

Case Study Profile Series: Vermont 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

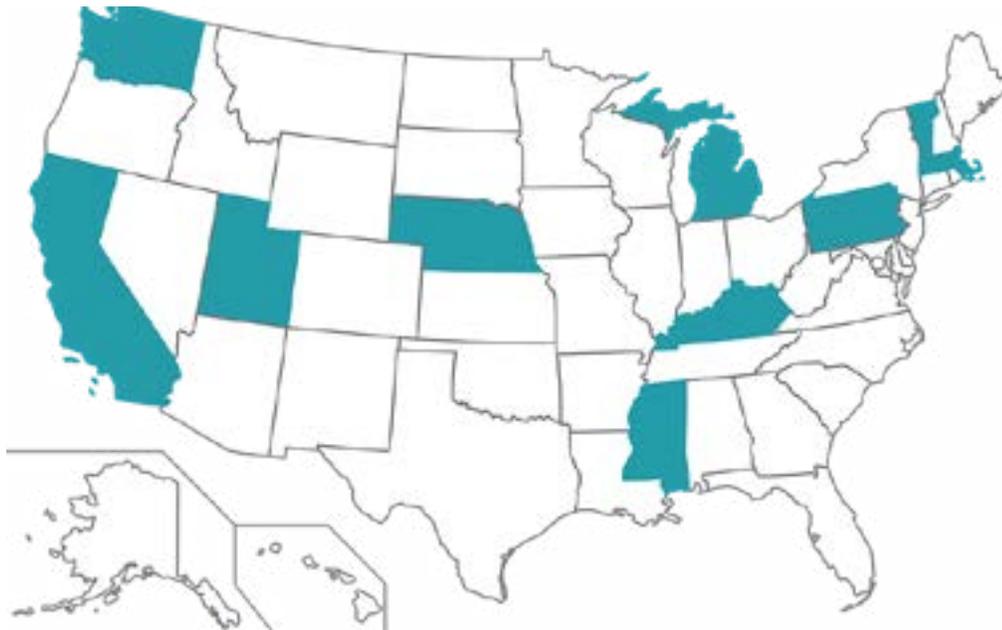


Table 1. Selected information related to the study states' agricultural sector and health care policy landscape

| 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

Vermont

Vermont is the second least populated state in the U.S. with a population of 620,453 residents in 2014 (United States Census Bureau, 2014). Vermont expanded Medicaid and is operating a State-Based Marketplace with two 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 42.3% from 53,192 to 30,716. In 2014, 5.0% of the population remained uninsured, the lowest rate of uninsured after Massachusetts (Redmond, 2015). Overall, 45.5% of the population had health insurance through employment alone, while 19.0% reported health insurance coverage through Medicaid or other means-tested programs alone (United States Census Bureau, 2009, 2014). Vermont is one of the states with the highest number of Medicaid recipients per capita (O’Gorman, 2015) with a Medicaid enrollment increase of 38.0% between 2006 and 2016 (Redmond, 2015).

Farm Size and Type

The majority of agricultural sales in Vermont are from dairy products and livestock (Figure 2). Out of \$776.1 million in agricultural sales, over \$598 million (or 77.19%) were related to livestock and dairy, including \$504 million in milk. Maple syrup and hay represented the largest sales in crops with over \$88 million (11.4%) in sales.

Contrary to many states with decreasing numbers of farms, the number of farms in Vermont increased by 5.1% between 2007 and 2014. For the same time period, farm sales increased by 15.2%, from \$673 million to \$776 million. Of the 7,338 farms, the majority (84.9%) are considered hobby or small farms with sales under \$1,000 and \$100,000 respectively, 6.6% are considered medium with sales between \$100,000 and \$250,000 and 8.5% are considered large with sales over \$250,000. 66.6% of agricultural sales come from large farms (Table 2).

Figure 2: Breakdown of Agricultural Sales in Vermont

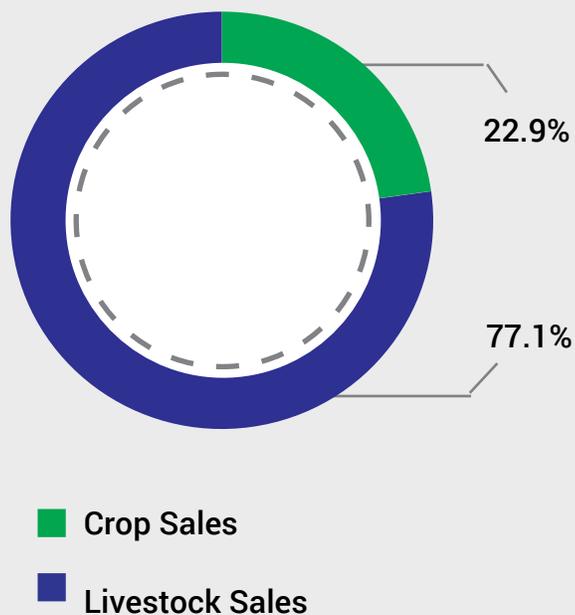


Table 3: Percentage of Vermont Farms Engaged in Alternative and Direct Marketing Channels

| Alternative Marketing Channel | Percentage of Vermont's Farms |
|-------------------------------|-------------------------------|
| Direct Sales | 28.2% |
| Value-Added | 13.8% |
| CSA | 4.5% |
| Tourism | 2.1% |
| Certified Organic | 7.5% |

Table 2: Total Farms and Sales by Farm Size

| Farm Size | Percentage of Farms | Percentage of Sales |
|-----------|---------------------|---------------------|
| Large | 8.5% | 66.6% |
| Medium | 6.6% | 23.9% |
| Small | 60.9% | 9.5% |
| Hobby | 24.0% | N/A |

The percentage of Vermont's farms engaged in alternative and direct marketing channels is high relative to many other states. In Vermont, 7.5% of farms are certified organic. Twenty eight percent of Vermont farms reported direct sales to consumers, 13.8% engaged in value-added activities while 4.5% of farms reported selling through a CSA. 2.1% of farms reported tourism activity (Table 3).

Farmer Population

There are 12,257 farm operators in Vermont including 7,338 principal operators. The average age of the principal operator in Vermont is 57.3 years old, 28.3% of the principal operators were 65 years and older, and 5.7% of the principal operators were under the age of 35. Farming was the primary occupation for 51.5% of the principal operators while 69.5% 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 38.4% of operators compared to the national average of 30.5%. Minorities account for 4.7% of the general population in Vermont, but only 1.7% 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 22.3% of the principal operators, higher than the national average of 18.1% (Table 4).

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

| Category | Percentage of Farmers |
|--------------------------|-----------------------|
| Beginning Farmers | 22.3% |
| Women-Principle Operator | 22.4% |
| Women | 38.4% |
| Minority | 1.7% |

About the Authors

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Additional Information

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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 exchanges (when applicable). The Vermont Agency of Agriculture and University of Vermont do not currently provide health insurance information for the agricultural sector. Vermont Health Connect, the State-Based Marketplace, provides resources for small business owners through the SHOP Employer Guide, as well as a fact sheet to help legal migrant farm workers obtain health insurance.

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