



CONFERENCE CALL SPEAKER STATEMENTS

Mark Rukavina, Executive Director, The Access Project

Good afternoon, my name is Mark Rukavina, I am the Executive Director of The Access Project. I would like to welcome you to today's announcement of the findings from our new issue brief **Who Is Uninsured** based on our survey of farm and ranch operators in seven Great Plains states.

The timing of this release is important since the US Congress is considering proposals to reform our nation's health care system, literally, as we speak. It is our hope that the information we are presenting today will help to inform these policy discussions and improve access to coverage and care for rural Americans.

This brief is based on data gathered through a telephone survey with more than 2,000 farm and ranch operators in North Dakota, South Dakota, Montana, Minnesota, Nebraska, Iowa, and Missouri. The Access Project contracted with the USDA's National Agricultural Statistic Service to conduct this survey of a random sample of sole proprietor and partnership operations. We did so to learn more about health insurance and health access issues of this particular business and rural sector. We have developed a number of reports based on these data. Previous reports focused on the majority of family farm and ranch operators who had insurance coverage. These reports highlighted cost and access problems that resulted for these families in spite of having health insurance,

The report we are releasing today focuses on the farm and ranch families where all or some of the family members had no health insurance coverage. It is based on aggregate data but the report also includes a breakout of state level data in Appendix B.

Reporters on today's call should have received the report and a press release summarizing the findings we will be discussing today. The full report and additional information can be found on our website at www.accessproject.org

On today's call, our presenters will each make remarks of three to four minutes in length and then the lines will be open for questions and answers.

The first presenter will be Carol Pryor, spelled C-A-R-O-L P-R-Y-O-R of The Access Project. She is the Policy Director at The Access Project and a co-author of this brief. Carol will present findings of this report

The second presenter will be Jon Bailey, spelled, J-O-N B- A-I-L-E-Y, of the Center for Rural Affairs in Nebraska. He is the director of the Rural Research and Analysis Program at the center and will provide additional context for our report findings, in particular as they relate to other rural small business owners and residents.

The third presenter will be one of the respondents to our survey, Bill Cok spelled B-I-L-L C – O - K, Mr Cok is a dairyman from Bozeman Montana.

The fourth presenter will be another survey respondent, Alfred Korb, spelled A-L-F-R-E-D K-O-R-B, Mr Korb raises wheat and cattle in Wood, South Dakota.

The final presenter will be Jan Tusick, spelled J-A-N T-U-S-I-C-K. Ms Tusick is a farmer and a program manager for the Lake County Community Development Corporation in Western Montana. She will share her perspective and observations of the challenges facing farm and ranch families that work with her organization.

Following the brief remarks from our presenters, we will have 15 to 20 minutes of question and answers from reporters that are on today's call. At that time, Dawn, our operator will instruct reporters on the procedure for asking a question.

I would now like to introduce my colleague, Carol Pryor, co-author of this brief, to present the findings, Carol.

IN CLOSING

I would like to thank all of our presenters, and in particular the farm and ranch operators for sharing their stories and participating on today's call. I want to also thank the reporters on today's audio press conference.

If you have any follow-up questions, or would like the names of people willing to share their personal stories, please contact Nancy Kohn at The Access Project at 617 654-9911 X230. The report is available at www.accessproject.org. That site include all of the briefs released previously based on these and other resource materials on the financial burden of health care costs and barriers to care.

Thank you very much and have a great afternoon.

Carol Pryor, Policy Director, The Access Project

In previous briefs, we have focused primarily on the 90 percent of family farmers and ranchers in our survey who were continuously insured. In this brief, we look at the ten percent of farmers and ranchers who were NOT continuously insured in the previous year.

Our analysis showed that while insured and uninsured farmers and ranchers were similar on many demographic characteristics, uninsured farmers and ranchers were more likely to live alone, more likely to say their principal occupation was farming or ranching, and significantly poorer than their insured counterparts. The uninsured were almost four times as likely to have incomes under \$20,000 as those with insurance, and half as likely to have incomes between \$40,000 and \$99,999. Uninsured farmers and ranchers may thus be less likely to have spouses who can obtain health insurance through off-farm or ranch employment, and too poor to buy insurance in the individual, non-group market. Among the uninsured, three out of four said they didn't have insurance because it was too expensive, and another nine percent said they lacked insurance because they were unable to purchase it.

