



Corporate Welfare that Fiscal Conservatives Smile About: *Insure Oklahoma* Expands Again

Hinges on Low Employee Wages

In April 2004, Senate Bill 1546 authorized the Oklahoma Health Care Authority to develop *Insure Oklahoma*, a program to assist Oklahomans with obtaining and/or affording health insurance funded from an expansion of the tobacco tax. The employer reimbursement division of the program is known as *The Oklahoma Employer/Employee Partnership for Insurance Coverage (O-EPIC)*, which provides small employers subsidies to reduce the employee portion of employer's health plan. O-EPIC was originally intended for *small* employers with fewer than 25 employees.

As recently reported, O-EPIC is being expanded to include employers with **up to 250** employees. In its description, the article touts how much the program is saving employers and employees. This program is not as benign as many would like to believe, but is instead a corporate welfare plan with a **damaging impact on Oklahoma workers**.

The Reality is not as Peachy

What many who promote this populist program fail to fully grasp is that *Insure Oklahoma* suppresses wages. It ONLY reimburses employers for premiums *if* the employee meets incredibly low thresholds of Medicaid level household amounts; up to \$14,500 for a single person, \$18,800 for a two-person household, \$21,000 if both in the household work, and so on. The overlap with Medicaid and Sooner Care is never mentioned in press regarding the program.

Insure Oklahoma gives outlandish monetary encouragement for employers to pay really low wages.

Since employees only qualify if they fall into the low income guidelines, getting even a small raise will cause them to lose their O-EPIC qualified status. Since the employer gets up to 60% of the premium reimbursed for the lowest paid workers who qualify, this corporate welfare program incentivizes the employer to keep wages very low and not offer wage increases.

Originally, the program was only available to small, potentially struggling, employers. Over the years, it has expanded to 99 and then 250. Employers of this size **are not struggling to survive** and keep their doors open. But they are **allowed AND INCENTIVIZED** to use a tax funded, pseudo-humanitarian program; reaping the benefits of offering low pay and being reimbursed for the vast majority of premiums. **Oklahoma has one of the lowest median incomes (9th from the bottom) in the United States and our state government is promoting a program that makes the problem worse!**

State legislators and government promoters gives a thumbs-up to this corporate welfare racket because the taxes come from consumption of tobacco. Since the 'right' people (those who have a 'filthy habit') are the ones being taxed, the fiscal conservatives give it a pass and tout it as a goodwill, *goodfeel*, program; not fully recognizing, or trying to hide, the real impact.

Insure Oklahoma does offer individual subsidized plans, which appear to work well.

Our state legislators need to be counseled and guided to the truth that *Insure Oklahoma* should get out of the employer market entirely before their collective "do-gooding" suppresses wages further in our state.