

Unaffordable

Care



Federal Contractor **Maximus'**
High Cost, Low-Benefit Insurance
for Essential Workers

CWA

Introduction

During open enrollment season for Medicare and the Affordable Care Act (ACA), millions of Americans will call for assistance with enrolling in affordable health plans, and their calls will be answered by thousands of workers at a giant federal contractor, Maximus, Inc. For years, workers at Maximus have spoken out about the unaffordable health plans that the company manages for its employees. A new, nationwide analysis by the Communications Workers of America (CWA) has found that Maximus' health plans are both more expensive than comparable plans, and they expose workers to high out-of-pocket expenses in the form of high deductibles, as much as \$4,500 per year, or nearly 15% of annual pay for the lowest-paid workers. This means that the very workers who the federal government trusts to help millions of Americans access affordable healthcare are struggling to afford their own.

Maximus, Inc. is a publicly-traded company with \$4 billion in revenue that provides contracting services to federal and state governments, including customer service and program administration for some of the largest public programs in the U.S. Under its largest federal contract, Contact Center Operations (CCO) for the Centers for Medicare and Medicaid Services, Maximus employs thousands of workers at 11 call centers to help citizens access affordable healthcare through Medicare and the Affordable Care Act (ACA) exchanges.

As part of its contract with the federal government, the company is required to provide fringe benefits at a certain level, and is reimbursed for these costs. Maximus has not been a responsible steward of this money—and it is Maximus workers who are paying the price.

SCA workers & Maximus' healthcare plans

Maximus' employees on the CCO contract are covered by the McNamara-O'Hara Service Contract Act of 1965 (SCA), 41 U.S.C. 6071 *et seq*, which requires employers to abide by certain standards in employing service workers to carry out federally-contracted work.

These standards include paying workers a minimum wage determined by the U.S. Department of Labor for a given type of work and geography. The federal government also provides a fringe benefit payment to covered federal contractors, who distribute these funds to workers covered by the SCA either in the form of contributions to health and welfare fringe benefits or, at the employer's option, in cash.¹ The current effective fringe benefit payment for Maximus CCO workers is \$4.54 per hour.² SCA requires payment of "minimum" wages and benefits,³ but workers may bargain for, employers may offer, and federal agencies may require payment of higher rates.

Maximus offers workers covered by the SCA two healthcare plans: its base plan, which has a \$4,500 in-network deductible for an individual and does not require additional employee premium contributions, and its "buy-up" plan, which has a \$1,500 in-network deductible for an individual and costs an employee \$162.50 in additional premium contributions each month.⁴

Both options are considered employer-provided high-deductible health plans with health savings accounts (HDHP/HSAs). According to internal statements accounting for the expenditure of fringe benefits that were provided to workers—and reviewed by CWA—Maximus allocates \$666.22 per month of legally-required, federally-funded SCA fringe benefits to each employee’s health insurance premium (for workers choosing an individual rather than family plan).⁵ See Table 1 for an overview of the two plans (figures are annual).

Figure 1

	Premium costs paid from worker’s SCA fringe benefit	Additional premium contribution from worker	Total premium costs	Deductible
Maximus base plan	\$7,995	\$0	\$7,995	\$4,500
Maximus buy-up plan	\$7,995	\$1,950	\$9,945	\$1,500

Maximus requires most SCA workers to enroll in one of their two health insurance plans, allowing workers to opt out only under limited circumstances, such as if they have health insurance through a spouse; workers covered by Medicare, Medicaid, or TRICARE cannot opt out of Maximus’ plans.⁶

