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Expanding Skimpy Health Plans Is the Wrong Solution for Uninsured Farmers and Farm Workers

By Sarah Lueck and Matt Broaddus

The Trump Administration and some states have either implemented or are considering policy changes that would expand enrollment in skimpier health plans that skirt the usual insurance market standards and consumer protections. The proposals' supporters at times invoke middle-income farmers as a key constituency for these more limited coverage options. But this group does not represent the vast majority of farmers and farm workers experiencing health insurance challenges. Most farmers and farm workers who lack health insurance have low incomes, and for them, skimpy plans would be inadequate and unaffordable. And even for those farmers with higher incomes, expanding limited plans subject to weaker rules would do more harm than good.

The vast majority of farmers and farm workers who lack health coverage have incomes below 400 percent of the federal poverty level, the income cut-off for federal subsidies that help pay for premiums in the individual health insurance market. Most uninsured farmers and farm workers have family incomes less than 200 percent of the federal poverty level (or about $48,000 for a family of four) and a large majority have incomes less than 400 percent of poverty (or about $98,000 for a family of four).[1] (See Figure 1.) Separate data show that farm workers, when distinguished from farm owners, have even lower incomes (30 percent are below the poverty level) and more often lack health insurance (65 percent are uninsured).[2]

For people at all income levels, expanding skimpy health plans is an inadequate solution. But for people with low incomes, such plans are an especially bad fit. Some in this group are likely eligible for more affordable and comprehensive health coverage through their state's Medicaid program or Affordable Care Act (ACA) marketplace. And for those who aren't eligible for help (for example, those who are stuck in the "coverage gap" because their state has not expanded Medicaid), skimpy plans with premiums they could afford are likely to offer extremely limited coverage, leaving anyone who buys them exposed to high costs if they experience an illness or injury.

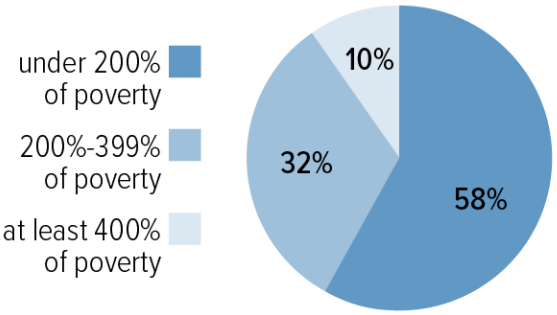
[1] CBPP analysis of the Census Bureau's 2016 American Community Survey data. The Appendix includes a more thorough discussion of the data used in this analysis.

[2] Findings from the National Agricultural Workers Survey (NAWS) 2013-2014, Department of Labor, https://www.doleta.gov/agworker/pdf/NAWS_Research_Report_12_Final_508_Compliant.pdf.

Even among farmers with incomes that exceed 400 percent of the poverty level, expanding skimpy plans subject to weaker rules would do more harm than good. People who are healthy may decide to enroll in more limited plans that offer them lower premiums because they can vary premiums based on health status, exclude key benefits, and impose various limits on coverage. Some of these individuals will be lucky enough to remain healthy while they are covered by a skimpy plan. But for everyone who gains, other people will be harmed. People enrolled in standard, comprehensive individual-market plans will see their premiums rise as healthier people flock to the less generous plans subject to weaker standards and leave a costlier risk pool behind. And people who switch to the more limited plans to save on premiums but then experience health problems may be unable to afford needed care or find themselves facing catastrophic medical bills.

FIGURE 1

9 of 10 Uninsured Farmers and Farm Workers Have Family Income Below 400 Percent of Poverty Line



Source: CBPP analysis using 2016 American Community Survey data

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Proposals to Expand Skimpier Plans Undermine Crucial ACA Protections

Policymakers at the state and federal levels have proposed, and in some cases enacted or finalized, several different ideas for expanding health plans exempt from some or all the standards that apply to health insurance sold in the individual market or to small businesses. They have at times framed these ideas as especially helpful to farmers.

