

Case Study Profile Series: Kentucky July 2016

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Study Background and Purpose

Health insurance and health care affect farm economic development, including risk management, productivity, health, retirement, off-farm income, and land access. Researchers at the University of Vermont and NORC at the University of Chicago have partnered with Regional Rural Development Centers on the “Health Insurance, Rural Economic Development and Agriculture” (HIREDnAg) project. The goal of this national study is to understand how health insurance influences farm family decision making, quality of life, and economic development.

Farming ranks among the most dangerous occupations in the U.S. (CDC 2013; BLS 2011). Health and safety risks inherent in agricultural work include sun and heat exposure, heavy lifting and bending that lead to chronic back and joint pain, operating farm machinery, exhaustion, exposure to disease from farm animals, and handling chemicals and dangerous materials. Mental health issues can be exacerbated by economic hardships, chronic pain, stress, long hours, and solitude.

Health insurance is one way to access and pay for needed health care. Having health insurance increases the likelihood of accessing preventive care and treatment in a timely manner, resulting in improved health outcomes, and reduced medical debt (Dorn, 2008). Farming families who are uninsured or underinsured can accrue crushing medical debt which can

increase financial risk, lead to farm foreclosure, and reduce overall quality of life. A previous study showed that while most farmers had health insurance from off-farm jobs, 20% had outstanding debt from medical bills with 25% reporting health care expenses contributed to their financial problems (Lottero, Pryor, Rukavina, Prottas, & Knudson, 2009). In addition to the occupational farmer health and safety concerns, studies have consistently found that longtime farmers, beginning farmers, and hired workers identify the high cost of health insurance as a major barrier to job creation and the ability to farm full-time (Inwood, 2015; Mishra, El-Osta, & Ahearn, 2012; Vermont Sustainable Jobs Fund, 2011, (ORDP 2006; Young Farmers Coalition 2011).

Farmers and ranchers make health insurance decisions from two perspectives: 1) “Farmer and family” health insurance decisions are made for themselves and their families, and; 2) “Farmers as employers” decide if and how to offer health insurance to employees. As a result, past and future health insurance policy may affect farmers through both individual and employer requirements. Federal and state health insurance policies require individuals, families, and employers to make decisions within a complex and continually evolving policy environment.

Core Objectives:

- Understand how health insurance influences:
 - Operator and farm worker health, vitality, and quality of life
 - Farm labor supply
 - The way farm operators structure their enterprise
 - The way farm operators manage family and business resources
- Conduct a needs assessment of farm and ranch technical assistance providers (farm viability and business planning professionals and tax accountants). Develop outreach and educational tools to assist farmers and ranchers in understanding health insurance options.
- Communicate the results of the study to national and state policy makers to inform them about how health insurance impacts the vitality of the farm sector and the overall rural American economy.

Selection Criteria:

- Active agricultural base, regional, and production variation;
- Medicaid expansion policy;
- State receptivity to participating in the study.

In this HIREDnAg case study profile series, we examine the health insurance and agriculture sector in each of the ten case study states. The health insurance policy landscape shifts rapidly; these reports are based on data accurate as of July 2016. Additionally, all agricultural data reported in this series are from the 2012 Census of Agriculture unless otherwise noted (United States Department of Agriculture, 2012).

The selected sites are shown on the map in Figure 1 and selected information related to the agricultural sector and health care policy landscape of these states is available in Table 1.

Figure 1: Map of Case Study States



Table 1. Selected information related to the study states' agricultural sector and health care policy landscape

Study States	Number of Farms ^a	Farmland (in acres) ^a	Number of Principal Operators ^a	Medicaid Expansion ^b	Marketplace ^b	Percent Uninsured population ^c
California	77,857	25,569,001	122,387	Yes	SBM	12.4
Kentucky	77,064	13,049,347	113,037	Yes	SBM	8.5
Massachusetts	7,755	523,517	12,275	Yes	SBM	3.3
Michigan	52,194	9,948,564	78,948	Yes*	SBM	8.5
Mississippi	38,076	10,931,080	54,778	No	FFM	15.0
Nebraska	49,969	45,331,783	74,786	No	FFM	9.7
Pennsylvania	59,309	7,704,444	90,595	Yes*	FFM	8.5
Utah	18,027	10,974,396	28,130	No	FFM	12.5
Vermont	7,338	1,251,713	12,012	Yes	SBM	5.0
Washington	37,249	14,748,107	59,784	Yes	SBM	9.2

*Michigan has an approved section 1115 ACA expansion waiver; Pennsylvania's section 1115 ACA expansion waiver was denied

^a2012 Census of Agriculture, ^bMarketplace abbreviations: State-Based Marketplace (SBM), State-Partnership Marketplace (SPM) Federally-Facilitated Marketplace (FFM) Source: Henry J. Kaiser Family Foundation, ^cAmerican Community Survey, 2014 estimate

Kentucky

Kentucky had a population of 4,328,524 residents in 2014 (United States Census Bureau, 2014). Kentucky expanded Medicaid and is operating a State-Based Marketplace with five participating insurers. (Centers for Medicare and Medicaid Services, 2016; The Henry J. Kaiser Family Foundation, 2016). Between 2009 and 2014 the rate of uninsured residents dropped by 40.3% from 613,281 to 366,062. In 2014, 8.5% of the population remained uninsured. Overall, 44.4% of the population has health insurance though employment alone, while 17.7% reported health insurance coverage through Medicaid or other means-tested programs alone (United States Census Bureau, 2009, 2014). Kentucky had been held as a model of success for its state marketplace and its Medicaid expansion when Matt Bevin was elected governor. Bevin ran part of his campaign on eliminating the state marketplace and rolling back the Medicaid expansion (Mayse, 2015). Within a few months in office, Bevin announced that

his office had begun dismantling the state marketplace and applied for a Medicaid waiver which would reform Medicaid and effectively reduce the number of people who qualify for Medicaid (State Journal Staff, 2016; Yetter, 2016a). Two bills to maintain the state marketplace and the Medicaid expansion failed in the state legislature (Yetter, 2016b).