While insured and uninsured farmers and ranchers spent similar amounts out-of-pocket to pay for health care costs, the uninsured faced much greater barriers to getting care and suffered higher levels of financial hardship. The uninsured were:

- More likely to have to draw down resources, such as withdrawing money from savings or taking out loans, to pay for health care than those with insurance (40% vs. 25%);
- More likely to spend more than ten percent of their income on health care (34% vs. 29%);
- More likely to report that health care costs contributed to financial problems (32% vs. 22%);
- And twice as likely to accrue medical debt (32% versus 16%).

In addition, the uninsured were much more likely to delay needed care than those with insurance – more than a third of the uninsured delayed care (34%) compared to 15% of the insured.

Uninsured farmers and ranchers are in many ways similar to the uninsured generally – they are working, have lower incomes, are more likely to delay care, and more likely to have problems dealing with medical bills than people with insurance. However, people who are trying to earn a living from farming also face some problems that are characteristic of the self-employed and small business people generally, a group that is especially numerous in rural areas. This group frequently lacks access to employer-sponsored insurance, which is generally less costly than non-group coverage and where the cost of the insurance is shared.

Health insurance for many non-corporate farmers and ranchers may be a form of farm insurance. By this I mean that while health insurance does not always protect them financially from the burden of ordinary health care expenses, it might offer some protection of their assets – that is, their farms or ranches -- in case they incur catastrophic costs as a result of serious illness or accident, which is always a risk given the dangers in farm or ranch work. Thus, lack of health insurance puts the health of the uninsured at risk through reduced access to care, but it might also put their businesses at risk if they are unlucky enough to experience catastrophic illness. It should also be noted that while the percentage of farmers and ranchers who are

uninsured is lower than the population at large, as the economy worsens and the cost of insurance rises, this percentage may grow.

Policymakers are currently debating ways to reform our health care system. For the uninsured farmers and ranchers in our survey, the current non-group insurance market is clearly failing them. Any solutions to the problems they face would need to include significant subsidies to purchase insurance or much greater access to public programs that provide coverage.

Jon Bailey, Center for Rural Affairs

The current health insurance system does not work for large parts of rural America. A number of factors come together to place rural residents at greater risk of being uninsured, to destabilize their health care utilization and, ultimately, to negatively affect their health. The high cost of insurance in the individual market; generally higher insurance premiums in rural areas; the large annual increases in premiums in recent years; less employer-provided insurance; lower incomes and higher rates of poverty all act together to leave rural residents with a greater likelihood of being without insurance. While farmers and ranchers generally have higher incomes and lower rates of uninsurance than the population as a whole, this report shows that there are many low-income farm and ranch operators who face the same challenges as rural residents generally. And like other rural residents, when they are denied, lose or cannot afford insurance, they have few places to turn – the employer-based system often does not exist and other private options generally provide only limited coverage at high cost.

For all uninsured, it is clear that a lack of insurance coverage results in less health care services and poorer health outcomes. For the rural uninsured, there is evidence that lack of insurance or inadequate insurance affects their ultimate health status. The Kaiser Commission on Medicaid and the Uninsured found that despite an older population and higher rates of disability and chronic conditions in rural areas – which *should* require *higher* health care utilization – rural residents actually receive comparable or less care in many measures than those in urban areas, suggesting that rural residents may not be receiving adequate care. This survey shows that uninsured farmers and ranchers face similar barriers to care – they are twice as likely as those with insurance to put off care that they need.

The current health care reform debate is focused in large measure on strengthening the current employer-based health insurance system. But a system that relies on private, employer-based insurance does not provide effective alternatives for many rural uninsured, who are more likely to be self-employed. This includes the uninsured farmers and ranchers in this study, who are more likely to live alone and less likely to have a spouse or partner who can receive insurance through off-farm or off-ranch employment. The rural uninsured also tend to have lower family incomes than the urban uninsured, and this study shows that uninsured farmers and ranchers have significantly lower incomes than do farmers and ranchers with insurance. Therefore, a system that relies on the private insurance market and attempts to strengthen employer-provided insurance, no matter how regulated or reformed, will be irrelevant to a large number of rural people.

The current health insurance system also has significant consequences for the rural economy and effective rural development. The rural economy is based on entrepreneurship, both agricultural and non-agricultural. Yet the lack of availability of affordable and quality health insurance is the primary barrier to entrepreneurship reaching its potential for rural people and rural communities. The cost of health insurance prevents family farmers and ranchers, small businesses and entrepreneurs from expanding their businesses and creating jobs. The cost and inadequacy of health insurance is a killing the entrepreneurial dreams and opportunities needed to reinvigorate much of rural America.

Bill Cok

My name is Bill Cok. I'm a dairyman from Bozeman, Montana. I've been milking cows for 26 years and today have about 140 cows.

