

1-800-BAD-JOBS: FEDERAL CALL CENTER WORKERS STRUGGLE TO MAKE ENDS MEET



CWA



**STRATEGIC
ORGANIZING
CENTER**

INTRODUCTION

Maximus, Inc., is a massive for-profit company that makes virtually all of its money from government contracts, including more than \$2.3 billion from the federal government in 2022. The company's revenues have ballooned in the past five years, growing annually even during the COVID-19 pandemic, thanks in part to contracts related to the outbreak. Since 2018, Maximus' revenues have nearly doubled, reaching approximately \$4.6 billion in 2022.¹ From 2020 to 2022, the company spent \$474 million to benefit shareholders in the form of dividend payments and stock buy-backs.² Over the same period, Maximus' CEO, Bruce Caswell, was paid \$20.3 million in total compensation.³

Yet while the company uses its cash to enrich its executives and shareholders, many of Maximus' frontline workers are struggling to make ends meet. A recent survey of workers employed by Maximus or one of its subcontractors, conducted by the Communication Workers of America (CWA) and the Strategic Organizing Center (SOC), found that workers' wages are so low that many struggle to pay for necessities, with the vast majority of workers surveyed reporting that they cannot provide for their families on their wages. Many workers conducting vital work for the Department of Health and Human Services (HHS)—helping enroll participants in Medicare and Affordable Care Act plans and answering calls to COVID-19 hotlines—are earning wages that are approximately half of a living wage. Nearly two-thirds of respondents live in households that use safety net programs, including those that help access healthcare coverage and food support. And even though most respondents have healthcare coverage through their jobs, almost nine out of 10 have medical debt and report avoiding or postponing medical care because of concerns about cost.

Maximus workers are among the many workers around the country—actors, writers, autoworkers, delivery drivers—who are demanding fair treatment and living wages as corporate profits skyrocket. CEO Caswell's annual pay in 2022 was about 161 times greater than the pay of the median worker at Maximus.⁴ Maximus is a major federal contractor, and the Biden administration—which has previously called for better working conditions at federal contractors and spearheaded the drafting of "Good Jobs Principles"—should investigate Maximus' labor practices.⁵

Survey Overview

From Aug. 17, 2023, to Sept. 16, 2023, CWA and SOC conducted an online survey of workers at federally contracted call centers operated by Maximus or one of its subcontractors. One hundred fifty-four workers responded to the survey who currently work for either Maximus (82 percent of respondents) or a Maximus subcontractor (18 percent).⁶ Respondents reported working in nine states; the vast majority of respondents, 92 percent, work in Florida, Kansas, Louisiana, Mississippi, or Virginia.⁷ All respondents in this analysis reported that they currently work for Maximus or one of its subcontractors on HHS contracts—either on the Contact Center Operations (CCO) contract for the Centers for Medicare and Medicaid Services (CMS) or on a contract for the Centers for Disease Control and Prevention (CDC), including contracts for the CDC-INFO or Covid-19 hotlines.

The vast majority of Maximus workers report that they are the primary earner in their household, and a majority are caring for one or more children

The vast majority of respondents, 92 percent, report that they are the primary earner for their household—meaning that their Maximus wages are their household’s largest or sole source of income. A clear majority of respondents, 60 percent, have at least one child under 18 in their household—and nearly two-thirds of those families (65 percent) are caring for more than one child.

Overwhelming majority of workers surveyed report that they cannot provide for their families on the wages paid by Maximus and its subcontractors

More than nine out of 10 respondents (91 percent) report earning less than \$19 per hour, and 32 percent report earning less than \$17 per hour—significantly less than the living wage needed to sustain a household with children in the areas where they live and work. Even Maximus workers with years of experience earn low wages: 85 percent of respondents who have

“It’s almost impossible to pay bills on just my income... My kids and I live with relatives now. We’d probably be homeless otherwise.”