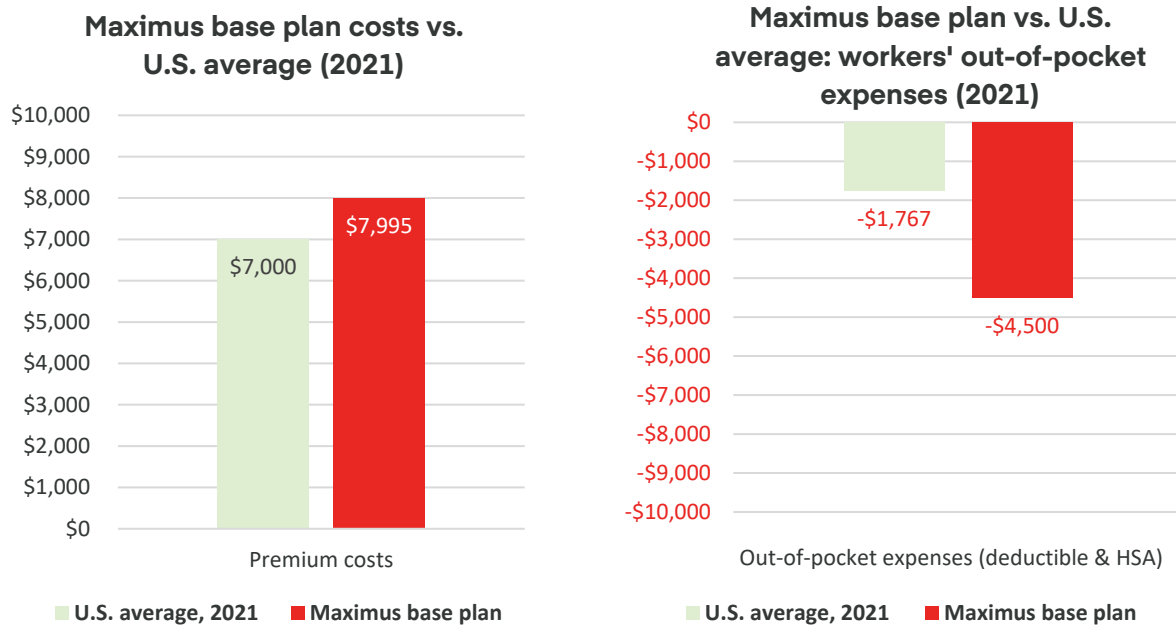
Maximus’ health plans are substantially worse than national averages

Maximus’ base plan premiums cost almost \$1,000 more per worker than the U.S. average for similar plans.

Maximus’ base plan also saddles workers with a \$4,500 deductible without any employer HSA contributions; these high out-of-pocket costs for accessing healthcare are almost \$3,000 higher than the U.S. average.

CWA’s analysis found that the premium for Maximus’ base healthcare plan cost \$995 more in 2021 than the national average for HDHP/HSA plans. But higher-than-average premiums did not mean a better deal for Maximus employees in terms of out-of-pocket costs. Maximus’ base plan features higher deductibles and lower employer-contributed HSA benefits that are, when combined, two and a half times worse for workers than the U.S. average.⁷ A worker on Maximus’ base plan who meets their deductible would have to pay \$4,500 out of pocket, while a worker on the average HDHP/HSA plan would have to pay only \$1,767 in such costs.⁸ This means that Maximus workers on the base plan are exposed to \$2,733 more in additional healthcare charges than the average HDHP/HSA plan—a difference that eats up nearly 10% of their annual pay.

Figure 2



Maximus’ buy-up plan costs almost \$3,000 (42%) more than U.S. average, but doesn’t deliver benefits to match the inflated price.