I agreed to participate in this conference call today because I believe we have a health care crisis and an insurance crisis in our country.

As you might be aware, the price of milk fluctuates wildly for dairy farmers. The price of milk and cheese in the stores hasn't gone down but the income of dairy farmers has dropped big time. The milk checks I'm getting this year are about half what they were a year ago. That amounts to a 50% pay cut. We don't have any control over the price. The only control we have is to produce more milk but that lowers the price and dilutes our profit. None of the problems I'm about to describe would have occurred if we just got a fair price for our product.

Three years ago when the price of milk dropped and I almost went under, I was forced to drop my family insurance coverage. I figured that 20% of my income was being spent on health insurance. Four months after dropping my insurance, I was mauled by a dairy bull and consider myself lucky to be alive. The bull came from behind me and held me into a wall. I managed to free myself but in the process he threw me in the air and I landed on the top of a gate with my shoulder. My right arm was almost torn off. After consulting the doctors they recommended surgery because my shoulder was torn so badly that it's basically a Q-ball injury where the ligaments were torn off the ball. The total bill was around \$20,000. I paid with a credit card so that I could get a 20% discount. I also had to use up some savings to pay for the physical therapy. I'm glad to report that my arm is about 80% recovered.

In 3 years we've paid about 50% of the bill so I still owe approximately \$10,000. I'm continuing to pay this bill thru a credit card with 0% finance. I have good credit which is why I can get 0%. I've switched cards twice already. The threat hanging over my head is that if I miss one payment they can jack up the percentage to 32% interest so the day the credit card bill comes we have a check back in the mailbox the next day.

After the accident, we managed to buy insurance for our family of six. We were paying \$1200 a month with a deductible of \$5,000 but I had a year waiting period for any medical coverage

related to my shoulder. The 3 adult kids are no longer living at home and now they don't have insurance.

Healthcare costs are outrageous. My rates doubled because of the accident so we dropped one policy and now have a plan that covers 3 people for \$700 but still with a deductible of \$5000.

Even though insurance is expensive, and having the high deductible means I'll still be paying for most things out-of-pocket, at least I have the peace of mind to know that we're covered and I won't lose the whole farm in case of another accident or illness.

Alfred Korb

Good afternoon. My name is Alfred Korb, from the very small town of Wood, South Dakota, 62 miles south of Pierre. You may have heard of it because Senator James Abourezk came from here and the boy who just won the Power Ball lottery is from close by.

My wife Carol and I have raised wheat and cattle in Wood since 1998. At the suggestion of our local bank, we reduced the number of cattle we graze from 250 head down to 60 in the fall of 2007 when we took over the farm from Carol's parents and settled the estate.

I just turned 60 in April and my wife is 59. Health Insurance has not always been in reach for us. We went without it until 1998. We are not sure we can continue to afford health insurance these days. We used to have a group health insurance plan but it moved out of South Dakota around 2000. Now we buy it on the individual market. Premiums started out at \$800 per month but would go up about \$50 every year. This year it jumped 400 so now we pay \$1,500 per month.

Two years ago, in 2007, Carol broke her leg when she was filling the bird feeder. She needed several surgeries which were pre-approved by the insurance company but then it took about a year to get them to pay the \$5000 bill because they said the wording on the approval wasn't right. That's just wrong. To tell you the truth, we both think there needs to be more regulation and oversight of insurance companies.

My wife, Carol has allergies so the insurance she can get has an exclusion rider. That means her occasional sinus infections or anything related to allergies are not covered by her insurance. Nothing related to her weight is covered either. Her asthma is covered however.

We also had to worry about health insurance for our son who has epilepsy. We had to get a special high risk pool insurance for him. It costs \$400 per month but with a \$1000 deductible so he pays for almost everything out of pocket.

Like our son, we also have a lot of out of pocket expenses because our Co-payment is \$20 for each prescription we fill to control our high blood pressure and cholesterol. With the direction this burden is heading, we might not be among the insured much longer. Carol's brother who

lives over in Yankton has lung cancer but has no insurance. Something has to be done about this situation.

Thank you for giving me the opportunity to tell you about what we farmers and ranchers face.

Jan Tusick, Farmer, Community Leader and Montana Farmers Union member

I am a community leader and advocate for small farmers, as well as being a small farmer. I live in a very rural community in western Montana and have a sheep farm of approximately 150 head of ewes. My neighbors are farmers and our community has strong ties to agriculture. For us, the debate around health care reform is very personal. Our community offers strong testimony to the effects the lack of insurance can have on rural farmers.

