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Farm families and the affordable care act

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For the farm community and the public at large, a great deal of confusion has surrounded the rollout of the Affordable Care Act (ACA). Uncertainties remain in terms of the costs and benefits associated with its implementation. However, many of the new provisions of the ACA may address some of the issues faced by farm families when it comes to health coverage. Research by the United States Department of Agriculture (USDA) about the sources, type, and characteristics of health insurance among Iowa farmers and ranchers, and conducted prior to the enactment of the ACA, found that their health insurance consumption patterns differ from the population at large. Considering the high cost of health insurance, it will benefit farm families to become familiar with changes brought about by the ACA.

The ACA provides changes to the health insurance market, including new protections and

benefits for everyone, including the currently-insured. Some of the provisions started in 2010 with the enactment of the ACA, others went into effect starting January 1, 2014. Policies that existed March 23, 2010, may be considered 'grandfathered' plans and therefore some provisions, protections and benefits are not offered. A well-known provision is that providers can no longer deny coverage due to pre-existing health conditions. Some other provisions include 1) plans must meet quality standards, including coverage of 10 essential benefits, 2) no lifetime or annual limits on the dollar amount paid by providers on health benefits, 3) a person cannot be charged a higher premium due to health status or based on gender, 4) young adults can remain on parents' policies until age 26, 5) insurers can't charge an extra co-pay if you go to an out-of-network emergency room, 6) a new appeal process for consumer with new health plans when/if insurers deny care or payment for services, and

7) plans include free preventive and wellness programs as part of the coverage.

As a group, Iowa farmers and ranchers may not be as impacted by a more well-known provision of the ACA - the individual mandate to have health insurance coverage. Iowa farm operators

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Handbook updates

For those of you subscribing to the handbook, the following new updates are included.

Cost of Storing Grain – A2-33
(2 pages)

Lease Termination and Other Legal Considerations for Lease Contracts – C2-06 (3 pages)

Please add these files to your handbook and remove the out-of-date material.

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tend to have greater rates of insurance coverage than the general population (93% versus 88% of all Iowans)¹, partially because of the dangerous nature of farming. To get health insurance coverage, family members take off-farm jobs, according to the survey.

Individuals who don't obtain health insurance coverage will be responsible for a tax penalty (see discussion of fee when lacking coverage at www.healthcare.gov/what-if-i-dont-have-health-coverage/). However, there are exemptions from the fee (see a list of exemptions at www.healthcare.gov/exemptions/). The ACA also requires that all children be covered with insurance. Depending on the household's income, children may be eligible for CHIP – Children's Health Insurance Program. CHIP provides low-cost health coverage to children in families that earn too much money to qualify for Medicaid. In some states, CHIP covers parents and pregnant women. Each state offers CHIP coverage, and works closely with its state Medicaid program. There is no open enrollment for CHIP, this coverage can be applied for at any time. As small business owners, farms with less than 50 employees are not required to provide insurance and will not be subject to penalties. The mandate for coverage for large farms (more than 50 employees) has been delayed until January 2015, at which time a penalty up to \$3,000 per employee is possible. Visit this website to learn more about health insurance for businesses with more than 50 employees (www.healthcare.gov/what-do-large-business-owners-need-to-know/).

Health insurance marketplace

A key provision of the ACA is the creation of the Health Insurance Marketplace, or exchanges, as a new platform for many uninsured individuals, families, and small businesses to get health coverage. The USDA research on how Iowa farmers and ranchers get health insurance found that almost 40 percent of families purchased their insurance policies in the individual market, compared to 8 percent nationally². Since most farm families purchase their own health insurance coverage, and rely heavily on the individual market for a plan rather than a group plan, the Health Insurance Marketplace provides a new option for farm families shopping for health insurance. Just as consumers now have the option of seeking coverage in the Health Insurance Marketplace, the ACA will

incrementally enable businesses, depending on size, to purchase insurance through the development of Small Business Health Option exchange/marketplace (SHOP). SHOP helps businesses provide health coverage to their employees. Visit the SHOP marketplace to learn more about coverage for small businesses (www.healthcare.gov/what-is-the-shop-marketplace/).

