

# HEALTH CARE IN THE HEARTLAND:

## 2007 Health Insurance Survey of Missouri Farm and Ranch Operators

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## Executive Summary:

**I**N 2007, The Access Project contracted with the U.S. Department of Agriculture to survey 257 Missouri farmers and ranchers to gather data about their health insurance and the burden that health care expenses are placing on farm and ranch families. At the request of the Missouri Rural Crisis Center, Missouri Jobs with Justice and Saint Louis University's Center for Health Law Studies, The Access Project analyzed the survey results for Missouri farmers and ranchers. Key findings include:

- Missouri farm and ranch families spent on average \$6,214 in 2006 on health insurance premiums and other out-of-pocket medical costs.
- People with high premium policies (\$500 per month/ \$6,000 per year or more) spent significantly more overall on health care than those who had low premium policies.
- One out of five Missouri farmers and ranchers surveyed reported that health care costs contributed to their financial problems, including making it difficult to pay off farm or ranch loans, causing

them to delay farm or ranch investments and increasing the need to take off-farm or off-ranch work.

- Farmers and ranchers who purchased policies directly through the individual health insurance market had significantly higher total health care costs than those who were insured through off-farm or ranch employer-sponsored coverage. Controlling for age and health status, families insured through the individual market spent \$2,117 more on health care, on average, than those insured through off-farm or ranch employment.
- Farmers and ranchers who bought insurance in the individual market overwhelmingly reported relying on the costliest types of policies—those with high premiums and high deductibles (more than \$500 a year). The fact that so few of those purchasing insurance in the individual market (five of 35 respondents) had low deductible plans suggests that low deductible plans are not really available in this market.

# Key Findings for Missouri

*Missouri farm and ranch families spent on average \$6,214 on health insurance premiums and other out-of-pocket medical costs.*

The average, or mean, amount that respondent families in the Missouri study spent on health care in 2006 was \$6,214. This includes the costs of health insurance premiums plus other out-of-pocket costs not covered by insurance. These costs include deductibles, co-pays, and charges for services not covered by insurance. The average out-of-pocket costs for medical care were \$1,535 and for prescription drugs were \$633. However, these figures underestimate the total costs of health care because they do not include costs for dental care.

The midpoint, or median, amount that Missouri family farm and ranch survey respondents spent on health insurance and out-of-pocket costs is lower – \$4,700 annually. The median amount of out-of-pocket costs for prescriptions and medical services was \$1,000.

Among the farm and ranch families with insurance who reported the source of their insurance coverage, 91 percent reported having private insurance coverage – that is, insurance obtained through employment or directly in the individual market. A closer examination of these privately insured farmers’ and ranchers’

experiences provides us with a sense of the inadequacy of private insurance protections for rural Missourians. The average amount spent on health care among privately insured families was \$6,475. If we look at those who obtained private insurance through their or their spouse’s off- farm or off-ranch employment, the average amount spent on health care was \$5,780. If we look only at the privately insured families who secured insurance through an agent or company in the individual market, the average amount spent on health care was \$8,979.<sup>1</sup>

*People with high premium policies (\$6,000 a year or more) spent significantly more overall on healthcare than those who had low premium policies.*

Farmers and ranchers with high premium policies—premiums of \$6,000 or more per year—paid more than twice as much (2.14 times more) in total health care expenditures than did those with low premium policies. Those with high deductible plans paid slightly more in total health care costs when they had coverage through low premium policies but slightly less when they had coverage through high premium plans.

## Total healthcare expenditures for premium/deductible categories for families

|                              | Mean         | Median      | Minimum     | Maximum      |
|------------------------------|--------------|-------------|-------------|--------------|
| Low premium low deductible   | \$ 4,982.40  | \$ 3,000.00 | \$ 1,500.00 | \$ 71,700.00 |
| Low premium high deductible  | \$ 5,517.60  | \$ 4,500.00 | \$ 1,510.00 | \$ 25,700.00 |
| High premium low deductible  | \$ 12,360.00 | \$ 9,530.00 | \$ 6,300.00 | \$ 23,700.00 |
| High premium high deductible | \$ 11,184.50 | \$ 9,200.00 | \$ 6,000.00 | \$ 24,250.00 |

# Key Findings for Missouri (cont.)

*One out of five Missouri farmers and ranchers surveyed reported that health care costs contributed to their financial problems.*

Among those farmers and ranchers who said that health care costs contributed to financial problems, the cost of health care not only affected their ability to pay other bills (83.3%) and mortgage and rent (39.6%), but also affected their farming and ranching business by making it difficult to pay farm loans (29.2%), causing them to delay farm or ranch investments (39.6%), and increasing the need to take off-farm or ranch work to help pay medical bills (31.3%).

