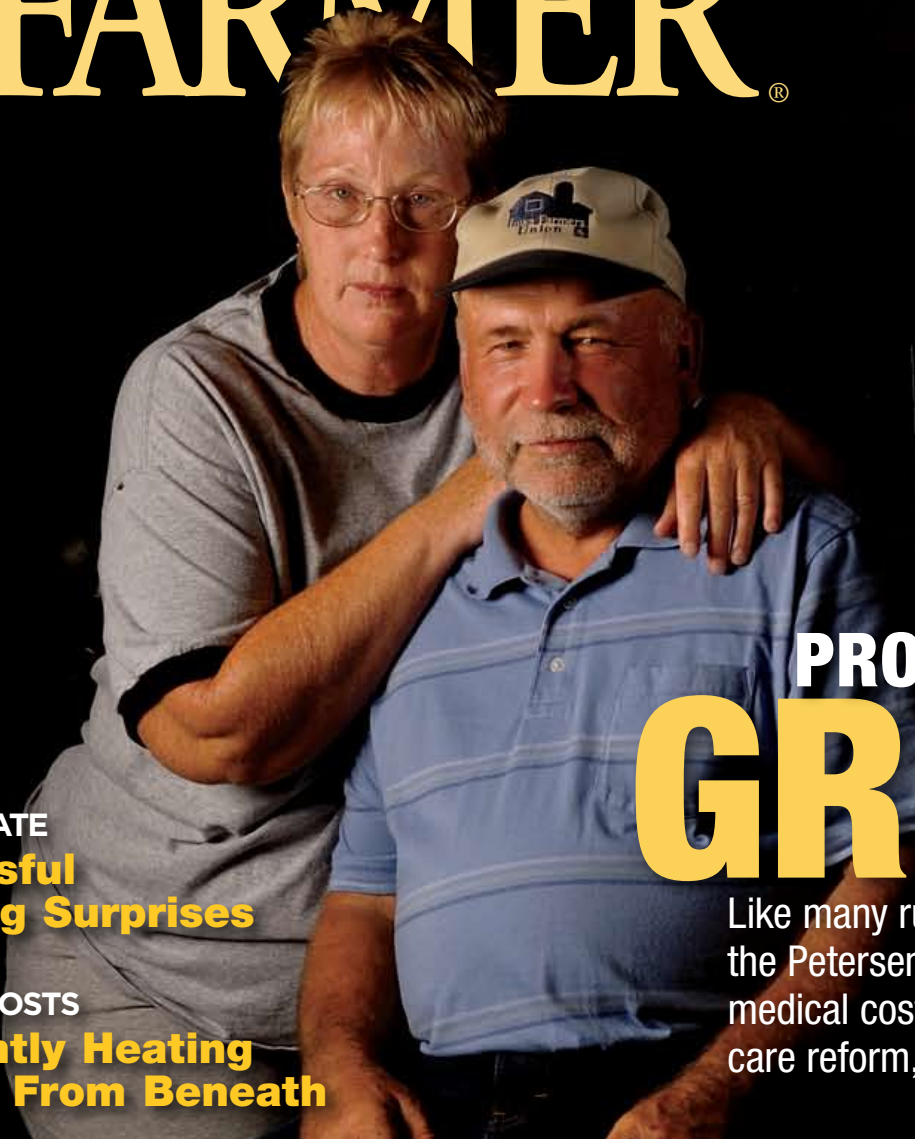


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# The PROGRESSIVE FARMER



## PROGNOSIS: **GRIM**

Like many rural Americans, the Petersens face mounting medical costs. Despite health care reform, hurdles remain.

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# Health Care On SHAKY GROUND

The system may be undergoing reform, but an ailing rural America has a long way to go before seeing meaningful change. **BY CLAIRE VATH**

**T**he incision Chris Petersen had from a minor surgery has long since healed, but the 56-year-old is still footing the \$10,000 bill. On the advice of his insurance broker, the Clear Lake, Iowa, farmer and his wife, Kristi, switched insurance companies prior to his operation.

The new insurer approved the surgery, and it went off without a hitch—until the bill came in the mail. The insurance company had declined the claim, saying Petersen had a preexisting condition.

