

PolicyPennings by Dr. Daryll E. Ray

Farmers have a stake in the health care debate

The issue of universal-or near universal-health care has been in the news for much of the last year as the Obama administration has been seeking to fulfill a promise made on the campaign trail. The Senatorial election in Massachusetts, the State of the Union message, and the discussion between the President and the Republicans in Congress has forced a re-evaluation of how far health-care reform should go and what measures could be taken.

While health care issues take center stage about once every 20 years, it is an issue that we hear farmers talk about year-in and year-out. For many farmers, the concern is not universal coverage, it is their coverage and the coverage of their children who have come back to the farm or might be considering a return to farming.

This ongoing concern on the part of farmers caused us to think about the stake that farmers have in the current debate.

Some farmers or their spouses work for an employer who offers group health care coverage as a part of employment. At times, health care coverage is the primary reason for seeking off-farm employment and staying with it until Medicare kicks in.

The advantage of these employer offered group plans is that they don't require a health examination and generally have a limited period of exclusion for pre-existing conditions as long as the plan is signed up for within a specified time limit, often 90 days, from the date of employment.

Farmers who don't have access to one of these plans face challenges in finding an affordable health care plan. To start with farmers-and others without access to an employer sponsored plan-finding themselves buying a single (as opposed to group) plan for themselves and their family. Almost always these plans cost more than group plans for similar coverage.

The overhead expenses, like advertising and sales commissions, take up a greater portion of the health care premium for single plans than they do for group policies. In addition, a single purchaser does not have the same bargaining power as a large employer with hundreds or thousands potential policy holders.

Even when farmers purchase health care coverage through a plan offered by their farm organization or other intermediary, they face higher costs because, on average, farmers are older than the population as a whole and require more health care services.

In addition they may face higher costs because farming is a more hazardous occupation than work-

ing in an office or even on a factory floor.

As a result of these higher costs, we have observed that younger farmers tend to take the chance on going without coverage until they begin to raise a family or are faced with a serious illness. When they try to purchase insurance at that point, they are faced not only with higher premiums, they find that a variety of pre-existing conditions are excluded from their coverage.

In attempt to make the health care premiums affordable, farmers often end up buying policies with very high deductibles. As a result, they may avoid getting routine health care unless the problems become serious or life-threatening.

Farmers and others living in rural areas discover that the choice of health care plans are more limited than they are in urban communities or areas adjacent to these communities. In general, the fewer the competitors the higher the price for comparable policies.

Health care coverage also can impact the decision of a child to remain on, or return to, the farm after a period of further education. These children are often willing to accept lower and more variable disposable income than they might experience from a job in an urban area.

But the issue that can tilt the decision is not income, it is health care coverage. If they take or keep a job in the city they can receive health insurance for themselves and their family through their employer at a more affordable cost.

As we listen to farmers and the national debate it is clear that health care delivery problems have been identified across the political spectrum. The differences lie in the means that should be used to address those problems.

What is also clear is that under the status quo or under new legislation affecting health care issues, farmers are greatly impacted-often disproportionately-by private rules and public regulations affecting health care delivery.

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