For example, a law recently enacted in Iowa allows the state's Farm Bureau to offer health plans that are exempt from all state and federal health insurance standards. The plans could deny coverage to people with pre-existing conditions, provide coverage to such people but decline to cover their pre-existing conditions, charge far higher premiums based on a person's health status, age, and other characteristics, and leave out benefits such as maternity care and prescription drugs.[3]

Similar legislation, backed by North Carolina's Farm Bureau, passed the North Carolina Senate but failed in that state's House last month. As with the Iowa Farm Bureau plans, the North Carolina plans would have been exempt from all ACA benefit standards and consumer protections, as well as state and federal insurance rules.

In Idaho, state officials say they are continuing to work on a proposal for "state-based plans" that are exempt from certain ACA rules, in order to provide lower-premium options to people who are not eligible for ACA subsidies. An initial version of the proposal (which diverged from ACA requirements, including by allowing pre-existing condition exclusions, higher premiums for older

[3] Sarah Lueck, "Iowa Health Plan Proposal Would Raise Consumer Costs, Weaken Protections," Center on Budget and Policy Priorities, February 28, 2018, https://www.cbpp.org/blog/iowa-health-plan-proposal-would-raise-consumer-costs-weaken-protections.

people, and gaps in essential health benefit coverage) didn't pass muster with the federal government because it would have violated federal law.[4] Idaho officials say they are working on modifications with the federal Department of Health and Human Services.[5]

At the federal level, the Department of Labor recently finalized rule changes for association health plans (AHPs), offered by trade and professional organizations to their members. AHPs will be able to expand, starting late this year, to cover more small businesses and self-employed people, form more easily, and avoid standards and protections that would otherwise apply to health insurance plans that cover individuals and small groups. Because an AHP will be considered a large employer plan — even if it enrolls small groups and self-employed individuals — such a plan will not be required to cover the ACA's essential health benefits, can charge higher premiums due to gender and occupation (which is not permitted in ACA plans), and can charge far more to older people than the ACA allows.

A number of agricultural organizations supported the federal AHP rule changes and may be among the groups offering the new types of AHPs to farmers and farm workers. For example, the Nebraska Farm Bureau has said it is planning to set up an AHP.[6] The same group worked on a provision in the U.S. House version of the farm bill, first proposed by a Nebraska congressman, that would provide up to $65 million over four years in federal grants and loans to agricultural organizations that want to form AHPs.[7]

The Trump Administration has also proposed expanding another type of skimpy health coverage: short-term plans. The plans, which under current rules can cover someone for less than three months, could last for up to one year under proposed federal changes. This would allow the plans — which do not have to cover the essential health benefits, can deny coverage or charge people higher premiums based on health status and other factors, and typically exclude coverage of pre-existing conditions — to operate as an alternative to more comprehensive ACA plans, one likely to attract healthier people and drive up premiums in the individual-market risk pool.

Often, supporters of offering more limited plans to farmers highlight the need for people with incomes higher than the ACA subsidy cut-off to have health insurance options with more affordable

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[4] Letter from CMS Administrator Seema Verma to Idaho Governor C.L. "Butch" Otter and Department of Insurance Director Dean L. Cameron, March 8, 2018, https://www.cms.gov/CCIIO/Resources/Letters/Downloads/letter-to-Otter.pdf.

[5] Rebecca Boone, "Idaho officials working on 'state-based' insurance plan," *Lewiston Tribune*, May 7, 2018, https://lmtribune.com/northwest/idaho-officials-working-on-state-based-insurance-plan/article_eeb41998-2651-52fa-9059-0c3267228b2f.html.

[6] Letter to the Employee Benefits Security Administration from the Nebraska Farm Bureau, March 6, 2018, https://www.dol.gov/sites/default/files/ebsa/laws-and-regulations/rules-and-regulations/public-comments/1210-AB85/00470.pdf.

[7] Chris Clayton, "Health Care by Association," *The Progressive Farmer*, June 18, 2018, https://www.dtnpf.com/agriculture/web/ag/news/world-policy/article/2018/06/18/house-farm-bill-language-help-farmer-2; Sarah Lueck, "Farm Bill Funding for Association Health Plans Could Weaken Coverage, Raise Costs," Center on Budget and Policy Priorities, May 16, 2018, https://www.cbpp.org/blog/farm-bill-funding-for-association-health-plans-could-weaken-coverage-raise-costs.

premiums.[8] Indeed, people ineligible for subsidies have borne the brunt of recent large increases in health insurance premiums in the individual insurance market. And farmers are more likely than the general population to buy their own insurance, perhaps because they are more likely to be self-employed and without access to an employer plan. However, if AHPs or Farm Bureau plans offer lower premiums to farmers or any other population, they will do so mainly by providing reduced coverage, covering a healthier group of people, or a combination of both. That won't meet the needs of most farmers and will harm many.