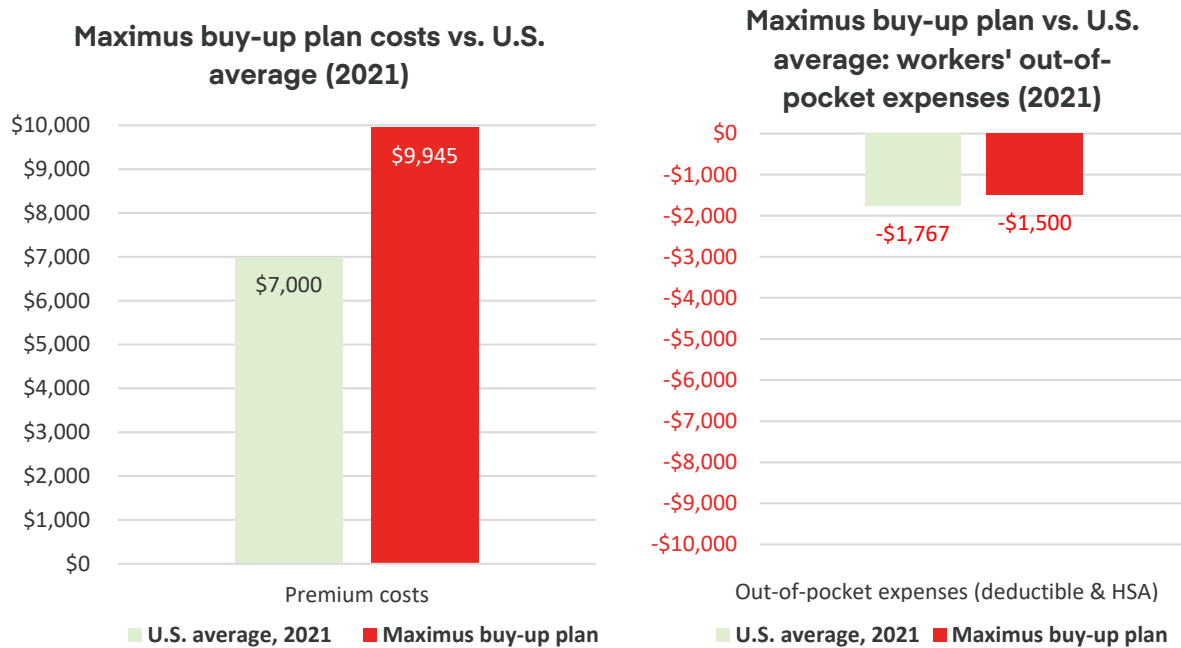
CWA’s analysis found that the premium for Maximus’ buy-up plan is a total of \$9,945 per year, which includes both the fringe benefit contribution of \$7,995 and workers’ additional contribution of \$1,950 annually (\$162.50 per month). This premium is \$2,945 per year more than the U.S. average for employer-provided HDHP/HSA plans—42% higher.

However, for this significant additional cost, a worker meeting their deductible pays only \$267 less in out-of-pocket costs compared to the U.S. average deductible and employer HSA contributions. Maximus’ buy-up plan has a \$1,500 deductible, which is lower than the average of \$2,367—but Maximus makes no automatic contributions to its employees’ HSA accounts to help cover out-of-pocket expenses, while the average employer contributes \$600 per worker.⁹ In other words, the Maximus buy-up plan is a bad deal when compared to average premiums, deductibles, and employer HSA contributions for HDHP/HSA plans nationally.

“I find it absolutely appalling that we answer questions about insurance all day, every day, and we have a \$4,500 deductible.”

– Trinity Davis, Hattiesburg, MS Call Center Worker

Figure 3



Maximus' Health Plans are Worse than Plans Available through the ACA Marketplace

CWA compared Maximus' health plans to comparable plans on the ACA marketplace in all 11 counties where CCO call centers are located and found that, on average, Maximus plans are a worse deal for workers than the ACA plans. This means that, in many cases, workers at Maximus are being offered worse health plan options for themselves than the ACA plans that they are responsible for helping fellow citizens access.

The CWA analysis compared Maximus plans and ACA marketplace plans in two ways: similar deductibles and similar premiums. First, CWA compared Maximus plans with ACA plans that had similar deductibles to learn whether Maximus workers are being charged a comparable amount for

“It really hurts to know that I am providing insurance for other Americans and I can't afford to go to the doctor.”

