

## Summary of Health Care Costs on Kansas Farm Management Association Farms 2008-2017

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Health insurance costs have been on the rise for several years and are frequently named by farmers as becoming a burden to their families and operations. As agricultural incomes have declined due to low commodity prices, paying higher health insurance premiums becomes more difficult for farm families. The following is an analysis of 157 farms in the Kansas Farm Management Association that provided health insurance and medical cost information each year from 2008-2017. Any health insurance costs paid by the employer if family members had off-farm employment were not reported, which may underestimate health insurance costs.

Table 1 displays 2017 Health Insurance costs and Medical Expenses for the 157 families broken down by family status. The average for an individual under 65 years of age was \$8,968 per year in health insurance premiums and \$2,273 in health care costs. For singles that were over 65 years of age, health insurance averaged \$5,446 a year with an additional \$1,889 in medical expenses. It is worthy to examine the range on expenditures, by comparing the maximum and minimum values. Some individuals paid as little as \$2,349 a year for health insurance and \$211 on medical care expenses, while others paid over \$14,000 on health insurance and over \$7,000 on medical care expenses.

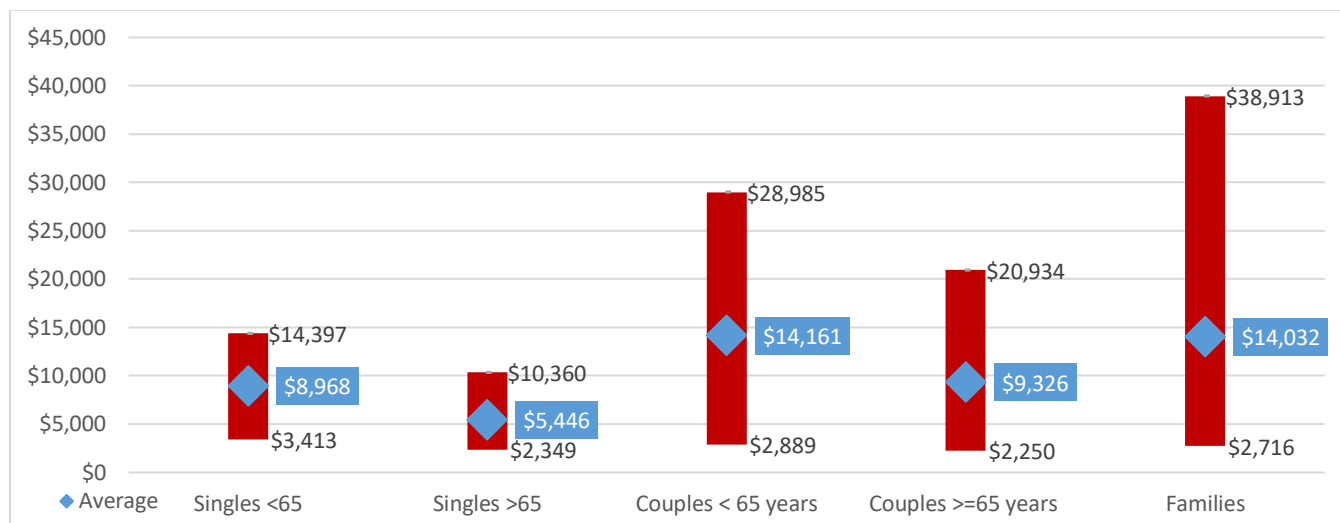
Couples with the principle farm operator less than 65 years of age spent an average of \$14,161 on health insurance in 2017 and \$4,199 on medical expenses. For couples where the principle operator was 65 years of age or more (and likely on Medicare), on average they spent \$9,326 per year for health insurance and \$3,634 in medical expenses. It is worthwhile to examine the ranges on health insurance premiums from less than \$3,000 to near \$29,000 per year. Similarly, medical care expenses range from nothing per year to over \$17,000.