Skimpier Plans Distract from the True Needs of Uninsured Farmers and Farm Workers

Skimpier health plan options that fail to provide comprehensive coverage won't solve health care affordability problems for most people working in agriculture, especially if they face illness or injury.

In a survey funded by the U.S. Department of Agriculture, 2 out of 3 farmers and ranchers reported having a pre-existing health condition. Skimpier plans are unlikely to meet the needs of this group. In some cases, people with pre-existing conditions could be denied coverage under these plans or offered coverage with only very high premiums. People with health conditions who manage to buy such a plan will likely find it does not meet their needs because of features such as benefit gaps, higher out-of-pocket costs, and pre-existing condition exclusions. In the same survey, 3 out of 4 farmers and ranchers said health insurance is an important or very important risk management strategy in work that can at times be dangerous.[9]

Farm workers, specifically the crop workers surveyed by the Labor Department, have very low incomes and are frequently uninsured. In 2013-2014, they reported having mean and median yearly family incomes in the range of $20,000 to $24,499, and 30 percent of farm workers had family incomes below poverty. Just 35 percent of farm workers said they had health insurance,[10] and 26 percent said health care visits were too expensive. Notably, farm workers often face risks in their jobs, such as falls, injuries from farm equipment, and exposure to chemicals, dust, and the sun that are likely to require medical attention or to affect their health over time.[11]

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[8] Shelby Livingston, "N.C. Farm Bureau asks lawmakers to OK coverage that skirts the ACA," *Modern Healthcare,* June 7, 2018, http://www.modernhealthcare.com/article/20180607/NEWS/180609935; Katarina Sostaric, "Bill Allowing Health Plans Not Compliant with Affordable Care Act Goes to Iowa Governor's Desk," Iowa Public Radio, March 27, 2018, http://iowapublicradio.org/post/bill-allowing-health-plans-not-compliant-affordable-care-act-goes-iowa-governors-desk#stream/0.

[9] "Health Insurance is Key to Farm & Ranch Economic Viability," 2017 National Farmer and Rancher Survey Findings, July 2017, http://docs.wixstatic.com/ugd/85136a_2cc79e77a6ab471688a5b76bf9ec1c04.pdf.

[10] NAWS, *op cit*. Under the ACA, expanded Medicaid and subsidized marketplace coverage became available in 2014, so the survey interviews were conducted both before and after those options became available.

[11] "Rural Agricultural Health and Safety," The Rural Health Information Hub, the Health Resources and Services Administration (HRSA), Department of Health and Human Services, August 27, 2017, https://www.ruralhealthinfo.org/topics/agricultural-health-and-safety#risks.

With so many uninsured farmers and farm workers also having modest incomes, they may be eligible for better, more affordable coverage with an ACA marketplace plan or through their state's Medicaid program — or could be eligible for coverage if their state would expand Medicaid.

For example, a 40-year-old man in Marcus, Iowa earning $18,000 per year (about 150 percent of the federal poverty level) could buy a silver-level plan through Iowa's marketplace for about $60 per month, using a federal premium credit, if he otherwise met eligibility criteria. The plan would have a $100 deductible (reduced by ACA cost-sharing subsidies due to his income), cover all essential health benefits (including generic drugs and physician visits before the deductible is met), and cap all in-network, out-of-pocket costs for this enrollee at $1,000 for the year. Or, he could use the ACA premium subsidy to purchase a bronze plan with a far higher yearly deductible ($6,000) — betting that he would be healthy — and pay nothing toward the premium cost. If he did experience medical problems or an injury, the ACA plan (even the bronze plan with a high deductible) would provide significant financial protection, as well as access to preventive care with no cost sharing.