As self employed operators, farmers do not have options such as group policies or employer support. They are solely reliant on their ability to pay for medical costs or opt for a high deductible policy. It is not unusual every month to see a fundraiser for a farming family in need because of medical costs, as it is the community that often rises to the table to help in response to a farm family facing medical hardships. One our neighboring farmers lost his farm due to health costs related to a farm accident. This is not uncommon in farming communities as one of the largest reasons for rural bankruptcy is the cost of medical care. For many rural families and farmers health insurance is, in fact, bankruptcy protection – they have health insurance only to protect the farm, ranch or small business from the major injury or illness that could put them out of business. Many of our farmers have a spouse work off farm just to get insurance benefits. My own farm operation would be a high risk operation if I did not work outside the farm and have insurance benefits. The options to self insure is far too costly as the only insurance we would be able to afford within our income level is a high deductible policy.

The financial challenges rural farmers face are many-- for example, the rising costs of operation due to market fluctuations that often don't bring a return to the bottom line. But the cost of health care threatens the core livelihood of small, uninsured farmers-- lack of insurance puts at risk the land asset the farmer needs to work to produce food.

As a producer of food, the farmer is our source of health and well being. Isn't it ironic that the producers of our food, which is a principal need of human kind besides water, is one of the most threatened populations when it comes to health care costs and the effects of being uninsured? We all know if people are uninsured they do not practice preventative health such as well care checkups. The farmers I know do not go to the doctor unless something is broken.

Farmers who are members of Farmers Union, such as myself, have spoken loud and clear in our policy statement on Health Care Coverage, Access and Care. We support a national comprehensive health plan that provides universal, affordable and accessible coverage and elder care for all Americans, regardless of their health status, employment or financial situation. This message has been relayed to Senator Max Baucus at numerous public hearings and now it is time for our senator and his committee members to get the job done.

Isa Kirk

My name is Isa Kirk. My husband Jack and I own the family ranch corporation Plenty Star Ranch in the Black Hills of South Dakota. On approximately 200 acres, we built a horse camp that has offered horse training clinics, boarding and camping since 1995 when I moved here from Germany. We also owned and bred registered Spanish Mustangs until this year. Jack, now age 71, had insurance through his former deceased wife and is now covered by Medicare. I'm age 51, and do not have any health insurance, despite recent efforts to find an insurance company that would cover me.

In Germany, I worked in research in the pharmaceutical industry. During the first 6 months, when I needed medical care, I was still covered by my last employer's and governmental health insurance. After that expired, my parents kindly provided an annual air plane ticket to Germany, and occasionally paid out-of-pocket expenses for my basic health check ups and dental care. (They averaged 1/4th of the costs in the US).

Between 1995 and 2005, due to several years of severe drought, steadily declining tourism, and decreasing prices for horses, the ranch in SD was not earning anything. We were still building up the business with what little was left of the savings I had brought from Germany. Jack also still had thousand of \$ of medical bills left to pay for his late wife's hospitalization, despite his wife's insurance coverage.

I simply had no opportunity to get employed for more than what would have been needed for gas money.

When I had a car accident in March of 2005, I no longer had health coverage, financial support or any savings. The car insurance eventually paid all the medical bills, but a complete summer of work at the ranch had been lost due to the injury and recovery time from the accident and we had to sell some of the land to survive.

In February of 2006 I was diagnosed with cervical cancer. Since the ranch still wasn't providing much revenue with the summer-only-business, I qualified for a program called *All Women Count*, a Breast & Cervical Cancer Screening Program run by the South Dakota Department of Health. *All Women Count* paid all medical bills, helped with travel expenses by paying gas money to the Rapid City Cancer Center where I had 3 months of daily treatments and enrolled me in Medicaid for 2 years. When I was declared healthy last November, I lost that coverage and have been uninsured since then. Still, if not for *All Women Count*, Jack and I might have lost our home, ranch and livelihood due to medical bills.

Since the fall of 2008, I have been trying to find a private insurance plan. I approached the local farm bureau, among others, because they insure the ranch and cars to see if they could help me find a policy. However, because of my pre-existing cancer condition, I have not been able to find any insurance willing to offer coverage.

Due to Jack's advancing age and the long term side effects of my cancer treatment (lack of energy and chronically painful muscles), we are no longer able to put in long work hours, and therefore recently decided to shut down the horse camp and horse breeding program, sell off the remaining horses and auction approximately 1/3 of the land on June 30th.

In all those years Jack and I considered ourselves extremely lucky to have never needed any prescription drugs or other treatments. We are determined to continue to live a healthy lifestyle and have faith, since it seems very unlikely for me to obtain health coverage, at least affordable coverage.