Despite technological difficulties, the Health Insurance Marketplace (healthcare.gov) opened October 1st. The online SHOP registration was delayed and will not be available until November 2014. With the creation of the Health Insurance Marketplace, there are now limited enrollment periods for most health insurance plans (this does not include Medicaid, Iowa Health and Wellness Plans or CHIP). If you don't purchase insurance during open enrollment, you may still be able to purchase insurance before next year's open enrollment but only if you have a life event that qualifies you for what is called a "special enrollment period". Some of those events include getting married or divorced, having a child, or losing other health coverage. For coverage starting in 2015, the enrollment period is November 15, 2014 to February 15, 2015. Learn more about enrollment at www.healthcare.gov/what-key-dates-do-i-need-to-know/#part=3.

Tax credits and cost-sharing options

Iowa farm and ranch operators tend to be burdened by the costs of health care³; the Health Insurance Marketplace was created to increase access to affordable health insurance. Based on the USDA survey, the individual market policies purchased by Iowa farmers and ranchers tended to be the costly type—with high deductibles and high premiums. Over 6 in 10 Iowa farmers and ranchers who bought insurance in the individual market had high premium policies compared to 20% of those families who purchased a policy through off-farm employment or government-sponsored programs. Farm families also typically establish a health savings account along with their health insurance plan. To help make the coverage purchased through the Marketplace affordable, new federal tax credits have been introduced by the ACA. The estimated potential market size of the number of Iowans eligible for the tax credit is 262,000⁴.

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Qualifying consumers may be eligible for a tax credit that can be used to lower what they pay for monthly health insurance premiums, but only if they purchase their insurance plan through the Marketplace. Based on 2013 estimates, individuals from 100% of federal poverty level (FPL) up to 400% of FPL (\$11,490.00-\$45,960 for an individual and \$23,550.00-\$94,200.00 for a family of four) qualify for tax credits. Consumers may estimate income and have an advanced credit applied monthly to their premium costs or wait until their tax filing and receive it as a refundable credit. Consumers opting for the advanced premium tax credit must be cognizant of the reconciliation by the IRS at tax time—reporting change to household income, family size, or a new job that offers health insurance—to avoid repayment of the tax credit. This aspect of the tax credit may be more challenging for farm and ranch operators who typically have income and expenses that fluctuate. See the resources and a short video on how to save on monthly insurance premiums (www.healthcare.gov/will-i-qualify-to-save-on-monthly-premiums/). The ACA also helps farms considered small employers (less than 25 employees) to help offset the cost of providing employee health insurance by offering tax credits. Learn more about the Small Business Health Care Tax Credit (www.healthcare.gov/will-i-qualify-for-small-business-health-care-tax-credits/), including a SHOP tax credit estimator (www.healthcare.gov/shop-calculators-taxcredit/).

Cost-sharing subsidies introduced by the ACA help protect some individuals and families from high out-of-pocket costs. After payment of premium and plan enrollment, cost-sharing reductions help individuals and families with incomes at or below 250% of the FPL with their out-of-pocket costs like deductibles, coinsurance and copayments. An individual with income up to \$28,725 would qualify based on 2013 numbers. Income qualification for the cost sharing subsidies is a continuum and amounts differ by family size. Qualifying incomes by family size is up to \$38,775 for a family of 2, up to \$58,875 for a family of 4, up to \$78,975 for a family of 6, and up to \$99,075 for a family of 8.

Essential benefits

Under the ACA, new health insurance plans are required to offer essential benefits. The plans are

intended to be similar to the benefits provided by a typical employer plan. The ACA ensures health plans offer a comprehensive package of benefits that include:

- Ambulatory patient services
- Emergency services
- Mental health and substance use disorder services
- Rehabilitative and habilitative services and devices
- Prescription drugs
- Hospitalization
- Maternity and newborn care
- Preventative and wellness services
- Pediatric care, including oral and vision care
- Laboratory services

An insurance policy not required to cover all ten of these essential benefits is one that existed on March 23, 2010. This policy maintains 'grandfathered' status as long as there have been no significant changes to the plan's benefits or to the costs of premiums, deductibles, or copays.