Meanwhile, the same man (if healthy) could buy a short-term plan (which is exempt from ACA standards and consumer protections) for about $50 per month, not much less than his net cost for a silver marketplace plan.[12] Yet the short-term plan would have severe limitations and impose high costs on enrollees who need health care: a $10,000 deductible; no coverage of outpatient prescription drugs, mental health care, or pre-existing conditions; plus a $25 application fee.[13]

Many uninsured farmers and farm workers with modest incomes are likely eligible for subsidized ACA marketplace coverage or Medicaid but have not enrolled. For one thing, awareness of ACA coverage options remains low among the public in general.[14] Applying and enrolling in a plan can be a complex process. People who have not yet enrolled may need more information or assistance with enrolling in coverage. And people working in agriculture may face additional challenges that need to be addressed, such as less access to in-person assistance with health care enrollment and to the internet. Some farm workers migrate from place to place within the United States and need help with proving their residency and other factors related to eligibility. And many farm workers in need of coverage also may need language assistance; among farm workers (as distinct from farmers), 74 percent reported being most comfortable speaking Spanish.[15] Farm owners may have volatile incomes from year to year, as is the case for many self-employed people, and may need expert help estimating and providing proof of their incomes.

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[12] Premium and benefit details of the Iowa Farm Bureau plans have not been made public. But like the Farm Bureau plans, short-term plans are exempt from ACA benefit and premium-rating standards. Short-term plans are currently limited, under federal rules, to lasting less than three months. But a proposed federal rule change would allow them to last up to one year or possibly longer.

[13] Connect Lite health plan, underwritten by Independence American Insurance Company (IAIC), found on ehealthinsurance.com, July 12, 2018, https://www.ehealthinsurance.com/ehealthinsurance/benefits/st/IAIC/Connect_Lite__0518.pdf.

[14] In 2018, four years after ACA marketplaces were established, 35 percent of uninsured adults surveyed said they were not aware of them. Sara R. Collins *et al.,* "Americans' Views on Health Insurance at the End of a Turbulent Year," Commonwealth Fund, March 1, 2018, https://www.commonwealthfund.org/publications/issue-briefs/2018/mar/americans-views-health-insurance-end-turbulent-year?stream=top-stories.

[15] NAWS, *op cit*.

Backers of expanding skimpy plans (such as short-term plans) sometimes claim the ability to pay a lower premium would help people in the Medicaid "coverage gap." These are people who live in states (including many disproportionately rural states) that have not adopted the ACA's Medicaid expansion, which extended that program to people with incomes up to 138 percent of the poverty level. In a state that chose not to expand Medicaid, adults with incomes below the poverty level generally are not eligible for ACA marketplace subsidies and often won't meet the restrictive non-expansion Medicaid requirements.

But skimpy plans are a terrible option for people with incomes below the poverty line who are caught in the coverage gap. Someone with income at 75 percent of the poverty level (about $750 per month) likely could not afford even the $50 short-term plan described above, and a plan with an even lower premium would have to include sharp limits on benefits and provide little health and financial protection. Moreover, proposing skimpy plans as a solution to the coverage gap problem ignores the fact that states have a better solution readily available: taking up the ACA's expansion of Medicaid, for which the federal government will cover 90 percent of the cost on a permanent basis.

In addition to income, other factors help determine a person's eligibility for ACA subsidies or Medicaid, including the number of people in a person's family, whether anyone in the household has access to employer-sponsored coverage, and a person's immigration or citizenship status.[16] Immigrants who are undocumented are not eligible for Medicaid, nor can they buy a marketplace plan. But, according to 2013-2014 survey data, slightly more than half of farm workers were U.S. citizens, lawful permanent residents, or otherwise had authorization to work in the United States.[17] People who are citizens or who are otherwise lawfully present can be eligible for subsidized marketplace plans if they meet all other eligibility requirements and are eligible for Medicaid in some cases. And even for people whose immigration status disqualifies them from Medicaid or marketplace coverage — as for workers in the Medicaid coverage gap — plans with more limited benefits will generally be an inadequate, unaffordable option.

Instead of focusing on getting people to enroll in health plan options that are subject to weaker consumer protections and standards, policymakers should make efforts to improve enrollment in existing, more affordable health coverage for farmers and farm workers, and seek to expand Medicaid in more states.

