

Embargoed for Release
Thursday, September 6, 2007
12:00 Noon Eastern Time
11AM Central / 10AM Mountain

Contacts:

Andrew Cohen, The Access Project
(617) 654-9911 x231 / acohen@accessproject.org

Alana Knudson, Center for Rural Health, University of North Dakota School of Medicine
(701) 777-4205 / aknudson@medicine.nodak.edu

HEALTH CARE COSTS IMPERIL AMERICAN FARM AND RANCH FAMILIES

Insurance provides inadequate protection

(Boston, MA)—American farmers and ranchers are struggling to cope with escalating health care costs, according to a report issued today by The Access Project. This study cautions that, as the ranks of the uninsured swell to 47 million, insurance alone may not be adequate to protect Americans from unaffordable health expenses. Ninety percent of the farmers and ranchers surveyed had health insurance; nonetheless, many depleted savings, incurred debt, and delayed seeking care due to medical costs and steep insurance premiums.

“Farmers and ranchers have more financial resources than many other rural Americans,” said Bill Lottero of The Access Project. “It’s clear that middle class folks with health insurance are feeling the pinch of spiraling premiums and medical costs.”

Today’s report is the first in a series of issue briefs based on a 2007 survey of farm and ranch operators in seven Great Plains states: Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota. The Access Project and its partners at Brandeis University and the University of North Dakota School of Medicine’s Center for Rural Health, contracted with the USDA’s National Agricultural Statistics Service to survey more than 2,000 non-corporate farm and ranch operators (those operating as sole proprietors or partnerships).

Findings from the report include:

- Few farm and ranch families were without health insurance coverage. Five percent said all members of household were without health insurance and another five percent said some member of the household had a time without insurance during 2006.
- More than half (54%) of the insured farm and ranch operators got their health insurance coverage through employment off the ranch or farm, while more than a third (36%) purchased coverage directly, and ten percent had public insurance coverage such as Medicare, Medicaid or State Children's Health Insurance Program.
- In spite of the high rate of health insurance coverage, one-quarter (26%) of respondents reported high out-of-pocket expenses in 2006 with half of these families spending \$1,700 or more in out of pocket expenses.
- Out-of-pocket expenses resulted in farm and ranch families using up savings, borrowing from banks and payday lenders, incurring credit care debt, borrowing against a home or the farm, and withdrawing money from retirement accounts.
- One in five (20%) incurred medical debt, or bills from hospitals, physicians, dentist and other providers that they were unable to pay.

“Family farms and ranches are small businesses. Small businesses are the backbone of our economy. Escalating health care costs and the reduced financial protections gained from these costly insurance products constitute a growing concern for the economic vitality of these important American business assets,” explained Lottero.

Yvette Oloff and her husband have raised cattle on their farm in Persia, Iowa for almost twenty-five years. The family was lucky to have good insurance through Yvette's off-farm job when she was diagnosed with a carcinoid tumor in 2001. After Yvette was no longer able to work due to her illness, her family maintained their insurance coverage offered through her employer for as long as the law allowed. Once that ended, Yvette was shocked to learn that she could only buy insurance that excluded coverage for her past medical conditions. “Premiums are outrageous!” Yvette exclaims. “We pay \$10,000 per year.” During the past four years, the family has accumulated \$24,000 in debt to their local bank to pay for farm expenses and insurance premiums. They have no savings and

Yvette avoids care for her continued breathing problems: “We cut back, stay home more, and borrow money.”

“Medical debt is a financial burden not only to the farm and ranch families, but also to the health care providers,” explained Alana Knudson, Associate Director for Research at the Center for Rural Health, University of North Dakota School of Medicine, and a co-author of the study. “Many rural health care providers operate on very slim margins and carrying debt impacts their viability.”

The report findings challenge policy proposals that support eliminating benefits and allowing the sale of insurance policies with limited coverage. “This report clearly demonstrates that out-of-pocket expenses must be taken into account along with insurance premiums when determining if a policy is affordable,” said Access Project Director Mark Rukavina. “Policymakers must look for solutions that will ease rather than aggravate the increasing burden of health care costs for rural families and businesses.”

The Access Project’s Health Insurance Survey of Farm and Ranch operators gathered detailed information about the characteristics of respondents’ health insurance policies, including the amount of the premiums, the level of deductibles, and the services covered. Future briefs will investigate the characteristics of insurance that are most likely to leave people vulnerable to financially burdensome health care costs and reduced access to care, as well as investigate the impact of inadequate insurance on respondents’ financial stability. The briefs will be released during the fall and winter of 2007. Interested reporters may download reports at www.accessproject.org.

Members of the press: To register for the audio press conference and receive the call-in number and pass code, contact Andrew Cohen at (617) 654-9911 x231 or acohen@accessproject.org. An interview with a report author or a farmer/rancher who is facing the burden of rising health care costs may also be arranged by contacting The Access Project.

###