Connecting Health Insurance and Agricultural Viability: Helping farmers and ranchers address health-related risks

Webinar
October 10, 2017
1:30-3:30 Eastern Time

Welcome
Starting a conversation about the tie between health insurance and agricultural viability
Professional Development & Education

Geographic Spread of Webinar Registrants
Overview of Webinar

Polls and Chats
HIREDnAg Research Study Findings
Tools and Resources To Start Conversations
Q&A Sessions
Actions To Take

Poll 1: Why Participate?
Poll 2: Tie Between Health Insurance and Agricultural Viability

PRIOR RESEARCH

2007 ACCESS Project (7 Great Plains states)
- 25% reported health care expenses contributed to financial problems
- 20% reported debt from medical bills

2007 USDA-NRI Project
Barriers to Farm Persistence & Growth

<table>
<thead>
<tr>
<th>Commercial Farmer Issues</th>
<th>% Serious Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cost of health insurance</td>
<td>65%</td>
</tr>
<tr>
<td>2. Cost of farm inputs</td>
<td>61%</td>
</tr>
<tr>
<td>3. Cost of farmland</td>
<td>58%</td>
</tr>
<tr>
<td>4. Net income from farm</td>
<td>44%</td>
</tr>
<tr>
<td>5. Current prices for my farm products</td>
<td>44%</td>
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</tbody>
</table>
Research and Extension Team

Project Directors

Shoshanah Inwood
SIMI
The Ohio State University

Alana Knudson
Walsh Center for Rural Health Analysis, NORC

Project Team

University of Vermont
University of Maryland Extension
Northeast Rural Development Center
North Central Rural Development Center
Southern Rural Development Center
Western Rural Development Center

The project was supported by the Agricultural and Food Research Initiative Competitive Program of the USDA National Institute of Food and Agriculture (NIFA), grant number 2015-2014-05623

4 Year Research and Extension Goals

How Does Health Insurance Impact

- Economic development through food and agriculture
- Farm and Ranch
  - Development
  - Workforce Vitality
  - Risk Management
  - Quality of Life
  - Family Health

2014-2018 Research and Extension Activities

Extension and Technical Assistance Research

National focus groups
  - Extension
  - Technical Assistance Providers
  - Tax Accountants

Development of Tools and Resources

Help Us Evaluate!

Farmer Research

Longitudinal Farm & Ranch Family Interviews

Farm Household Survey 2016

10 Case Study States
  - VT, MA, PA, KY, MS, NE, MI, UT, WA, CA
**Results**

Interviews with Farm Families in 10 States  
Household Survey  
Sample Size = 1,062  
Average Age = 60.4 years old

<table>
<thead>
<tr>
<th>Multi-generation Farmer or Rancher</th>
<th>61.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Farmer or Rancher</td>
<td>13.2%</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>&lt;$10,000</td>
<td>34.7%</td>
</tr>
<tr>
<td>$10,000 to 249,999</td>
<td>30.1%</td>
</tr>
<tr>
<td>$250,000 to 499,999</td>
<td>4.1%</td>
</tr>
<tr>
<td>$500,000+</td>
<td>11.1%</td>
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</tbody>
</table>

Inwood et al. In Review.  
Health Insurance and National Farm Policy  
CHOICES

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**Tool 1**

**Issue Overview Video**

*Healthy Farmers  
Prosperous Farms*

As You Watch Reflect On:

What did I hear or learn that surprised me?

*Share in chat box*

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**Poll 3: Use the video?**

Please share any feedback in the Q&A box so we can adapt these tools to be most effective and useful.
Farmers Wear Two Hats

Individual & Family

Employer

Poll 4: Do You Have Health Insurance?

2016 Health Insurance Coverage

One in 10 respondents do not have health insurance.
High cost of premiums
Deductible
Alternatives and preventative methods:
  • Food as medicine
  • Chiropractic care
  • Bartering for health care
  • Being Cautious
Health Insurance & Risk Management

- Health Insurance
  - Important Risk Management Strategy: 73%

Farmer Health

- Pre-Existing Health Condition
  - No: 36%
  - Yes: 64%

- Health Condition Making It Hard to Farm
  - No: 60%
  - Yes: 40%

Planning & Coverage

- Health Savings Account (HSA)
  - Insured: 24%
  - Two or More Plans: 13%

- Health Savings Account (HSA)
  - Insured: 76%
  - Two or More Plans: 44%
  - Multiple Plans: 30%
Health Insurance and Risk Management

Health Insurance access and use change along the life course

Multi-generation Farm Couple in their 50’s

Off-farm employment with Benefits

Stage 4 Throat Cancer

Lose off-farm job

Individual Market

Production system change based on health

“We want the minimal care but we’re scared of catastrophic.”

Health Insurance Aging Along the Life-Course

-Delay health care till age 65 and eligible for Medicare.