About 15% of Missouri farm and ranch operators reported they had outstanding debt caused by unpaid medical bills. The median amount of medical debt reported was \$1,000.

*More than one in ten farmers and ranchers said they had delayed care because of cost.*

About 16 percent of Missouri respondents said they or a household member delayed seeking needed health care. Of respondents who reported they had delayed seeking health care, nearly 72 percent (or 11 percent of the sample overall) indicated that the primary reason for the delay was because they could not afford the cost of care. This is lower than the 37 percent of Americans, and 28 percent of continuously insured Americans, who reported in 2006 that they or a family member put off medical treatment because of cost.<sup>2</sup>

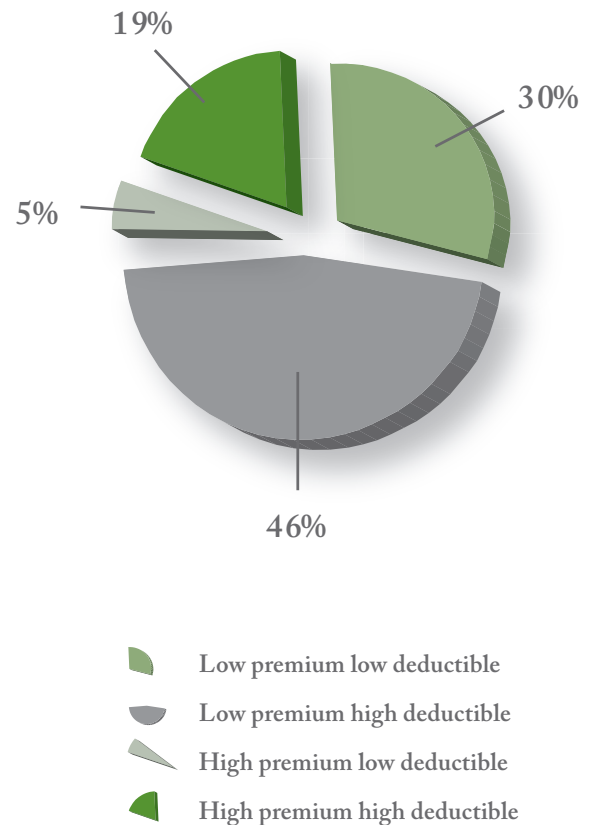
*Costs also affected farmers' and ranchers' ability to purchase health insurance. A majority of uninsured farmers reported they did not have insurance because premiums were too expensive.*

Ten percent of Missouri farmers and ranchers surveyed were without health insurance in the previous year. Of those who were uninsured, most reported they did not have health insurance because premiums were too expensive. Some were unable to purchase insurance, for example because of a pre-existing condition or past illness. Only a few respondents said they did not see the value of purchasing insurance.

*"The cost of health care is out of sight. Many people cannot afford high insurance premiums, so without insurance [they] are delaying seeking medical attention, physicals etc. until they go onto Medicare."*

*-Survey Respondent*

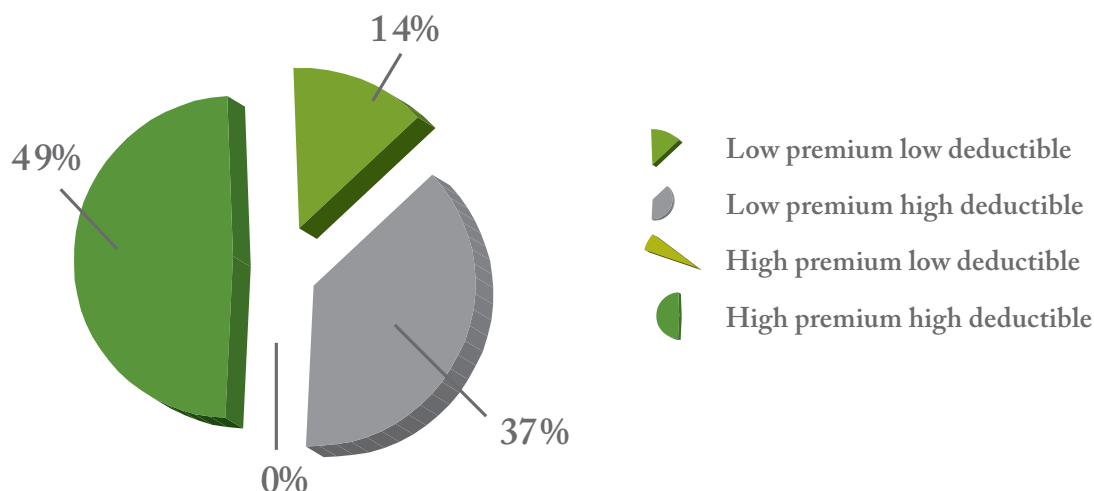
## Premium/Deductible Categories for Respondents with Off-farm or Ranch Employment Sponsored Coverage