Families, defined as having 3 or more people, paid an average of \$14,032 for health insurance in 2017 with an additional \$5,221 in average medical expenses. Note that couples less than 65 years of age and families are paying similar average health insurance costs, with families paying more in medical expenses in 2017. The range on what families are paying for health insurance is large, with one family paying as little as \$2,250 a year while another is paying near \$39,000.

| Category           | Count | Yearly Health Insurance Cost |         |          | Yearly Medical Care Expenses |       |          |
|--------------------|-------|------------------------------|---------|----------|------------------------------|-------|----------|
|                    |       | Average                      | Min.    | Max.     | Average                      | Min.  | Max.     |
| Singles <65        | 7     | \$8,968                      | \$3,413 | \$14,397 | \$2,273                      | \$375 | \$7,270  |
| Singles >65        | 7     | \$5,446                      | \$2,349 | \$10,360 | \$1,889                      | \$211 | \$6,055  |
| Couples < 65 years | 37    | \$14,161                     | \$2,889 | \$28,985 | \$4,199                      | \$0   | \$17,414 |
| Couples >=65 years | 66    | \$9,326                      | \$2,250 | \$20,934 | \$3,634                      | \$0   | \$17,546 |
| Families           | 40    | \$14,032                     | \$2,716 | \$38,913 | \$5,221                      | \$0   | \$16,382 |

**Table 1: 2017 Health Insurance and Medical Cost Expenses by Category**

Figure 1 illustrates the 2017 Health Insurance Costs by Category, plotting the average and range of values that are seen.



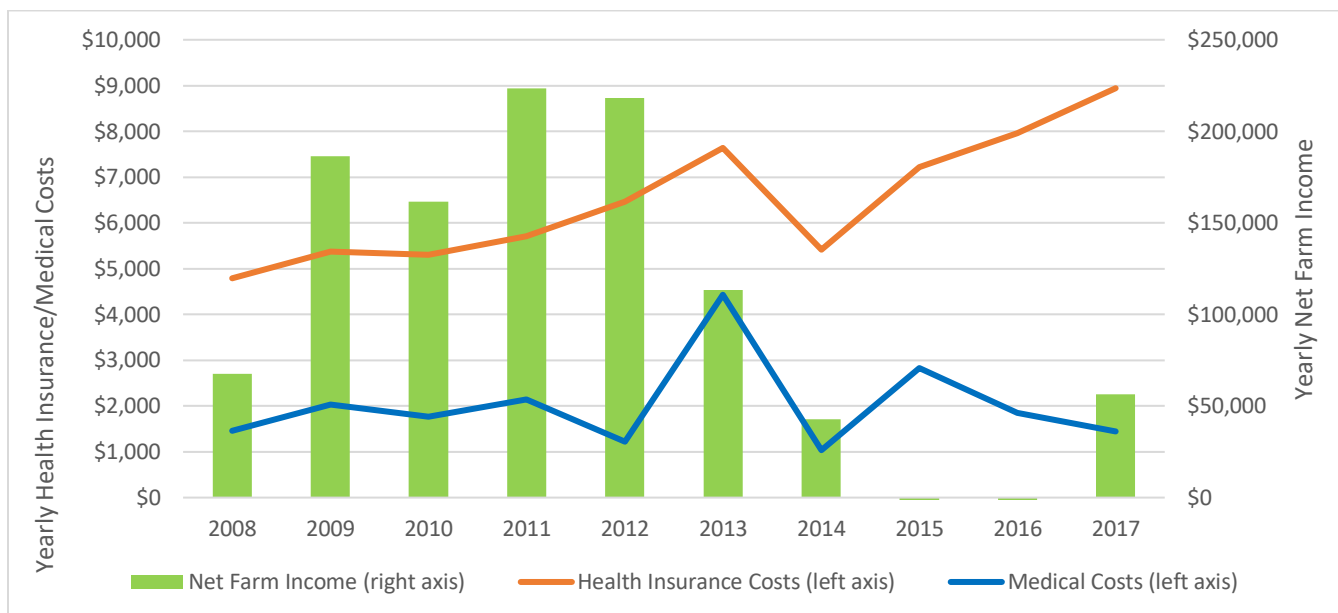
**Figure 1: Minimum, Maximum, and Average 2017 Health Insurance Expenses by Category**

To evaluate the trend in health insurance costs over the last 10 years, Figures 2 through 4 show yearly Health Insurance and Medical Costs, with Net Farm Income on the secondary axis for comparison. The same farm/family had to stay within the same category over the complete 10-year period to appear in this analysis. Singles and couples that turned 65 within the 10 years were excluded as the trend would be influenced by the year they went on Medicare. Those included in the family category are all less than 65 years of age.