It is typical for farm families to have very high-deductible insurance plans, which can discourage routine medical checkups and/or preventive care. Marketplace plans and new plans sold after January 2014 in many cases provide free preventive and wellness screenings, including:

- Cancer screenings such as mammograms and colonoscopies
- Vaccinations for flu, mumps and measles
- Blood pressure screenings
- Cholesterol screenings
- Tobacco cessation counseling and interventions
- Birth control
- Depression screening
- And more... Visit www.healthcare.gov/prevention for a full list

Plans and options

The ACA offers new plans and options guided by metal levels. The metal plans range from Bronze to Silver to Gold to Platinum. Each type of metal plan will offer essential health benefits and the provisions related to pre-existing conditions, preventive care, lifetime limits, etc. The real difference between each metal tier is that each metal represents the percentage that an insurance company will have

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to pay versus the amount a person will have to pay out-of-pocket. For example, if a person purchases the bronze level plan, the insurance will cover 60% of the health care costs while the consumer will cover the remaining 40%. There are four plans to pick from in the Marketplace:

- **Bronze** – Cost sharing of 60% paid by insurer; 40% paid by individual. Bronze plans have the lowest premiums but highest out-of-pocket costs. This is a low cost choice, but means the consumer will have to pay a higher share of costs when he/she uses services.
- **Silver** – Cost sharing of 70% paid by insurer; 30% paid by individual. Lower premiums than gold and platinum, but with higher out-of-pocket costs. Consumers must enroll in a silver plan to access the cost-sharing subsidies.
- **Gold** – Cost sharing of 80% paid by insurer; 20% paid by individual. Lower premiums than platinum, but with higher out-of-pocket costs. Consumers with frequent doctor visits or ongoing health care needs should consider this or the platinum level.
- **Platinum** – Cost sharing of 90% paid by insurer; 10% paid by individual. Platinum plans have the highest premiums but the lowest out-of-pocket costs. This means the plan will cover more of the costs when a consumer uses services.

The same levels of metal coverage apply to employers providing insurance for their employees, through SHOP. Learn more at: www.healthcare.gov/how-do-i-choose-insurance-thats-right-for-my-business/.

Summary

The nature of farm work is very hazardous with a high incident of injury. Farmers use health insurance to protect the farm/property from risk. Many farm operations support multiple farm families. The ACA has changed health insurance plans for both the insured and uninsured. To increase your awareness and knowledge of the ACA, visit eXtension. This national workgroup of Extension Educators has compiled ACA resources for farmers and agricultural producers (www.extension.org/pages/68428/affordable-care-act-resources-for-farmers-and-agricultural-producers#.U7HdGigujLA) and small businesses (www.extension.org/pages/68425/

[affordable-care-act-resources-for-small-businesses#.U7HrBigujLA](#)). The resources include links to webinars, articles, calculators, videos and more.

Resources for small businesses and farmers

Health Care - Small Businesses - www.healthcare.gov/small-businesses/

Site provides comprehensive, easy-to-understand information on health insurance options for small businesses related to the implementation of the Affordable Care Act.

Health Care - SHOP Marketplace - www.healthcare.gov/marketplace/shop/

Site provides a portal to locate the “qualified health plans” available in your state for employers to offer to their employees. SHOP is available October 1, 2013 for Small Business owners with less than 50 full-time employees. Small Business owners with fewer than 100 full time employees will be able to obtain coverage beginning during the enrollment period for 2016 coverage.

Small Business Health Options Program (SHOP)

Call Center: (For small employers and those assisting them): 1-800-706-7893 or TTY: 1-800-706-7915. The call center operates Monday-Friday, 9am-7pm EST.

