

Senate Bill 202 relating to: Te purchase of health care coverage by individuals who are engaged in the business of farming through the Group Insurance Board, granting rule-making authority, and making an appropriation.

BILL SPONSORS	Introduced by: Senators Leibham , M. Meyer, Decker, Roessler, Wirch, Brown, Breske and Hansen. Cosponsored by Representatives Towns
BILL HISTORY	Senate Bill 191 was introduced on 06-20-03 and referred to the Committee on Agriculture, Financial Institutions and Insurance. A public hearing was held on 07-29-03. Executive Session was held on 07-29-03 The committee recommended SB 202 for passage on a vote Ayes 5, Noes 0.
LRB ANALYSIS	<p>Current Law: The Group Insurance Board, attached to the Department of Employee Trust Funds (DETF), is required to contract on behalf of the state for the purpose of providing health care coverage to state employees. Many other public sector employers may also participate in programs offered by the Group Insurance Board to provide health care coverage for their employees.</p> <p>Proposed Changes: This bill provides that beginning on January 1, 2004, any individual in this state who is a resident of this state and who is engaged in the business of farming, including any individual who is employed by a farm business, may elect to receive coverage under any health care coverage plan offered to state employees by paying to DETF the full cost of the required premiums. The bill also specifies several conditions that must be met by any individual seeking health care coverage under the state plan and authorizes DETF to establish by rule preexisting condition exclusions for individuals who elect to receive coverage under the state plan.</p> <p>Major Impact:</p>
FISCAL EFFECT	The estimated fiscal effect to the State was not able to be determined.
SUPPORT	<p>The following persons appeared in favor of this bill: Sen. Joe Leibham, Sabrina Gentile, WI Farm Bureau, Edith Lauscher, Kewaunee Wayne Steingraber, Manawa, Darin Von Ruden, WI Farmers Union, Ron Statz, National Farmers Organization,</p> <p>The following persons registered in favor of this bill: Rep. Debi Towns, Rep Amy Sue Vruwink, Bill Oemichen, WI Federation of Cooperatives, John Manske, WI Federation of Cooperatives, Wayne Corey, WI Independent Businesses, Lori Steingraber, Manawa</p> <p>The following organization(s) registered their intention to lobby on SB 202 but did not take a position on the bill: Wisconsin Association of Provider Networks, Wisconsin Builders Association, Wisconsin Professional Police Association.</p>
OPPOSITION	<p>The following individuals appeared in opposition to this bill Vicki Poole, WI Employee Trust Funds, Madison and Bill Kox, WI Employee Trust Funds.</p> <p>No one registered in opposition to this bill.</p> <p>The following organizations registered opposition for the bill with the State Ethics Board, but did not testify or register at the public hearing. Independent Insurance Agents of Wisconsin, National Association of Insurance & Financial Advisors (NAIFA) Wisconsin, Professional Insurance Agents of Wisconsin, Wisconsin Association of Health Underwriters</p>
CONTACT	John O'Brien, Committee Clerk, Senate Committee on Agriculture, Financial Institutions and Insurance. (608) 266-0703
DATE	August 8th, 2003

SB202

SENATE BILL 202

An Act to amend 40.51 (1); and to create 20.515 (1) (g) and 40.515 of the statutes; relating to: the purchase of health care coverage by individuals who are engaged in the business of farming through the Group Insurance Board, granting rule-making authority, and making an appropriation. (FE)

2003

06-20-03. S. Introduced by Senators Leibham, M. Meyer, Decker, Roessler, Wirch, Brown, Breske and Hansen; cosponsored by Representatives Towns, Vruwink, LeMahieu, Ladwig, Pettis, M. Lehman, Suder, Bies, Staskunas, Musser, Hahn, Weber, Kreibich, Berceau, Ainsworth, Ott, J. Wood, Hines, Kestell, Owens, Gunderson, Gronemus, Balow, McCormick, Olsen, Plouff, Freese, Shilling, Hundertmark, Schneider, Van Akkeren, Johnsrud and Petrowski.

06-20-03. S. Read first time and referred to committee on Agriculture, Financial Institutions and Insurance 245

07-07-03. S. Fiscal estimate received.

Vote Record

Committee on Agriculture, Financial Institutions and Insurance

Date: 7/29/03

Bill Number: 202

Moved by: Kedzie Seconded by: Hansen

Motion: _____

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Dale Schultz	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Ronald Brown	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Neal Kedzie	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Hansen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Julie Lassa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Totals: 5 0 _____



Joe Leibham

STATE SENATOR

**Testimony on Senate Bill 202
Senate Committee on Agriculture, Financial Institutions and Insurance
July 29, 2003**

Chairman Schultz and Committee Members,

I appreciate the opportunity to testify before you today on Senate Bill 202. This bill, and its companion in the Assembly, AB 313, is an effort to solve the current health care crisis facing farm families in Wisconsin. Senate Bill 202 would expand the eligibility of the State Insurance Pool to include individuals and their employees who are in the business of farming.

Farming is an important part of the culture and economy of our state. Too often we take for granted the food and milk that makes its way to our kitchen tables. Sometimes, we need to be reminded of the commitment and hard work Wisconsin farmers put forth each and every day to keep Wisconsin an agricultural leader in this modern age of farming. Agriculture is the backbone of Wisconsin's economy. The agriculture industry generates about \$40 billion a year and accounts for one in five jobs in Wisconsin.

Today's farm families and the agricultural community face great challenges. Economic challenges, land use challenges, and health care cost challenges. State Representatives Debi Towns, Amy Sue Vruwink, Senator Mark Meyer and I are among 40 legislators from both parties and from all parts of the state who feel that we need to take action to improve and enhance health insurance options for Wisconsin farm families and the agriculture industry.

A recent study by the University of Wisconsin-Madison revealed that 40 percent of our dairy producer colleagues either have insurance plans that do not cover all of their family members, or worse yet, no coverage at all. Young farmers entering the business and smaller scale farms are most likely to be the totally uninsured. Two-thirds of the remaining 60 percent of dairy farmers that do carry health insurance on all family members, get their policies from the private sector. Because they are rated as individuals or small groups, their premiums are high but the quality of their coverage is low. Under Senate Bill 202, any resident of Wisconsin who is engaged in the business of farming, including any individual who is employed by a farm business, may elect to receive coverage under any health care coverage plan offered to current state employees. Any farmer who is participating in the program would be required to pay to the Department of Employee Trust Funds the full cost of premiums and administrative costs.