**- Christina Jimenez,
Hattiesburg, MS call
center worker**

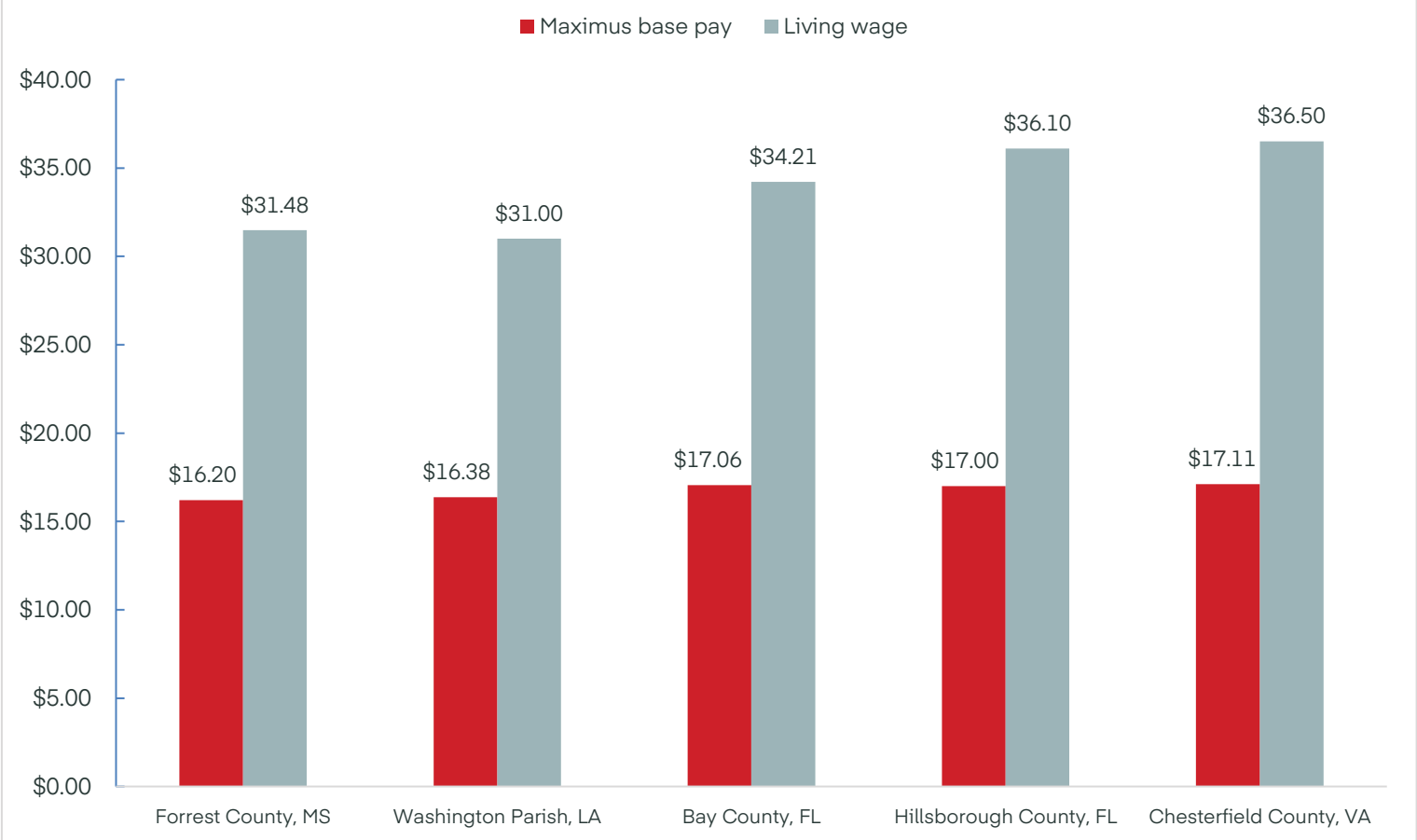
worked for Maximus or a subcontractor for more than five years earn less than \$19 per hour. These wages are in line with the base pay rates that Maximus has published in recent job advertisements for CCO and CDC call center positions.⁸

These wages are far below a living wage for households with children. In the counties where most respondents work, a living wage for one adult with one child, according to the MIT Living Wage Calculator, ranges between \$31.00 per hour (in Washington Parish, Louisi-

ana) and \$36.50 per hour (in Chesterfield County, VA).⁹ Maximus' starting pay for CCO call center positions is at least 47 percent below a living wage in each of these counties—see Figure 1 below.

Workers struggle to get by on these wages: nine out of 10 workers surveyed—and nearly all, 98 percent, of workers with children in their households—said that they can't provide for their family on Maximus' pay.