Add to that the \$3,000 preventive tests Kristi had for a lifelong heart murmur, and suddenly the

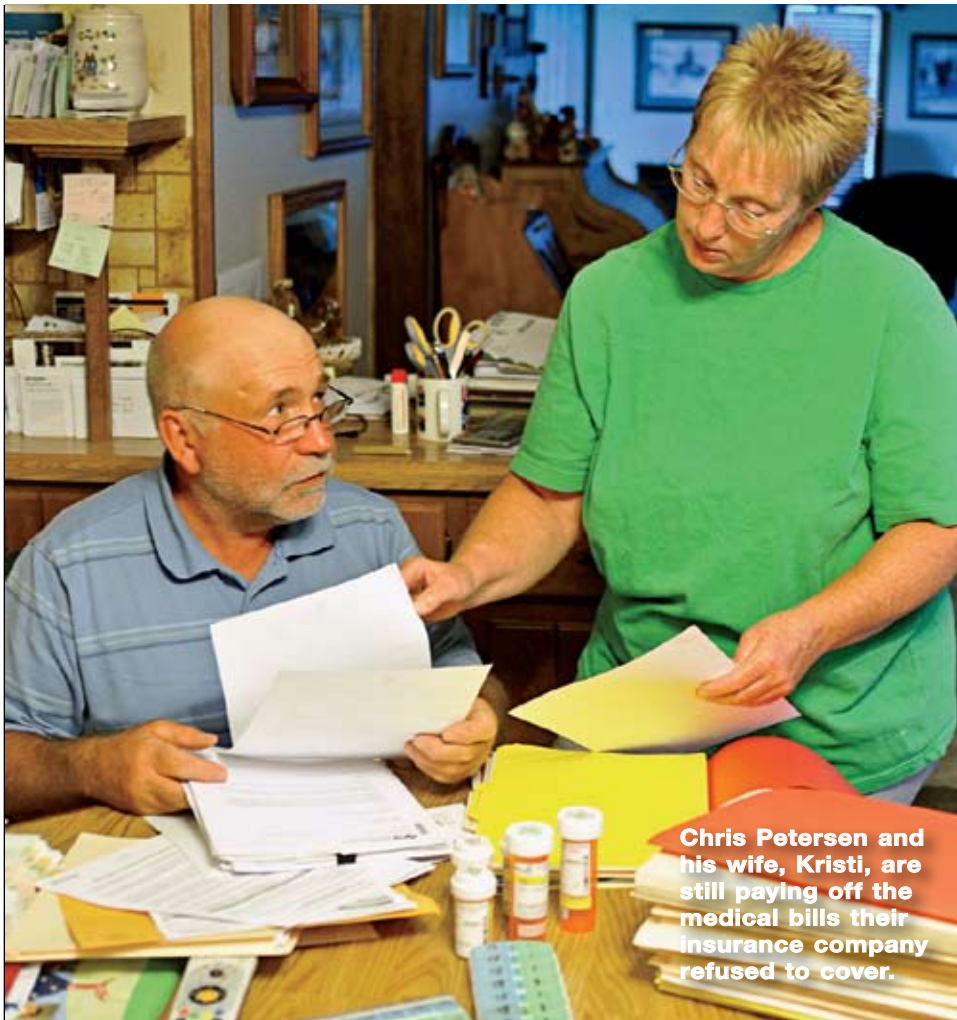
Petersens found themselves kicked out by private insurance and out some \$13,000. This wasn't the first time the couple had been uninsured.

"We've had health insurance on and off, depending on how much money we have and the farming situation," says Petersen, who's raised hogs and grown hay his whole life. "As we've gotten older, we're more inclined to want to have that insurance."

While uninsured, Petersen was diagnosed with type 2 diabetes. Faced with no other options, the Petersens obtained coverage through Iowa Comprehensive Health Association (HIPIOWA), a state-subsidized, high-risk pool.

"It's very expensive," Peterson says. "It's a \$2,500 deductible, and right now we pay \$1,300 a month out of pocket."

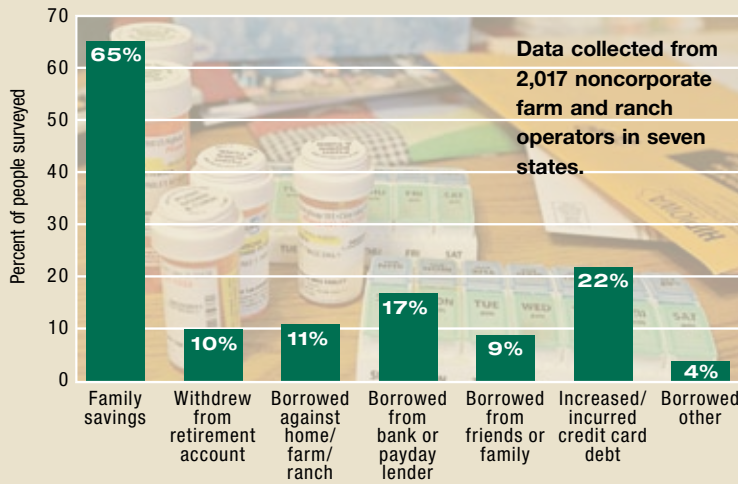
The March 2010 passage of the Patient Protection ▶



**Chris Petersen and his wife, Kristi, are still paying off the medical bills their insurance company refused to cover.**

PHOTO: JIM PATRICO

## Resources Used To Pay HEALTH CARE COSTS



SOURCE: THE ACCESS PROJECT 2007 HEALTH INSURANCE SURVEY OF FARM AND RANCH OPERATORS/[WWW.ACCESSPROJECT.ORG](http://WWW.ACCESSPROJECT.ORG)

And Affordable Care Act, Congress' answer to universal health care, raised hopes in rural America for meaningful health care coverage. But the controversial legislation has come under fire ever since.