Over the past six months, I have visited and worked at numerous family farms in the 9th Senate District. The experiences have been both strenuous and enlightening. Without a doubt, the rising costs of health care ranks close to the top when it comes to farm family concerns. I hear countless stories of high premiums and deductibles for our farmers. I have heard personal stories from farmers and their families about the true financial burdens of insuring their families.

SB 202 is an effort to solve the health care crisis for farm families. By pooling insurance costs, health care premiums for farmers can be controlled as a result of this increased buying power. Senate Bill 202 and Assembly Bill 313 has the support of the Wisconsin Farm Bureau Federation, the Wisconsin Farmers Union, Wisconsin Independent Business, NFIB, the Wisconsin National Farmers Organization, and many hardworking farm families in the State of Wisconsin.

As a state, Wisconsin can be proud of the commitment we have made to assist with the health care needs of the elderly, low-income families and children. While our state government cannot do much about low milk prices or weak commodity markets, we can step up and assist the Wisconsin agriculture industry and our farm families with health care insurance costs. SB 202 will establish an affordable health insurance option, much like the options we enjoy as state legislators, so that farm families can maintain and improve their health as they work to produce the products we need to keep healthy and satisfied.

Thank you for your time and consideration. I would be happy to address any questions from the committee on this important piece of legislation.



WISCONSIN FARM BUREAU FEDERATION[®]

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Sabrina Gentile

Testimony SB 202 – Senate Agriculture, Financial Institutions and Insurance Committee
July 29, 2003

Chairman Schultz and the Senate Agriculture, Financial Institutions and Insurance Committee

My name is Sabrina Gentile and I am the Director of Governmental Relations at the Wisconsin Farm Bureau Federation. I am here today with Edith Lauscher, Kewaunee County Farm Bureau member, and Wayne Steingraber, Waupaca County Farm Bureau member.

Thank you for having this hearing today on Senate Bill 202, which would allow farmers to purchase their health insurance from the state of Wisconsin. Farm Bureau strongly supports Senate Bill 202, along with its companion bill, AB 313.

As we all know, farmers and employers are struggling with their health care costs. We have all heard of the many studies that show health care costs rising at a record pace. Unfortunately, this pattern of double digit increases has become a norm.

A study done by Program on Agricultural Technology Studies at the University of Wisconsin-Madison found that nearly 1 in 5 dairy farmers (18%) had no insurance at all.

Nearly 1 in 4 (23%) of dairy farmers were underinsured.

More than half (58%) of dairy farmers with insurance had major medical policies with a deductible of \$500 or more; thus, large numbers of dairy farmers in the state have no preventive care.

In March, Farm Bureau kicked off their “We Care About Health Care” campaign. This campaign lists health care legislation that Farm Bureau supports and encourages Farm Bureau members to contact their legislators to support legislation that can reduce and stabilize health care costs.

Farm Bureau supports the Private Employer Health Care Coverage Program, which would allow small businesses to join together to purchase their health care insurance. When this legislation was passed in the 99-01 budget, Farm Bureau members were hoping this would finally be the program that could stabilize or even reduce their health care costs. To this day, I still get calls from Farm Bureau members asking where they can sign up.

Farm Bureau also supports BadgerCare, health insurance for low-income children and their families. This is another program that Farm Bureau members were hoping to participate in to reduce their health care costs. It has been hard for farmers to qualify because in determining a participant's income, depreciation is added back. Therefore, not many farmers are able to qualify because of the capital requirements in farming. Farm Bureau supports AB 129 and AB 166 that would eliminate the adding back of depreciation for farmers.

Farm Bureau knows that there are different groups with different health care needs, which is why we support these bills and SB 204, which would create a health benefit purchasing cooperative.

Last fall it was encouraging to hear so many candidates talk about the need for health care reform and reducing health care costs. Farm Bureau was glad when Governor Doyle listed opening up the State Health Insurance plan to farmers in his agricultural agenda.

Senate Bill 202 would allow farmers to purchase their health care from the state of Wisconsin. Farmers would pay the full cost of their premium. Currently, we have Farm Bureau members that pay large amounts of money for their health insurance and we have some members that can't afford the premiums, so they do not have health insurance.

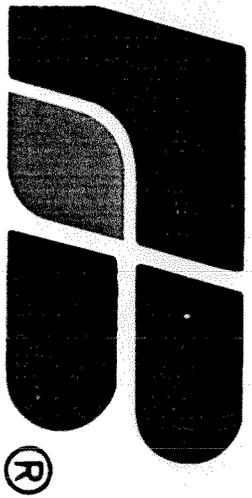
The cost of the state plan, depending on where you live in the state and which plan you choose, varies from \$400 a month for a single to \$1200 a month for a family. If farmers are allowed to purchase their health insurance from the state, our members will likely have better quality choices of health care plans at a reduced rate, without the large deductibles.

Now, I would like the committee to hear from Edith Lauscher, Kewaunee County Farm Bureau member.

And, now Wayne Steingraber will illustrate his family's health care plan.

Farm Bureau knows that SB 202 will not solve affordability of health care for all WI farmers. But for farmers like Edith and Wayne, who pay high monthly premiums with a high deductible, we think it is better for them to purchase a higher quality plan without large deductibles.

Thank you again for this hearing and I welcome any questions you may have.



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Health Insurance Coverage among Wisconsin's Dairy Farmers

Jeremy D. Foltz, PhD, Carol J. Roth, MPH, and Bradford L. Barham, PhD

Program on Agricultural Technology Studies

and

Department of Agricultural and Applied Economics

University of Wisconsin-Madison

"...We have gone without health insurance for 12 years because decent health insurance is just too costly... this is money that is hard to justify with all the bills and then living expenses. So, we take the risk of going without... that's one more worry on our shoulders, hoping that nothing serious happens to anyone in our family."