Only 6 observations for singles less than 65 years of age are included in Figure 2 and Table 2 but show an upward trend in health insurance costs in all years except 2014. Overall, average health insurance costs increased 87% over this ten-year period. Average medical care costs are mostly between \$1,000 to \$2,500 a year, with 2013 being an outlier where one individual had an extremely large expense. Net Farm Income had been good for these individuals from 2009-2013, ranging from \$113,491 to \$223,578 a year, but significantly dropped after 2013 and was negative in 2015 and 2016.

| Year                         | Average Health Insurance Costs | % Change from Previous Year | Average Medical Care Costs | % Change from Previous Year | Average Net Farm Income |
|------------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------|
| 2008                         | \$4,791                        | --                          | \$1,453                    | --                          | \$67,508                |
| 2009                         | \$5,378                        | 12.3%                       | \$2,036                    | 40.1%                       | \$186,574               |
| 2010                         | \$5,305                        | -1.4%                       | \$1,768                    | -13.2%                      | \$161,481               |
| 2011                         | \$5,708                        | 7.6%                        | \$2,140                    | 21.1%                       | \$223,578               |
| 2012                         | \$6,469                        | 13.3%                       | \$1,217                    | -43.1%                      | \$218,049               |
| 2013                         | \$7,635                        | 18.0%                       | \$4,431                    | 263.9%                      | \$113,491               |
| 2014                         | \$5,422                        | -29.0%                      | \$1,036                    | -76.6%                      | \$42,821                |
| 2015                         | \$7,225                        | 33.2%                       | \$2,824                    | 172.6%                      | -\$21,640               |
| 2016                         | \$7,962                        | 10.2%                       | \$1,852                    | -34.4%                      | -\$5,815                |
| 2017                         | \$8,942                        | 12.3%                       | \$1,440                    | -22.3%                      | \$56,397                |
| <b>Change from 2008-2017</b> | <b>\$4,152</b>                 | <b>86.7%</b>                | <b>-\$13</b>               | <b>-0.9%</b>                | <b>-\$11,111</b>        |

**Table 2: Trend Analysis for Singles <65 Years of Age (6 observations)**



**Figure 2: Trend Analysis for Singles <65 Years of Age (6 observations)**

Trends for couples less than 65 years of age show a higher average health insurance cost, increasing by 93% in the last 10 years. The average household went from spending just over \$7,000 a year to now \$14,000. Medical costs have held somewhat steady, between \$3,500 and \$5,000 a year on average, and not increasing on a yearly basis. Net farm income for these couples was very good from 2008-2012, but since has fallen to lower and even negative levels.

| Year                         | Average Health Insurance Costs | % Change from Previous Year | Average Medical Care Costs | % Change from Previous Year | Average Net Farm Income |
|------------------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------|
| 2008                         | \$7,087                        | --                          | \$3,706                    | --                          | \$131,809               |
| 2009                         | \$7,759                        | 9.5%                        | \$3,779                    | 2.0%                        | \$117,246               |
| 2010                         | \$8,067                        | 4.0%                        | \$3,582                    | -5.2%                       | \$169,025               |
| 2011                         | \$9,504                        | 17.8%                       | \$5,136                    | 43.4%                       | \$168,959               |
| 2012                         | \$9,914                        | 4.3%                        | \$5,961                    | 16.1%                       | \$163,675               |
| 2013                         | \$10,822                       | 9.2%                        | \$4,422                    | -25.8%                      | \$75,582                |
| 2014                         | \$10,681                       | -1.3%                       | \$3,753                    | -15.1%                      | \$109,789               |
| 2015                         | \$11,548                       | 8.1%                        | \$4,189                    | 11.6%                       | \$23,540                |
| 2016                         | \$12,462                       | 7.9%                        | \$4,591                    | 9.6%                        | -\$13,782               |
| 2017                         | \$13,658                       | 9.6%                        | \$3,519                    | -23.4%                      | \$34,680                |
| <b>Change from 2008-2017</b> | <b>\$6,571</b>                 | <b>92.7%</b>                | <b>-\$187</b>              | <b>-5.1%</b>                | <b>-\$97,130</b>        |

