

---

# POLICY MATTERS OHIO

---

CLEVELAND OFFICE: 3631 PERKINS AVENUE, SUITE 4C-EAST • CLEVELAND, OHIO 44114 • 216/361-9801  
COLUMBUS: 1372 GRANDVIEW AVENUE, SUITE 242, COLUMBUS, OH 43212 • 614/486-4601  
[HTTP://WWW.POLICYMATTERSOHIO.ORG/](http://www.policymattersohio.org/)

For immediate release March 1, 2006  
Contact: Zach Schiller, Research Director

## **Public benefits at Ohio employers: An initial analysis**

The Ohio Department of Job and Family Services issued a report Feb. 24 itemizing how many employees and their families used public benefits at 40 employers that appeared most frequently in the department's data. The report covered Medicaid, food stamps and cash assistance in 2004 and 2005. Recipients in each of these programs qualify because they earn less than stipulated income guidelines. This initial analysis by Policy Matters Ohio reviews some highlights of the ODJFS data.

### **The state of Ohio is paying about \$90 million a year to cover Medicaid costs for these 40 employers.**

An average monthly total of 104,652 employees and family members at these 40 employers\* received Medicaid benefits during 2005. Based on an average cost of \$2,273 per person for families and children in fiscal 2005, the total cost for the year was \$237.87 million. The state of Ohio shoulders about 38 percent of that cost, or about \$90 million. By comparison, the state said it would save \$33.9 million a year of its own funds when in last year's budget it chopped 25,000 adults off Medicaid who made between 90 percent and 100 percent of the poverty rate.

The cost of food stamps – a U.S.-financed program – for the 73,110 employees and family members at these 40 companies was about \$82.47 million, while cash assistance for the 7,253 recipients amounted to about \$11.84 million. These figures are based on average monthly benefits. Altogether, the overall 2005 cost of the three programs was about \$332.18 million for employees and family members at these 40 employers.

### **These 40 employers account for nearly one in 12 of those receiving family and children's Medicaid coverage in Ohio.**

The 104,652 covered at these employers compares to an average monthly total of 1,283,468 covered state-wide in fiscal 2005 (that number excludes aged, blind and disabled persons covered by Medicaid). Wal-Mart, the No. 1 ranked employer among the

---

\* In its report, the Department of Job & Family Services included independently owned franchises together with the franchisor, so entries for McDonald's, Yum! Brands (Kentucky Fried Chicken, Pizza Hut, Taco Bell, etc), Wendy's and other franchise operators include both.

40 with 12,184 covered employees and family members, accounts for nearly 1 percent of those using the program.

**Roughly 7 percent of Wal-Mart's Ohio employees were receiving Medicaid in 2005. A greater share of families with Wal-Mart employees was receiving Medicaid once you include children who receive benefits when their parents don't.**

The agency's numbers allow a ballpark estimate of how many employees at the employers listed are receiving Medicaid, food stamps and cash assistance. As a group, the 40 employers had 29,095 employees receiving Medicaid last year. Since together with their family members, 104,652 persons were covered at these employers, there was an average of 3.6 persons receiving coverage for each employee. Using this average for all 40 employers, Wal-Mart's 12,184 covered persons means the company had roughly 3,384 employees receiving Medicaid. That amounts to 7 percent of the company's Ohio workforce, based on January 2006 employment of 48,450.

However, the 29,095 employees do not include cases in which a Wal-Mart employee's children are receiving Medicaid when the employee is not (Children are eligible up to 200 percent of the federal poverty level, or \$33,200 for a family of three, compared to 100 percent of poverty, or \$16,600, for an adult in the same family). The agency did not make a separate count of such cases, but the average number of people in each family receiving family and children's Medicaid coverage last year clearly was less than 3.6 persons. Policy Matters Ohio has asked the agency for that figure, but it was not available in time for this release. However, the 7 percent figure likely understates the proportion of Wal-Mart's Ohio employees who were receiving Medicaid coverage for themselves or their children last year.

