

# 2007 Health Insurance Survey of Farm and Ranch Operators

The Access Project  
[www.accessproject.org](http://www.accessproject.org)

in partnership with

The Center For Rural Health at the  
University of North Dakota

&

USDA National Agricultural Statistical Service

# The Access Project

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- National research and advocacy organization supporting local access improvement efforts
- Mission: work to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable.
- Initiated in 1998 through Robert Wood Johnson Foundation grant
- Provide technical assistance to local efforts through research, policy analysis, community engagement, and communication services

# Background

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- TAP has been studying the issue of medical debt since 2000.
  - 1 in 5 adults under 65 have medical bills or accrued medical debt they are paying off.
  - Almost 4 in 10 (39%) of those with medical debt used up their savings to pay off medical bills
- Growing concern about the underinsured
  - Almost 2/3 of those with medical bill problems or medical debt (62%) are insured
  - Underinsurance will increase as healthcare costs rise and more costs are shifted to consumers

# Consequences of Medical Debt

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## ➤ Financial

- Credit problems
- Housing problems
- Difficulty affording other necessities
- Bankruptcy

## ➤ Psychological

- Depression
- Stress
- Anxiety

## ➤ Health Access

- Delayed care
- Discontinued care
- Unfilled Rx's

## ➤ Employment

- Change jobs to get better benefits
- Job loss
- More expensive premiums, worse coverage

# Why Study Farmers and Ranchers?

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- They are predominantly insured
  - Opportunity to study problem of underinsurance
- They are solidly middle class
  - Opportunity to see how unaffordable healthcare expenses and underinsurance affect the non-poor
- Healthcare expenses have the potential to undermine the viability of their businesses, and thus the larger economy
  - They may also affect the stability of the rural healthcare delivery system
- Window into the problems facing small businesses generally
  - Like many small business people, farm and ranch operators more likely to purchase insurance in the individual (non-group) market

# First TAP Survey of Farmers

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- 2006: Access Project published *Losing Ground*
  - Results of survey of Kansas farmers on medical debt
  - Done in partnership with Kansas Farmers Union
  - Nearly all respondents were insured
  - Nearly 1/3 of non-elderly respondents had medical debt
  - Many delayed or avoided care, used up savings, or increased credit card debt due to health care costs

# 2007 Health Insurance Survey of Farm and Ranch Operators

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- Survey of farm and ranch families in seven states on financial burdens of health care
  - Access Project partnered with the Center for Rural Health at the University of North Dakota School of Medicine and the USDA's National Agricultural Statistical Service
  - Survey conducted in Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota
  - Project supported by state Offices of Rural Health in all seven states

# Methodology

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- The Access Project and the Center For Rural Health developed survey instrument
- USDA - NASS drew random sample of non-corporate farmers and ranchers by state, with stratification by county, operator type, and age.
- NASS converted the survey instrument into a Computer Assisted Telephonic Interview (CATI) protocol and conducted survey in February and March of 2007
- Over 2,000 respondents, response rate of 78.5%



# Information Gathered

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- Insurance coverage
  - Type of insurance
  - Source of insurance (on or off farm/ranch employment)
  - Premium costs
  - Amount of deductibles
- Other out-of-pocket health care expenses
- Prevalence and sources of financial hardship and medical debt
- Consequences of health care expenses
  - Impact on access to care
  - Financial consequences

# Findings: Demographics

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- Respondents were
  - Male (91%)
  - White (97%)
  - Married (86%)
  - Over age 44 (79%)
  - In good health (63% excellent or very good)
  - And insured (90%)
- Respondent incomes
  - Most between \$40,000 and \$100,000 (49%)
  - 37% <\$40,000
  - 14% >100,000

# Sources of Health Insurance

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- Among those with insurance
  - 10% government-sponsored program
  - 54% off-farm/ranch employment
  - 36% direct purchase from agent
    - (national average 8%)