**Table 3: Trend Analysis for Couples <65 Years of Age (29 observations)**

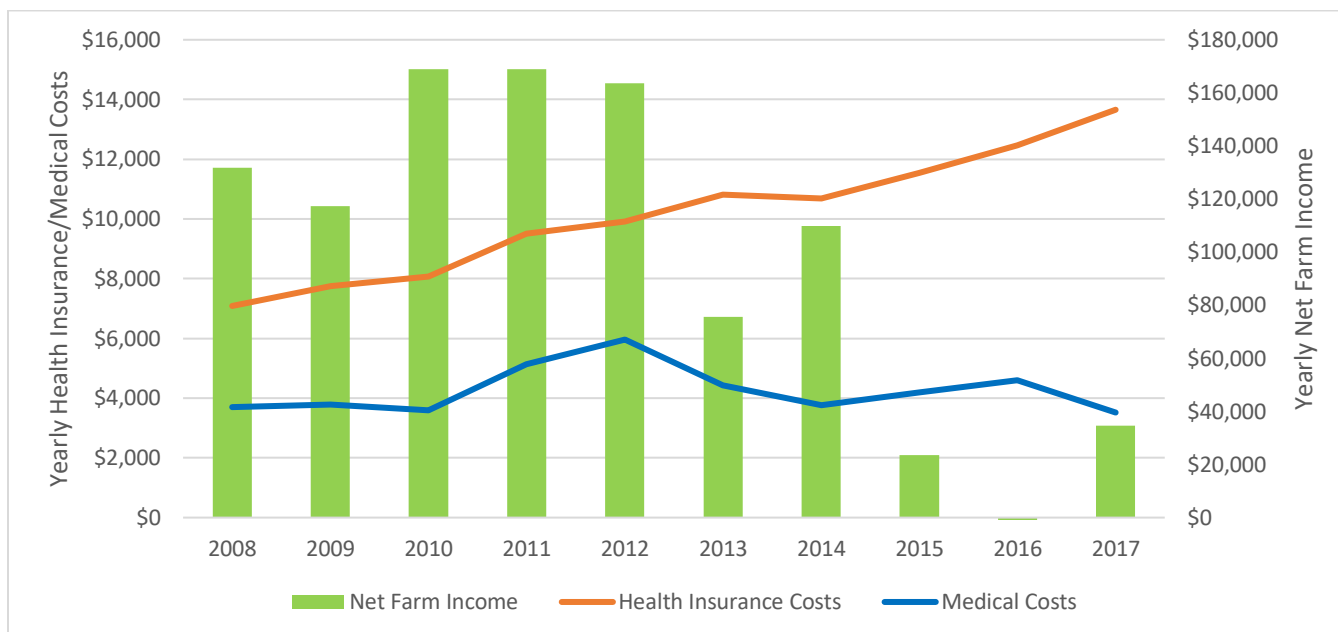
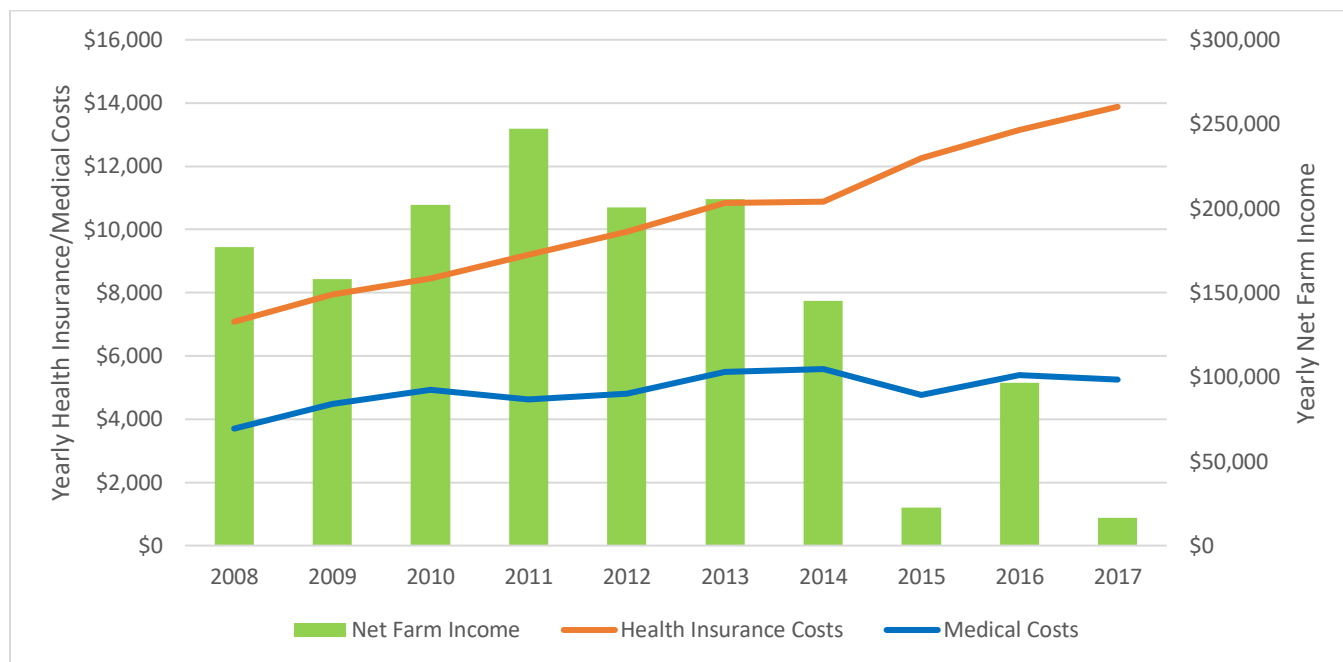