Fig. 1: Maximus CCO Base Pay Compared with Living Wage Selected Counties, 2023



Living wage rates are for one adult living with one child (source: MIT Living Wage Calculator)

Two-thirds of workers surveyed report that their families use safety net programs

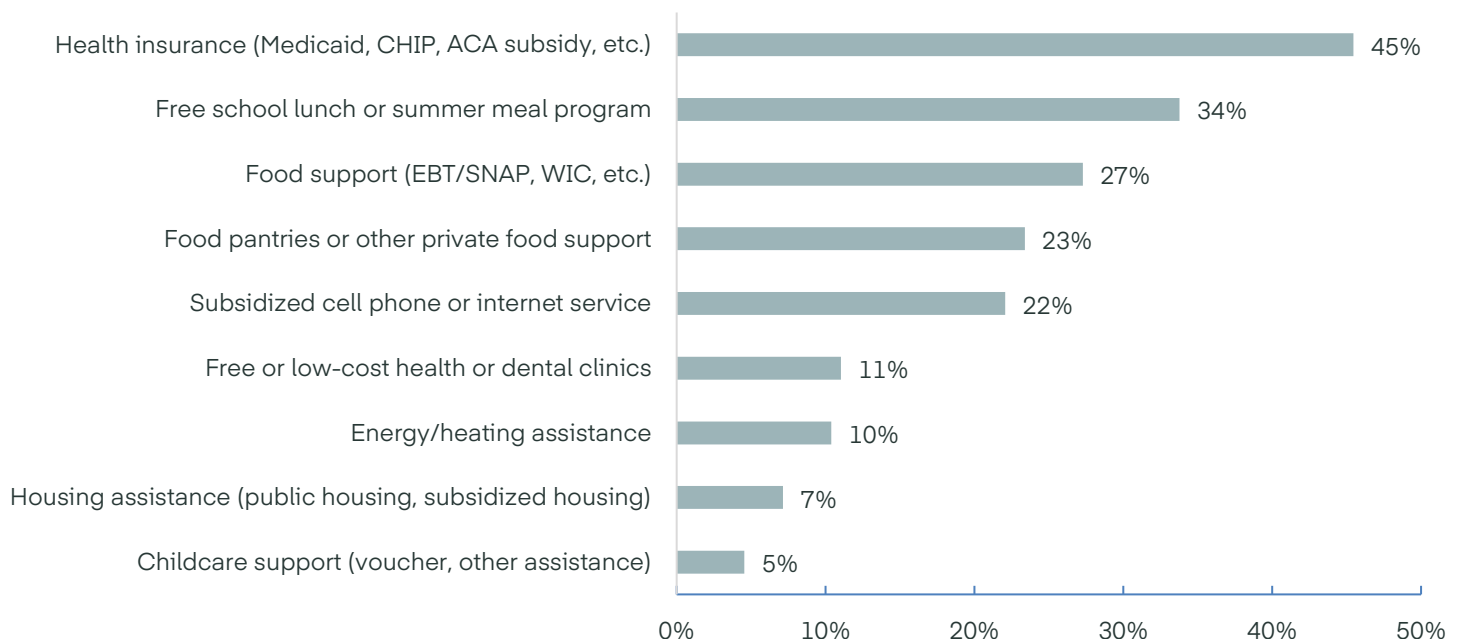
Sixty-five percent of workers surveyed, and 83 percent of those in households with children, report that their household uses one or more public or private safety net programs—indicating that many Maximus workers may be unable to make ends meet on their wages alone.

Forty-five percent of respondents' households use public health insurance programs, such as Medicaid, ACA subsidies, or CHIP for children's insurance. More than one-third (34 percent) access free school lunch or summer meals. And more than one-quarter (27 percent) rely on food support programs such as EBT/SNAP. See Figure 2 for detailed results.¹⁰

"I don't like to do it, but sometimes I can't afford my rent on my pay from Maximus, so I have to ask my grandparents for help."

**- Steven McLeary III,
Riverview, FL call
center worker**

Fig 2: Percentage of Surveyed Maximus and Subcontractor Workers whose Household Uses Safety Net Programs by Type, Aug.-Sept. 2023



Nearly 9 in 10 workers have one or more forms of medical debt and report that they have avoided or postponed medical care due to concerns about cost

As CWA and SOC's previous research has highlighted, Maximus' basic health plan burdens workers with higher-than-average out-of-pocket costs.¹¹ Maximus actually increased workers' healthcare expenses *during the height of the Covid-19 pandemic*, switching in 2021 to a health plan with lower benefit levels. This dramatically increased the base plan deductible, raising it to \$4,500; the CWA-SOC analysis showed that this was almost twice as high as the average deductible for comparable plans at the time.¹² Maximus' health plan change also drastically increased workers' out-of-pocket costs for urgent care appointments and all doctors' visits other than annual physicals or cancer screenings, as well as many workers' out-of-pocket prescription costs.¹³