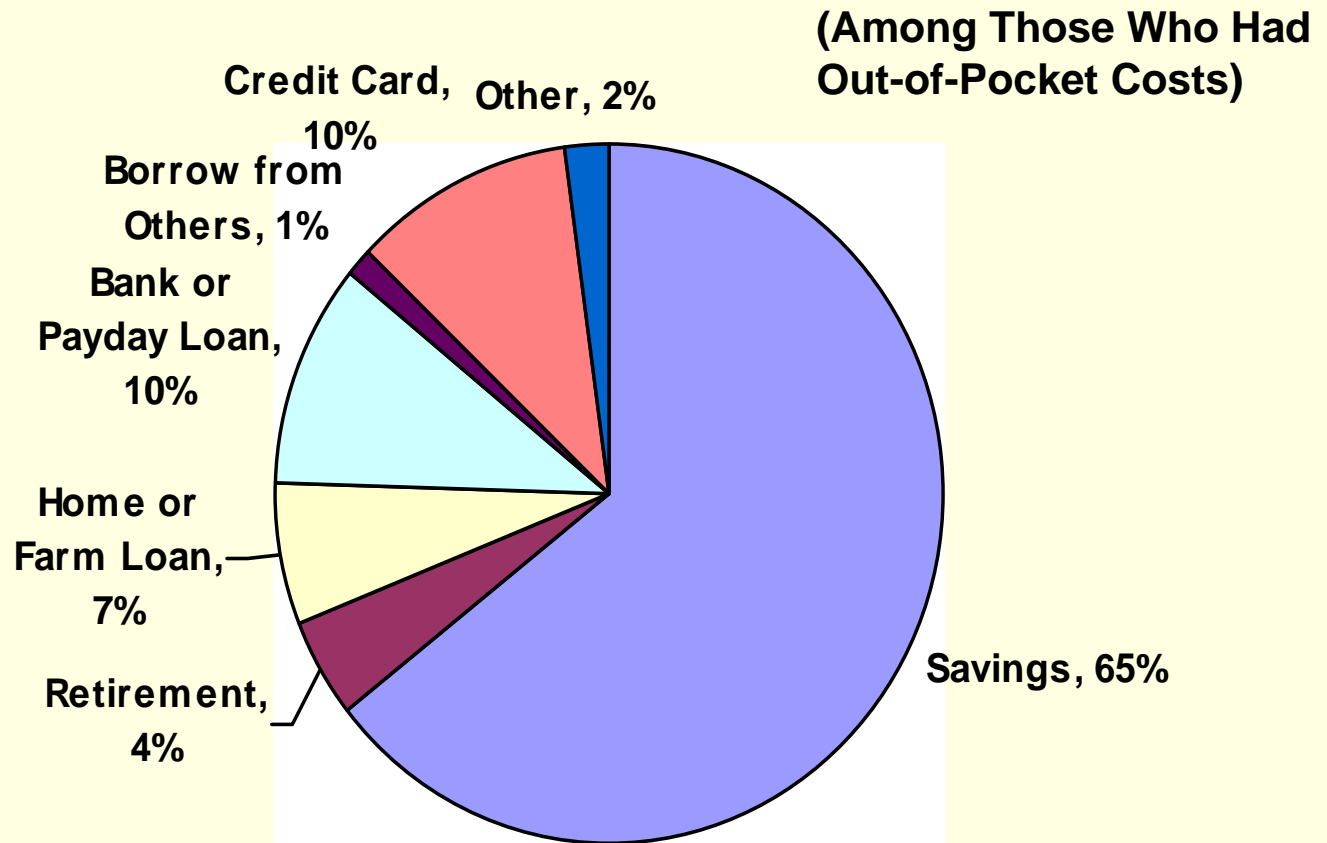
# Out-of-Pocket Expenses

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- Included deductibles, co-insurance, co-payments, and uncovered services
- Although almost all of the respondents had insurance:
  - A quarter reported also having out of pocket expenses
  - Mean amount that households spent, excluding premiums, was about \$1,700

“The deductibles are too high so you don’t go to the doctors as often as you should.”

# Resources Used to Pay for Healthcare Costs



"I had to add to my credit card bill when my second son was born."