– Anna Flemmings, Hattiesburg, MS Call Center Worker

similar benefits. Maximus' premium costs are on average 30% higher than ACA plans with a similar deductible. Then, CWA compared Maximus plans with ACA plans that have a similar premium, to understand what Maximus workers might be able to access on the ACA marketplace with the same budget. Maximus' plans have deductibles that are as much as 150% higher than those for ACA plans with comparable premiums.¹⁰ See Figures 4 and 5.

Base plan

Maximus' base plan costs 26% more than ACA plans with similar deductibles—and has a deductible that is almost 150% higher than ACA plans with similar premiums.

The premium for Maximus' base plan, \$666 per month, is 26% higher than the average premium for ACA plans with comparable deductibles. But compared to ACA plans with comparable premiums—plans that would be affordable at the same budget—Maximus' base plan deductible, \$4,500, is 147% higher than the average deductible among similarly-priced plans on the ACA marketplace, \$2,680.

Buy-up plan

Maximus' buy-up plan costs over 30% more than ACA plans with similar deductibles—and has a deductible that is nearly 30% higher than ACA plans with similar premiums.

The premium for Maximus' buy-up plan, \$829 per month, is 32% higher than the average premium for ACA plans with comparable deductibles. But compared to ACA plans with comparable premiums, Maximus' buy-up plan deductible, \$1,500, is 29% higher than the average deductible among plans with similar premiums available on the ACA marketplace.

“I was having problems with my legs [and] could hardly walk...The doctor suggested I go see a specialist. The copay was \$175...and the x-rays were \$375. I ended up walking out of the office.”

– Sheree Collier, Hattiesburg, MS Call Center Worker



Figure 4

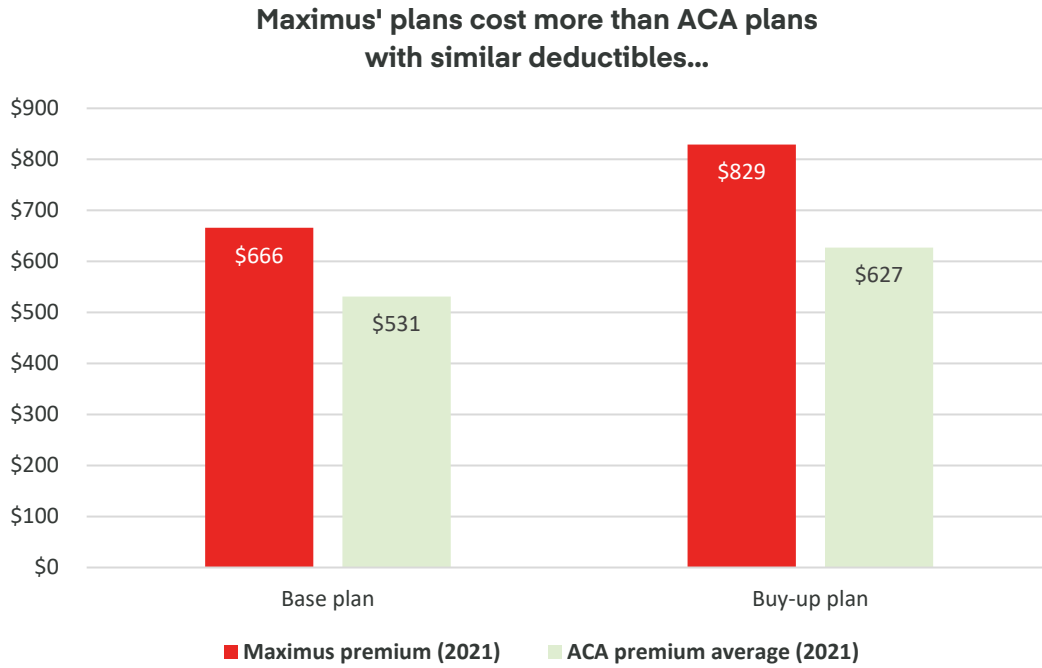
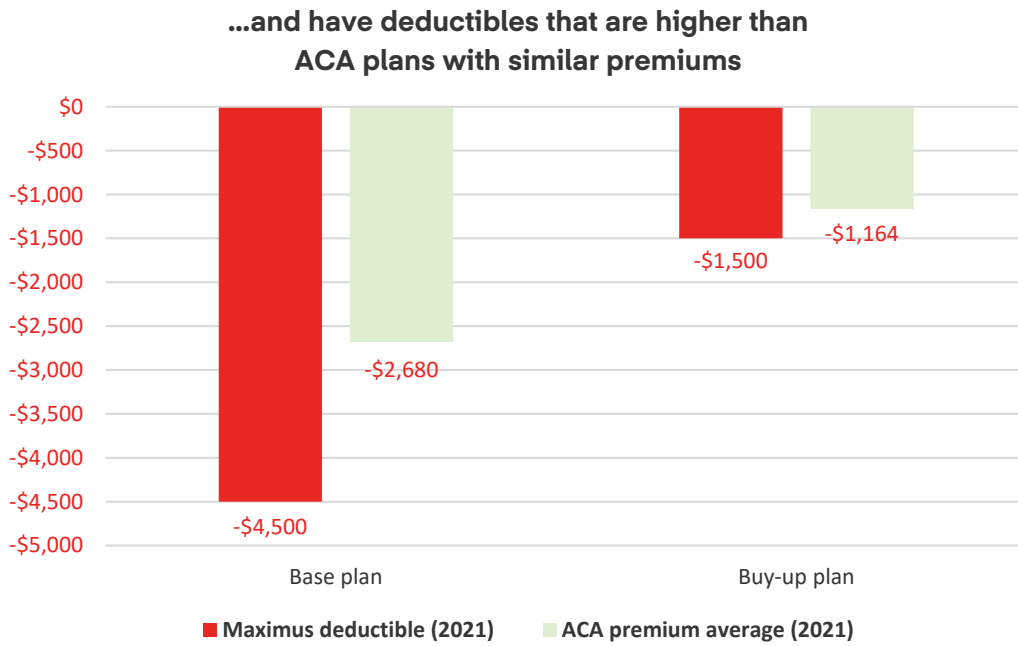


