



Lincoln Plaza
89 South Street
Suite 202
Boston, Massachusetts
02111

617.654.9911
FAX 654.9922

www.accessproject.org

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Contacts:

Nancy Kohn , The Access Project, (617) 654-9911 x230, nkohn@accessproject.org

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

**FARMERS AND RANCHERS PAY TOP DOLLAR FOR
INADEQUATE HEALTH INSURANCE PROTECTION**

The Access Project report from Great Plains states finds health care costs threatening farmers and ranchers

(Boston, MA)— A new report issued today by The Access Project found that farm and ranch operators, like many Americans, are seriously challenged by the cost of health care.

While the vast majority of farm and ranch operators had insurance coverage, one in four said that health care costs contributed to financial problems for their families. The report, *How Farmers and Ranchers Get Health Insurance and What They Spend for Health Care*, shows a link between how farm and ranch operators get coverage and the amount of their overall healthcare expenses.

The report found that farm and ranch operators are far more likely to purchase coverage on the individual market than the population at large. It cautions that families forced to rely on this market may have no alternative but to pay high premiums for policies that also include significant deductibles, thus resulting in high overall costs for those who experience illness. Research has also shown that Americans delay seeking care due to medical costs and steep insurance premiums.

"Family farmers and ranchers struggling to maintain their operations are not well-served by the current health insurance marketplace," said Carol Pryor, lead author of the report and Senior Policy Analyst at The Access Project. "We found that those purchasing coverage directly on the individual market pay the highest premiums for coverage that often leaves them financially exposed."

Today's report is the second 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:

- Families on average spent \$7,247 in 2006 on insurance premiums and out-of-pocket costs, while individuals spent \$3,619.
- People's overall healthcare expenditures were mainly determined by the market in which they obtained insurance.
- People who paid high premiums (\$500 a month or more) had significantly higher healthcare expenditures than those who paid lower amounts. While just over one-third of those surveyed had policies with high premiums *and* high deductibles (\$500 or more), nearly two thirds of families who bought coverage directly on the individual market had these types of policies.

- Controlling for age and health status, families purchasing insurance from an agent in the individual market spent \$4,359 more than those able to secure insurance coverage through off-farm employment.
- Comparing within premium categories (high/low), those with high deductibles generally had higher overall health care costs than those with low deductibles. For example, among families paying high premiums, those with high deductibles spent 22 percent more than those with low deductibles.
- Four in five families overall had insurance plans with high deductibles, suggesting that more comprehensive coverage with low deductibles is not readily available, especially in the individual market.

"Many people are being forced to make the choice between getting jobs off the farm or ranch to get more affordable insurance, or else they need to use money to pay for medical bills that could otherwise be invested in farm or ranch operations," explained Dr. 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. "Either way, the profitability of their businesses is hurt, which has an impact on the overall economy."

Tim Peterson, a soybean and corn farmer from Rembrandt, Iowa purchases coverage on the individual market. Tim and his family have spent a significant part of their household income on health care costs for the past few years. He and his wife Teresa have separate policies due to her pre-existing health conditions which make her virtually ineligible for comprehensive coverage. "Medical costs make it impossible for our family to save money," said Mr. Peterson. "This past year we spent over \$6,000 in premiums and another \$10,000 in out of pocket expenses. The presidential candidates talk about the health care crisis, but it's really a health cost crisis."

"High health care costs that plague family farmers almost certainly also affect other small rural businesses," said Dr. Jeffrey Prottas, of Brandeis University and a report co-author. "These findings may only be the tip of the iceberg. Other rural Americans may be finding it even harder to find quality affordable health care."

The finding that people paying high premiums were much more likely to have obtained coverage in the individual, non-group market raises concerns regarding policy proposals that look to the individual market as a means to expand coverage. The report states that policymakers may need to recognize that reliance on the private, individual market to expand insurance coverage cannot by itself provide a solution. Rather, to fashion effective solutions, they may need to combine elements that include cost-sharing assistance, market controls to restrain costs and maintain quality, consumer protections, and greater access to existing government-sponsored health care programs.

Additional briefs based on The Access Project's Health Insurance Survey of Farm and Ranch operators will be released during the winter of 2007-08. The reports may download at **www.accessproject.org**.

Members of the press:

To register for the audio press conference and receive the call-in number and passcode, contact either Nancy Kohn at: (617) 654-9911 x230, nkohn@accessproject.org, or Andrew Cohen at (617) 654-9911 x231, acohen@accessproject.org. An interview with one of the report authors or a farmer/rancher challenged by health care costs can be arranged by contacting The Access Project.