2007 Health Insurance Survey of Farm and Ranch Operators

A Study Conducted by
The Access Project

in partnership with
The Center For Rural Health, University of North Dakota
&
Brandeis University

Survey done under contract by
USDA National Agricultural Statistical Service
The Access Project

- National research and advocacy organization supporting local access improvement efforts
- Mission: work to strengthen community action, promote social change, and improve health, especially for those who are most vulnerable.
- Initiated in 1998 through Robert Wood Johnson Foundation grant
- Inform policy discussions and provide technical assistance to local efforts through research, policy analysis, community engagement, and communication services
Why Study Farmers and Ranchers?

- 2006: Access Project published *Losing Ground*
  - Researching medical debt, interested in examining issue among farm and ranch producers
  - Partnered with Kansas Farmers Union
  - Almost all respondents were insured
  - Nearly 1/3 of non-elderly respondents had medical debt
  - Many delayed or avoided care, used up savings, or increased credit card debt due to health care costs
- Contacted by U. of N.D., Center for Rural Health to expand the study
- Important small businesses population, interested in learning more about health insurance cost and quality
Health Insurance Survey of Farm and Ranch Operators

- Partnered with the Center for Rural Health at the University of North Dakota School of Medicine & Brandeis University
- Contracted with the USDA’s National Agricultural Statistical Service
- Survey conducted in Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota
- Done with support of the State Offices of Rural Health in all seven states
Methodology

- The Access Project and the Center For Rural Health developed and tested survey instrument
- NASS drew random sample from current comprehensive list of farm/ranch operators
- List sorted by state and county to assure geographic distribution
- Ages - over 18 and under 65
- Sole proprietors and partnerships; excluded corporate farmers and ranchers
How was the survey conducted?

- Letter sent in advance to all prospective respondents
  - Contact information for State Office of Rural Health if questions
- NASS converted the survey instrument into a Computer Assisted Telephonic Interview (CATI) protocol
- Survey protocol tested in Jan 2007
- Survey conducted in Feb and March of 2007
- 2017 respondents, response rate of 79.7%
Information Gathered

- Insurance coverage
  - Type of insurance
  - Source of insurance (on or off farm employment)
  - Premium costs
  - Amount of deductibles
  - Other out-of-pocket health care expenses
- Prevalence and sources of financial hardship and medical debt
- Consequences of health care expenses
  - Impact on access to care
  - Financial consequences
What we hoped to learn

- Quality of insurance coverage available to the self-employed and small business
- Overall health care costs
  - Premiums, deductibles, Rx, co-pays
- Impact of insurance and health care costs
  - On families
  - On farms/ranches as businesses
- Potential impact on rural economy and health care delivery system
Findings: Demographics

- Respondents were
  - Male (91%)
  - White (97%)
  - Married (86%)
  - Over age 44 (79%)
  - In good health (63% excellent or very good)

- Respondent incomes
  - Most between $40,000 and $100,000 (49%)
  - 37% <$40,000
  - 14% >$100,000
Findings: Business Structure

- 81% -- Sole Proprietors
- 10% -- Partnerships
- 5% -- Incorporated


- 98% of farms were proprietorships, partnerships, or family corporations
- 90% of farms were small family farms (gross sales <$250,000)
Findings: Primary Employment

- 55% -- farming/ranching
  - Mean percentage of income derived from farm/ranch operation 71%
- 38% -- off-farm/ranch employment
  - Mean percentage of income derived from farm/ranch operation 18%

USDA, Structure and Finances of U.S. Farms, Family Farm Report, June 2007
- Small family farmers less likely to rely primarily on farms for their livelihood than large family farmers
Findings: Health Insurance

- Almost all (90%) insured
  - All family members continuously insured previous year
  - Compares to 72% national rate*

- Among those with insurance
  - 10% -- government-sponsored program
  - 54% -- off-farm or ranch employment
  - 36% -- direct purchase from agent
    - national average 8%**

- 21% incurred medical debt

*Commonwealth Fund, Losing Ground 2008
** Commonwealth Fund, Squeezed, 2006
Health Care Costs

- Families on average spent $7,247 annually on premiums and out-of-pocket costs (excluding dental).
- Overall expenditures largely determined by market in which insurance obtained.
- Controlling for other variables, families who purchased on individual market spent on average:
  - $5,204 more than those on government programs
  - $4,359 more than those with insurance through employment.
Costs Largely Depend on Source of Insurance

For all respondents, including households of one

<table>
<thead>
<tr>
<th>Source of Insurance</th>
<th>Median Amount Spent (N=1606)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct purchase</td>
<td>$11,200</td>
</tr>
<tr>
<td>Off-farm/ranch employment</td>
<td>$5,600</td>
</tr>
<tr>
<td>Government-sponsored program</td>
<td>$3,600</td>
</tr>
</tbody>
</table>
Financial Burden of Health Care Costs – Percent of Income

- 44% spent more than 10% of net income on premiums plus out-of-pocket costs

- Key predictors for percent of income
  - Source of insurance – non-group market
  - Health status (good, fair or poor)
  - Insurance status (time without insurance)
  - Principal occupation farming
  - Income (under $20,000)
Almost 1 in 4 (23%) said healthcare expenses contribute to their financial problems.
All spent at least 10% on income on health costs

Key predictors for self report
- Percentage of income spent on health care
- Resources used to pay for health care (borrowing)
- Health status (good, fair, poor)
Who experiences financial problems because of health care costs?

- Percent of income spent on health care

![Graph showing average percent of income spent on healthcare among those who spent more than 10% of income on healthcare. N=946.]

- Did not report financial burden:
  - Spent More Than 10% of Income on Health Care

- Did report financial burden:
  - Spent More Than 10% of Income on Health Care

- 32% of those who spent more than 10% of income on healthcare did not report financial burden.

- 42% of those who spent more than 10% of income on healthcare did report financial burden.
Drawing on resources to cover health care costs

- A quarter (26%) of respondents had to draw on resources to pay for health care
  - Of these, two-thirds (65%) used family savings
  - Many had to borrow: retirement account, farm/ranch loan, bank/payday lender loan, family/friends, increased credit card debt, other
Type of Financial Problems Caused by Health Care Costs

Financial Problems Experienced Because of Healthcare Costs
among those who experienced financial problems
N=464

- Difficulty paying rent: 22%
- Difficulty paying farm/ranch loan: 17%
- Difficulty paying other bills: 64%
- Delayed making needed farm/ranch investment: 34%
- Took off-farm/ranch work or worked more: 29%
Resources Used to Pay for Health Care

Resources Used to Pay Healthcare Costs among those who used resources
N=519

- Family savings: 65%
- Withdrew from retirement account: 10%
- Borrowed against home/farm/ranch: 11%
- Borrowed from bank or payday lender: 17%
- Borrowed from friends or family: 9%
- Increased/incurred credit card debt: 22%
- Borrowed other: 4%
Research and Policy Questions

- Refine what constitutes “affordable” insurance
  - Full costs need to be considered: premiums and out-of-pocket costs
- Quantify the financial effects of health care expenses on family farm and ranch operations
- Further examine how high health care costs impact rural economies
  - Nationally in 2004, small family farms accounted for 15% of value of farm production*

*USDA, Structure and Finances of U.S. Farms, Family Farm Report, June 2007
Research and Policy Questions

- Can the non-group insurance market serve as an effective vehicle for expanding health care coverage?

- What other options can help the self-employed and small business people?
What’s Next?
Continue Analysis of Survey Data

- Future briefs
  - The impact of dental costs on overall health care costs and financial hardship
  - Which farm and ranch families are uninsured
  - The access consequences of healthcare costs
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