# Key Findings for Missouri (cont.)

## Premium/Deductible Categories for Respondents with Individual Market Coverage



*Farmers and ranchers who purchased policies directly through the individual health insurance market had significantly higher total healthcare care costs than those who obtained their health insurance through off-farm or ranch employer-sponsored coverage.*

Controlling for age and health status, families who got insurance on the individual market spent \$2,117 more on health care, on average, than those who got insurance through off-farm or ranch employment. Moreover, families who got insurance on the individual market spent \$5,127 more on health care, on average, than those who got coverage through government-sponsored insurance. (Data analysis not shown.)

*Farmers and ranchers who bought insurance in the individual market overwhelmingly reported relying on the costliest types of policies—those with high premiums and high deductibles—suggesting that lower cost plans are not readily available in the private individual insurance market.*

Nearly half ( 49%) of farmers and ranchers who directly purchased health insurance in the individual market had the most costly form of health insurance—high premium/ high deductibles policies—compared with only 19 percent of those with off-farm or ranch employer-sponsored insurance.

# Policy Recommendations

Farmers and ranchers are an important part of Missouri's population and the state's economy. Missouri has 104,500 farms, more than any other state except Texas. Missouri farms tend to be small and diversified, averaging only 287 acres compared to the national average of 449 acres.<sup>3</sup> This seems to be reflected in the survey findings showing that Missouri farmers and ranchers depend more on off-farm or ranch employment for income and as a source of employer-sponsored health insurance than do farmers and ranchers in other states included in the survey.

Although 90 percent of the Missouri farmers and ranchers in this survey said they had health insurance in the past year, many reported high health care costs that adversely affected their ability to meet other financial obligations. On average, Missouri farmers and ranchers reported spending \$6,214 in 2006 for health insurance premiums and other out-of-pocket costs. Most respondents (53%) reported net household incomes between \$40,000 and \$99,000. Thus the typical Missouri farm or ranch family is spending between six percent and 16 percent of their income on medical costs. Health care policy makers generally classify people who live in households that spend more than ten percent of their income on health care as experiencing a financial burden from health care costs.<sup>4</sup>

Missouri farm and ranch families who reported having low premium plans with high deductibles spent more on average than those with low premium plans with low deductibles. Families with high premium plans that also had high deductibles spent slightly less than those with high premium plans with low deductibles. However, for families purchasing on the individual health insurance market, it appears that they may not have access to high premium policies with low deductibles since none of the survey respondents had this type of coverage.

The private, individual market is not working for many Missouri farm and ranch operators since it leads farm and ranch families to obtain the most



expensive insurance policies that result in the highest overall expenses. Missouri farmers and ranchers who buy health insurance directly in the individual market face the same challenges as other small business owners and individuals who purchase insurance directly.

Missouri policymakers must recognize that reliance on the private, individual market cannot by itself provide a solution to the challenge of ensuring access to affordable comprehensive insurance protection. More effective solutions may require a combination of elements such as limits or caps on deductibles and other out of pocket costs, premium assistance for individuals and small business owners, and rules requiring insurance companies to spend a minimum percentage of premium dollars on medical care. Other strategies to be considered include increasing access to existing public insurance programs and increasing opportunities for farmers and other small businesses to benefit from health insurance pools that effectively spread risk.