Numerous states have challenged in court the constitutionality of being forced to enroll in the health plan. And potential cuts to Medicare and Medicaid threaten to undermine the entire reform package. Add to that the fact that pieces of the legislation—including the provision for preexisting conditions that affect people like the Petersens—still won't start for several years.

"We're living and hoping for 2014 [when provisions for preexisting conditions kick in]," Peterson concedes. "And on the other side of that, we're hoping to get to 65 for the Medicare, and hoping it'll be there when we need it. That's our future."

**ONE SMALL STEP.** What the future holds for health care in America is still uncertain. The aim of the Affordable Care Act is to expand health care access to American citizens and reform the private- and public-insurance sectors.

Despite the controversy surrounding the legislation, some of the Act's overall goals have seen some short-term successes. According to Families USA, a health care consumer advocacy group, beginning in

2010, more than 3.4 million young adults were eligible to stay on their parents' health insurance until age 26. About 3.2 million people who reached the Medicare prescription "donut hole" received checks, effectively closing the gap in coverage.

Additionally, several million children with preexisting conditions are now protected, and many preventive tests are covered for seniors and those with disabilities. But many provisions won't even see the light of day until as late as 2018. Adding to the uncertainty, says Alan Morgan, CEO of the National Rural Health Association (NRHA), is that "this is doing policy differently than we generally do policy as a country.

"Normally, Congress passes a law," he explains. This time, the Department of Health and Human Services is calling the shots. "Until they determine how to implement these provisions, things will be up in the air.

"It's too early to tell the final impact of the Affordable Care Act on rural families," Morgan adds. "A lot of key provisions have yet to be rolled

out ... and while this is going on, health care is changing so rapidly independent of that.

"It's important to remember there's no silver bullet when it comes to making the health care system work for America's farm families."

Dr. Wayne Myers, former NRHA president and former director of the Federal Office of Rural Health Policy, remains guardedly optimistic about true health care reform.

"This is a rural economic-development issue, but I don't see much in the Act that will help rural Americans get health insurance," says Myers,

who also operates a small farm in Maine.

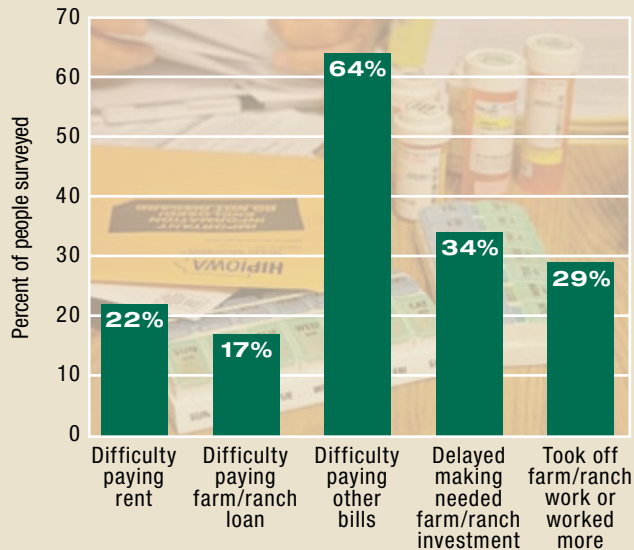
"But one thing the Act has done is gotten people discussing the whole arena and the idea that there is a possibility of changing things," he explains. "That may turn out to be as important as specific provisions of the law."

**HIGH COST, REDUCED BENEFITS.** The good news is farmers and ranchers are more likely to be insured ▶

**“It’s important to remember there’s no silver bullet when it comes to making the health care system work for America’s farm families.”**

—ALAN MORGAN

## Financial Problems Experienced Due To HEALTH CARE COSTS



SOURCE: THE ACCESS PROJECT PHOTO: JIM PATRICO

than others who live in rural America, according to the Center for Rural Affairs (CFRA).

But vast disparities still exist within the system. A 2007 report from The Access Project, a resource center for communities to improve health care, showed that while nine in 10 farm operators have health insurance, many reported some financial difficulties, with 44% of respondents spending at least 10% of their annual income on medical expenses.