Figure 3: Trend Analysis for Couples <65 Years of Age (29 observations)

Families have seen a similar hike in health insurance costs over the last 10 years, going from an average of just over \$7,000 a year to nearly \$14,000 in 2017; a 96% increase. Medical costs have ranged mostly between \$4,000 and \$5,500 a year, but unlike other categories have increased on average over this time period. While this group has fared slightly better in Net Farm Income, they still saw some very low income years in 2015 and 2017.

| Year                  | Average Health Insurance Costs | % Change from Previous Year | Average Medical Care Costs | % Change from Previous Year | Average Net Farm Income |
|-----------------------|--------------------------------|-----------------------------|----------------------------|-----------------------------|-------------------------|
| 2008                  | \$7,082                        | --                          | \$3,701                    | --                          | \$177,201               |
| 2009                  | \$7,952                        | 12.3%                       | \$4,486                    | 21.2%                       | \$158,179               |
| 2010                  | \$8,453                        | 6.3%                        | \$4,928                    | 9.9%                        | \$202,077               |
| 2011                  | \$9,204                        | 8.9%                        | \$4,632                    | -6.0%                       | \$247,401               |
| 2012                  | \$9,937                        | 8.0%                        | \$4,812                    | 3.9%                        | \$200,420               |
| 2013                  | \$10,841                       | 9.1%                        | \$5,497                    | 14.2%                       | \$205,370               |
| 2014                  | \$10,885                       | 0.4%                        | \$5,585                    | 1.6%                        | \$145,115               |
| 2015                  | \$12,265                       | 12.7%                       | \$4,766                    | -14.7%                      | \$22,370                |
| 2016                  | \$13,138                       | 7.1%                        | \$5,397                    | 13.3%                       | \$96,632                |
| 2017                  | \$13,880                       | 5.6%                        | \$5,257                    | -2.6%                       | \$16,466                |
| Change from 2008-2017 | \$6,799                        | 96.0%                       | \$1,556                    | 42.1%                       | -\$160,735              |

Table 4: Trend Analysis for Families (46 observations)



