

2007 Health Insurance Survey of Farm and Ranch Operators

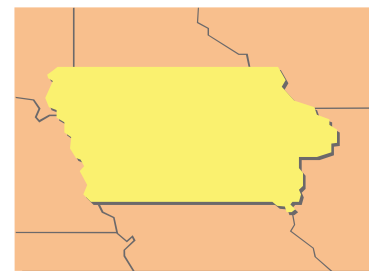
HOW IOWA FARMERS AND RANCHERS GET HEALTH INSURANCE AND WHAT THEY SPEND FOR HEALTH CARE

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About the Survey

In 2007, The Access Project joined with the University of North Dakota Center for Rural Health and Brandeis University to gather data about the source, type, and characteristics of farmers' and ranchers' health insurance, as well as about the financial burden healthcare expenses place on farm and ranch families. Data were collected through a telephone survey of over 2,000 non-corporate farm and ranch operators in seven states: Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota. The survey was conducted by the National Agricultural Statistics Service of the United States Department of Agriculture. The survey was called the 2007 Health Insurance Survey of Farmers and Ranchers.

The Access Project will release "How Farmers and Ranchers Get Health Insurance and What They Spend for Health Care" on December 18, 2007. That brief, based on an analysis of the aggregate data from the seven states included in the survey, will examine factors that contributed to high overall costs for health care. Overall costs included the cost of health insurance premiums plus any other out-of-pocket medical or prescription drug expenses respondents incurred, such as the amounts spent on insurance deductibles, co-payments, medications, and payments for uncovered services.

Key Findings for Iowa Farm and Ranch Operators

Thirteen percent of respondents in the sample (268 people) were farm or ranch operators living in Iowa. The demographics of the Iowa respondents were similar to those of the sample overall. Most Iowa respondents were male (94%), Caucasian (99%), married (88%), and 45 years old or older (81%). Most rated their health as excellent or very good (71%).

Key findings for Iowa respondents include the following:

Farm and ranch operators are burdened by the costs of health care—more than one in six said that healthcare expenses contributed to financial problems, and one in eight had outstanding medical debt.

This was true even though the vast majority of respondents in Iowa (over 93%) had health insurance.

Iowa farm and ranch families on average spent over \$6,500 annually on health insurance premiums and other out-of-pocket costs (e.g. deductibles, co-payments, medications, uncovered services).

These amounts are probably underestimates because they do not include the cost of dental insurance and out-of-pocket expenditures for dental care. We will study the impact of dental expenditures in a later brief.



The amount of money Iowa farm and ranch families spent on health care (health insurance premiums plus other out-of-pocket costs) for many constitutes a high percentage of their income and suggests that many are underinsured.

More than half of Iowa survey respondents (59%) had household incomes between \$40,000 and \$100,000. Thus for many families, healthcare costs constituted between 7 and 16 percent of their income. People in that income range who spend more than ten percent of their income on health care are generally considered to be underinsured.

People with high premium policies (\$500 a month or more) spent significantly more on health care than those who had low premium policies (less than \$500 a month). Within premium categories (high and low), those with high deductibles (\$500 or more) spent more than those with low deductibles (less than \$500).

Total healthcare expenditures for premium/deductible categories for families

	Mean	Median	Minimum	Maximum
Low premium low deductible	\$3,601	\$2,600	\$1,505	\$9,500
Low premium high deductible	\$5,465	\$4,675	\$1,500	\$60,500
High premium low deductible	\$9,904	\$10,250	\$7,500	\$11,223
High premium high deductible	\$11,449	\$10,850	\$6,500	\$21,800

Those with high premiums spent between about two or three times more on health care than those with low premiums.

Type of insurance by source of coverage for families

		Source of coverage		
		Government-sponsored program	Off-farm employment	Individual market
Type of insurance				
Low premium low deductible	Number	9	25	3
	Percent	60%	23%	4%
Low premium high deductible	Number	3	65	26
	Percent	20%	59%	34%
High premium low deductible	Number	0	4	2
	Percent	0%	4%	3%
High premium high deductible	Number	3	17	45
	Percent	20%	15%	59%
Total	Number	15	111	76
	Percent	100%	100%	100%

Almost two-thirds of families (62%) who bought insurance in the individual market had high premium policies, compared to about one in five who obtained policies through off-farm employment or government-sponsored programs. Those who bought insurance on the individual market were often forced to buy the costliest type of policies—those with high premiums and high deductibles.

The fact that so few of those purchasing insurance on the individual market (7%) had low deductible policies suggests that low deductible plans are not really available in this market.

People's overall healthcare expenditures were largely determined by how they obtained insurance—through government-sponsored programs, off-farm employment, or individual (non-group) purchase. People who purchased on the individual market had much higher total healthcare expenses than those who obtained their health insurance elsewhere.

Controlling for age and health status, families who got insurance on the individual market spent \$3,609 more on health care, on average, than those who got insurance through government-sponsored programs, and \$3,947 more than those with insurance obtained from off-farm employment.

The fact that overall costs tended to be much higher on the individual market is especially significant for farmer and ranch operators because they are much more likely to buy insurance in that market than the population at large.

More than one-third (37%) of Iowa respondents bought insurance in the individual market, compared to eight percent of the population nationally.

For many farm and ranch operators, their only real choices may be to scale back their operations so they or a family member can obtain off-farm employment in order to obtain better insurance coverage, or dip into savings that could be reinvested in the farm or ranch in order to pay for healthcare.

Many respondents told surveyors that they or their spouse took an off-farm job simply to get insurance.

Policy Implications

Later briefs will investigate which farm and ranch operators are most likely to experience financial hardship because of healthcare expenses. We will examine, for example, how the percentage of income spent on health care affects the likelihood of experiencing hardship. We will also investigate which types of insurance policies are likely to result in very high overall healthcare costs and how this is related to the financial burden of healthcare expenses. These analyses will allow us to recommend policies particularly targeted to help those who are especially burdened by the costs of getting care. However, as policymakers look for ways to help farmers and ranchers, and small business owners generally, obtain more affordable, quality health insurance, the findings from this survey are cautionary.

The findings suggest that the private, individual market is not working for farm and ranch operators and cannot by itself provide a solution to their healthcare cost problems. Rather, the private market leads many to obtain the most expensive insurance policies that result in the highest overall healthcare expenditures. Effective solutions will require a combination of elements such as cost-sharing assistance, market controls to restrain costs and maintain quality, and greater access to government-sponsored programs.

Project Funding

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Research Partners

The Access Project (TAP) has served as a resource center for local communities working to improve health and healthcare access since 1998. The mission of TAP is to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable. TAP conducts community action research in conjunction with local leaders to improve the quality of relevant information needed to change the health system. TAP's fiscal sponsor is Third Sector New England, a nonprofit with more than 40 years of experience in public and community health projects.

The Heller School for Social Policy and Management is a Graduate School of **Brandeis University**. It offers both Masters level and PH.D programs across a wide range of social policy with health policy as one of its largest components. The School has a strong commitment to advancing social welfare and is engaged in research dealing with the organization and financing of health care, behavioral health issues and in international health.

The Center for Rural Health at the University of North Dakota, established in 1980, is one of the nation's most experienced organizations committed to providing leadership in rural health on local, state and national levels. It has influenced the efforts of states across the country by developing innovative models for rural community development and local health system reform. In addition, the Center for Rural Health (CRH) is nationally recognized for its efforts to craft health policy-relevant research projects that are directly applicable to rural communities and providers.



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