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# **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

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- 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?

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- 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

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- 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

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- 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?

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- 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

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- 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

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- 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

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- 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

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- 81% -- Sole Proprietors
- 10% -- Partnerships
- 5% -- Incorporated
  
- Comparable National Data (2004)  
USDA, *Structure and Finances of U.S. Farms, Family Farm Report*, June 2007
  - 98% of farms were proprietorships, partnerships, or family corporations
  - 90% of farms were small family farms (gross sales <\$250,000)

# Findings: Primary Employment

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- 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%
  
- Comparable National Data (2004)  
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

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- 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 Squeezed*

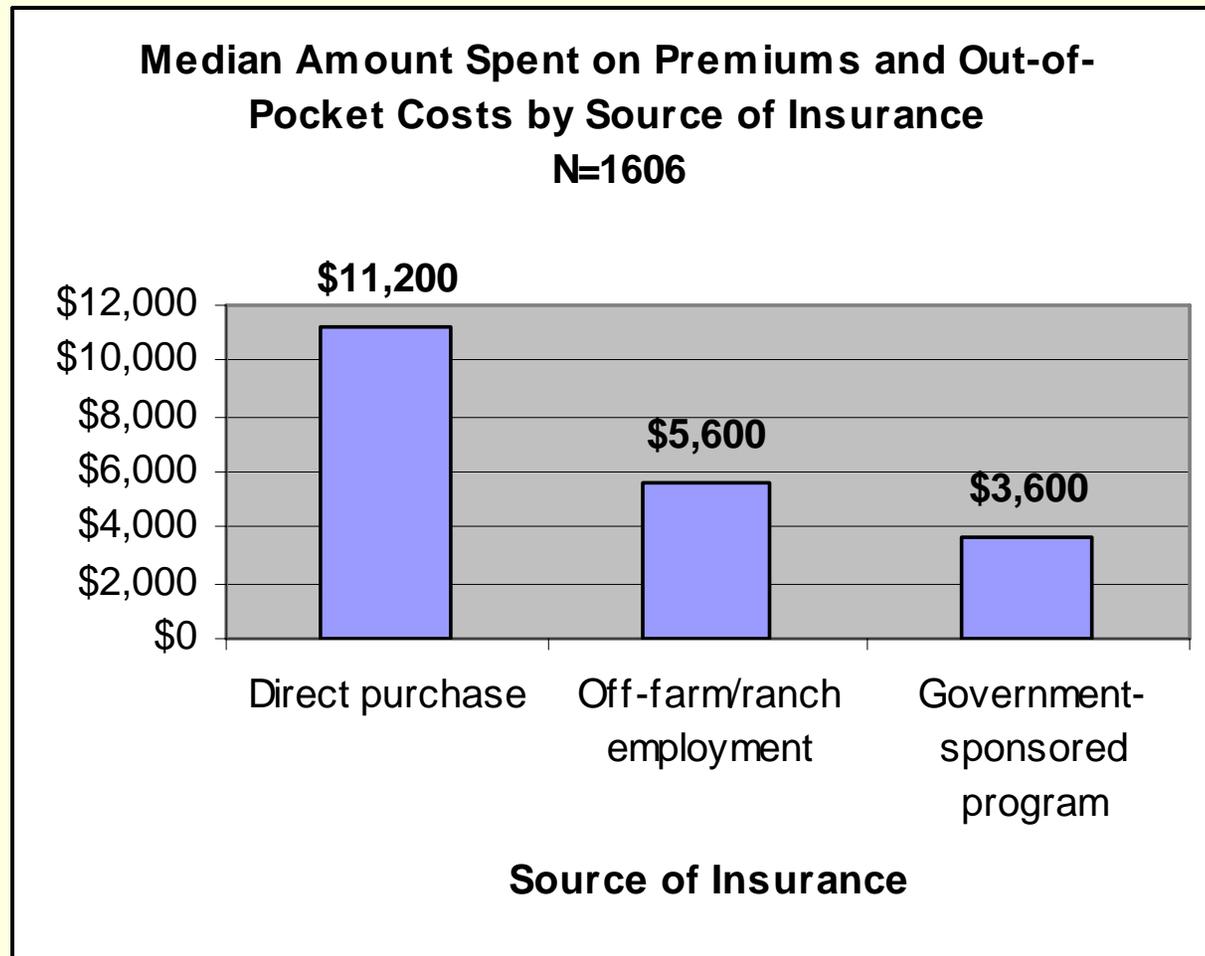
\*\* Commonwealth Fund, *Squeezed*, 2006