“Once we hit 65 everything was taken care of”
-Kentucky Farmer

“I have a Christian Managed Health Care Account. I need a shingles vaccine. They don’t cover it. I’ll wait two years till I’m 65 and then Medicare will cover it”
-Michigan Grower
Farm Succession and Land Transfer

Able to pay costs of a major illness

48% Confident

52% Not Confident

Concerned will have to sell farm assets to address health related costs

55% Yes

45% No

Farmland Access Bottleneck for Next Generation

• Health Insurance
• Health Care Costs
• Land Costs
• Capital and Credit
• Succession Planning
• Retirement Planning

Growing the Next Generation of Farmers and Ranchers

Parental Coverage to Age 26

Young Families with Children

18-35 Years Old

Farm Viability

On-Farm vs. Full-Time Off-Farm Job with Benefits

2 out of 5 Enrolled in Public Health Insurance
“I'm a believer that my family would have been a little better off if I was just working part time. I wish that health insurance was offered for part time 30 hours a week work...you'd get more done so you're not doing everything in the dark at 11 o'clock at night.”

Health Insurance is Linked to:
- Farm Family Health & Quality of Life
- Risk Management & Farm Economics
- Off-farm Employment with Benefits
- Retirement & Long Term Planning
- Land Access for the Next Generation
- Rural Development
Poll 5: HIREDnAg National Survey Question
Should USDA represent farmer needs in national health insurance policy discussions?

74% Yes
26% No

The Farm Bill

Coordinated Approach
Helping farmers & ranchers make informed and intentional decisions

**Focus Groups: What Professionals Told Us**

Cooperative Extension should be:

- Increasing professional development and knowledge of applicable resources
- Spanning the boundaries between agriculture and health sectors
Focus Groups: What Professionals Told Us*

Use three strategies:

1. Identify key farm and ranch decision makers
2. Embed health insurance topics into broader programming
3. Disseminate information through multiple channels


Tool 2
Research Brief for Conversations

Results from 2017 National Farmer and Rancher Survey

Tool 3
Health Insurance & Farm Risk Management
Helping farmers and ranchers make informed and intentional decisions

Tool 4
Questions to Ask: Managing Health Care Costs and Risks

Jake Jacobs
Crop Insurance Education Coordinator
University of Vermont
Jake.Jacobs@uvm.edu

The University of Vermont
Where do health care costs fit in?
Questions to Ask: Managing Health Care Costs and Risks

Understanding and Estimating Health Care Costs

Helping farmers make informed and intentional decisions

Maria Pippidis
County Extension Director and Family Economist
University of Delaware Cooperative Extension
Pippidis@udel.edu

Tools from the Smart Choice/Smart Use™ Health Insurance Literacy Team
Tool 5
Questions to Ask

Costs of Health Care
Step 1: Identify Health Care Needs

Step 2: Compare Plan Offerings

Step 3: Compare Plan Costs on an Annual and Monthly Basis
Step 4: Integrate Costs into the Monthly Financial Plan

Tool 6
Understanding and Estimating Health Care Expenses
Step 1: Identify fixed and flexible health care costs

Step 2: Determine the minimum to save each month.

- Add together the:
  - Annual Deductible
  - Total Flexible Health Care Costs
  - Total Annual Kenon Costs

  By dividing the Total Annual Kenon Costs by 12, you will determine how much money you need to set aside each month for upcoming costs.

  So determine the annual amount:

  $ \frac{12 \times \text{Total Annual Kenon Costs}}{12} = \text{Monthly Amount to Set Aside Over and Above the Monthly Premium}$

Upcoming Consumer Webinar
October 26 and November 1
1-2:30 EST
Where to Find These Tools?
https://extension.umd.edu/insure

Testament From the Field

2-Parts of the Health Care Dilemma

Employer – Employer
(Majority of My Time)
- Understanding health insurance and associated laws
- Compliance
- HR

Farm Owner/Operator and Family
(Today’s Focus)
- Understanding associated compliance laws
- Understanding health insurance
- Risk Management
Typical Case

• Working with farm family on other issue(s) when healthcare insurance becomes a topic
  • Discussion determines needs and fit into short and long-term plans

• Smart Choice
  • Explain health insurance definitions
  • Work through policy options
  • Weigh costs and best fit for family and/or farm needs

• Becomes part of a larger Risk Management Plan
  • Each farm and family is unique with different need/requirements and capabilities

Just One Real Case Example

• Small Dairy – 130 Milking Cows, ~125 acres
  • Mom & Dad early 60’s with 2-children
    –hope to keep farm in family
  • Dad worked farm full-time with a Stage 4 incurable disease
  • Mom worked off-farm to maintain benefits for herself and kids
  • Dad was not covered due to cost prior 2010

Prior to 2010

Without Insurance

Mom & Dad planned to sell property to cover Dad’s medical bills

Hope to use some property for retirement to supplement Mom’s off-farm pension/retirement

After 2010

With Insurance

Dad has health insurance that is more affordable

Son returned to the farm

Transition of management and ownership has begun along with expansion of land base

Final Thoughts

1. Listen
2. Discuss
3. Know (or learn) what are the right questions to ask
4. Know the resources available to assist
5. Develop a plan of action and provide resources
6. Guide the farm/family through a process
7. Let them make the necessary decisions as they are the ones that must live with those decisions
Find Tools You Can Use
https://HIREDnAg.net

Impacts of Successful Extension and Outreach Programs Grant Awarded by the Northeast Region Center for Rural Development

"Developing a Coordinated Community Risk Management Approach to Health and Health Insurance among Farm Enterprises"

Project Partners
• University of Delaware Extension
• University of Maryland Extension
• The Ohio State University
• University of Vermont

Poll 6: Health Insurance and Agriculture Viability
Name one action you intend to make as a result of today’s webinar by typing in the Q&A box.

Poll 7: Action Timeframe

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