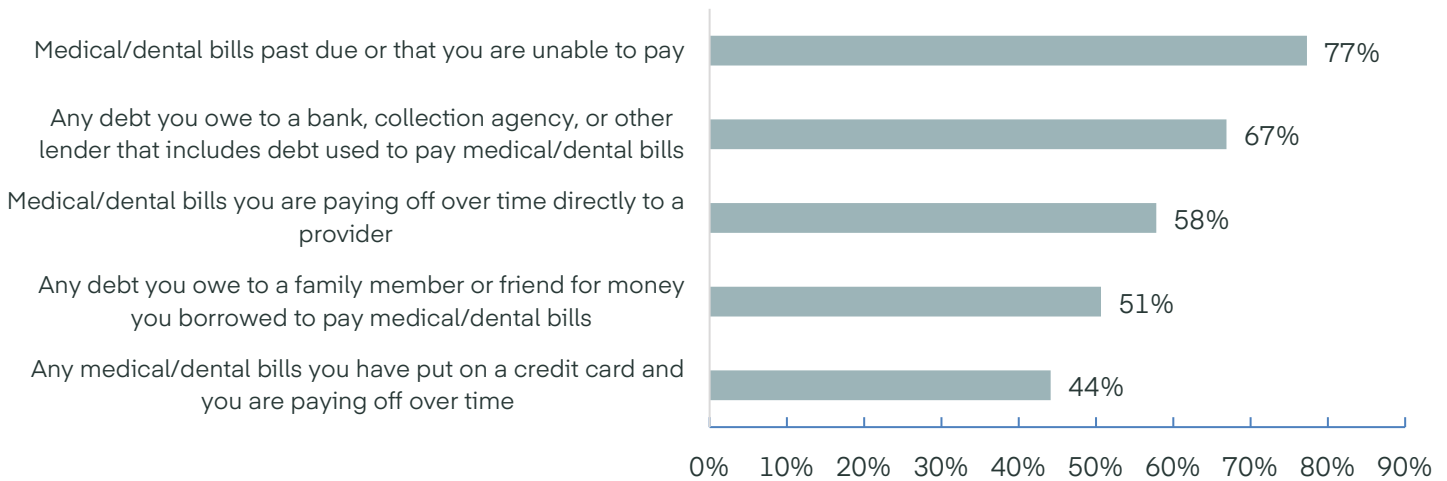
Although Maximus later lowered this deductible—announcing it would do so three months after the CWA-SOC report was published—Maximus health plans still impose high out-of-pocket costs on workers, including the drastically increased costs for most doctors' appointments, urgent care, and prescriptions—a fact illustrated by the sobering number of workers surveyed who have medical debt.¹⁴ The CWA-SOC survey went beyond asking workers about their current bills and used a more comprehensive definition of medical debt, as recommended by experts such as the Kaiser Family Foundation, that includes borrowing induced by medical or dental bills.¹⁵

“Even though I have Maximus health insurance, I had to find \$5,300 of my own money to pay for my cataract surgery.”

**- Anna Flemings,
Hattiesburg, MS call
center worker**

Even though 89 percent of workers surveyed have health insurance provided by Maximus or a subcontractor, nearly nine in 10 (88 percent) are carrying debt due to medical and/or dental bills; 82 percent are carrying more than one form of debt. See Figure 3 below for details. The burdensome costs of workers' healthcare has led many to avoid seeking treatment that they need: 87 percent of respondents said they have avoided or postponed medical care for themselves or their families due to concerns about cost.

Fig. 3: Types of Medical Debt Held by Surveyed Maximus and Subcontractor Workers, Aug.-Sept. 2023



CONCLUSION

While Maximus has nearly doubled its revenues in the past five years, some of the same workers who have made that growth possible report that they are unable to afford basic necessities.¹⁶ Most are paid wages that are not adequate to support their families, and they are provided health insurance whose benefits are so poor that many must go into debt to afford healthcare. Maximus falls far short of providing the kind of federal contractor jobs that the Biden administration aspires to create. HHS Secretary Xavier Becerra must investigate Maximus' labor practices to determine whether it is fulfilling its obligations as a federal contractor.

