

# MAXTAX IS A PLAN TO USE OUR TAXES TO REWARD WAL-MART FOR KEEPING ITS WORKERS IN POVERTY

I made this point in this post, but I'm going to repeat it over and over and over until it sinks MaxTax, the Baucus health care plan.

MaxTax is a plan that will use your and my tax dollars to reward companies like Wal-Mart for keeping its workers in poverty. Here's why.

In most cases, the MaxTax fines employers up to \$400 per employee if it doesn't provide its employees with health care. The fine is absurdly small (less than half of what individuals, themselves, would be fined if they didn't get insurance), but it could mean a company like Wal-Mart would have to pay up to \$560 million if it refused to provide insurance to any of its employees.

The other option is to provide crap insurance for your employees. MaxTax gives very few requirements for this insurance (and it allows you to charge employees up to 13% of their income in premiums). But assume Wal-Mart decided to provide incredibly crappy insurance at a cost of \$2,500 an employee. It would then pay \$3.5 billion a year to meet its obligations under MaxTax.

So Wal-Mart chooses between paying \$560 million or \$3.5 billion right?

There is another option.

The MaxTax offers this one, giant, out for corporations.

A Medicaid-eligible individual can always choose to leave the employer's coverage and enroll in Medicaid. In this

circumstance, the employer is not required to pay a fee.

In other words, the one way—just about the only way—a large employer can dodge responsibility for paying something for its employees is if its employees happen to qualify for Medicaid. Under MaxTax, Medicaid eligibility will be determined by one thing: whether a person makes less than 133% of the poverty rate. And who has the most control over how much a particular person makes? Their employer!

So if Wal-Mart wanted to avoid paying anything for its employees under MaxTax, it could simply make sure that none of them made more than \$14,403 a year (they'd have to do this by ensuring their employees worked fewer than 40 hours a week, since this works out to be slightly less than minimum wage). Or, a single mom with two kids could make \$24,352—a whopping \$11.71 an hour, working full time. That's more than the average Wal-Mart employee made last year. So long as Wal-Mart made sure its employees applied for Medicaid (something it already does in states where its employees are eligible), it would pay nothing. Nada, zip. Nothing.

It would pay nothing while struggling middle class families would be forced to pay up to 31% of their incomes for health care.

Now obviously, it's got to employ at least a few people who make more than poverty wages. But hundreds of thousands of Wal-Mart employees would qualify for and be provided for by Medicaid. Assuming that just 500,000 qualified, it would save Wal-Mart \$1.25 billion of that \$3.5 billion.

A \$1.25 billion reward to Wal-Mart—a competitive advantage it would have—for paying shit wages.

And who will be paying that reward to encourage Wal-Mart to continue to pay shit wages? Why, that'd be our taxes, yours and mine.