

**WRITTEN STATEMENT OF
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NORTH DAKOTA FARMERS UNION**

**FOR A HEARING ON FEDERAL HEALTH CARE LEGISLATION
AND THE IMPACT ON NORTH DAKOTA**

**BEFORE THE
INDUSTRY, BUSINESS, AND LABOR COMMITTEE
NORTH DAKOTA LEGISLATURE**

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North Dakota Farmers Union has long been an organization dedicated to the continued prosperity of family farms, ranches, and rural communities. Throughout the organization's history, its members have consistently been supporters of health care reform, as the continued prosperity of rural North Dakota is threatened by sharp increases in health insurance premiums, out-of-pocket medical expenses, prescription medication costs, and the nature of the non-group health insurance market from which many rural North Dakotans are forced to buy. I'd like to share with you today some of the reasons North Dakota Farmers Union supports the Patient Protection and Affordable Care Act and endorses many of the changes it brings to the health care landscape of rural North Dakota.

North Dakotans as a whole are more likely to purchase insurance in the non-group market. According to a study done by The Access Project, in 2007, 45 percent of insured North Dakotans purchased their health insurance from the non-group market. This is in comparison to 39 percent of those in the Great Plains states (Iowa, Minnesota, Missouri, Montana, Nebraska, North Dakota, and South Dakota) as a whole. The high percentage of non-group market purchasers is in part a result of North Dakota's agriculture economy in which most of the state's farmers and ranchers are self-employed.

In 2007, the median amount spent by North Dakota families on the non-group market was \$11,200, compared to \$5,600 for those who got insurance through off-farm employment. This disparity is a direct result of health insurance policies that penalize those in the non-group market and the fact that North Dakota's population is heavily dependent on the non-group market. The bottom line is that rural North Dakotans pay more in health insurance premiums and get less comprehensive health insurance coverage than many North Dakotans who receive health insurance benefits through a group plan offered by their employers.

Though North Dakota farmers and ranchers are very negatively affected by the current structure of the health insurance market, those who purchase group plans through their employers are also finding themselves facing higher health care costs. At North Dakota

Farmers Union, for example, premiums on the group plan health insurance offered to our employees have sharply risen in recent years. Since 2002, premiums for a family health insurance plan have risen from \$482 per month to \$887 per month. Furthermore, those increasing premiums have come with higher deductibles. In that same period, with the increase in premiums, the deductible rose tenfold — from \$500 to \$5,000 per year. The result is that employees of North Dakota Farmers Union — even though they purchase through a group plan and are not at the mercy of the non-group market — continue to pay higher health insurance premiums and pay higher out-of-pocket costs without benefiting from more comprehensive coverage.

The database representing farmers enrolled in the North Dakota Farm Management programs shows significant increases in medical insurance premiums and out-of-pocket medical expenses during the past ten years. That benchmark data shows an 85 percent increase in medical insurance premiums and other medical expenses from 2000 through 2009, from an annual average expense of \$5,388 in 2000 to \$9,974 in 2009. This data is an average over all producers enrolled, and does include both insured and uninsured persons. For those consumers without health insurance, they would report no premium expense but in many cases more out-of-pocket expenses for necessary medical costs. In many cases, total medical insurance premiums shown are only a part of the total cost, since many farm producers and/or spouses are employed off the farm and only the net cost is reported, and the employer paid share of the premium is not shown.

The underlying message is that like the general public, farmers and ranchers are paying significantly higher costs for medical insurance premiums and medical costs. These costs have increased dramatically in the past ten years. In many cases, if these producers are not in employer health insurance networks, their medical insurance premiums take a significant amount of net farm income each year.

The Access Project's survey of North Dakotans revealed that 44 percent of North Dakotans spend more than 10 percent of their income on health insurance premiums and additional out-of-pocket medical expenses and prescription medication costs. Among those who said their principal occupation was farming or ranching, the number was 54 percent. One in five North Dakota farmers and ranchers reported having medical debt.

According to the University of North Dakota's Center for Rural Health, about 8.2 percent of the state's population — nearly 52,000 people — are uninsured. Of the uninsured, 60 percent are self-employed full-time or are full-time employees without health insurance benefits.

We at North Dakota Farmers Union believe that allowing the health care industry to continue with the status quo will be financially crippling to rural America in general and North Dakota specifically. We support the Patient Protection and Affordable Care Act because it:

Strengthens consumer protections. About 8,200 North Dakotans who are not currently eligible to buy coverage will be able to do so, as the law bars insurance companies from denying or dropping coverage based on pre-existing conditions, health status, and gender.

Changes coverage limits. The law prohibits health insurers from placing lifetime caps on coverage. It also tightly restricts new plans' use of annual limits to ensure access to needed care.

Ensures North Dakota hospitals are treated fairly. This will bring about \$650 million in revenue into the state over the next decade by fixing Medicare reimbursement rates.

Strengthens Medicare benefits for our seniors. The law eliminates the Medicare "doughnut hole." It provides new services and eliminates out-of-pocket co-payments on preventative benefits for 106,000 North Dakotans who depend on Medicare.

Provides the largest health care tax cut in history for middle-class families and small businesses. The law provides an immediate 35 percent tax credit to small businesses that offer health insurance coverage to employees. In addition, the law provides middle-class families with incomes up to \$88,000 for a family of four with tax credits to help pay for coverage. For a family of four making \$50,000, the average tax credit will be approximately \$5,800.

Reduces the deficit. According to the Congressional Budget Office, the final health reform package will reduce the deficit by \$143 billion in the first ten years after it is enacted and about \$1.2 trillion in the second ten years.

Creates state-based American Health Benefit Exchanges (for individuals) and Small Business Health Options Program Exchanges (for small businesses with up to 100 employees). These exchanges will provide families and small businesses with the same private insurance choices that the president and members of Congress will have.

Ensures employer responsibility and exempts small firms. The law exempts all firms that have fewer than 50 employees — which is about 96 percent of all firms in the United States — from any employer responsibility requirements.