Endnotes

- 1 Maximus' revenue increased by 94 percent from \$2,392,236,000 in FY2018 to \$4,631,018,000 in FY2022. See Form 10-K, Maximus, Inc., FY2018, pg. 22: <https://investor-maximus.com/sec-filings/all-sec-filings/content/0001032220-18-000090/0001032220-18-000090.pdf> and Form 10-K, Maximus, Inc., FY2022, pg. 42: <https://investor-maximus.com/sec-filings/annual-reports/content/0001032220-22-000074/0001032220-22-000074.pdf>
- 2 Form 10-K, Maximus, Inc., FY2022, pg. 45: <https://investor-maximus.com/sec-filings/annual-reports/content/0001032220-22-000074/0001032220-22-000074.pdf>
- 3 Form DEF 14-A, Maximus, Inc., 2023, pg. 52: https://investor-maximus.com/sec-filings/all-sec-filings?form_type=DEF+14A&year=##document-3603-0001140361-23-002723-1
- 4 Form DEF 14-A, Maximus, Inc., 2023, pg. 53: <https://investor-maximus.com/sec-filings/all-sec-filings/content/0001140361-23-002723/0001140361-23-002723.pdf>
- 5 "Biden Aims for Federal Contractors to Pay a \$15 Minimum Wage," Government Executive, Jan. 22, 2021: <https://www.govexec.com/management/2021/01/biden-aims-federal-contractors-pay-15-minimum-wage/171578/>; "FACT SHEET: Biden-Harris Administration Issues an Executive Order to Raise the Minimum Wage to \$15 for Federal Contractors," The White House, Apr. 27, 2021: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/27/fact-sheet-biden-harris-administration-issues-an-executive-order-to-raise-the-minimum-wage-to-15-for-federal-contractors/>; and "The Good Jobs Initiative," Department of Labor, accessed Oct. 3, 2023: <https://www.dol.gov/-general/good-jobs/principles>
- 6 Respondents were recruited through digital ads, emails, and text messages. We used only complete responses for our analysis, excluding those in which respondents stopped filling out the survey without answering all required questions.
- 7 The nine states in which respondents reported working are Arizona, Florida, Kansas, Kentucky, Louisiana, Mississippi, Texas, Virginia, and West Virginia.
- 8 Base wages were obtained from public job posts for positions at Maximus CCO call centers in Aug. and Sept. 2023. Wages listed in public job posts for positions at Maximus CDC call centers in Sept. 2023 were commensurate with those of the CCO positions (\$16.20 for a position in Atlanta, Georgia, and \$16.85 for one in Phoenix, Arizona).
- 9 Eighty-two percent of respondents report working in Mississippi, Louisiana, Virginia, or Florida, and as noted above, all respondents work on either a CCO or CDC contract. Maximus' only CCO and CDC call centers in those states are located in Forrest County, MS, Washington Parish, LA, Chesterfield County, VA, and Bay and Hillsborough Counties, FL. Living wage levels were obtained from the Massachusetts Institute of Technology's Living Wage calculator on Sept. 18, 2023: <https://livingwage.mit.edu/>
- 10 Forms of support receiving less than five percent of responses are not shown on the graph; only about 1 percent of respondents reported using "Cash assistance through a state or federal program (TANF, etc.);" or "Subsidized transportation (discounted transit pass or ride service)."
- 11 "Unaffordable Care," Communication Workers of America, Nov. 1, 2021: <https://callcenterworkersunited.org/news/unaffordablecare>
- 12 "Unaffordable Care," Communication Workers of America, Nov. 1, 2021, pgs. 2 and 9: <https://callcenterworkersunited.org/news/unaffordablecare> Maximus' base plan in Nov. 2021 had a \$4,500 deductible, and the average high deductible health plan provided by employers in Nov. 2021 had a \$2,367 deductible.
- 13 Based on an analysis of Maximus' Employee Benefits Guides for the years 2020-2023. For example, in 2020, Maximus workers had to pay a \$25-\$35 co-pay for a non-preventative doctor's office visit, but under the changes Maximus implemented in 2021, workers had to cover 100% of the costs for such visits up to their deductible, then 30% coinsurance payments after that. Similarly, in 2020, Maximus workers had to pay a \$50 co-pay for an urgent care visit, but in 2021, this was increased to 100% of the cost for such a visit up to their deductible, then 30% coinsurance payments after that. These coinsurance payments after reaching the deductible were lowered to 20% in 2023.
- 14 In Feb. 2022, three months after we published our report on Maximus' unaffordable healthcare, Maximus lowered the deductible for its base health insurance plan from \$4,500 to \$2,500. The deductible was further lowered to \$2,000 for the 2023 plan year. However, Maximus has maintained the much higher costs that workers must pay for non-preventive doctors' visits, urgent care visits, and prescriptions, and its base health plan still has a \$6,000 out-of-pocket limit for an individual; this limit was \$5,000 before Maximus changed insurance providers in 2021.
- 15 "Health Care Debt In The U.S.: The Broad Consequences Of Medical And Dental Bills," KFF, Jun. 16, 2022: <https://www.kff.org/report-section/kff-health-care-debt-survey-main-findings/>
- 16 See endnote 1.