



TESTIMONY OF ROGER JOHNSON

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NATIONAL FARMERS UNION

**SUBMITTED TO THE DEMOCRATIC POLICY AND COMMUNICATIONS COMMITTEE
REGARDING THE AMERICAN HEALTH CARE ACT'S LIKELY IMPACTS ON RURAL AMERICA**

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WASHINGTON, DC

Chairwoman Stabenow and members of the committee, thank you for holding this hearing and for the opportunity to testify before you today. My name is Roger Johnson, and I am president of the National Farmers Union (NFU). NFU represents 200,000 family farmers, ranchers, and rural Americans across the country.

The cost of health care has long been a primary concern of farmers and ranchers. During my years as a farm credit counselor in the '80s, health care costs were often a major debt that struggling farmers carried on their balance sheets. In fact, it was the chief cause of farm bankruptcies for many of my clients. Many struggling farmers and beginning farmers decided not to carry health insurance, taking their chances with staying healthy.

During my time as North Dakota's Agriculture Commissioner from 1997 to 2009, the cost of health care was the most frequent concern I heard when talking with farmers and ranchers. Many farmers were looking for full time off-farm jobs for themselves or their spouse just to access health insurance. As time went on, single family policies, which farmers almost always had to buy, became increasingly unaffordable. Health coverage became so unaffordable that more and more farmers were left with no choice but to go without health insurance. NFU ultimately supported the Affordable Care Act (ACA) because our members simply found it unacceptable that so many people could not afford health care.

Farming is a dangerous occupation, ranking sixth in occupational fatalities and first in fatal work injury rate.¹ The injury rate for agricultural workers is also 40% higher than the average rate for all workers.² The average age of farmers in the United States is over 58 years.³ It is critical that our health care policy protects those individuals currently working in the agricultural sector, especially those with pre-existing conditions. Of equal importance is ensuring that health care costs do not serve as a barrier for young and beginning farmers.

While the ACA has not been without its problems, the legislation helped over 13 million Americans gain coverage through Medicaid, the Health insurance Marketplace, non-marketplace individual plans, and other sources.⁴ The expansion of Medicaid has proven beneficial to rural communities, where the rate of enrollment is higher than in urban America. The ACA's system of tax credits and premium subsidies helps young farmers access insurance and enables established farmers to maintain consistent coverage, especially during downturns in the farm economy.

Ohio Farmers Union (OFU) is one example of a state Farmers Union organization that offers health insurance products to its members. Since the passage of the ACA, OFU has worked diligently to help Farmers Union members and other rural Ohioans take full advantage of the ACA's provisions. Many of these individuals have pre-existing conditions and were unable to afford insurance prior to the ACA. The

¹ U.S. Bureau of Labor Statistics, Current Population Survey, Census of Fatal Occupational Injuries, 2016.

² Workplace Injuries and Illnesses – 2011. Department of Labor, Bureau of Labor Statistics (BLS) News Release, October 25, 2012.

³ USDA NASS, 2012 Census of Agriculture.

⁴ Carman, Katherine G., Christine Eibner and Susan M. Paddock. "Trends in Health Insurance Enrollment." *Health Affairs* 34.6 (2015): 1044-1048.

following is a small sampling of the hundreds of people and families OFU serves, many of whom would likely lose coverage if the American Health Care Act (AHCA) were to become law.

Ohio Farmers Union Client Examples: Pre-Existing Conditions Covered Under the Affordable Care Act				
	Family Size	Pre-Existing Condition	Premium	Subsidy
Family ACA Plan Effective 1/1/2016	2	Herniated Intervertebral Neck Disks	\$1,650.00	\$1,345.00
Family ACA Plan Effective 1/1/2015	5	Rare Blood Disorder	\$2,393.40	\$0.00
Individual ACA Plan Effective 1/1/2017	1	Degenerative Heart Valve Disease	\$721.07	\$499.00
Family ACA Plan Effective 1/1/2017	6	Childhood Leukemia	\$1,088.50	\$961.00

The Health Insurance Marketplace makes coverage more accessible for many farm families but desperately requires stabilization. In theory, the individual exchanges should prevent self-employed farmers from having to seek off-farm employment for health insurance. However, forty-one percent of rural marketplace enrollees only have a single option of insurer.⁵ The lack of competition has led to higher premiums for many rural residents. Unfortunately, it's unlikely that the AHCA will further stabilize the marketplace. The Congressional Budget Office (CBO) projects that about one-sixth of the population would reside in areas in which the marketplace would start to become unstable in 2020.⁶

The AHCA would not fix many of the problems that farmers and ranchers face in accessing coverage. In fact, the Act is a serious step in the wrong direction. NFU has been vocal in its opposition to the legislation first and foremost because it would cause 23 million Americans to lose their health insurance.⁷ Our member-driven policy affirms "the right of all Americans to have access to affordable, quality health care."⁸ We cannot support any legislation that would reduce the number of Americans with health coverage.

