly half of the estimated total covers the top five employers, including highly profitable, well-known companies that operate franchises in Connecticut, including Stop & Shop, Dunkin' Donuts and McDonald's. The Laidlaw transportation company, which operates buses and ambulances, ranked fifth among the top employers with workers on the popular HUSKY health insurance program, according to a report by the legislature's nonpartisan research office.

Some legislators were outraged that the state is helping to provide health insurance for profitable companies, particularly Wal-Mart.

``Here is the richest retail company in the world, and we, the taxpayers, are subsidizing their coverage," said House Majority Leader Christopher Donovan, a Meriden Democrat. ``I think people aren't aware of the extent that we're subsidizing the biggest, richest, most powerful companies. Wal-Mart shoppers need to know there's an extra cost of doing business."

While no final decisions have been made, Donovan said that the state should consider writing a letter to Wal-Mart, asking them to pay back the money in the same way that homeowners pay various taxes or sewer assessment fees.

A Wal-Mart spokesman rejected the notion that the company is shifting the responsibility to the state for providing health coverage for the retailer's workers.

``We don't design our plans to be supplemented by public assistance," said Dan Fogleman, a Wal-Mart spokesman. ``Nor do we encourage our associates to apply for these programs."

But a Congressional report last year found that Wal-Mart had increased the health-benefit waiting period for full-time workers. In 2002, the waiting period jumped from 90 days to six months. By comparison, the report found, the average waiting period for employers the size of Wal-Mart was 1.3 months.

The report also found that Wal-Mart changed the definition of part-time in 2002, raising it to 34 hours or fewer a week, up from 28 hours or fewer -- a stricter definition than many companies.

Part-time workers must wait two years to apply for health coverage and they cannot add a spouse or children.

Monthly premiums for a family start at about \$155 a month, but carry a \$1,000 deductible. Wal-Mart could not immediately provide a range for monthly premiums for families that would carry a lower deductible.

The 1,028 Wal-Mart employees in the HUSKY program represent 11.3 percent of the retailer's 9,082 state workers.

Under the HUSKY program, children do not have long waiting periods to join the program. For families under the poverty level, the program provides free health care for parents and children. At higher income limits, which depend on the size of the family, the HUSKY B program offers co-payments of \$5 for a medical office visit, \$3 for a generic prescription and \$6 for a brand-name prescription.

A single parent with two children must be earning less than \$15,671 annually to qualify for free health care for the children and the parent.

Donovan, the majority leader, helped increase the focus on the HUSKY program by asking the legislature's nonpartisan research office to conduct a study regarding private employers. He is scheduled to appear at a news conference Monday with legislative allies to discuss the state's estimated \$20 million cost for the top five companies, which was generated with state statistics by the Connecticut Health Policy Project.

The estimates were derived by multiplying the number of adults in the program by the state's figure of an estimated 1.52 children per family and then multiplying again by the state's monthly payment for the current fiscal year.

Citing the state's budget problems, Republican Gov. M. Jodi Rell has questioned repeatedly whether the state can afford to continue extending HUSKY coverage to adults. In order to help resolve the overall health care problem, Rell is proposing a pilot program that would give Medicaid funds to low-income workers with the proviso that they use that money to buy health insurance through their employers. The plan, which would start in the second year of the two-year budget, would include a "wrap-around" program so that the workers would not lose any benefits by joining the program.

"It is actually more cost effective for us to do that than to continue them on a program," Rell said Thursday, adding that the workers have difficulty affording the premiums owed to their employers.

But some advocates are opposed to Rell's premium-assistance plan.

"It's just another way to subsidize companies," said Beverley Brakeman, director of Farmington-based Citizens For Economic Opportunity, a group that intends to bring at

least one Wal-Mart employee to the state Capitol next week to discuss the issue at a press conference.

Overall, the state is spending about \$683 million in the current fiscal year on the HUSKY program, which covers about 322,000 people.