Skimpy Plans Are No Answer for Higher-Income Agricultural Workers

More limited plans are also a flawed response to the needs of higher-income farmers who are experiencing problems affording health coverage. Any benefits they provide to healthy farmers will impose costs on the many farmers who, as noted above, have pre-existing conditions or other serious health needs. To the extent that skimpy plans with lower premiums lure healthier people out of the regular insurance risk pools for individuals and small businesses, the market will become fragmented, driving up premiums for people who remain. In the individual insurance market, the people who are not eligible for subsidies (such as middle-income farmers) would be the ones paying

[16] People who are not citizens generally are not eligible for Medicaid coverage, but people who are lawfully residing (including people working in agriculture using a temporary visa) can be eligible for subsidized marketplace coverage.

[17] NAWS, *op cit*.

any additional costs. People who want more comprehensive coverage — for example because they are older or have health conditions — could face dwindling plan options as well.

Some skimpier coverage options supposedly geared toward farmers could turn out to have a far broader reach — and therefore a significant adverse impact on the insurance markets in the states where they operate. For example, the Iowa Farm Bureau estimates that some 60,000 Iowans who are not members of the group will sign up for the new health plans, a larger population than is currently enrolled in the state's ACA marketplace.[18]

As a statement from 16 patient groups including the American Cancer Society and the American Heart Association explained, expanding enrollment of skimpier health plans that are subject to weaker rules "has the potential to price millions of people with pre-existing conditions and serious illnesses out of the individual insurance market and put millions more at risk through the sale of insurance plans that won't cover all the services patients want to stay healthy or the critical care they need when they get sick."[19]

State and federal policymakers should instead consider better policy options to make health coverage more affordable for middle-income consumers, including farmers with incomes above 400 percent of the poverty level. For example, either the federal government or states could extend subsidies to people at higher income levels, as a number of members of Congress have proposed[20] and as Minnesota did for 2017.[21] The federal government and states could also set up reinsurance programs, as several states have already done, in order to reduce the cost of health insurance for unsubsidized consumers by reimbursing insurers for a portion of the cost associated with high-cost enrollees. For farmers and farm workers who have lower incomes, policymakers should invest in targeted outreach and enrollment assistance to help eligible people access coverage they are already eligible for and expand Medicaid in more states. Such approaches would maintain consumer protections and improve access to adequate coverage for farmers and farm workers (as well as other groups), without upending states' insurance markets.

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[18] Steve Jordon, "Iowa Farm Bureau will sell health plans outside 'Obamacare' exchange," Live Well Nebraska, April 3, 2018, https://www.omaha.com/livewellnebraska/consumer/iowa-farm-bureau-will-sell-health-plans-outside-obamacare-exchange/article_0ca98a68-9b97-54e6-a39d-81c282570442.html.

[19] Jessie Hellman, "Health groups warn Trump's executive order could hurt patients," *The Hill*, October 12, 2017, http://thehill.com/policy/healthcare/355221-health-groups-warn-trumps-executive-order-could-hurt-patients.

[20] See, for example, H.R. 5155, the Undo Sabotage and Expand Affordability of Health Insurance Act of 2018, and S. 2582, the Consumer Health Insurance Protection Act of 2018.

[21] David Montgomery, "MN just passed health insurance premium subsidies. Here's what it means," *Pioneer Press*, January 26, 2017, https://www.twincities.com/2017/01/26/mn-just-passed-health-insurance-premium-subsidies-heres-what-you-need-to-know/.

Appendix

The main data used in this analysis come from the Census Bureau's 2016 American Community Survey data on people who identify as having jobs in the "Agriculture, Forestry, Fishing and Hunting" category of the North American Industry Classification System used by the Bureau of Labor Statistics. This category includes a range of occupations, from farm owners and farm workers to people who own or work in businesses related to agriculture, such as those that spray crops, board horses, and prepare soil. The category includes people who own or work at establishments that primarily grow crops (such as farms, orchards, groves, greenhouses, and nurseries), that produce animals (such as ranches and fisheries), that grow and harvest timber, and that involve fishing, hunting, or trapping. The overall number of people who are in this category is 1.7 million, as shown in the table below.