# About the Survey

In 2007, The Access Project joined with the University of North Dakota Center for Rural Health and Brandeis University to gather information about farmers' and ranchers' health insurance and the burden that healthcare expenses place on farm and ranch families. The Access Project contracted with the United States Department of Agriculture, The USDA National Agricultural Statistics Service, to conduct a telephone survey of non-corporate farm and ranch operators in seven Great Plains states: Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota. A total of 2,017 farm and ranch operators responded to the survey. At the request of Missouri Rural Crisis Center, Missouri Jobs with Justice, and Saint Louis University's Center for Health Law Studies, The Access Project analyzed the survey results for Missouri farmers and ranchers. Thirteen percent of the survey respondents (257) were farm and ranch operators living in Missouri.

A majority of Missouri farmers and ranchers surveyed (53%) reported net household incomes between \$40,000 and \$99,000. Twenty-seven percent had incomes below \$40,000, seven percent had incomes less than \$20,000 and 13 percent earned over \$100,000. For comparison, in 2006 the median household income in Missouri was \$44,579.<sup>5</sup>

Twenty-eight percent of those surveyed said that farming or ranching was their principal occupation, while 59 percent reported their principal job was off the farm or ranch.

Ninety percent of Missouri farmers and ranchers reported that all members of their households were continuously insured. This is slightly higher than the 87 percent health insurance rate reported for all Missourians in 2006.<sup>6</sup> Five percent of farmers and ranchers in the survey reported being uninsured for the full year, and five percent reported that one or more family members were uninsured at some point during the year.

Of those Missouri respondents with insurance who reported the source of their insurance coverage, over two-thirds (70%) got their health insurance from off-farm or off-ranch employment. Twenty-one percent purchased health insurance directly from an insurance agent or company. Ten percent were covered by government-sponsored health insurance such as Medicaid, Medicare, or the Veterans Administration.

*"I can't afford to drive to Kansas City just to go where they tell me. When we pay so much for the premium, they shouldn't be able to control where you go. I need certain types of doctors, and I had to make four trips out-of-state just to see a specialist the insurance would cover."*

*-Survey Respondent*

# Acknowledgements

This report is the result of a joint effort of The Access Project; Brandeis University; and Saint Louis University School of Law, Center for Health Law Studies. It is based on data gathered by the United States Department of Agriculture National Agricultural Statistic Service (NASS) under a contract with The Access Project.

We would like to thank David Knopf, Director of the North Dakota NASS Field Office for his assistance, encouragement and overall management of the survey effort. We extend a special thanks to Jodie Sprague and her team of enumerators at the Montana NASS Field Office for their diligence in surveying farm and ranch operators. We are particularly grateful to all of the Missouri farm and ranch operators who generously gave their time and willingly shared information. We hope that this report, based on their experiences, will be useful in improving the health care coverage and health access for rural Americans.

Steve Fournier at Brandeis University deserves special thanks for his patience and responsiveness to our request for data runs. His assistance with the statistical analysis was vital to our work. We also wish to recognize the important contributions of Amy Smoucha of St. Louis Area Jobs with Justice to the development of this report. Finally, we want to acknowledge the support of Barry Backer, Primary Care and Rural Health, Missouri Office of Rural Health, Department of Health and Senior Services. The generous financial support from the Missouri Foundation for Health made this report possible. The overall 2007 Health Insurance Survey of Farm and Ranch Operators was funded by the W.K. Kellogg Foundation, Mid-Iowa Health Foundation, Iowa Department of Public Health, Minnesota Office of Rural Health and Primary Care, Nebraska Office of Rural Health, North Dakota State Office of Rural Health, Americans for Health Care and Pioneer Hi-Bred, A DuPont Company. We are grateful for their support.



# Appendix A

## Type of Insurance by Source of Coverage for Missouri Farm Families

| Type of Insurance            |              |                   | Government<br>Sponsored<br>Program | Source of Coverage<br>Off-farm/ranch<br>Employment<br>Coverage | Individual<br>Market<br>Coverage | Total      |
|------------------------------|--------------|-------------------|------------------------------------|--|----------------------------------|------------|
|                              |              |                   |                                    |  |                                  |            |
| Low premium low deductible   |              | Number<br>Percent | 9<br>18.8                          | 34<br>70.8   | 5<br>10.4                        | 48<br>100  |
| Low premium high deductible  |              | Number<br>Percent | 4<br>5.7                           | 53<br>75.7   | 13<br>18.6                       | 70<br>100  |
| High premium low deductible  |              | Number<br>Percent | 0<br>0.0                           | 6<br>100.0   | 0<br>0.0                         | 6<br>100   |
| High premium high deductible |              | Number<br>Percent | 2<br>4.9                           | 22<br>53.7   | 17<br>41.5                       | 41<br>100  |
|                              | <b>Total</b> | Number<br>Percent | 15<br>9.1                          | 115<br>69.7  | 35<br>21.2                       | 165<br>100 |
|                              |              |                   |                                    |  |                                  |            |