- Dairy Farmer, 100-cow herd

Every day, Wisconsin dairy farmers work in one of the most dangerous occupations in the United States, and thousands of them and their families are at an even higher risk because they do not have adequate health insurance coverage. This creates problems not only for Wisconsin's farm families but also for the vitality of the dairy sector, an industry that generates billions of dollars of farm and manufactured product sales and is the backbone of the state's agricultural sector.

What does the health insurance crisis mean for dairy farmers and their families? Many dairy farmers are forced to choose which family members will be insured and which ones will not, or whether to go without health insurance entirely. Current solutions in both the public (e.g. Badger Care) and private (e.g. co-ops, off-farm work, or private pay insurance) sectors are not effectively addressing this issue. Lack of adequate health insurance coverage may partially influence current and future dairy farmers to exit or not start in the business. Choosing to work elsewhere in the economy rather than in dairy farming almost surely improves the chances that farmers (or prospective ones) will secure better health insurance coverage for themselves and their families.

I. Health Insurance Coverage

A closer look at the problem of health insurance coverage in the Wisconsin dairy farm sector presents an alarming picture. Results from a survey of a representative sample of dairy farms indicated that almost 20% of Wisconsin dairy farm families are completely uninsured.¹ About another 25% of Wisconsin dairy farm families have at least one uninsured family member. Four out of five Wisconsin dairy farm families have no preventive care coverage. Most of those with insurance have only major medical coverage with high deductibles. These rates of being uninsured, underinsured, and lacking preventative care coverage for dairy farmers and their families are far above the state average for non-farm households, and even above those of other types of farm households.

Figure 1 shows in detail the types of health insurance coverage of dairy farm families, including those without coverage. As is evident, the plurality of dairy farmers (43%) had only catastrophic

¹ In 2001 the University of Wisconsin's Program on Agricultural Technology Studies (PATS) sent the survey to 1600 dairy farmers randomly chosen from the state's dairy producer's list. Of the 1600, 54% (n=869) returned useable data. Along most major indicators (e.g. size of farm, age of producer, etc.) available this sample is representative of the state's dairy producers.

coverage: more than a \$500 deductible and no preventive care. Only 17% had the type of coverage most Wisconsin residents would consider adequate: preventive care with a low deductible. Clearly even for those with health insurance, the quality of that insurance is quite low.

Figure 1
Type of Health Insurance Coverage

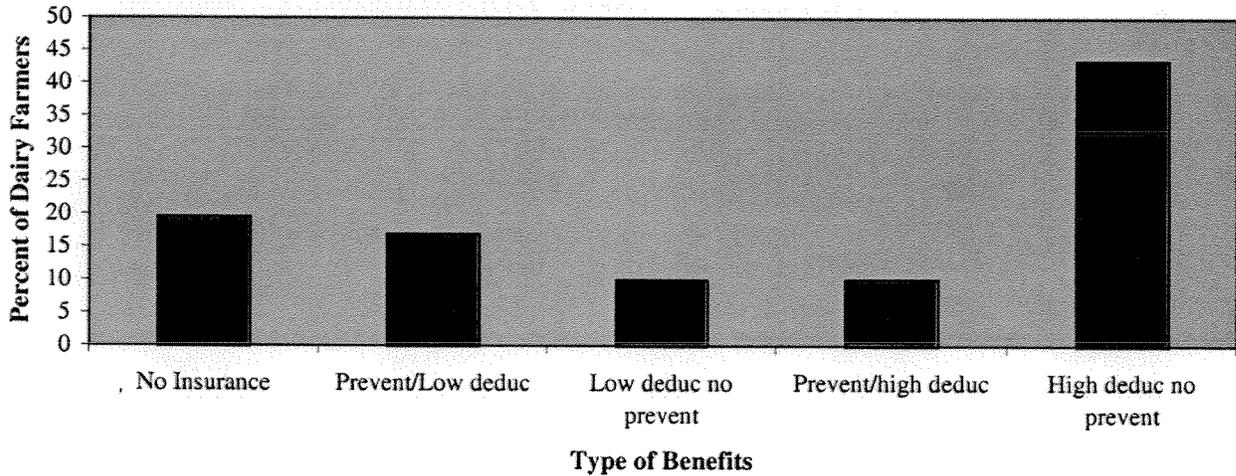
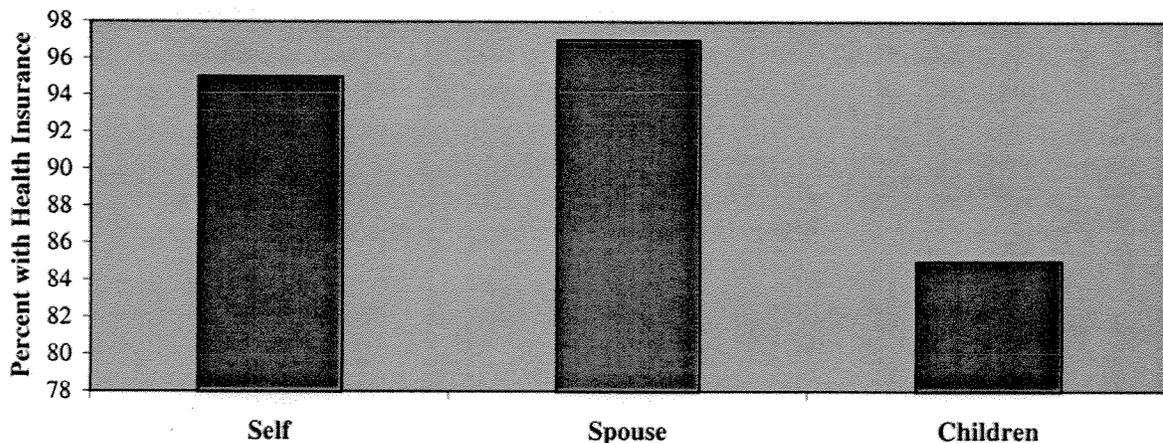


Figure 2 shows the coverage rates for different family members. Farm spouses, because they are more likely to work off-farm, have higher rates of coverage than the primary farm operator. What is surprising is that children are less likely to have health insurance coverage than their parents. In addition dairy farm families with children under 18 living at home were no more likely to have health insurance than those without children.

