

Testimony of Wal-Mart Stores, Inc

Submitted to:

The Connecticut Senate Labor and Public Employees Committee

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RE: Opposition to Senate Bill 462

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On behalf of Wal-Mart Stores, Inc., I would like to thank the Senate Labor and Public Employees Committee for addressing the important issues surrounding health care benefits offered by employers. As you know, every employer in America -- whether in the public or private sector -- is dealing with the rising cost of health care and shares a concern about the number of Americans who are uninsured or relying on government-sponsored health programs. We think the public dialogue on this issue can be enriched by a grounding in the facts, rather than unfounded assumptions, misconceptions and sound bites. As the nation's leading employer, and the employer of over 9,000 associates in Connecticut, we appreciate the opportunity to provide you and your committee with the facts about Wal-Mart's health care plans.

Nationally, Wal-Mart insures more than 1 million associates and family members, making it one of the largest private-sector providers of health insurance in the country, and we are continuously working to find affordable, accessible health benefit solutions for our associates.

Currently, more than three-quarters of the 1.3 million people Wal-Mart employs nationwide have health insurance – either through the Company plan, a spouse's plan, or Medicare. On average in 2005, 73 percent of all associates were eligible for Wal-Mart plans and 43% of all associates chose to enroll. Recently, we released information previewing some of the major health benefits improvements the company will be announcing in April. This larger and more comprehensive package of health benefit improvements represent significant steps to make our health benefits even more affordable and accessible to the working families we employ and includes:

- Significantly reducing the waiting period for part-time associates;
- Designating the children of part-time Wal-Mart associates eligible for health coverage as soon as their parent becomes eligible (previously, part-time associates could become eligible only for individual coverage); and
- Expanding the availability of the lowest cost Value Plan option -- \$11 per month for individuals and 30 cents more per day for children -- to at least half of all associates by next year.
- Expanding a pilot project that puts health care clinics in our stores, adding more than 50 new health clinics in Wal-Mart stores nationwide this year alone. With an emphasis on affordability and convenience, these clinics will give the

communities we serve access to quality care while providing an alternative to expensive emergency room visits.

Wal-Mart's insurance offerings are tailored to the needs of our diverse workforce, and associates are provided a great deal of choice. In some markets, associates can choose from as many as 18 medical coverage options. Another attractive feature of our plans is that, after one year, there is no lifetime maximum on health care expenses — protecting employees and their families from catastrophic loss. Wal-Mart is one of few retailers to offer this benefit.

Perhaps the most important point to note, however, is that these health care initiatives are working. By our estimates, we have helped over 160,000 associates get off the rolls of the uninsured. The Segmentation Company, a division of Yankelovich, conducted a nationwide survey of our company's associates and those at other retailers. The survey showed that more than 30 percent of Wal-Mart associates did not have any health care insurance before coming to work at Wal-Mart. This same survey showed that 7 percent of Wal-Mart Stores, Inc.'s hourly associates were on Medicaid three months before joining Wal-Mart, but that number dropped to 5 percent once they join the company and then dropped again to 3 percent two years after employment with Wal-Mart. Over one-third of those associates previously uninsured and recently electing coverage selected the Wal-Mart Value Plan, described above. We believe that the expansion of this plan announced recently is yet another step toward making health insurance more accessible and affordable for our associates.

We do not feel that proposals to mandate employer-provided health care coverages are efficient or equitable solutions. Recent studies by the Employment Policies Institute reveal that "mandates requiring businesses to provide healthcare coverage are ineffective and ultimately result in job loss for the nation's low-skilled employees." Research from economists Dr. Katherine Baicker of UCLA, currently a member of the President's Council of Economic Advisers, and Dr. Helen Levy of the University of Michigan, "found that if a typical insurance mandate were broadened to the national level, 45 percent of employees without insurance would see no increase in coverage. Such a mandate would trigger job loss for over 315,000 Americans as employers would be forced to rein in skyrocketing labor costs. This catastrophic job loss would be concentrated among the nation's low-skilled employees."

Wal-Mart believes addressing the health care needs of the uninsured is a real problem that deserves a real solution. While we believe that we are putting forth bold, innovative solutions that reflect our care for our associates and a desire to be a leader in our industry, we also recognize that reasonable people may disagree.

We believe the best way to deal with difficult social issues like health care, however, is to conduct dialogue based on the facts. I hope my testimony today helps you gain a better understanding of the benefits Wal-Mart makes available to its family of associates. As Wal-Mart's CEO Lee Scott recently told a gathering of the nation's governors, "The soaring cost of health care in America cannot be sustained over the long term by any business that offers health benefits to its employees. And every day that we

don't work together to solve this challenge is a day that our country becomes even less competitive in the global economy." We look forward to finding ways we can work together to find a holistic approach that truly addresses this serious issue. Thank you.

