

Changing the Wal-Mart way

by the St. Louis Post Dispatch

Retailing giant Wal-Mart has been justly criticized in recent years for its miserly ways with employee benefits. Now it deserves credit for changing course.

Executives at the world's largest retailer say the firm has begun to offer better health insurance at lower cost to more workers. The company also is offering its employees thousands of prescription drugs at low cost. And it's considering adding weight-loss clinics in stores and maybe even selling health insurance.

Wal-Mart's enormous purchasing power gives it the leverage to lower prices. With national spending on health care skyrocketing - it grew by nearly 50 percent between 2000 and 2005 alone - that's a very good thing.

But even with Wal-Mart's new-found resolve and its great marketing advantages, the U.S. health care system remains in precarious shape, and Americans know it.

That's why health care reform is one of the most important issues of the 2008 presidential race.

Most Americans still get health insurance through their jobs, but the percentage of companies that offer it has been dropping steadily, from 69 percent in 2000 to just 60 percent today.

That erosion is blamed for the surging number of uninsured, now about 47 million people. It also has swollen the number of children enrolled in government health insurance programs such as Medicaid and the State Children's Health Insurance Program. In many states, Wal-Mart employs more people on Medicaid than any other company.

Even with its renewed focus on affordable insurance, fewer than half of Wal-Mart's 1.4 million workers have opted for company-provided insurance - and that's actually above average for the retailing industry. Why? Because it relies heavily on part-time workers, and large numbers of retail workers earn less than about \$21,000 a year. Contrast that with the average premium to cover a single worker (slightly less than \$4,500 a year) and for family coverage (an average of \$12,000).

Like many companies, Wal-Mart reacted to fast-growing insurance premiums by shifting more and more costs onto workers. It also embraced high-deductible health insurance policies that require workers to pay thousands of dollars before their coverage kicks in.

Congress and many state legislatures have adopted a similar philosophy. In Missouri, lawmakers cut more than 100,000 people off Medicaid and increased co-payments for thousands of others.

The theory is that people make less use of medical services if they have to pay for them directly. But evidence is mounting that workers are just putting off inexpensive preventive care now, only to incur higher expenses for their employers and themselves later.

Wal-Mart executives say their thinking - and their approach - has changed. They view affordable health insurance as an investment in their own work force. When workers are healthy, an executive recently said, they are more productive, treat customers better and call in sick less often. That reduces expenses.

Making health insurance more available to and more affordable for its employees is no small feat. Now if Wal-Mart executives can help other businesses and politicians appreciate the importance of investing in health care, they really could change America's health system for the better.

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