

# Health care in rural America

In a recent article, our colleague Alan Guebert wrote that he had to pay “\$170 per month [for] rural internet and telephone service compared to \$50 per month for both” when he moved from town 12 years ago. Today his “basic monthly phone and internet service [cost] nudges \$300 per month.” He lives “just...1.3 miles off a county highway where fiber optic cable [lie] buried in its right-of-way” but can’t access that service.

Extending broadband service to US farms and ranches has been a part of the farm bill discussion over a decade-and-a-half and yet those living outside of rural towns still depend on slower, more expensive services like DSL and satellite.

But broadband is not the only service that is affected by the large spaces, sparse population and long distances that characterize rural areas, especially those in the arid West. Getting to school often involves long rides/drives each day. While urban and suburban residents can jump in the car for a quick run to pick up something at the big box or grocery store for rural residents driving to the nearest store can take an hour or more.

For residents of many rural counties, a trip to the doctor or the nearest hospital involves a long drive. The low population density means that the large number of doctors and multiple hospital systems that are available to urban residents result in significant differences in the cost of health insurance between densely and sparsely populated areas.

In urban areas, insurance companies can negotiate among a number of health care systems to obtain the lowest reimbursement rates and thus lower premiums. And, different companies can make agreements with different systems, resulting in the availability of multiple health insurance plans. In rural areas where there is only one hospital covering a wide area, insurance companies often have little leverage with health care providers and when one insurer does manage to negotiate a reimbursement rate below the list price, that effectively locks competing health insurance companies out of the market in that hospital’s service area.

Without a significant government subsidy or tying insurance company access to more densely populated areas to providing comparable insurance to rural areas in the state, rural residents may find that they have no access to affordable health insurance whether it is under the Affordable Care Act or the Better Care Reconciliation Act that is currently before the US Senate.

The governing dynamic is low population density and a limited number of health care providers. Without finding ways to compensate for these dynamics neither program will benefit a large number of farmers, ranchers, and rural residents.

And yet, according to the 2017 National Farmer and Rancher Survey, “Three out of four farmers and ranchers (74%) believe USDA should represent their needs in national health insurance policy discussions” (<http://tinyurl.com/y9939pfp>). The survey also found that “just over half of farmers and ranchers (52%) are not confident they could pay the costs of a major illness such as a heart attack, cancer or loss of limb without going into debt.”

The lack of affordable health care options results in farmers and ranchers seeking “full-time off-farm or ranch jobs with benefits.” This limits the time that they can devote to developing their operation.

Without solving the health insurance dilemma in a way that meets the needs of farmers, ranchers, and small town residents living in sparsely populated areas, the debate over the government’s role in health care will continue unabated.

*Policy Pennings Column 881*

*Originally published in MidAmerica Farmer Grower, Vol. 37, No. 127, July 21, 2017*

*Dr. Harwood D. Schaffer: Adjunct Research Assistant Professor, Sociology Department, University of Tennessee and Director, Agricultural Policy Analysis Center. Dr. Daryll E. Ray: Emeritus Professor, Institute of Agriculture, University of Tennessee and Retired Director, Agricultural Policy Analysis Center.*

*Email: [hdschaffer@utk.edu](mailto:hdschaffer@utk.edu) and [dray@utk.edu](mailto:dray@utk.edu); <http://www.agpolicy.org>.*

Reproduction Permission Granted with:

- 1) Full attribution to Harwood D. Schaffer and Daryll E. Ray, Agricultural Policy Analysis Center, Knoxville, TN;
- 2) An email sent to [hdschaffer@utk.edu](mailto:hdschaffer@utk.edu) indicating how often you intend on running the column and your total circulation. Also, please send one copy of the first issue with the column in it to Harwood Schaffer, Agricultural Policy Analysis Center, 1708 Capistrano Dr. Knoxville, TN 37922.