The AHCA's per capita Medicaid cap would have devastating impacts on rural hospitals and rural communities. The correlation between a strong Medicaid program and the success of rural hospitals has become evident during the dramatic increase of rural hospital closures over the last six years. Seventy-nine rural hospitals have closed since 2010, with over 80 percent of those located in states that opted

⁵ Zumbrun, Erin M. "3 Fixes Needed in Any Modification to the ACA." *NRHA Blog* (April 6, 2017), <http://connect.nrharural.org/blogs/erin-mahn/2017/04/06/3-fixes-needed-in-any-modification-to-the-aca>.

⁶ Congressional Budget Office, cost estimate for H.R. 1628, the American Health Care Act (May 24, 2017).

⁷ Congressional Budget Office, cost estimate for H.R. 1628, the American Health Care Act (May 24, 2017).

⁸ National Farmers Union, "Policy of the National Farmers Union," March, 2017. <https://nfu.org/2017-policy>

out of Medicaid expansion.⁹ With another 673 hospitals at risk of closure, we need to increase – not decrease – support for rural hospitals.¹⁰

The AHCA's system of tax credits would be very harmful to small and beginning farmers. In 2012, 75 percent of farms sold less than \$50,000 in agricultural products and 57% had sales less than \$10,000.¹¹ Young farm families that don't receive additional income or health benefits from off-farm jobs would find it extremely difficult to purchase health insurance.

Jimmy Dula, a young Farmers Union member from Colorado provides one example of how important the ACA's income-based tax credits are to young farmers. Jimmy began farming in 2012, and was living paycheck to paycheck, working a variety of off-farm jobs to make ends meet. Despite all of his hard work, he was unable to afford health insurance for three years. In 2015, he qualified for the Advanced Premium Tax Credit (APTC), which allowed him to find affordable coverage through Colorado's marketplace. If the AHCA were to pass, young farmers like Jimmy would again face all of the physical demands and danger of farming without any health coverage.

The AHCA doesn't improve circumstances for older farmers, either. While individuals ages 50 to 64 would be eligible for higher tax credits, the Act eases restrictions on what insurance companies can charge older customers. By allowing insurance companies to charge older customers as much as five times what they charge younger customers, older farmers would face premium increases of thousands of dollars, despite the larger subsidies.

The community waiver would have serious consequences for individuals with pre-existing conditions. Rural Americans have higher obesity, diabetes, cancer and traumatic injury rates. Given the average age of farmers and the dangers of a career in agriculture, it's likely that a significant percentage of farmers would be forced into high-risk pools. This would leave many farmers to contend with increased premiums, higher deductibles and longer waiting periods for coverage.

The waiver allowing states to modify Essential Health Benefits (EHB) would also hurt farmers. While the EHB waiver would lower premiums for healthy people, the coverage they receive would be of a much lower quality. Essentially, they would be paying less for a lesser product. At the same time, the EHB waiver would cause premiums costs for less healthy people to skyrocket. The ban on annual and lifetime limits would also be restricted in states that apply for EHB waivers. With the two waiver options and the easing of restrictions on what insurance companies can charge older customers, the AHCA would make insurance far too expensive for many farmers to afford.

Times are tough for American farmers right now. The farm economy continues to falter, with average net farm income expected to drop below the cost of production in 2017.¹² One might expect farm income and expenses to dominate farmers' concerns, especially as work on the 2018 Farm Bill begins.

⁹ University of North Carolina. "79 Rural Hospital Closures: January 2010-Present,"

<http://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

¹⁰ IVantage Health Analytics. Rural Relevance – Vulnerability to Value: A Hospital Strength INDEX Study. (2016).

¹¹ USDA NASS, 2012 Census of Agriculture.

¹² USDA Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2017.

However, in 14 Rural Issues Discussions held by Minnesota Farmers Union earlier this spring, the cost of health insurance dominated the list of people's worries. Farmers view health care access and insurance coverage as a critical part of the farm safety net. Many Minnesota farmers worry that if health care costs continue to rise, they will be unable to continue farming.

Affordable access to quality health coverage is a high priority for all Americans, especially farmers and ranchers. NFU has been deeply disappointed and is rather worried by the lack of transparency in the process of reforming our health care system. The needs of farmers, ranchers and rural Americans must be seriously considered as these conversations move forward. While there is certainly opportunity for improvement in current policy, the American Health Care Act will only hurt family farmers and rural communities across the country. NFU requests that you oppose this legislation.

We appreciate this committee's acknowledgment of the unique needs of family farmers and ranchers. We look forward to working with you further to ensure that all Americans have access to high quality, affordable health care. Thank you for the opportunity to testify.