**Figure 4: Trend Analysis for Families (46 observations)**

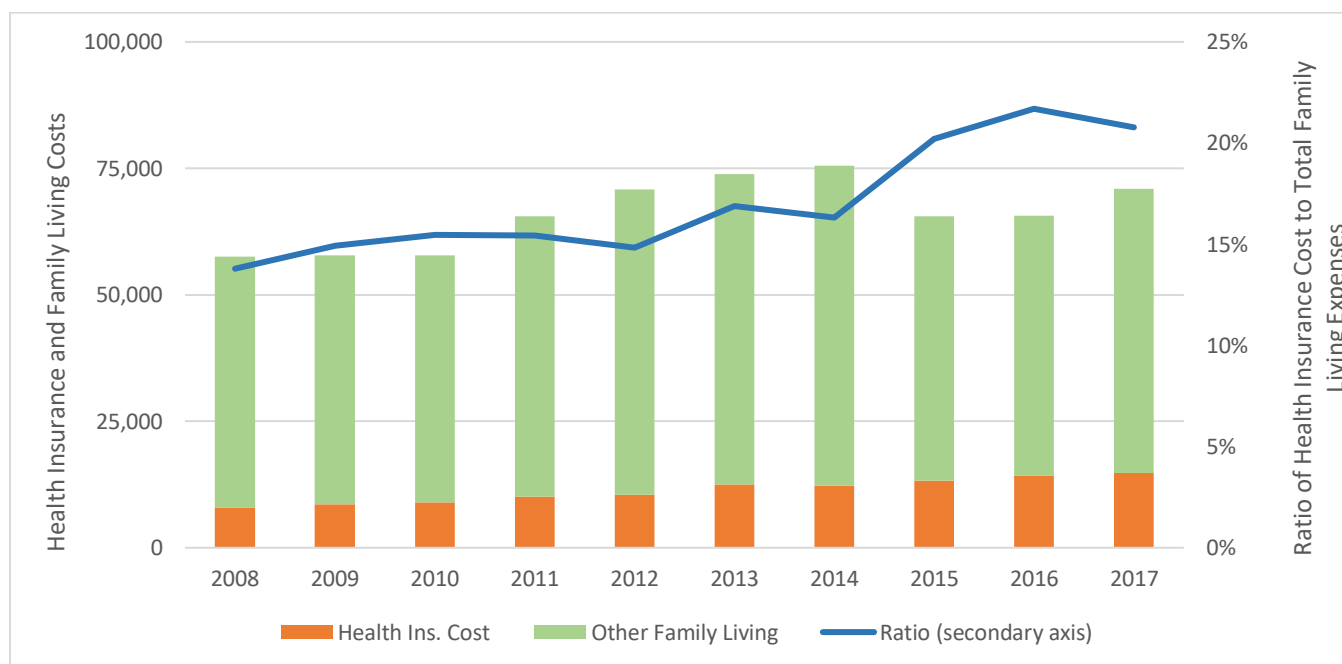
When considering the rise in health insurance costs, how much have other family living costs increased? Twenty couples less than 65 years of age and 28 families in this dataset had detailed family living cost records over this 10-year period. Trends in health insurance costs and total family living are shown in Figures 5 and 6. On the secondary axis is the ratio of average health insurance cost to average total family living. Total family living includes items such as medical care, charitable contributions, food, clothing, education, utilities, auto, gifts, recreations, life insurance, health insurance, household upkeep and repairs, interest expenses, child care, etc. Tables 5 and 6 also show these data.

Health insurance costs have increased for couples less than 65 years of age, however total family living has also increased. In 2008 health insurance made up 13.8% of total family living cost at \$7,943 of the \$57,591 total. In 2017, health insurance made up 20.8% of total family living expenses (and even 21.7% the year prior). In dollar terms, health insurance increased \$6,793 on average over these 10 years while the increase in total family living from 2008 to 2017 was \$13,347. This means the increase in health insurance cost made up over 50% of the total increase in family living costs over these 10 years.

It should be recognized that the highest total family living expenses occurred in 2013 and 2014 at \$73,829 and \$75,472, respectively. Because of lower net farm income levels, families have found ways to decrease other family living categories and reduce overall family living spending from these peak levels, however they have not been able to decrease their health insurance costs.

| Year   | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Health Ins. Cost</b>                      | \$7,943  | \$8,627  | \$8,944  | \$10,112 | \$10,510 | \$12,457 | \$12,309 | \$13,243 | \$14,257 | \$14,736 |
| <b>Total Family Living</b>                   | \$57,591 | \$57,807 | \$57,797 | \$65,555 | \$70,820 | \$73,829 | \$75,472 | \$65,499 | \$65,707 | \$70,938 |
| <b>Health Ins./Total Family Living Ratio</b> | 13.8%    | 14.9%    | 15.5%    | 15.4%    | 14.8%    | 16.9%    | 16.3%    | 20.2%    | 21.7%    | 20.8%    |