Farm Size and Type

The agricultural sales in Kentucky are split between livestock and crops (Figure 2). Out of \$5.0 billion in sales, over \$2.7 billion (or 55.0%) were from livestock sales and \$2.2 billion (or 45.0%) were from crop sales. Corn and soybeans represent the largest sales with 28.5% of sales followed by poultry and eggs with 21.9% of sales and beef cattle with 20.4% of sales.

Between 2007 and 2012, the number of farms decreased by 9.6% (from 85,260 farms to 77,064 farms) while farm sales increased by 5.0% (from \$4.8 billion

to \$5.0 billion). Of the 77,064 farms, the majority (91.8%) are considered hobby or small farms with sales under \$1,000 and \$100,000 respectively: 3.8% are considered medium with sales between \$100,000 and \$250,000 and 4.4% are considered large with sales over \$250,000. The majority of the sales come from the large farms (64.4% of the sales) (Table 2).

Figure 2: Breakdown of Agricultural Sales in Kentucky

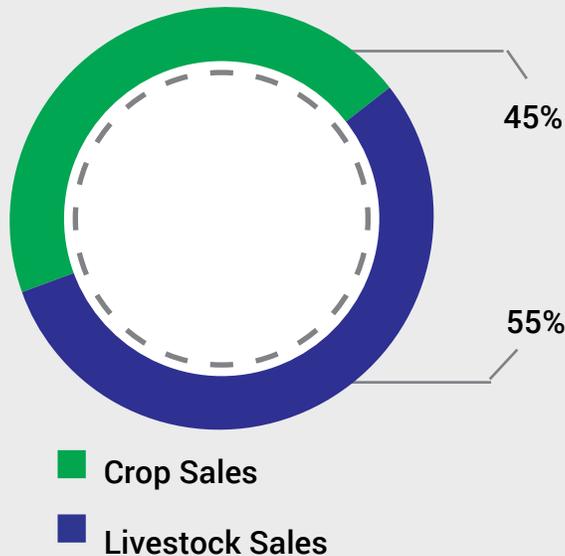


Table 3: Percentage of Kentucky Farms Engaged in Alternative and Direct Marketing Channels

Alternative Marketing Channel	Percentage of Kentucky's Farms
Direct Sales	4.5%
Value-Added	5.3%
CSA	0.5%
Tourism	0.8%
Certified Organic	0.1%

In Kentucky, 0.1% of farms are certified organic. Four and a half percent of the Kentucky farms reported direct sales to consumers, 5.3% engaged in value-added activities while 0.5% of farms reported selling through a CSA (Table 3). 0.8% of farms reported tourism activity.

Table 2: Total Farms and Sales by Farm Size

Farm Size	Percentage of Farms	Percentage of Sales
Large	4.4%	64.4%
Medium	3.8%	19.7%
Small	63.4%	15.9%
Hobby	28.4%	0.1%

Farmer Population

There are 114,210 farm operators in Kentucky including 77,064 principal operators. The average age of the principal operator in Kentucky is 57.6 years old; 31.8% of the principal operators were 65 years and older, and 5.8% of the principal operators were under the age of 35. Farming was the primary occupation for 41.7% of the principal operators while 74.4% of households reported that farming accounts for less than 25% of their total household income. Women farm operators (including first, second, and third) account for 27.5% of operators compared to the national average of 30.5%. Minorities account for 12.6% of the general population in Kentucky, but only 1.5% of farm operators (United States Census Bureau, 2014). Minorities counted in this figure include Hispanic, Black, Native American, and Asian farmers. Beginning farmers in this area represent 17.6% of the principal operators compared to 18.1% at the national level (Table 4).

Table 4: Beginning, Women, and Minority Farmers in Kentucky

Category	Percentage of Farmers
Beginning Farmers	17.6%
Women-Principle Operator	10.6%
Women	27.5%
Minority	1.5%

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Additional Information

For more information about this study and findings, contact Shoshanah Inwood at 802-656-0257 or email: Shoshanah.Inwood@uvm.edu

Project website: www.hirednag.net

Health Insurance Information and Programs for the Agricultural Sector

Nationally, USDA refers farmers and ranchers to the national website healthcare.gov. States vary in whether they offer health insurance services to farmers. Given state health insurance policy variations we examined if states have specific health insurance programs or outreach efforts directed towards farmers by consulting the websites of the state agencies of agriculture, state extension services, and state exchange (when applicable). To identify the most up-to-date options for Kentucky, resources include the Kentucky Department of Agriculture and the University of Kentucky Cooperative Extension, which provides information and guidance on choosing an insurance plan. Kynect, the state exchange, provides resources for small business owners through the SHOP Employer Guide.

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