According to a Wal-Mart memorandum that became public last October, 5 percent of the company's employees nationally are covered by Medicaid. The memo compared that to 4 percent of workers at national employers, and 6 percent of employees at retailers. While the 7 percent figure is a ballpark estimate, it suggests that the proportion of Wal-Mart's Ohio employees receiving Medicaid is at least as high – if not somewhat higher – than the proportion of Wal-Mart employees receiving Medicaid nationally.

Using this same arithmetic, Wal-Mart had roughly 2,254 Ohio employees receiving food stamps and 112 employees receiving cash assistance last year. A family of three may only receive food stamps if its income is \$21,580 or below.

**The annual public (state and federal) bill for the three benefits received by Wal-Mart employees and dependents is more than \$36 million, of which about \$10.7 million is paid by the state of Ohio.**

Adding up \$27.69 million for Medicaid, \$8.26 million for food stamps and about \$581,000 for cash assistance, the bill for these three public benefits last year was \$36.53 million. McDonald's and its franchisees similarly accounted for \$25.82 million in

Medicaid, \$10 million for food stamps and \$1.65 million for cash assistance, or a total of \$37.47 million.

The state share of these Medicaid and cash assistance costs was about \$10.7 million for Wal-Mart and \$10.4 million for McDonald's.

**The number of employees at the 40 companies and receiving Medicaid grew at about the same rate in 2005 as the number working at other employers.**

The number of Ohio Medicaid recipients employed by someone other than themselves\*\* grew from 163,726 in 2004 to 181,749 in 2005, or 11.0 percent. The number of Medicaid recipients directly employed by the 40 companies on the ODJFS list grew by 11.2 percent. Thus, there is little difference in the average growth between those employed and those working at these 40 employers. These numbers include only employees, not their families.

**The number of Medicaid recipients at the 40 companies, including their families, has been growing at a double-digit rate, and at some of the 40, growth has been much greater.**

Among the 40 companies, the number of recipients grew 11.2 percent in 2005. And at Wal-Mart, it grew by the greatest absolute number among those companies, 2,062. That 20.4 percent increase was the seventh-fastest among the 40 companies (see table at end of report). The top six were Custom Staffing, InfoCision, Target, Interim HealthCare and CBS Personnel Services/Employee Management Services. Though calendar year data for 2005 are not readily available, average monthly Medicaid coverage of all families and children increased 4.4 percent between fiscal 2004 and 2005, according to ODJFS, from 1,228,822 to 1,283,468.

The data released by ODJFS do not cover workers or families who may be uninsured. According to the Wal-Mart memo made public last October, for instance, 19 percent of the company's workers are uninsured.

**While some of Ohio's largest employers are on the ODJFS list, many others are not.**

The list includes Ohio's four leading employers – Wal-Mart, Kroger, the Cleveland Clinic Health System and University Hospitals Health System – according to 2004 figures from the Ohio Department of Development. However, it does not include the next four largest, Ohio State University, General Motors, General Electric and Wright-Patterson Air Force Base, each with 20,000 Ohio employees or more.

---

\*\* ODJFS distinguished in its report between self-employed Medicaid recipients and W-2 Medicaid recipients, those working for an employer. The 11.0 percent growth refers to W-2-employed recipients, but growth was not all that different for self-employed, whose number grew 11.5 percent.

**Most of the employers on the list are retailers, restaurant operators or temporary agencies.**

The list includes 13 restaurant operators, 11 retailers and 8 temporary or staffing agencies. It also includes two big Cleveland-area hospitals systems and three other nonprofits.

**Most of those on Medicaid who could conceivably work are, in fact, working.**

The state averaged 1,678,454 Medicaid recipients last year. Of those, ODJFS says, 55 percent were children. The agency projected last March its average monthly caseload for fiscal 2005 would include 427,385 aged, blind and disabled. That leaves a maximum of about 328,000 recipients who conceivably could have been employed. Since the agency reported that 200,043 were employed – 181,749 by others – it shows that the bulk of Medicaid recipients who could conceivably work are, in fact, working. The 40 companies listed in the ODJFS report accounted for 14.5 percent of employed recipients.