Figure 2
Family Member Coverage for Families with Some Health Insurance



Sources of Health Insurance:

Table 1 shows where dairy farm families purchased their health insurance. As is evident, the majority purchase health insurance directly from an insurance agent, which is generally the most

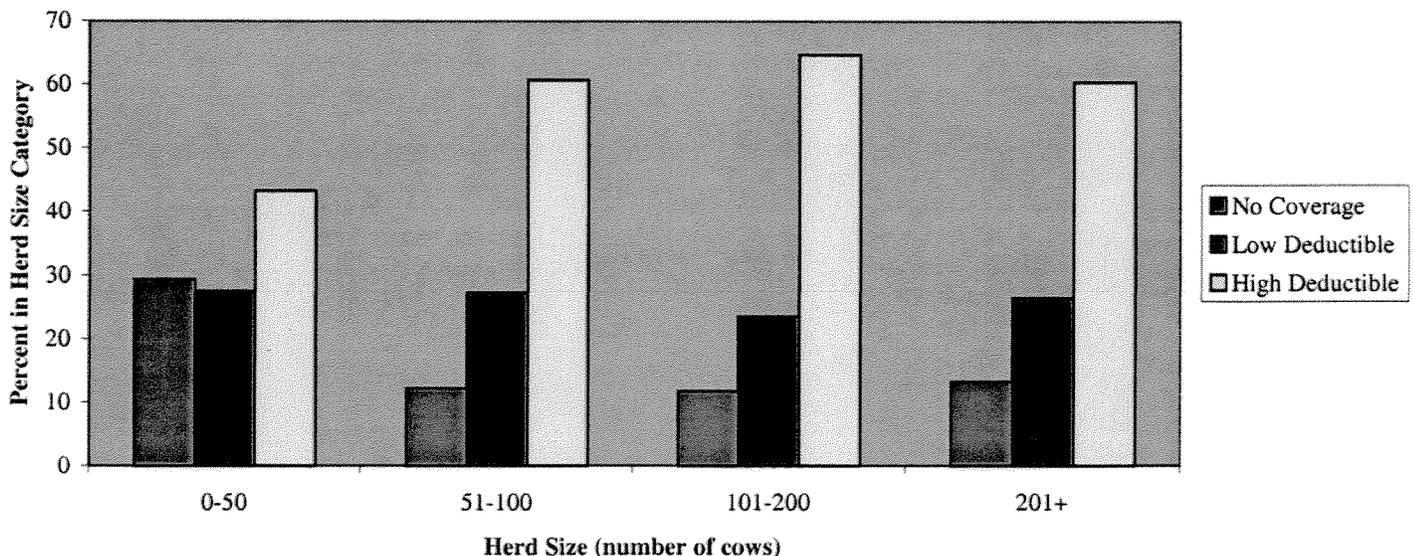
expensive way to buy health insurance. About a quarter of dairy farmers were able to use off-farm work as a way to get health insurance. Although in the past many cooperatives (milk processors etc.) and farm organizations had provided health insurance benefits to their members, many no longer provide these benefits as is reflected by only 6% of dairy farmers using this as a source of health insurance. In addition, while Badger Care and other publicly provided insurance programs in Wisconsin have been some of the most successful in the nation, very few Wisconsin dairy farmers are benefiting from them.

	Percent of Insured	Percent of all Dairy Farmers
Purchased directly from insurance agent	58	49
Benefit from off-farm employment	28	23
Purchased directly from coop or farm org	6	5
Federal Program (Medicare, Medicaid, etc)	4	3
State Program (BadgerCare, Risk Sharing Plan, etc)	3	2
Other	1	1
No Insurance	n/a	17

Insurance by Farm Size:

The dairy farm health insurance crisis is most acute for the small dairy farm, but the problem exists even for larger operations. As Figure 3 demonstrates, dairy farms with under 50 milk cows have the highest rates of no coverage. Equally striking is the fact that types of coverage are about the same across the three largest herd size categories and the rates of no coverage are also about equal (12%) among them. This suggests that while the health insurance crisis is worst for the smallest farms, it is a problem that cuts across all sizes of dairy farms.

**Figure 3
Health Insurance Coverage by Dairy Farm Size**



II. Health Insurance and Farm Structure

Problems with access to health insurance may have significant long-term effects on the overall health of the dairy industry. If it is difficult and expensive to get health insurance as a dairy farmer, this may dissuade potential entrants into the sector and induce current dairy farmers to exit the industry. As indicated above more than a quarter of those with insurance get it through off-farm work. However, as is shown in Figure 4, while working off farm provides some benefits, it still mostly provides coverage with a high deductible. In addition, when family members work off the farm, the amount of time that they can contribute to the dairy enterprise is reduced. From a farm management perspective, this loss of time puts a cap on the number of cows a family farm can reasonably handle and likely reduces the income that can be generated from farming.

Figure 4
Did your spouse work off-farm?

