



# Statement of the Nebraska Farm Bureau Federation

---

**TO THE UNITED STATES HOUSE OF REPRESENTATIVES  
COMMITTEE ON WAYS AND MEANS HEARING ON:**

**“PROTECTING AMERICANS WITH PRE-EXISTING CONDITIONS”**

**January 29, 2019**

**Presented By:  
Rob Robertson  
Chief Administrator/Secretary-Treasurer  
Nebraska Farm Bureau Federation**

---

Chairman Neal, Ranking Member Brady and members of the Committee, thank you for the opportunity to speak with you today. My name is Rob Robertson, and I am the Chief Administrator/Secretary-Treasurer for the Nebraska Farm Bureau Federation (NEFB), Nebraska's largest general farm and ranch organization with over 59,000-member families. I am pleased to offer you our thoughts and inform you on the steps our organization has taken to protect those with pre-existing health conditions.

In August 2009, NEFB issued a news release expressing its concern that health insurance costs could dramatically increase for farmers and ranchers under policies similar to those Congress considered and later included in the Patient Protection and Affordable Care Act (ACA). The news release stated that "A large majority of food producers are self-employed, and many buy their own health insurance without the benefit of being part of a group." We also pointed out that farmers and ranchers would likely suffer the most with any increase in health insurance premiums associated with adoption of some of the policies found in the ACA given farmers and ranchers inability to pass increased costs onto customers, an option available to other businesses.

Today, nearly a decade after passage of the ACA, our concerns about skyrocketing health insurance premiums in the individual market and the impact on farmers and ranchers associated with the ACA have proven to be correct.

Escalating health care and health insurance costs were among the top concerns registered by farmers and ranchers who attended a series of NEFB listening sessions held across the state in the summer of 2018. Whether it was reports of health care premiums becoming the first or second highest living expense, stories of a spouse having to find off-farm work to secure employer provided health insurance, or families (young and old) dropping health care insurance all together, we heard directly from those struggling with how to deal with increasing health insurance costs. In several instances, people were in tears explaining how they wanted to help on the family farm but could not because they were forced to work in town for the sole reason of getting health insurance for their family.

While disheartening, what we heard was not surprising. In the spring of 2017, NEFB conducted a non-scientific survey of NEFB members to gather opinions on their experiences with the ACA as Nebraska eventually lost all but one insurance company in the individual market place because of concerns about the economic viability of such plans. Nearly 850 members participated in the survey. The results clearly showed that farm and ranch families were negatively impacted at a much higher level than their urban cousins in dealing with growth in premiums in the individual market. Nearly 98 percent of the farmers and ranchers surveyed overwhelmingly expressed dissatisfaction with the cost and benefits of their health insurance.

It is through this lens that NEFB began working throughout 2017 and 2018 to develop and eventually offer to our members a first of its kind Association Health Plan (AHP). This plan was provided in partnership with Medica, a health insurance company based out of Minneapolis, Minnesota. In the plan's first year of existence it has helped us offer a quality health insurance option and that has also helped lower costs for farm and ranch families who have been squeezed out of the individual market because of escalating premiums.

In creating this AHP, we deeply believed that it was imperative to cover pre-existing conditions. We wanted to offer great coverage to our farmer/rancher members. In order to attract members to the AHP, we offered health insurance that was reasonably priced and that covered pre-existing conditions. Let me be clear, we do not view our AHP as an attack on the ACA, but a companion to it that provides our member families with another health insurance option that offers them quality care at a reduced cost.

Allowing farmers and ranchers to pool together to form a large health insurance group through the AHP was the best way we could offer this product at a discounted rate from the high costs of premiums in the individual market. Without this ability to form a bona fide large employer group, our farmer and rancher members would be stuck with the high costs and limited options in the individual health insurance market if they can afford them at all.

From a policy standpoint, one of the best ways to protect Americans with pre-existing conditions is to enhance the ability of individuals to band together, pool their risks and form a large group, fully-insured plan using AHPs. In NEFB's case, it is because of the new regulations on AHPs issued by the Department of Labor that allowed us to form a large group health insurance product for farmers, ranchers and those employed in agribusiness.