**What should the state's policy response be to these data?**

Policy Matters Ohio makes three recommendations:

- Ensure that such data be produced annually, in a more comprehensive form as is done in states such as Massachusetts. Provision of this data on an annual basis would allow the state to see how the performance of companies and industries changes over time, and the effect of state policies. Senate Bill 103 would mandate this.
- Provide these data to all state bodies that recommend or decide on the provision of assistance to companies in or locating in Ohio. These include the Department of Development and such boards such as the Ohio Tax Credit Authority and the State Controlling Board. Policymakers should consider limiting assistance to companies that take advantage of substantial indirect subsidies. Ohio's economic development policy should be structured to ensure that new jobs do not increase public benefits spending due to the failure of large companies to provide adequate wages and benefits to their employees.
- The General Assembly should consider legislation that would require major companies to either provide sufficient health insurance to their employees or pay the state to the degree that they do not. The ODJFS data should provoke a serious discussion of proposals such as House Bill 471, which would require Ohio employers with more than 30,000 employees that do not provide a specified amount of health care coverage to their employees to make contributions to a fund to be used to supplement the state's share of Medicaid costs.

The ODJFS release is available at: <http://jfs.ohio.gov/RELEASES/EmployerReport.pdf>

See following page for table on 2004-2005 growth in Medicaid recipients by employer

**Growth in Medicaid enrollment\* at 40 employers listed by ODJFS, 2004-2005**

<b>2005 Rank in Medicaid Enrollment</b>	<b>Employer</b>	<b>2005 Enrollment</b>	<b>2004 Enrollment</b>	<b>04-05 Change in Enrollment</b>	<b>04-05 Percentage Change</b>
40	Custom Staffing	542	400	142	35.5%
32	InfoCision	1,044	797	247	31.0%
22	Target	1,618	1,276	342	26.8%
29	Interim HealthCare	1,250	1,004	246	24.5%
25	Cleveland Clinic	1,486	1,224	262	21.4%
11	CBS/EMS**	2,564	2,121	443	20.9%
1	Wal-Mart	12,184	10,122	2,062	20.4%
12	Subway	2,335	1,955	380	19.4%
5	Bob Evans	4,861	4,077	784	19.2%
15	Spherion	2,246	1,908	338	17.7%
33	Home Depot	1,024	873	151	17.3%
6	Kroger	4,754	4,066	688	16.9%
37	Waffle House	769	661	108	16.3%
21	YMCA	1,648	1,427	221	15.5%
10	Manpower	2,649	2,296	353	15.4%
28	Cracker Barrel	1,332	1,164	168	14.4%
34	Dairy Queen	907	801	106	13.2%
35	United Dairy Farmers	897	798	99	12.4%
2	McDonald's	11,359	10,140	1,219	12.0%
24	Family Dollar	1,567	1,407	160	11.4%
30	University Hospitals of Cleveland	1,191	1,086	105	9.7%
9	Marathon	3,038	2,780	258	9.3%
7	Burger King	3,746	3,431	315	9.2%
16	Goodwill	2,216	2,031	185	9.1%
4	Wendy's	6,305	5,848	457	7.8%
27	Holiday Inn	1,408	1,312	96	7.3%
23	Dollar General	1,617	1,520	97	6.4%
3	Yum! Brands	6,890	6,499	391	6.0%
13	Adecco	2,276	2,149	127	5.9%
8	Frisch's	3,116	2,994	122	4.1%
19	Arby's	2,053	1,976	77	3.9%
36	Metromedia Restaurants	834	816	18	2.2%
18	Giant Eagle	2,074	2,034	40	2.0%
31	Big Lots	1,179	1,169	10	0.9%
14	Meijer	2,269	2,273	-4	-0.2%
38	Salvation Army	648	660	-12	-1.8%
39	Minute Men	601	613	-12	-2.0%
17	Sears	2,079	2,148	-69	-3.2%
26	Kmart	1,479	1,577	-98	-6.2%
20	Kelly Services	1,865	2,059	-194	-9.4%
<b>TOTAL, LISTED COMPANIES</b>		<b>104,652</b>	<b>94,116</b>	<b>10,536</b>	<b>11.2%</b>

\*Numbers are monthly averages and include employees and family members receiving Medicaid ODJFS information at <http://jfs.ohio.gov/RELEASES/EmployerReport.pdf>

\*\*CBS Personnel Services/Employee Management Services