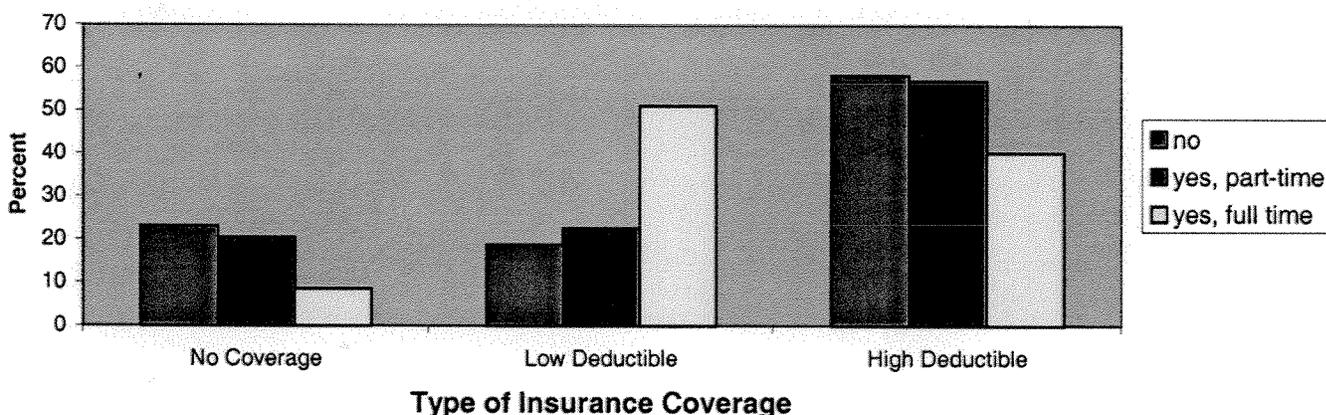
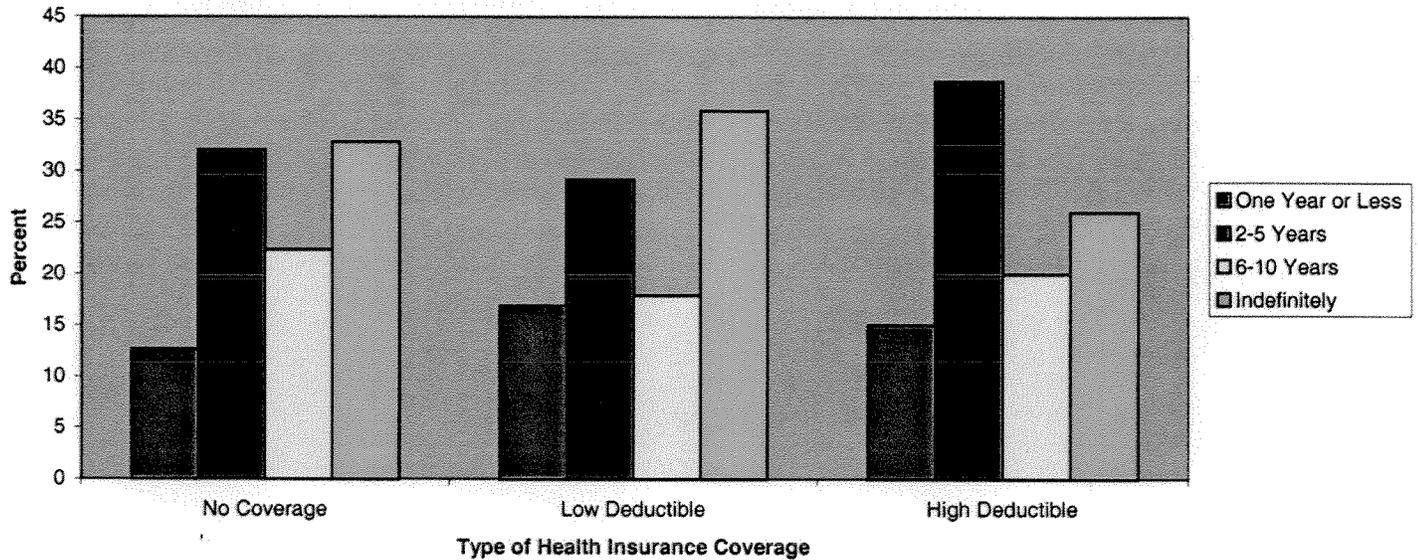


Figure 5 shows the relationship between types of health insurance coverage and the future plans of Wisconsin dairy farmers. No distinct pattern is evident -- farmers with no coverage are as likely to exit the business as those with coverage that includes a low deductible. Those with high deductibles were more likely to say that they would only stay in the business 2-5 years as compared to the other categories. Thus, for those who are currently dairy farming, it appears that the state of their health insurance coverage is not directly related to their future plans. Note that those in this sample of continuing dairy farmers are those who have chosen to continue being dairy farmers rather than quit and take jobs that might have benefits, thus are less likely to be concerned about health insurance than those who have already quit or have decided not to get in. More refined research on the relationship between health insurance and farm is warranted to control for this sample selection bias as well as other factors influencing entry and exit choices.

Figure 5
How Long Do You Plan to Continue Farming?



Conclusion

The fact that Wisconsin has a relatively small percentage of the total population that is uninsured masks critical problems of inadequate health care insurance for certain populations such as Wisconsin's dairy farmers. As long as these differences exist, policy makers will be challenged to find resourceful ways to make certain that health insurance coverage is affordable, available and accessible for all Wisconsin citizens. Because there is not a "one-size-fits-all" solution to this problem, multiple strategies need to be developed that allow quality health care to be provided for Wisconsin dairy farmers and others in rural areas. As these survey results suggest, there is a large scope for improvement in health insurance affordability and accessibility for the Wisconsin dairy farm population.

**STATEMENT of
SUE BEITLICH, PRESIDENT
WISCONSIN FARMERS UNION**

**On behalf of the
WISCONSIN FARMERS UNION**

**Presented to the
SENATE AGRICULTURE, FINANCIAL INSTITUTIONS,
AND INSURANCE COMMITTEE**

**"THE HEALTH CARE CRISIS FOR WISCONSIN FARM
FAMILIES"**

July 29, 2003

MADISON, WI

Written statement of Sue Beitlich, President of the Wisconsin Farmers Union, on behalf of the members of the Wisconsin Farmers Union, presented to the Wisconsin Senate Agriculture, Financial Institution, and Insurance Committee on July 29, 2003 at the State Capitol, Room 330 SW, Madison, Wisconsin.

On behalf of the nearly 2,000 family farm members of the Wisconsin Farmers Union, I would like to thank you for the opportunity to provide written testimony today in support of Senate Bill 202. My name is Sue Beitlich and I serve as president of the Wisconsin Farmers Union. My husband, Will, and I own and operate a 335 acre dairy farm and rent an additional 175 acres in western Wisconsin near La Crosse. We milk 50 cows, raise our replacement heifers, along with alfalfa, corn, oats, soybeans and occasionally tobacco. Will and I are still farming in spite of the historically low economic times we are facing and we attribute that to the fact that throughout our 27-year marriage one of us (and sometimes both of us) have held off-the-farm jobs for the health insurance benefit. We both grew up on farms and have always been involved in production agriculture. We purchased our farm in 1986 and realized we would need to keep our "town" jobs for a while. We never imagined it would still be a necessity to be working so hard to fulfill our dream to farm. We put in very long days to keep our farm running smoothly, do a good job in town, raise our three sons, and are active in our Farmers Union organization. We often feel exhausted from all the burdens we must bear. And yet we know we are not alone. Most of our farmer friends and neighbors are facing similar situations.