**Table 5: Trends in Health Insurance and Total Family Living Expense for Couples <65 Years of Age (20 observations)**

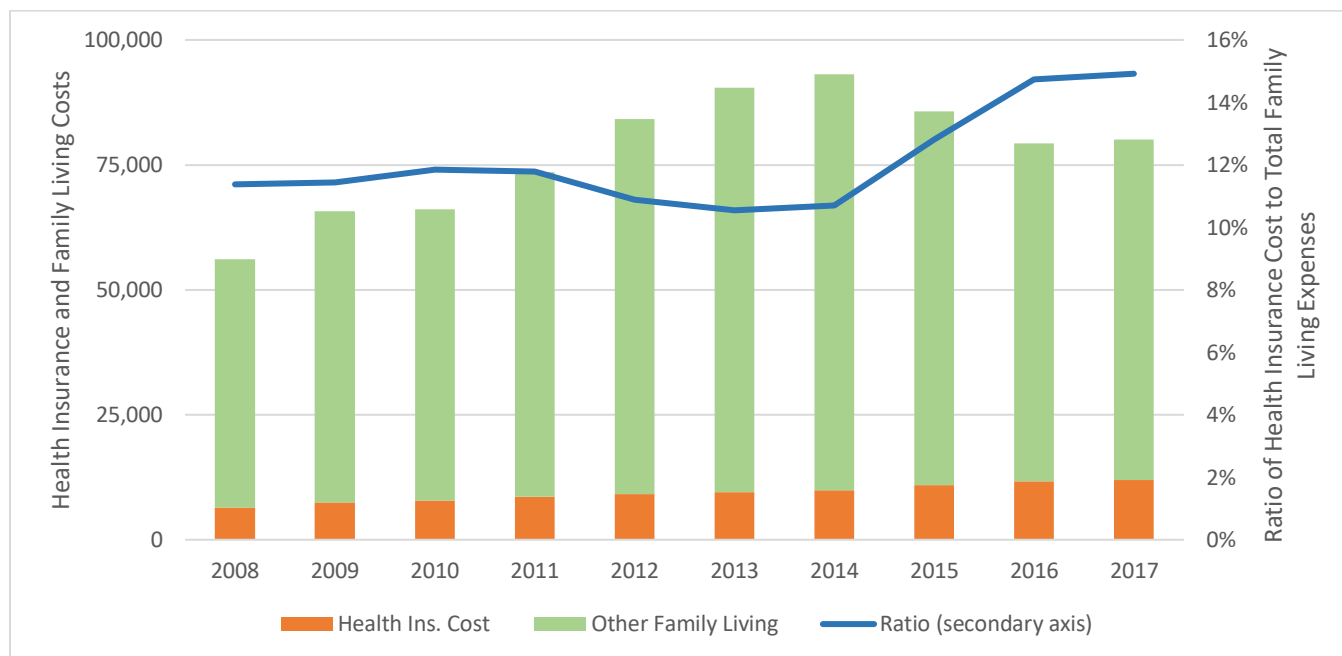


**Figure 5: Trends in Health Insurance and Total Family Living Expense for Couples <65 Years of Age (20 observations)**

Families show similar trends to couples less than 65 years of age above, but health insurance is less of the total cost of family living. The ratio of health insurance costs to total family living increased from 11.4% in 2008 to 14.9% in 2017. Over the 10-year period, health insurance has increased \$5,566 and total family living increased \$23,995; making health insurance only 23% of the increase in total family living. However, total family living peaked in 2013 and 2014 at over \$90,000 per year and has since declined as net farm income has been at lower levels. Families have not been able to reduce health insurance costs, however.

| Year   | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Health Ins. Cost</b>                      | \$6,389  | \$7,526  | \$7,829  | \$8,668  | \$9,151  | \$9,543  | \$9,957  | \$10,981 | \$11,680 | \$11,955 |
| <b>Total Family Living</b>                   | \$56,136 | \$65,754 | \$66,103 | \$73,514 | \$84,116 | \$90,490 | \$93,088 | \$85,722 | \$79,239 | \$80,131 |
| <b>Health Ins./Total Family Living Ratio</b> | 11.4%    | 11.4%    | 11.8%    | 11.8%    | 10.9%    | 10.5%    | 10.7%    | 12.8%    | 14.7%    | 14.9%    |

**Table 6: Trends in Health Insurance and Total Family Living Expense for Families (28 observations)**



**Figure 6: Trends in Health Insurance and Total Family Living Expense for Families (28 observations)**

In summary, health insurance costs have been on the rise over the last 10 years. Although quite variable, the average individual, couple or family has nearly doubled their insurance costs in 10 years. Medical expenses have been fairly steady for individuals and couples, but families have seen increases by over 40% on average. Across all categories net farm income has decreased since 2013, which has put even more of a strain on family finances and made paying health insurance costs even more difficult.

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