Even when farmers have medical insurance and better access to care, they struggle with high out-of-pocket costs.

The Access Project also partnered with the CFRA on a health-insurance survey of more than 2,000 noncorporate farmers in seven Midwestern states. The study found that although 90% of respondents reported health insurance for their entire families, nearly 20% had medical debt. The debt median was

\$1,100, and more than half with debt reported using savings accounts or other financial resources to cover it; 31% of those with debt reported delayed medical care because of those financial difficulties.

Two major factors driving up cost in rural areas are lower wages and the prevalence of small businesses.

The problem with that, Morgan says, is the U.S. health-insurance system is employer-based. “When you’re in rural America and self-employed or working for a small organization, you’re going to have problems purchasing affordable coverage.”

Farm families have historically depended on this often cost-prohibitive system out of necessity. Many have no choice but to take out costly private-coverage policies from a major insurance provider. Additionally, there’s long been a trend of one spouse working off the farm solely for the insurance. (There are no studies available showing how many rural Americans take off-farm jobs to qualify for employers’ health insurance.)

“Lots of people only have catastrophic coverage,” Myers concedes. “Employers want to feel like they’re offering insurance, but those policies oftentimes have \$10,000 and \$15,000 deductibles.”

In May 2009, Myers was called before a White House listening committee to make his recommendations for rural health care policy. “I told them that for a lot of young families, the inability to get health insurance will keep them from going into farming,” he says.

“All you can say is that this [Affordable Care Act] is a start,” he adds. “Our current system is a big drain for everyone and is utterly unsustainable. The current arrangements, without a doubt, will wreck the country’s economy. The current bill is simply the beginning of a long and continuing process of changing the system.”

**CALLING OUT CONGRESS.** The Petersens probably won’t see their insurance situation change anytime soon, despite the recent reform. But their personal situation has driven Chris to engage in the national

## Co-Ops: Strength in Numbers

Rural communities make up about 20% of the American population. Yet according to the National Rural Health Association (NRHA), less than 10% of the nation’s doctors practice in those areas.

One thing the Affordable Care Act seeks to do is expand access to good health care by beefing up the work force and offering incentives to doctors, nurses

and other providers to work in rural areas. A potential solution may be health co-ops.

“We have to do a better job as a nation to make sure we have rural doctors and nurses when and where they’re needed,” says NRHA CEO Alan Morgan. “A significant part of legislation is an effort to improve work force shortages. Just because you have health insurance

doesn’t guarantee you’re going to get the care you need.”

Some states and communities aren’t waiting for government funding. In Wisconsin, The Rural Wisconsin Health Cooperative, a statewide hospital cooperative, was created in 1979 when seven small, rural hospitals banded together to share resources and provide

## Small-Business Tax Credit Solution?

Under the Affordable Care Act, small businesses with 25 employees or fewer who pay total annual wages of less than \$50,000 may qualify for up to 35% of a small-business tax credit to offset insurance costs. In 2014, the rate increases by up to 50% for nontax-exempt employers. This tax is being touted as a solution for many rural Americans, but Darrell Dunteman cautions against getting too excited.

"In my opinion, the credit will not have a huge impact on ag employers," says Dunteman, author of "The Farm and Ranch Tax Letter" newsletter and farm accountant in Bushnell, Ill. "Most operations have few employees, and those employees are often family members. Even if the farm operation is a corporation, the owners and family members aren't eligible for the credit." In their 2010 season, Dunteman's firm filed 280-plus agricultural returns. "Only about eight were eligible for the credit," he says.

discussion about health care for rural Americans.

"When it comes to agriculture, the environment or health care, I do my duty as a citizen," says Petersen, who, as president of the Iowa Farmers Union, has addressed a rural health subcommittee and is on a first-name basis with President Obama.

"These guys didn't complete the work by far," he adds. "The biggest things we need are preventative care, understanding nutrition—what's good and bad for you—and the concept of understanding costs as a whole.

"We have to take steps. We have to change," Petersen emphasizes. "How much more are people going to tolerate?"

### Median Amount Spent On PREMIUMS AND OUT-OF-POCKET COSTS



\*SOURCE OF INSURANCE SOURCE: THE ACCESS PROJECT PHOTO: THINKSTOCK

better access to local care and lower premiums, says Dave Johnson, director of member relations and business development for the Co-op.

"They began working together to figure out ways to share the same voice and create a concert of voices to legislation," he says.

Thirty-one years later, the Co-op is

still in existence, with 27 critical access hospitals in its pocket. "Our biggest strength isn't necessarily tangible," Johnson says. "Once the hospitals get past the competition aspect, there's an open, ongoing dialogue to provide best practices and innovation while saving money. Bigger hospital entities don't understand the nuances of rural America."

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