We had several farmers that wanted to be here today, but because of all the rain we've had so far in July, they have not been able to harvest their second crop of hay, and needed to stay on the farms today to tend to their harvest. Please understand however, that this is a very important issue to them and I'm writing on their behalf.

Our Wisconsin Farmers Union Vice President, Janet Nelson, has a health insurance premium that she and her husband have to face each month. They currently pay \$1400.00 per month and they each have a \$2,500 deductible. This is simply unacceptable. Janet told me that she recently found a milk check stub from 1976. They received \$9.10/cwt for their milk and paid \$92.00 per month for family health insurance coverage. Today they are receiving around \$10.00/cwt for their milk and pay \$1400.00/month for their health insurance with a \$5,000 combined deductible! The Nelsons are too young for Medicare/Medicaid assistance and yet have some pre-existing conditions that prohibit them from changing carriers. According to the statistics gathered by the Program Agricultural Technology Studies (PATS) at the University of Wisconsin-Madison the Nelson's fall into surveyed category of 58% of dairy farmers with insurance who have major medical policies with a deductible of \$500 or more; thus, large numbers of dairy farmers in the state have no preventive care. We know that nearly 1 in 4 (23%) of dairy farmers were underinsured during this recent PATS survey. They had at least one family member with no insurance

and these families tended to be older. 58% of farmers over 55 were underinsured. This is a very sad statistic when their entire lives have been devoted to farming and feeding our nation and the world.

Even though agriculture brings in \$18 billion to our State's economy we do not foster young farmers from entering production agriculture by ignoring this problem. Oh yes, we have wonderful ag education through the technical college system and the University systems where they learn how to farm, but how do we help them in facing these insurmountable health care costs? Factor these premiums into their production costs and it seems impossible to enter the field of production agriculture. Any profits that may be earned are soon eaten up by astronomical health insurance premiums. The PATS figures show that nearly 3 in 10 (28%) of dairy farm families received their care through a family member's off-farm work and less than 1 in 10 (6.4%) received their health insurance through a local farm cooperative. Many of these young farm families simply cannot find good paying jobs close to home with the benefits they need or would prefer to stay home and devote their time to full time farming and raising their young family.

We also have many farmers who simply cannot afford any health insurance and are taking a very huge risk of no coverage for them or their family. PATS statistics show that 1 in 5 dairy farmers surveyed recently have no insurance at all and that younger farm families and those with children under the age of 18 were more likely to be uninsured. Darin and JoAnn VonRuden, young family farmers in our area, have faced this situation. Even with JoAnn working off the farm, at one time they qualified for Badger Care, but in subsequent years were over in their income by \$100 and coupled with their farm depreciation calculation, they were no longer eligible for Badger Care. JoAnn continues to seek off the farm employment to provide affordable health care for their family.

We know of farm families with off-the-farm health coverage but because of exclusions in their policies the insurance companies expect farmers to have worker's compensation, therefore will not cover work-related occurrences.

This is an issue very near and dear to me, as a leader of the Wisconsin Farmers Union, but also as a real dairy farmer who knows first hand these obstacles family farmers are facing. Farmers have to be good consumers of their health care and right now over half of farm families are either uninsured or underinsured. We work our farms everyday hoping and praying that nothing catastrophic will happen, that we stay healthy to continue this profession and to pass it on to future generations.

I submit this testimony in support of Senate Bill 202 (and AB 313) that would open the state employee health insurance pool to farm families and their employees. This would make a comprehensive state insurance plan available to Wisconsin farm families who are able to pay the full cost of this health insurance. This would in

many cases provide a much better coverage for the cost of premiums they are already paying. We know this bill is not the only answer for the farm families Wisconsin Farmers Union represents, but realize it is a start to a long endured problem. The cost may be prohibitive for many, but may be the answer to others. We would also support Representative Hubler's Assembly Bill 129, which would change the depreciation provision in Badger Care and Medicaid. With farm income at historically low levels, many of our young farm families would qualify for this coverage.

In conclusion I would urge your committee to move this legislation forward to give our farmers a glimmer of hope. We know there is much more that needs to be done in the health care area, but are assured this is a step in the right direction. Thank you.

Respectfully submitted,

Sue Beitlich, President
Wisconsin Farmers Union

TESTIMONY
OF
JANET NELSON, VICE PRESIDENT
WISCONSIN FARMERS UNION

TO THE
WISCONSIN STATE SENATE
COMMITTEE ON INSURANCE

JULY 29, 2003

SB 202

At the outset, I would like to thank the Wisconsin State Senate Committee on Insurance for the opportunity to submit written testimony on behalf of the Wisconsin Farmers Union on SB 202, a bill to allow farmers to purchase health insurance by participating in the pool through which the state of Wisconsin provides health insurance to its state employees.

I wish I could have appeared before you today in person to testify on this bill and to make myself available for any questions you might have. Unfortunately, the hearing conflicts with other dates on my calendar, and it is not possible for me to make the trip to Madison at this time.

By way of background, I have been on the board of directors of the Wisconsin Farmers Union for about two decades and currently serve as vice president of the organization. My husband, Julian, and I operate a dairy farm near Prairie Farm, Wisconsin, that we purchased from his parents and family. We have been farming since 1959, raised four daughters on the farm and currently own about 400 acres and milk about 65 cows. I am also active in other farm-related activities, having served as chair of the group which puts on the Barron County Dairy Breakfast each year and served on the National Dairy Research and Promotion Board. My husband, Julian, also has served as a member of the board of directors of the Farm Credit System for a number of years, representing our area of Wisconsin.

In many respects, I think that Julian and I are representative of many of the farmers who are the subject of the hearing you are having today. Like them, we are active in local church and community affairs, have engaged in farming all our adult lives, have tried to pass on our values of community service and hard work to our children and think we have been successful in that regard. All four of our daughters live in Barron County where all of them are employed. Several of them are employed in the health care community as nurses. Where Julian and I differ from many of the farm families which are the subject of this hearing is that we have been able to continue our health insurance coverage, although for how long in the future I cannot say.