Across the political spectrum, lawmakers were concerned about the disclosures of the state's payments regarding the HUSKY program -- from Donovan, one of the legislature's leading liberals, to Sen. Louis DeLuca, one of the leading fiscal conservatives.

DeLuca's solution, however, involves stripping down the program and reducing the income limits in order to cut down the state's costs.

``I've always been against the government going into the insurance business," DeLuca said. ``The HUSKY program was initially proposed to take care of needy people. It was never meant for adults. Why should adults be in a child's program?"

House Speaker James Amann said that businesses cannot expect the state to continue paying for health care coverage and cut corporate taxes at the same time. The business community is opposed to Rell's plan to restore a corporate tax surcharge for the calendar years 2005 and 2006, noting that the surcharge was scheduled to end at the start of this year.

``If some companies believe it's easier to dump [health care costs] on the state of Connecticut, it's going to cost them either way," Amann said. ``I think most citizens would be outraged to know that multi-billion-dollar companies are ducking their responsibility and shifting their cost burden onto taxpayers. But it will catch up to them. ... I like going to Wal-Mart, too, but it annoys me that they're ducking their responsibility."

Kenneth Decko, the president of CBIA, the state's largest business organization, said he is generally opposed to the idea that workers in a private business are on state-paid health insurance.

``Philosophically, I certainly have a problem with that," Decko said Thursday. ``In terms of part-time workers and seasonal workers, I think that's a little different. ... You aren't going to reduce [health premiums overall]. But how can we slow the increase in terms of that area?"

Representatives from several companies said they were not only surprised to be listed on the nonpartisan research report, but questioned whether the data were accurate.

The Mohegan Sun ranked as the sixth largest employer on the list, with 355 employees enrolled in HUSKY A, the program for children and their parents. But a spokesman said the casino picks up the entire health care tab for its 8,000 full-time employees and their families, and charges \$160 a month for the families of part-time employees. That's less

than the \$189 a month that the state pays to enroll people in the HUSKY program.

Of the casino's 500 part-time employees, 28 had chosen not to enroll in its health care coverage program, far fewer than the 355 workers specified in the report. According to the tribe's chief of staff, Chuck Bunnell, the difference might be attributed to seasonal workers who are not eligible for coverage, but he could not be sure since he was not contacted when the report was prepared and did not know how the data were collected.

State officials said that anyone applying for HUSKY health coverage must list his or her employer on the application, thus providing the state with the information.

“One of the things we're most proud of is that in all these difficult economic times, through these double-digit increases in health care costs, we have been able to continue to offer health care benefits to people, free of charge,” Bunnell said. “If there are some people who are here for a very short time, who may have come and left service and are using the HUSKY program, we're grateful they're insured and have some protection.”

Fast food chains Dunkin' Donuts and McDonald's, which placed in the list's top five, also questioned the data, while commending the program itself.

The corporate name for Dunkin' Donuts is Dunkin' Brands, and only 15 employees of the corporate parent live in Connecticut, the company said. But 663 workers told the state that they work for Dunkin' Donuts when they applied for the state HUSKY program.

The problem was likely due to confusion between the corporate entity, Dunkin' Brands, and the state's 370 franchised Dunkin' Donuts stores. As is the case with McDonald's, individual store workers are employees of the franchise owners, and it is at their discretion -- not the corporate parent's -- that health care benefits are extended.

Many of the companies listed in the report said they extend full health care coverage to part-time employees and their families at the same rates as those offered to full-time workers, as long as they have been at the company for at least six months and work more than 20 hours a week. None were aware that their employees were enrolled in the HUSKY program.

Fogleman, the Wal-Mart spokesman, said he wasn't familiar with the legislative report and what the numbers exactly represented.

“We can't verify those numbers,” Fogleman said. “We don't know if they are full- or part-time.”

Wal-Mart also stressed that it had been a good source of revenue in Connecticut last year. It collected \$64.4 million in sales taxes, and paid \$11.5 million in state and local taxes.