Figure 5



Methodology

National averages & Maximus plans

CWA compared Maximus' base and buy-up plans to the national averages determined by the Kaiser Family Foundation's (KFF) 2020 Health Benefits Survey.¹¹ Because KFF's survey reflected 2020 data, their findings were adjusted to make them comparable to Maximus' 2021 healthcare costs. Premiums were projected to have increased 3.9%, based on Mercer's National Survey of Employer-Sponsored Health Plans 2021;¹² deductibles for HDHP/HSAs were projected to have increased .75%, based on the trend in previous years identified by the Employee Benefit Research Institute;¹³ and employer HSA contributions were projected to increase from \$550 to \$600, according to a survey conducted by the Business Group on Health.¹⁴

ACA plans and Maximus plans

For the comparison to ACA plans, CWA chose plans from the ACA marketplace at healthcare.gov for the year 2021.¹⁵ Comparable plans were analyzed for a hypothetical resident of each of the 11 counties where CCO call centers are located for a female non-smoker. Plans were analyzed for both a 27-year-old woman and a 50-year-old woman. (Plans are required by law to be priced the same for people of any sex, but "female" was chosen for sex for all plans for consistency.) Findings from the analysis for each age group were then averaged.

CWA compared each of Maximus' plans with two ACA plans for each location and age: an ACA plan with a similar deductible amount, and an ACA plan with a similar premium cost.

To compare plans with similar deductibles, CWA selected plans that had a deductible within 25% of each Maximus plan deductible (i.e. \$3,375 and up for Maximus' base plan and \$1,125 and up for Maximus' buy-up plan). Plans with deductibles that were equal to or less than Maximus' were selected, unless no such plan was available (e.g. in some cases, \$2,000 was the lowest deductible available for comparison to the buy-up plan) or unless a plan with a marginally higher deductible would have clearly been the choice of a rational shopper purchasing healthcare with this approximate deductible. CWA determined the average premium among these plans for each age group and then took the average of the average for the 27-year-old and 50-year-old groups.