I think it might be helpful to review the history of our family's health insurance coverage at this time.

According to our farm's records, in 1976 we were receiving about \$9 per cwt for the milk produced on our farm and we paid \$92 per month for a health insurance plan which covered all six members of our family – Julian and I, plus our four daughters. Earlier this year, we were receiving \$10.05 per cwt for our milk and Julian and I were paying \$1,220 per month for a high deductible health insurance policy for the two of us that we had had with Valley Health for over 10 years. At that time we decided that given the price we were receiving for milk and the price projections we were seeing, we needed to find cheaper health insurance. We were able to find a policy with the Wisconsin Health Insurance Risk Sharing Plan that cost us \$2,538 for three months for the two of us,

starting June 1 and we signed up, changing our health insurance provider. Shortly after that, we received notice that effective July 1 – only a month later – our health insurance premium was going up \$1,152. That's virtually the same as we were paying earlier in the year. And, by the way, our last month's milk check showed a base price of \$10.05 per cwt.

Nonetheless, we are lucky in that Julian and I always to date have found a way to scrounge up the money to continue our health insurance. According to figures furnished the Wisconsin state legislature, there are 35,000 Wisconsin farm families who have no health coverage at all. That tells only part of the problem. There are countless other farm families within the state who are not counted in those figures. Many farm families have decided to cover only one spouse and they don't show up in your not covered figures.

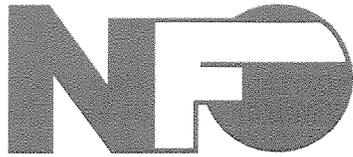
Indeed, we have a farm health coverage crisis in Wisconsin. Too many families have no health coverage at all. Many others are underinsured. Many who have health insurance at the present time may not be able to afford it in the near future. That is why the Wisconsin Farmers Union supports SB 202. The WFU hopes that allowing farmer access to health insurance purchased through the state employee's pool may make health insurance more affordable to many Wisconsin farm families.

In terms of the broader issues related to health insurance, the Wisconsin Farmers Union and the National Farmers Union continue to believe, as it has for decades, that the true, best answer to our nation's health insurance problems is passage of universal health coverage at a national level for all citizens in the U.S.

For the present, however, the WFU believes that SB 202 represents an interim step that deserves passage at this time.

For more than 100 years, the state of Wisconsin has had a proud heritage of passing legislation at the state level which has provided a model for national legislation that later deals with similar problems that are nationwide in scope. We think this is a perfect case in point and that the Wisconsin legislature should pass SB 202 to show the way for the rest of the nation.

Once again, I apologize for my inability to appear before you in person. If you or your staff have any questions regarding any testimony, please feel free to give me a call at my home on the farm. My telephone number is 715-455-1755. Thank you.



Wisconsin National Farmers Organization

July 29, 2003

SB202 Testimony

Access to affordable health insurance has been, and continues to be a major problem for our farm family members in the state of Wisconsin. Our NFO State Board has aggressively sought out health insurance alternatives for our membership for the past 25 years. After enjoying a stable 13-year relationship with one company, we've spent the last 12 years being forced from one company to another. During the first 13 years we were able to negotiate coverage and rate increase based on the needs and loss experience of our group. Since that time, we've had to sit helplessly and watch double and occasional triple digit rate increases forced on our members. Several times in the last 12 years, we've seen the same scenario repeated: large rate increases, healthy insured leave the plan for less costly coverage, loss ratios shoot up, rate increases go even higher, everyone tries to replace the coverage with something else, the insurance company drops the entire line of business, the remaining insured have three choices – go uninsured, take the HIRSP program or get an off-farm job that provides group coverage.

We've surveyed our state board to see how they're currently insured. I'm not sure if the results will mirror that of our entire membership but it may be close.

- ❖ Six board member families have off-farm jobs that provide group coverage for them.
- ❖ Three members are old enough to have Medicare and supplements.
- ❖ Four have individual health plans.

Most of the six-member group with off-farm jobs were fully employed on the farm but were forced, for need of insurance, to seek off-farm employment. The three-member group covered under Medicare now, all had individual health care coverage prior to Medicare eligibility. A major concern of the off-farm job group is the exclusion of job related injuries. Many group policies anticipate that workers compensation coverage will pick up job related injuries and therefore exclude them from coverage. The vast majority of farmers do not have workers comp coverage and will face significant risk if the group policy excludes work related injuries. One member who is buying additional high-limit accident coverage is paying \$202 a month for a \$5,000 ded. plan just for him. We have advised all of our members who are covered by off-farm job group policies to look for job-related injury exclusions in their policies.

Examples of individual coverage costs for some of our board are:

- ❖ Single Female, age 64, \$1,000 ded., major medical coverage - \$900 per month
- ❖ Family, age 42, \$2,000 ded., major medical coverage - \$800 per month
- ❖ Family, age 52, \$5,000 ded., major medical coverage - \$560 per month

In order to maintain their coverage over the last twelve years, our insured members with individual insurance coverage have had to switch to as many as five different insurance companies. Some were lucky, as premiums increased and insurance companies discontinued health plans, they were healthy enough to meet underwriting guidelines for new companies and qualify for new coverage. Each time, a few more who couldn't meet ever tightening underwriting guidelines as this cycle repeated, would be cast aside and forced to follow one of the three paths mentioned earlier.

The National Farmers Organization of Wisconsin supports SB202 and the effort to open up the state employee health plan to farmers. The state employee plan offers excellent benefits at a fair premium cost. In many cases, the cost of this plan would be lower than farmers' current coverage rates if adjusted for comparable deductibles and coverage. But more than price, farmers are looking for stability. They don't want to have to worry about losing coverage every other year and being forced to meet underwriting guidelines for a new company. Each time they make the switch they have to wonder, "are we going to be the one cast aside this time". The access to the state plan provided by SB202 would provide the coverage stability our farmers have needed for so long. SB202 may not provide the total answer to all farmer health care needs but it could be a significant piece in this puzzle. We will continue to support other pieces in the puzzle like Badger Care reform and health care purchasing coops, with the hope that, once put together, we will see a picture of a healthy and sustainable farming industry in our state

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POSITION PAPERS

From Wayne Corey; Executive Director

SB 202 : AFFORDABLE QUALITY HEALTH CARE FOR WISCONSIN FARMERS

July 29, 2003

PREPARED FOR :
***THE SENATE COMMITTEE ON
AGRICULTURE, FINANCIAL
INSTITUTIONS & INSURANCE***

There is a health insurance crisis in Wisconsin. For many years insurance rates have been going up too far and too rapidly. The crisis is felt most acutely by our state's family farmers. Senate Bill 202 will directly address the problem. Wisconsin Independent Businesses urges the committee to support our farmers by supporting SB 202.

