policy pennings

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Elements Of The Health Care Legislation Benefit Farmers

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Over the years as we have talked to farmers about their health care coverage, we find that they fall into four groups. A large number of farmers have a spouse who works in town and has access to health insurance through an employer-paid group insurance program. When asked, these farmers often acknowledge that the health insurance coverage is more important than the salary.

A second group of farmers does not have access to an employer-paid group insurance program and are forced to purchase their insurance either through a farm group or in the individual market. This often means higher premiums and higher deductibles. Except for the largest farmers, every illness is a question of "can we afford to go to the doctor or will it clear up by itself." While some have argued that health care costs are so high because those with employer-paid plans go to the doctor too often, many of the farmers in this situation don't go to the doctor's office often enough.

A number of farmers simply go without health insurance. They can't afford both the insurance premium and the seed and fertilizer they need; and the part-time job in town doesn't provide health care coverage at an affordable price. If they or a member of their family experiences a catastrophic illness, it could mean the loss of the farm.

An increasingly large number of farmers are over the age of 65 and covered by Medicare–Medicare is a form of government-sponsored universal health care coverage. Medicare allows farmers to breath a sigh of relief, the premiums are lower, the spouse can take retirement and join them in working on the farm, and they have access to coverage without exclusions for pre-existing conditions.

When one of the kids indicates an interest in coming back to the farm, their parents remind them that in the city they have shorter work hours, better pay, and employer-paid health care coverage. For the kids, the deciding factor is often health insurance, they can live with the longer hours and lower pay–the rural way of life compensates for those–but they do not want to leave their children and spouse with inadequate health care coverage.

As we listen to the debate over health care program that was adopted by Congress last year, we wondered what it all means for farmers, and so we are going to use this column to look at some of the provisions that went into effect in 2010 or are going into effect in 2011.

Of the 25 provisions that the Henry J. Kaiser Family Foundation identified as going into effect in 2010, several stood out as important for farmers, http://healthreform.kff.org/timeline.aspx. Beginning in September, 2010, the new law allows parents to maintain coverage for their children to age 26 on their individual or group insurance policies. This could be helpful for those with a child who wants to take time off from college or return to the farm.

The new law also provides for the establishment of a process that will review changes in premiums so that insurers will have to justify what appears to be an unreasonable premium increase. Large premium increases have the potential to force people to either increase their deductible level or drop coverage all together.

For farmers covered by Medicare, the new law provides a $250 rebate for those who fall into the "donut hole" of their part D coverage for prescription drugs. The "donut hole" will be further closed in subsequent years.

During 2011, 21 additional provisions will come into effect, some of them for a transitional period of time until the law comes is fully implemented.

One of the provisions "requires health plans to report the proportion of premium dollars spent on clinical services, quality, and other costs and provide rebates to consumers if the share of the premium spent on clinical services and quality is less than 85 percent for plans in the large group market and 80 percent for plans in the individual and small group markets." The requirement to provide rebates becomes effective in 2011.

Many rural areas are medically underserved so the provision that "provides a 10 percent Medicare bonus payment for primary care services" may make it more feasible for doctors to establish a medical practice in a rural area. In addition, "general surgeons practicing in health professional shortage areas" are also eligible for the 10 percent Medicare bonus. This is a welcome turn of events from the days when doctors in rural areas were reimbursed at a lower rate because, as some argued, costs are lower in rural areas. The advent of lower reimbursement rates led to the closure of many rural health care facilities because while their costs may have been lower, their volume was also lower.

In addition, the new law "creates the Center for Medicare and Medicaid Innovation to test new payment and delivery system models that reduce costs while maintaining or improving quality." This provision has the potential to reduce the rate of increase in the cost of health care. A similar provision "requires the Secretary of the federal Department of Health and Human Services to develop and update annually a national quality improvement strategy that includes priorities to improve the delivery of health care services, patient health outcomes, and population health."

Those interested in examining the timeline of the provisions of this act are encouraged to check out the Kaiser Family Foundation website. Δ

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