

Date: March 6, 2019
To: House Insurance Committee, Jene Vickrey, Chairman
From: Jenny Burgess, Rice County farmer
Re: SB 32 – KFB Health Plans, proponent, written only

I'm a first-generation farmer from Reno County with my husband and two kids. As of lately between weather, markets, and the cost of living climbing for us affordable health insurance became another stress. We are a young, healthy family that was struggling to balance the looming costs the ever-increasing premiums our health insurance was costing us. We concluded after paying \$16,000-\$24,000 a year in health insurance in combined premium and deductibles to make the decision to let our coverage lapse.

As beginning farmers we are already taking an extreme gamble in starting up our own farm. We budget continually, because we have too. Farming at the moment is a variable income stream at best, and several years of poor crop prices have kept our income low. We had priced insurance on ACA again last year and found out that the premiums were still no better than last time. A \$6,000 deductible for individual and \$16,000 family was something we would still never be able to afford. Not as a healthy family of four.

Last year my husband and I had a very troubling decision to make. One of us had to give up our dream of farming and go work in town. It is devastating to think that we would have to give up what we love and worked hard for just to get antiquate and affordable health insurance for our family. My husband and I strongly believe that SB 32 will give farmers, like us, another option for health care in our area.

Jenny Burgess
Sterling, KS

<http://www.hutchnews.com/news/20190301/bridging-health-gap-kansas-farm-bureau-pushes-for-legislation-for-its-own-healthcare-plan>

Bridging the health gap: Kansas Farm Bureau pushes for legislation for its own healthcare plan

By Chance Hoener / Staff Writer

Posted Mar 1, 2019 at 1:01 AM

All Jenny Burgess has ever wanted to do is farm, and she has done so since starting a farm near Nickerson with her husband, Geoff.

But last year, she thought she may have to give up the job she loves and move to a job in town. She needed a job with health insurance for her family.

The Kansas Farm Bureau has pushed a bill to the Kansas legislature that hopes to remedy situations like Burgess'. Senate Bill 32 would allow KFB to provide its members with healthcare benefits coverage exempt from the requirements of the Affordable Care Act.

“We have heard for the last few years from our membership about the rising costs of health coverage for families, for businesses, to make sure their operations are covered and they have access to care,” KFB CEO Terry Holdren said. “In most instances today, those folks are at an income level that they don’t qualify for subsidies through the Affordable Care Act.”

In those instances, many families have opted to have one member work in town — as Burgess thought she might — or have purchased insurance off the exchange, according to Holdren.

“As those rates have continued to increase, a lot of times those same families are spending 30 to 40 percent of their annual income on those premiums and deductibles, which is really unsustainable and inhibits their ability to expand the farm or do other things that would help rural economies in the state,” he said.

Others still are opting to go without insurance coverage or get coverage through “medishare” or ministry healthcare groups.

The Burgess family has done both.

“For the past two years, we’ve had zero health insurance due to the exponential hike in premiums,” Burgess said. “We were paying nearly \$800 per month with a \$6,000 deductible for individual and \$16,000 for family. Basically, we were paying \$16,000-24,000 per year just in health insurance, before they covered anything.”

Burgess said they eventually found coverage through Christian Care Ministries, a faith-based healthcare coverage organization.

Holdren said medishare organizations like this are a more affordable option for many farmers but aren’t always as reliable as some of the traditional coverage plans out there. Through SB 32, KFB hopes to create a reliable and affordable option for its members.

How it works

KFB began looking for a way to provide healthcare benefits to their members and eventually came upon what would be the basis for SB 32. The bill aims to exempt the KFB plan from the authority of the Kansas Insurance Commissioner.

There are nine other organizations that have exemptions, and KFB would be the tenth. The bill also includes language specific to KFB that would define its healthcare member benefits as “not insurance.” This distinction would also exempt the KFB plan from the federal laws of the ACA.

“There are 10 essential health benefits that are required to be covered by every policy under the ACA,” Holdren said. “And the act also prohibits you from considering the individual health history or health condition of the applicant, so you’re just required to issue coverage to everybody.”

By earning exemption from the ACA, KFB would not be required to issue coverage to those with pre-existing conditions — at least not the same coverage it issues to all members. This fact has been a point of contention around the bill, as it could leave some without coverage. However, Holdren does not see that happening on a large scale.

“What that exemption allows the Farm Bureau to do is to specifically look at the health condition of the individual and offer coverage based on that condition,” he said. “We know that everybody has some sort of health condition, or will eventually, so those pre-existing conditions create a hurdle that could result in a denial of coverage, but most likely for us would result in some other way to manage that care and deal with that condition. That could be an exclusion, could be a rider on the policy, could be waiting period on the policy.”

KFB believes this system will help them better manage risk, as well as offer benefits plans that are 30 percent cheaper than traditional plans through the ACA.

Tennessee Farm Bureau has been operating a similar program for decades, and it is estimated that 85 percent of those with pre-existing conditions received coverage. Iowa Farm Bureau received an exemption last year and is currently in the first year of the program.

Moving forward

The Senate voted 28-11 to forward the bill to the House Feb. 20. The bill is currently being considered by the House Insurance Committee.

If the bill is passed, KFB will work with a third party administrator to create the plan, and Holdren said the group is open to conversations with partners. If passed, they hope to move quickly to be able to provide plans beginning January 2020.

Burgess said she appreciates the work KFB is doing to fill a “donut hole” in coverage for farmers in the state, and Holdren is optimistic that they will be successful.

“We wouldn’t have bit this off if we didn’t think we could be successful in the legislative realm as well as serving our members,” he said.