

## Largest Private U.S. Employer Axes Chiropractic

WAL-MART WON'T COVER CHIROPRACTIC SERVICES AFTER DEC. 31, 2002

The announcement came in the employee newsletter, a terse one-sentence entry below pharmacy co-pays, and ambulance and emergency room charges: "CHIROPRACTIC COVERAGE: Chiropractic services are no longer covered."

Without further explanation, Wal-Mart, the largest private employer in the world, which brags about its biggest single-day sales in history (\$1.25 billion on the day after Thanksgiving 2001), had just "informed" its employees ("associates," the company calls them) that it would not help pay for their chiropractic care.

Why? Betty Strout, of Wal-Mart's benefits customer relations department, responded: "Just as many other companies, Wal-Mart's group health benefit plan is experiencing unprecedented cost growth that is forcing us to make some tough choices.... We regret that we had to make this decision, but the associates' medical plan is designed primarily to protect our associates from the significant financial costs that could result from catastrophic medical events."

The health benefit section on Wal-Mart's website notes that "60% of our associates tell us they joined Wal-Mart because of our benefits."

The decision to eliminate chiropractic coverage, or indications that Wal-Mart was leaning that way, was leaked some time back. ACA President Daryl Wills, DC, said the association began contacting Wal-Mart a year ago. In a letter to Wal-Mart CEO H. Lee Scott, Dr. Wills called the decision "discriminatory," and one that "creates harm to employees and the public Wal-Mart insures." Dr. Wills asked Mr. Scott to explain Wal-Mart's rationale, and urged Wal-Mart officials to participate in a meeting with ACA representatives. The ACA noted that it would educate DCs and their patients on "their rights to appeal denied claims under the new ERISA regulations."

Bill Wertz, Wal-Mart's corporate communications, told DC that the benefits department was responsible for the decision, and that it was considered a liability for associates to have to pay additional funds to maintain chiropractic care.

Mr. Wertz added: "We have answered to the extent we can the questions you have raised about this decision. I'm sorry that we could not respond in as much detail as you would have liked. Feel free to call me, but I will not be able to go beyond the answers I have already given you."

*Editor's note:* The publisher of DC spoke with several Wal-Mart representatives at the corporate headquarters in Arkansas. One representative, "Alicia," noted she'd received quite a number of complaints about the decision to terminate chiropractic care for Wal-Mart employees. Alicia asked that anyone wanting to make comments about this policy should fax their concerns to her attention at (479) 621-2579. Alicia will forward all comments to the policy committee that made the decision to discontinue chiropractic coverage.

## Wal-Mart

In 1999, Wal-Mart became the largest private employer in the world. Besides its Wal-Mart stores, its divisions include SAM's Club, the leading members-only warehouse club in the U.S. (a SAM's Club also opened in Mexico City in 1991); Wal-Mart Neighborhood Markets; Tire & Lube Express (1,300 locations in more than 40 states); Wal-Mart International: more than 1,000 stores, employing 282,000 in (Argentina, Brazil, Canada, China, Germany, Korea, Mexico, Puerto Rico and the United Kingdom; and the Wal-Mart Pharmacy division, which employs 720,000 people across the U.S., including more than 6,500 pharmacists.

Brief company time line:

1962: Opening of first Wal-Mart store in Rogers, Arkansas.

1972: Wal-Mart listed on the New York Stock Exchange.

1979: Wal-Mart is the first company to reach \$1 billion in sales (\$1.248 billion) in such a short time.

1983: First SAM's Club opens in Midwest City, Oklahoma.

1984: Sam Walton does the hula at high noon on Wall Street.

1987: Wal-Mart's 25th anniversary: 1,198 stores with sales of \$15.9 billion and 200,000 associates.

1995: 1,995 Wal-Mart stores, 239 Supercenters, 433 SAM's Clubs and 276 international stores with sales of \$93.6 billion and 675,000 employees.

1997: Wal-Mart's first \$100 billion sales year (\$105 billion); No. 1 employer in the U.S. (680,000 employees), with an additional 115,000 international employees.

1999: Wal-Mart employs 1,140,000 people, making it the largest private employer in the world.

2001: Wal-Mart reports biggest-single day sales in history: \$1.25 billion on the day after Thanksgiving. Named by *Fortune Magazine* as the third most admired company in America.

Wal-Mart Stores, Inc.

702 Southwest Eighth Street

Bentonville, Arkansas 72716

1-800-WAL-MART (925-6278)

CEO: H. Lee Scott

*Jim Harrison, associate editor*

NOVEMBER 2002