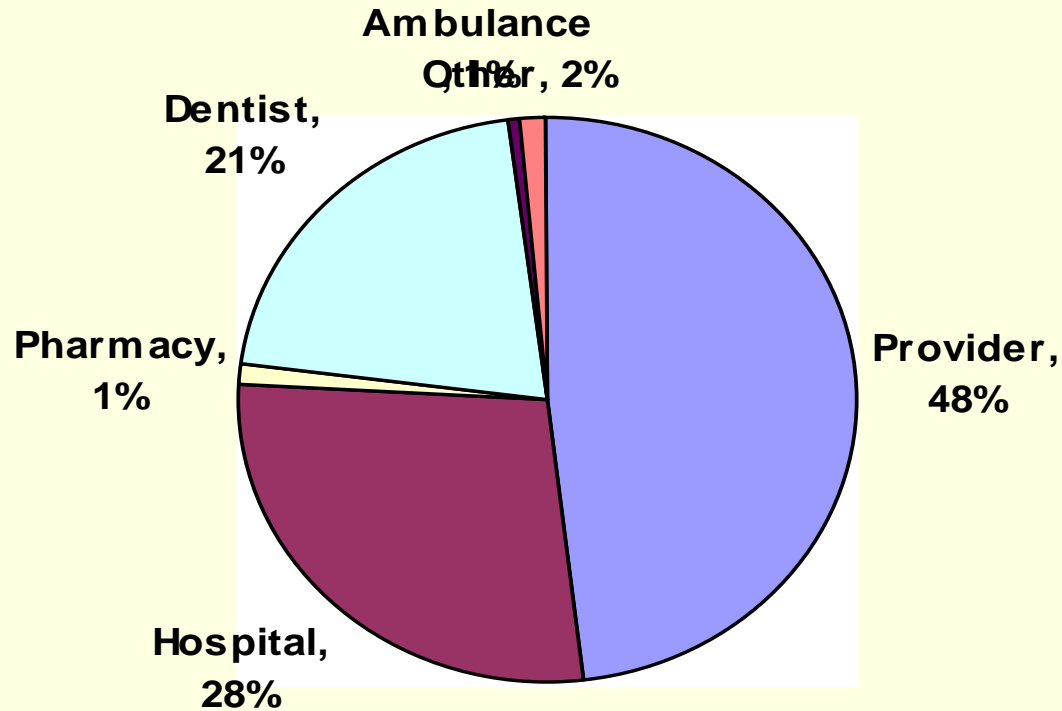
# Financial Burden of Healthcare Costs

- Almost 1 in 4 said healthcare expenses contribute to their financial problems.
  - Included difficulty paying other bills, difficulty paying rent or mortgage, forced to take off-farm or off-ranch employment, and delayed making investments in the farm or ranch
- 1 in 5 had medical debt
- Figures similar to national data even though farmers/ranchers have higher incomes/net worth than population at large

“Insurance is a big strain on a farm family. If I have a bad year, I have to do without other essential things to pay for insurance.”

# Sources of Medical Debt

Source of Medical Debt  
(Among Those with Medical Debt)



"Not being able to pay medical bills affected [my] credit history which affect everything else."

# Access to Care

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- About 17 percent of respondents said they or a household member delayed seeking needed health care.
  - Of those, about 70 percent (or 12 percent of the sample overall) said primary reason was because they could not afford the cost of care.

"I put off going to the doctor because of the cost."



# Issue Brief 2

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- *How Farmers and Ranchers Get Health Insurance and What They Spend on Health Care*
- Will be released 12/18
- Relationship between source of coverage (on or off farm/ranch), cost of premiums and deductibles, and overall healthcare expenditures

# Brief 2 Highlights

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- Families on average spent \$7,247 annually on premiums and out-of-pocket costs (excluding dental)
- Figures suggest many underinsured based on percent of income spent on healthcare
- Overall expenditures largely determined by market in which insurance obtained
- Families who purchased on individual market spent on average
  - \$5,204 more than those on government programs
  - \$4,359 than those with insurance through employment

# Brief 2 Highlights (cont'd)

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- Sample much more likely to purchase on individual market than population at large
- For many, choice between dipping into savings or getting off-farm/ranch employment to pay for health care

“If I did not have to pay health insurance coverage, I could devote all my time to farming and make more money, but I have to work in town to afford health insurance coverage.”

# Policy Implications: Rural Issues

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- Family farming and ranch families are threatened by escalating premiums and out-of-pocket costs and scaled back coverage that doesn't protect them when they need care.
- Family farms and ranches are an important component of the rural economy; threats to their financial viability may impact the larger rural economy.
- The problems resulting from high healthcare expenses have the potential to destabilize the rural healthcare delivery system

# Policy Implications: State and National Policy

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- Just looking at the uninsured is not enough. We need to learn more about and document problems resulting from inadequate insurance. The experiences of farm and ranch families can help us understand these issues.
- The private, non-group market is not working for people - it is saddling them with the most expensive products that provide the least protection.
- Many policy makers are looking to the private, non-group market - the least effective part of the market -- as the vehicle for expanding coverage. This is true for conservatives and liberals.
- Effective solutions will require a combination of elements, including market regulation, consumer protections, cost-sharing assistance, and expanded government programs.

# What's Next?

## Using the Data to Inform Rural Policy

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- Presentations to date
  - the National Organization of State Offices of Rural Health
  - the Minnesota Rural Health Advisory Committee
  - Minnesota House of Representatives Health and Human Services Policy Committee hearings
  - Iowa Farmer's Union Presidential Candidates Summit
  - North Dakota Farmer's Union Convention
  - AgriTalk, Iowa, Minnesota and North Dakota Public Radio, other agriculture radio shows
- Continue to get information into hands of relevant policymakers in the study states

# What's Next?

## Continue Analysis of Survey

### Data

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- Future briefs
  - Which farm and ranch families experience financial hardship because of healthcare expenses
  - The impact of dental costs on overall health care costs and financial hardship
  - Which farm and ranch families are uninsured
  - The financial and access consequences of healthcare costs

# For More Information Please Contact:

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