To compare plans with similar premiums, CWA selected plans that had a premium within 20% of each Maximus plan premium (i.e. \$533 and up for Maximus' base plan and \$663 and up for Maximus' buy-up plan). Plans with premiums that were equal to or less than Maximus' were generally chosen, unless no such plans were available (e.g. in some cases, \$550 was the most expensive plan available for comparison to the buy-up plan) or unless a plan with a marginally higher premium would have clearly been the choice of a rational shopper purchasing healthcare with this approximate cost. CWA determined the average deductible among these plans for each age group and then took the average of the average for the 27-year-old and 50-year-old groups.

¹ 29 CFR 4.50.

² The 2020 fringe rate of \$4.54 currently applies to SCA employees on the CCO contract under DOL All Agency Memorandum 232, June 29, 2020..

³ See, e.g., 41 USC 6073.

⁴ Maximus, "2021 Benefits Guide: SCA Employees," p. 15.

⁵ CWA reviewed Premium Reserve Account (PRA) statements from Maximus CCO employees at three different worksites; all statements indicated that the portion of the healthcare premium covered by the SCA fringe benefit was \$666.22 per month in 2021.

⁶ Maximus, "2021 Benefits Guide: SCA Employees," p. 6.

⁷ For the purposes of this analysis, CWA compared plans on the basis of premiums, deductibles, and employer contributions to HSA accounts; we did not include co-pays or coinsurance rates, which are more challenging to compare, in this analysis.

⁸ Maximus' base plan has a \$4,500 deductible. The average employer-provided HDHP/HSA has a \$2,367 deductible, and on average, employers contribute \$600 towards each employee's out-of-pocket costs in the form of HSA contributions. Maximus does not automatically contribute to its employees' HSA accounts.

⁹ Maximus workers are eligible for HSA contributions through the completion of "annual wellness activities," according to Maximus' "2021 Benefits Guide: SCA Employees" (p. 13). Such contributions, which are not automatically part of a worker's healthcare plan, are excluded from this analysis.

¹⁰ CWA chose two ACA plans to compare to both Maximus' base and buy-up plans for each of the 11 counties where CCO call centers are located: one that had similar deductibles to a Maximus plan, and one that had similar premium costs. The findings in this analysis are the average of the averages for a hypothetical 27-year-old woman and hypothetical 50-year-old woman shopping for insurance on the ACA marketplace in the 11 counties where CCO call centers are located. See methodology section for a detailed explanation.

¹¹ Kaiser Family Foundation, 2020 Employer Health Benefits survey: <https://www.kff.org/health-costs/report/2020-employer-health-benefits-survey/>

¹² "Employers Expect a 4.7% Increase in Health Benefit Costs for 2022 as They Focus on Improving Employee Benefits Rather Than Cost-Cutting, Mercer Survey Finds," Business Wire, Oct. 6, 2021: <https://www.businesswire.com/news/home/20211006005998/en/Employers-Expect-a-4.7-Increase-in-Health-Benefit-Costs-for-2022-as-They-Focus-on-Improving-Employee-Benefits-Rather-Than-Cost-Cutting-Mercer-Survey-Finds>

¹³ "Health Plan Deductibles Are Increasing Across the Board," Employee Benefit Research Institute, Oct. 15, 2020: https://www.ebri.org/docs/default-source/infographics/63_ig-healthplandeductibles15oct20.pdf?sfvrsn=57703a2f_4

¹⁴ "What to Expect From Your Employer's Health Plan in 2021," *U.S. News and World Report*, Aug. 31, 2020: <https://money.usnews.com/money/personal-finance/family-finance/articles/what-to-expect-from-your-employers-health-plan-in-2021>

¹⁵ ACA plan information was accessed here: <https://www.healthcare.gov/see-plans/#/>