*“Premiums keep going up every year, and we have never used [our] insurance. I think it’s ridiculous that the premium is going up, when we have never used any insurance.”*

*-Survey Respondent*



# Endnotes

<sup>1</sup>The Survey asked respondents whether they had various kinds of insurance, such as Medicaid, Veterans Benefits, or health insurance purchased through an off-farm job or their spouse's job. It also asked if they had health insurance "that you purchased from an Insurance agent or company." As the survey sample was designed to exclude corporate farms and over 80 percent of the respondents identified themselves as sole proprietors, we categorized people who said they purchased from an agent or company as having individual, non-group insurance. It is possible that some of these respondents had small group insurance, although it is unlikely that they constituted a significant part of the sample. If some respondents had small group rather than individual, non group coverage, it would probably result in an underestimation rather than an overestimation of the total healthcare expenses of those in the individual market.

<sup>2</sup>ABC News/Kaiser Family Foundation/USA Today, Health Care in America 2006 Survey, Henry J. Kaiser Family Foundation, October 2006.

<sup>3</sup>United States Department of Agriculture, National Agricultural Statistics Service, 2002 Census of Agriculture, available at [http://www.nass.usda.gov/Data\\_and\\_Statistics/Quick\\_Stats/](http://www.nass.usda.gov/Data_and_Statistics/Quick_Stats/).

<sup>4</sup> See for example J. Banthin et al., "Financial Burden of Health Care, 2001-2004," Health Affairs, January/February 2008.

<sup>5</sup> U.S. Census Bureau, Historical Income Tables - Households, available at <http://www.census.gov/hhes/www/income/histinc/h08.html>.

<sup>6</sup> U.S. Census Bureau, Table 1, <http://www.census.gov/hhes/www/hlthins/historic/hihist4.html>.

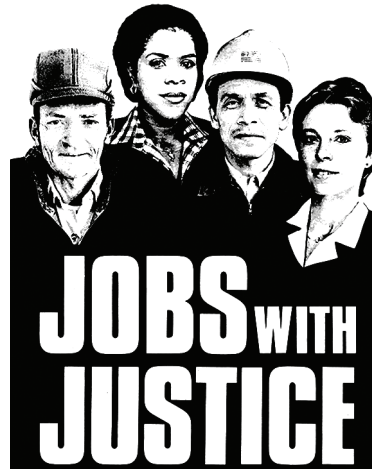
# Partners On This Report

**The Missouri Rural Crisis Center (MRCC)** is a statewide farm and rural membership organization founded in 1985 with over 5600 member families. Our mission is to preserve family farms, promote stewardship of the land and environmental integrity and strive for economic and social justice by building unity and mutual understanding among diverse groups, both rural and urban. We carry out this mission through our programming areas, each with its own specific role in advocating for the family farm system of agriculture.

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**Missouri Jobs with Justice (JwJ)** is a coalition of 95 labor, community, student and religious organizations organized to win concrete victories that improve the lives of working people and families. We engage people in addressing the root causes of poverty, organizing support for workers, and for an economic base that respects the dignity of the entire community. Among our members and leaders, the fight for quality, affordable health care for all is among our highest policy priorities, and our leaders see health care reform as the keystone in the struggle to move families out of poverty, improve the economic conditions of working people and preserve America's middle class.

**Missouri Jobs with Justice (JwJ)**  
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**The Access Project (TAP)** has served as a resource center for local communities working to improve health and healthcare access since 1998. The mission of TAP is to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable. TAP conducts community action research in conjunction with local leaders to improve the quality of relevant information needed to change the health system. TAP's fiscal sponsor is Third Sector New England, a nonprofit with more than 40 years of experience in public and community health projects. TAP is affiliated with the Heller School for Social Policy and Management at Brandeis University.

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