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# The Chadron Record

## Medical debt impacts farmers, ranchers

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By Center for Rural Affairs Tuesday, October 13, 2009

On Oct. 7, the Access Project and the Center for Rural Affairs released a study revealing that farmers and ranchers with children and those in poorer health are at increased risk of carrying medical debt.

Farmers and ranchers with such debt face consequences that include reduced access to care and financial problems such as having to use up savings, take out loans, or increase credit card debt in order to pay for medical care. For farmers and ranchers, these consequences can affect not only their families, but also the sustainability of their businesses.

Surveys conducted by the Access Project examined the characteristics of farmers and ranchers who had medical debt and the impact of the debt on their financial situation and ability to access care. The report is based on data gathered through the 2007 Health Insurance Survey of Farm and Ranch Operators, which surveyed over 2,000 family farmers and ranchers in Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota and South Dakota.

According to Carol Pryor, Senior Policy Analyst for The Access Project and co-author of the report, setting appropriate limits on the health care costs that families have to bear is crucial. “The families in our study did not necessarily rack up hundreds of thousands of dollars in debt. But a few thousand dollars in debt, combined with high levels of cost-sharing, can also undermine families’ financial security.”

“The Access Project’s findings demonstrate that health care reform that only protects people from catastrophic debt will not be sufficient. People need to be protected from accruing lower levels of debt as well, through making premiums affordable, providing adequate subsidies and incentives to purchase insurance, placing limits on out-of-pocket costs, and limits on the percent of income people are required to spend on health care,” said Jon Bailey, Rural Research and Analysis Director for the Center for Rural Affairs.

According to the report, special attention needs to be paid to people with chronic illnesses. For example, policymakers could eliminate or lessen co-payments and other out-of-pocket costs for people with chronic illnesses for treatments that are known to be effective.

### Key Findings

The study shows that, along with those with lower and moderate incomes and the uninsured, farmers and ranchers with children and those in poorer health are at increased risk of having medical debt. The consequences of the debt include reduced access to care

and financial problems such as having to use up savings, take out loans, or increase credit card debt in order to pay for care. For farmers and ranchers, these consequences can affect not only their families, but also the sustainability of their businesses.

The study also showed that medical debt is not only the result of catastrophic health care costs; in fact, 60 percent of people with debt in this study owed less than \$2,000. However, this debt may represent the “tip of the iceberg,” as people with medical debt are more likely to have spent more out-of-pocket for health care and to have used up existing resources before accruing debt than those without medical debt.

- People with medical debt spent almost twice as much out-of-pocket for health care as those without medical debt (\$5,222 vs. \$2,629).
- People with medical debt were more than twice as likely to report delaying care as those without medical debt (31% vs. 14%).
- People with medical debt were much more likely to report that they had to draw down resources to pay for care (51%) and that health care costs contributed to financial problems (52%) compared to those without medical debt (21% and 17% respectively).

“Health care costs are among my family’s major expenses, costing more than \$12,000 each year. I could do a lot with some of that \$12,000 — like buy a new tractor. My premiums have risen from \$788 a month in 2007 to \$1027 a month now,” said Craig Pausch, a farmer and rancher from, Hankinson, North Dakota.

“But even with such high premiums, we still have to pay most of our medical bills out-of-pocket because we have a family deductible of \$1500 and on top of that we each have a personal deductible of \$1500,” continued Pausch. “When I had gallbladder surgery in 2005 it took me almost three years to pay off the bills to the hospital and the local health clinic. Right now we’re out of debt, but if we were to have another medical emergency or illness, we don’t have money in hand to pay the deductibles. Do you really think I would be paying \$12,000 a year if I had more choices for my health insurance coverage? That’s why I think it is very important to ensure that a public insurance option be made available for folks like me.”

A full copy of the report can be downloaded at <http://files.cfra.org/pdf/IBNo.6.pdf> or <http://www.accessproject.org/adobe/IBNo.6.pdf>