Most farmers and ranchers are self-employed. The new regulations on AHPs essentially allowed the self-employed farmers and ranchers to qualify as "working owners" which meant they could be classified as both employers and employees under the ERISA requirements for AHPs. Without these new regulations on AHPs and how they treated the self-employed farmers and ranchers, we would have faced greater challenges forming NEFB's AHP and mostly likely would not be offering a plan that is ACA compliant and one that covers pre-existing conditions.

One such example of how our AHP benefits farmers and ranchers comes from a husband and wife who farm together near Fairbury in Southeast Nebraska. They have seen the cost of their health insurance continue to rise, especially over the past two years. With neither working off the farm, two grown and married children, and both being too young for Medicare, it was just the two of them looking for a cost-efficient plan.

In 2018, they paid around \$25,000 for their health insurance coverage. As they are self-employed, they are covering that entire cost themselves. Around a month before signing up for our new plan, they received a letter stating that for their 2019 enrollment, the same exact health plan was going to cost them more than \$26,000 for the year. Now enrolled in our AHP, for the same coverage through the same company, they will be paying just under \$19,000 for the year.

Outside of simply saving money on their premiums, we can also point to numerous examples of enrollees who previously went without health insurance, now entering the health insurance marketplace because of our more affordable plans. Again, our AHP provides our members with another health insurance option in a highly limited and at times unaffordable marketplace.

We believe on average, the expected premium cost of the NEFB Member Health Plan will be 25 percent less than the expected premium cost of the current individual market for farmers and ranchers. The reason is relatively simple; farmers, ranchers, and those employed in agribusiness

are now a part of a large group, which can be rated at lower costs because risks can be pooled and spread out. Also, since our group of farmers and ranchers are rated as a large group employer, there are lower administrative costs and less price defense mechanisms built into the premiums.

To be eligible for our plan, members need to be an active farmer, rancher, or involved in agribusiness as AHPs require that participants be in a similar line of business. More specifically, members of our group must adhere to the following:

- For farmers and ranchers, 50 percent of their gross income must be in production agriculture.
- For agribusinesses, 50 percent of their gross income must come from production agriculture and must provide inputs and services essential to agriculture.
- Be an NEFB member in good standing since July 1, 2018 and maintain their NEFB membership throughout the coverage period.
- Live within the selected network's service area to enroll in and remain in the plan.
- Employers, dependents, and full-time (more than 30 hours) employees only are eligible. Part-time/seasonal employees are not eligible.
- Be a member of the new Nebraska Farm Bureau Employer Insurance Consortium.

Importantly, our AHP, like other fully-insured, “large group,” self-insured AHPs, covers a series of requirements including the elimination of all pre-existing condition exclusions. All of these requirements are met per ACA regulations. Also, just like all ACA compliant and individual marketplace plans, ours does not rate participants on their health status. Our AHP rates participants on only geography and age. In terms of coverage, our plan offers coverage for the following items and services:

- Outpatient and inpatient care
- Prescription drugs
- Preventive services
- Laboratory services
- Prenatal and maternity care
- Mental health and substance abuse services
- Emergency room visits
- Rehabilitation and habilitation services

While we can certainly debate the need for some federal mandates, the need for coverage of those with pre-existing conditions is not included on that list. Farmers and ranchers, like everyone else, have in the past been affected by previous limitations on pre-existing medical conditions.

Historically, farmers and ranchers largely purchased their health insurance through the individual marketplace like other entrepreneurs and small business owners. It was and continues to be relatively common for either a spouse or both members of a farm and ranch family to hold another job simply due to need for affordable health insurance coverage. Our organization’s goal in supporting the NEFB AHP was to help offer a more affordable health insurance option that

also provided quality coverage, including coverage for pre-existing conditions, for our member families. With only one year under our belt and with just under 700 enrollees, we believe we have done just that, and we are looking forward to offering similar coverage again in future years.

Thank you again for this opportunity to speak with you all today, and I look forward to answering your questions.