The Census data are thought to undercount the number of people who are hired to work on farms. A separate 2014 analysis estimated that there are 2.5 million farm workers (as distinct from farm owners) laboring on farms and ranches in the United States.[22] The Census data also combine farm owners with farm workers — two very different groups in terms of income and access to health coverage — so this report also references the Labor Department survey of farm workers, which is based on in-person interviews with people working in crop production. Nevertheless, the Census data offer important insights into the income distribution of uninsured farmers and farm workers and, if anything, a more complete picture would likely show even larger portions of low-income, uninsured workers.

APPENDIX TABLE 1

Farmers and Farm Workers, Ages 19 to 64

				Of uninsured, share ...		
State	Farmers/ farm workers	Uninsured farmers/ farm workers	Uninsured rate	Under 200% of poverty	200% to 399% of poverty	At least 400% of poverty
United States	1,711,430	453,440	26%	58%	32%	9%
Alabama	18,100	3,730	21%	74%	16%	10%
Arizona	26,760	8,130	30%	41%	47%	13%
Arkansas	26,210	6,140	23%	49%	32%	20%
California	366,880	113,980	31%	69%	27%	5%
Colorado	26,280	5,930	23%	71%	21%	8%
Florida	75,050	34,700	46%	66%	30%	4%
Georgia	45,150	19,480	43%	58%	35%	6%
Idaho	29,640	8,690	29%	46%	35%	19%
Illinois	43,660	3,220	7%	60%	20%	19%
Indiana	30,520	5,960	20%	42%	45%	13%

[22] "Selected Statistics on Farmworkers," Farmworker Justice, 2014, https://www.farmworkerjustice.org/sites/default/files/NAWS%20data%20factsht%201-13-15FINAL.pdf.

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Farmers and Farm Workers, Ages 19 to 64

State	Farmers/ farm workers	Uninsured farmers/ farm workers	Uninsured rate	Of uninsured, share ... Under 200% of poverty	200% to 399% of poverty	At least 400% of poverty
Iowa	51,550	4,680	9%	57%	33%	10%
Kansas	27,210	3,390	12%	33%	46%	21%
Kentucky	22,120	5,060	23%	73%	17%	10%
Louisiana	20,970	6,840	33%	63%	26%	11%
Maine	12,750	2,370	19%	32%	55%	13%
Maryland	13,010	4,080	31%	34%	51%	15%
Massachusetts	11,310	1,110	10%	26%	63%	11%
Michigan	43,910	11,190	25%	67%	28%	5%
Minnesota	49,720	4,220	8%	49%	38%	13%
Mississippi	19,100	6,010	31%	48%	35%	17%
Missouri	33,430	5,190	16%	61%	27%	12%
Montana	20,030	1,940	10%	58%	24%	18%
Nebraska	31,390	2,780	9%	38%	58%	4%
New Jersey	12,720	4,470	35%	54%	41%	5%
New Mexico	9,810	2,200	22%	69%	31%	0%
New York	45,340	11,340	25%	44%	35%	20%
North Carolina	53,520	18,860	35%	75%	22%	3%
North Dakota	18,570	2,380	13%	21%	40%	38%
Ohio	32,950	5,680	17%	64%	25%	11%
Oklahoma	22,150	4,940	22%	44%	35%	21%
Oregon	54,100	12,660	23%	68%	15%	17%
Pennsylvania	49,380	15,840	32%	32%	51%	17%
South Carolina	19,070	6,470	34%	69%	27%	4%
South Dakota	21,140	2,930	14%	24%	50%	26%
Tennessee	23,160	7,500	32%	50%	41%	9%
Texas	83,350	30,700	37%	58%	29%	13%
Utah	10,710	2,620	24%	67%	32%	1%
Virginia	26,660	8,540	32%	53%	27%	21%
Washington	79,710	29,430	37%	49%	47%	4%
Wisconsin	60,860	11,710	19%	39%	50%	11%

Note: The following states and jurisdictions are omitted due to inadequate sample size: Alaska, Connecticut, Delaware, District of Columbia, Hawaii, Nevada, New Hampshire, Rhode Island, Vermont, West Virginia, and Wyoming. Data for these states and jurisdictions are included in the aggregated findings for the United States. Shaded states are Medicaid expansion states. Estimates are rounded to the nearest ten agricultural workers. Percentages may not sum to 100 percent due to rounding.
Source: CBPP analysis of 2016 American Community Survey data from the Census Bureau.