Affordable Care Act (ACA) Tax Provisions -

www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions-Home

Internal Revenue Service provides tax resources related to health insurance for individuals, small businesses, non-profits, and large employers.

U.S. Small Business Administration - Health Care - www.sba.gov/healthcare

U.S. Small Business Administration site includes information and resources to educate employers on what the Affordable Care Act means for small businesses. Key provisions of the Affordable Care Act for self-employed, employers with fewer than 25 employees, employers with up to 50 employees, and employers with 50 or more employees. Affordable Care Act training materials are available.

Small Business Health Care Tax Credit for Small Employers - www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers

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Internal Revenue Service provides guidance for qualification and application for the tax credit for employers of 25 or fewer employees who provide health coverage for their employees.

United States Department of Labor - Affordable Care Act - www.dol.gov/ebsa/healthreform/
The U.S. Department of Labor site provides legal and technical guidance for employers. A FAQ on key topics such as the notice to employees of coverage options, workplace wellness programs, summary of benefits and coverage requirements, and uniform glossary.

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- ¹ Center for Rural Affairs, Jon Bailey
- ² How Iowa Farmers and Ranchers Get Health Insurance and What They Pay for Health Care, Carol Pryor, Bill Lottero, and Mark Rukavina, The Access Project; Jeffrey Prottas, Brandeis University; Alana Knudson, Center for Rural Health at the University of North Dakota
- ³ How Iowa Farmers and Ranchers Get Health Insurance and What They Pay for Health Care, Carol Pryor, Bill Lottero, and Mark Rukavina, The Access Project; Jeffrey Prottas, Brandeis University; Alana Knudson, Center for Rural Health at the University of North Dakota
- ⁴ State-by-State Estimates of the Number of People Eligible for Premium Tax Credits Under the Affordable Care Act. Kaiser Family Foundation Issue Brief (November 5, 2013).



From farm crisis to historic land value highs, Duffy shares the economics of hope

By Kristin Senty, Communications Specialist, Iowa State University Department of Economics, ksenty@iastate.edu, 515-294-9849

The world's most productive land rests in Iowa, and extension economist Mike Duffy is known as the voice of expertise who relates its worth.

Through his trademark annual Land Value Survey, Duffy shares results and analysis with media, ranging from the New York Times to readers of Wallace's Farmer. After 25 years, Duffy's thoughtful delivery is so intertwined with the information itself that it's hard to imagine one without the other.

Duffy says not a day passes when there isn't an email or a phone call to answer. But the delivery of anything he shares, he says, is much more than just reporting results. "I know and understand the information that I work with and try to answer people's questions—all over the board," says Duffy. "I try to be moderate and work hard to give people as much information as I can so they can form their own opinions." It's not just the Land Value Survey he's responsible for compiling and communicating to the general public—there are also surveys on land ownership, cost of production, and land sales data.

And as the former associate director of the Leopold Center, the chair of the sustainable agriculture program, the former director of the Beginning Farmers Center, or in his current work on soil conservation, there's a distinct message around conservation and sustainable agricultural practices that he's well

known for. As he contemplates retirement, Duffy reflects on the fact that he is so closely connected to the information he shares.

"Probably the biggest thing in my whole career has been to learn how to balance societal perspective with individual perspective."

Economics of hope

Duffy honed his balancing skills in his first position with Iowa State University as an extension farm management field specialist in Cedar Rapids, counseling farmers on their financial options during the farm crisis in the 1980s. "For seven days a week I was dealing with people in crisis. There were suicides and even some murders because of the stress. It was a traumatic time, and my role was to deal with people, offer information, and to help them to have hope," he says. "Those years had a strong influence on me."

Duffy arrived at Iowa State's Department of Economics in 1985, starting as an assistant professor and receiving full tenure by 1992. His research interests have focused on conservation, sustainability, small scale farm practices, and an appeal to a more cautionary approach in the use of technology in agriculture.