# Health Care Costs

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- 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

# Financial Burden of Health Care Costs – Percent of Income

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- 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)

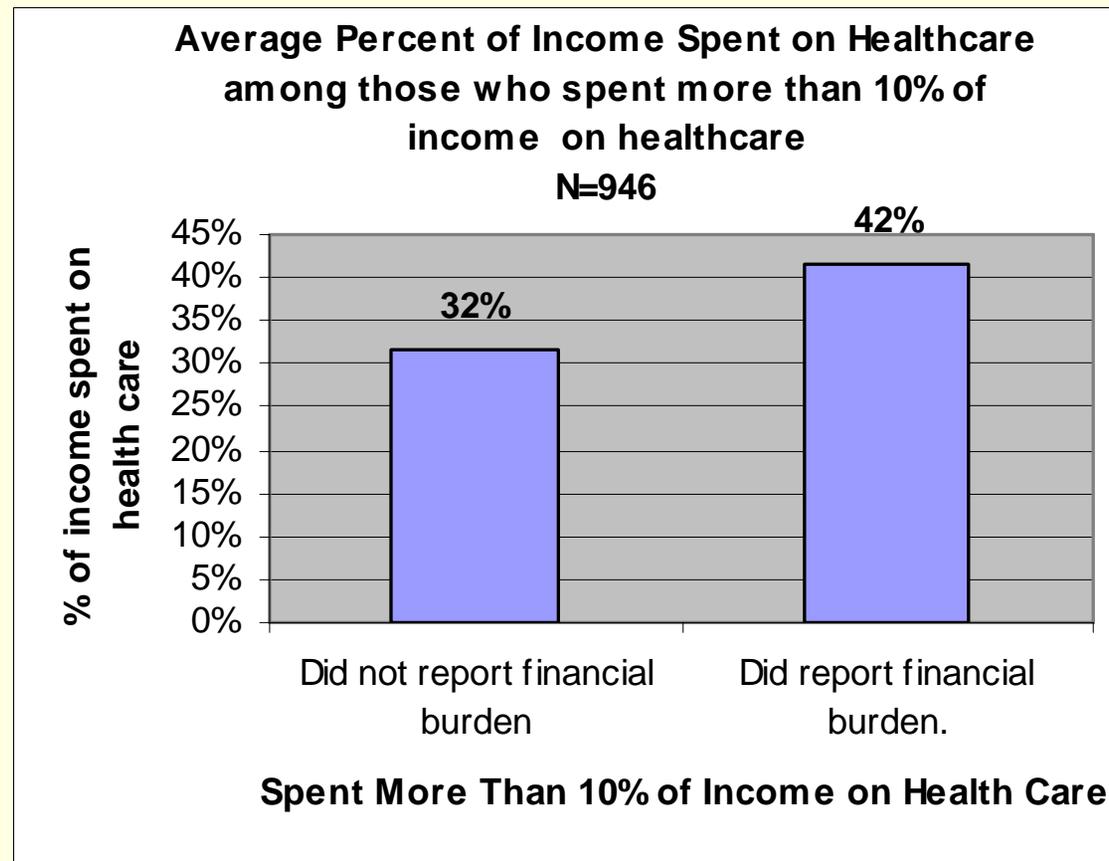
# Financial Burden of Health Care Costs – Self Report

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- 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

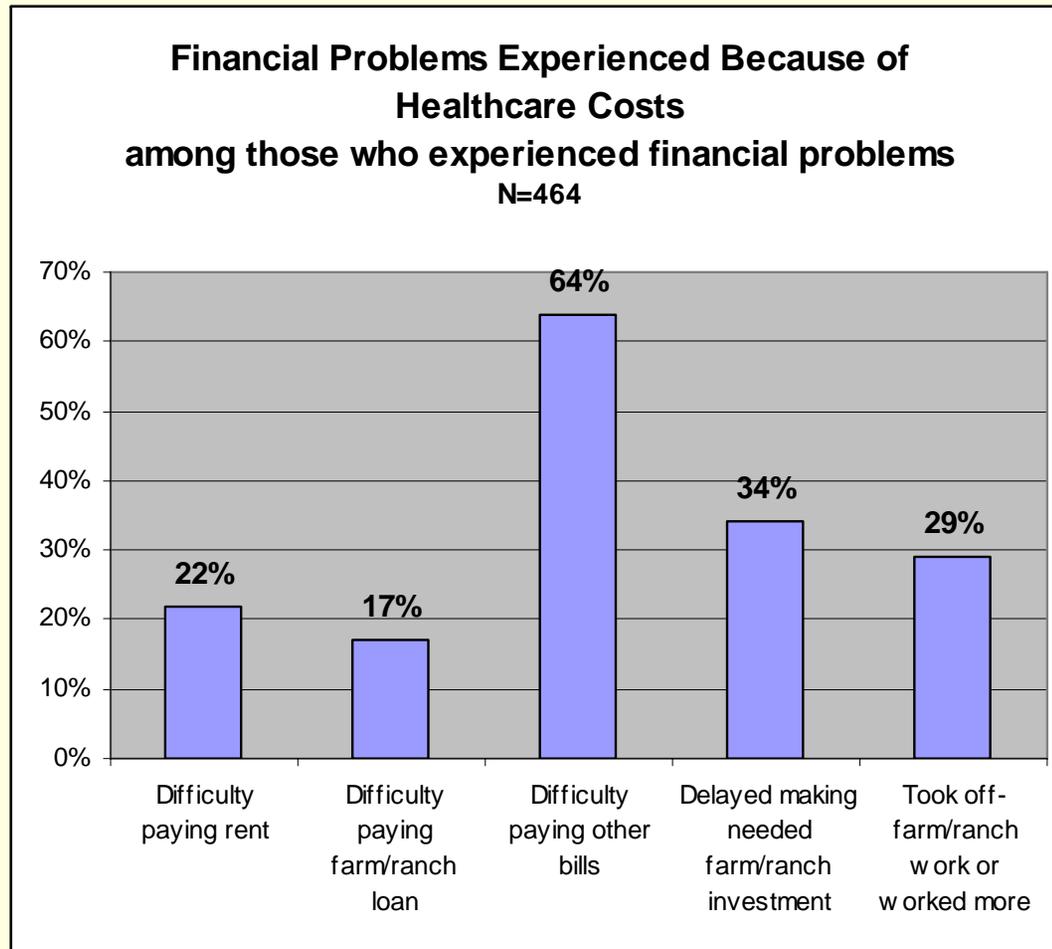


# Drawing on resources to cover health care costs

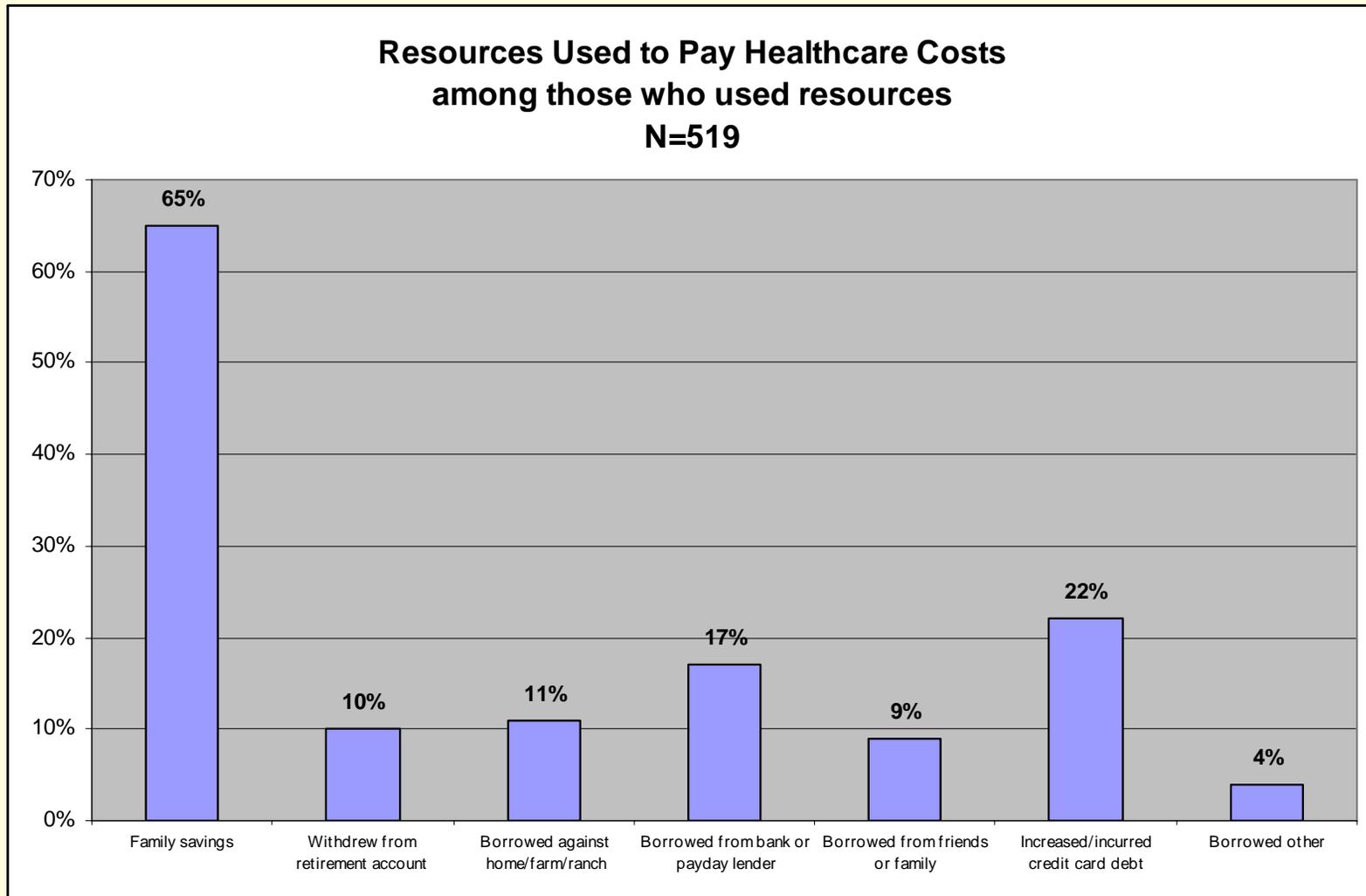
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- A quarter (26%) of respondents had to draw on resources to pay for health care
  - Of these, two-thirds (65%) used family savings
  - Many had to borrow: retirement account, farm/ranch loan, bank/payday lender loan, family/friends, increased credit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

# Type of Financial Problems Caused by Health Care Costs



# Resources Used to Pay for Health Care



# Research and Policy Questions

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- 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

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- 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

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- 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

# For More Information Please Contact:

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Mark Rukavina  
The Access Project  
89 South Street Suite 404  
Boston MA 02111  
Tel: (617) 654-9911

or

Alana Knudson, PhD  
Associate Director for Research  
Center for Rural Health  
University of North Dakota School of Medicine and Health Sciences  
501 N. Columbia Rd., Stop 9037  
Grand Forks, ND 58202-9037  
Tel: 701-777-4205