SB 202 is only part of the solution to Wisconsin's health insurance crisis. However, by providing access to the state Group Insurance Board pool, the state will assure that farmers will have access to quality health insurance at rates that are likely to be much more affordable than what these individuals and single family units can purchase in the current marketplace.

Access to the state purchasing pool will certainly mean that more people in Wisconsin will have health insurance. Today's individual market policy rates are prohibitive for many, many people who seek health insurance. WIB believes that SB 202 will provide a significant consumer option by making quality and affordable health insurance available.

Small group health insurance premium payments have been going up at untenable rates for the past decade. Individual market premium payments paid by farmers and other self-employed individuals have increased at rates that cannot be sustained. When health insurance costs are going up as much as 105% in a single year – and that is the worst farm family increase WIB has heard of – it requires household cost cutting that may be impossible to achieve. And so more people make the tragic decision to go without health insurance coverage.

Having a family face life without health insurance should be unacceptable in Wisconsin. We have the means to dramatically reduce this problem. BadgerCare has helped. The Private Employer Health Care Coverage Program could help keep families insured if the legislature takes the steps necessary to make the program operational. The new prescription drug purchasing pool has the potential to assist. SB 202 is an important component of this solution.

WIB pledges to do everything within our power to make health insurance accessible and affordable to all Wisconsin

WI Independent Businesses, celebrating over a quarter-century of service, provides government, legal and tax services to over 52,000 people with ownership interest in 16,000 businesses and 9,000 farms.

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Agriculture is the backbone of Wisconsin's economy. The agriculture industry generates about \$40 billion a year and accounts for one in five jobs in Wisconsin. The farm families of Wisconsin not only helped build our state's economy, but they work long hours to feed our state. Family farms are the lifeblood of many of our smaller communities. When family farms go under, the local economy of Wisconsin's small communities feel it, too. Unfortunately, there are fewer farms dotting our state's landscape and those face new economic and competitive hurdles. America's Dairyland is losing about five dairy farms a day, and fewer children see a future in farming and decide not to stay on the farm.

Jim Doyle understands the role agriculture has played in building our economy. He also understands that the next Governor must be dedicated to helping agriculture grow and prosper into the future. Jim Doyle is committed to getting the job done.

Jim Doyle knows that the next Governor has to have a strong voice for Wisconsin's farm families. But it takes more than just words. Jim Doyle has an action plan to promote farms for the future.

Promoting Wisconsin Products

Opening New Markets to Sell Wisconsin Products

Wisconsin farmers compete in the world market and the state must aggressively promote Wisconsin products and expand into new markets. Jim Doyle would target market expansion grants to farmers who want to market an existing product in a new way, develop a new product to create a niche or use a value-added approach that markets Wisconsin products in a unique way to sell Wisconsin lifestyles. Jim Doyle also wants Wisconsin products to be known for quality. Just as Wisconsin cheese is associated with quality, Wisconsin should have an identification system for livestock and crops so consumers know that the products they buy are Wisconsin grown.

Promoting New Agricultural Products

The state must expand its Agricultural Development and Diversification (ADD) program by dramatically increasing grant funding for innovative efforts by Wisconsin farmers to diversify their operations and enhance their cash flow. The increased funding will build upon our existing agricultural base but allows farmers to consider new products to improve their bottom line. The ADD program must also be more aggressive through market development and expansion to help

farmers find markets for their new products. Just as the state needs to continue its promotion of ethanol production to help provide a new market and increased prices for farmers producing corn, the state should move forward with incentives to encourage the development of soybean processing operations here in the state. Considering the size of Wisconsin's soybean crop, our farmers would benefit by keeping their grain in state and realizing the value that can be added here in Wisconsin.

Protecting our Dairy Heritage

Keeping Dairy Farms Viable

The federal milk pricing system has put Wisconsin farmers at a disadvantage for decades because of where they live. These inequalities must be eliminated so our dairy farmers can compete on a level playing field. Whether milk prices are \$15 per hundredweight or \$10 per hundredweight, as Governor, Jim Doyle will keep the pressure on Congress to improve prices paid to our dairy farms. Jim Doyle will also work for change at the state level, too. Despite the fact that the number of dairy cows dropped substantially from 1993-2001 and total milk production also decreased, average milk per cow for all Wisconsin farms increased approximately 2,500 pounds during the same period. With this improved efficiency, just think what Wisconsin farmers could do with some help at the state level. Jim Doyle supports investment tax credits for dairy renewal and modernization to help family farmers run even more efficient, more profitable operations. Whether the improvement is a new milking parlor, new equipment or new facilities, Doyle's tax credit will lighten farmers' tax load while helping them modernize and improve their operations. A modest investment by the state can spur farm innovations and modernization that can produce greater profitability for our farmers.

Focusing on Profitability

As Governor, Jim Doyle will work to make sure that farms of all sizes can be profitable in Wisconsin. Whether a dairy farmer milks 25, 250 or 1,000 cows, Wisconsin should provide assistance to make sure they can survive. The state can promote a focus on profitability by targeting grants for business plans for farms of all sizes. For small farms, the state can offer grant or loan options to promote diversification or expansion. For larger farms, the state can provide assistance to make sure the operations can deal with the challenges, without being overburdened by higher costs. The state should provide the resources and allow farmers to find where they can be most profitable.

Supporting a Sound Business Infrastructure for Farmers

Ensuring an Adequate Supply of Electricity

Just like any other major sector of our economy, Wisconsin farmers depend on adequate, reliable and safe electricity to run their businesses. Wisconsin must have a long-term power plan to ensure that the agriculture industry, industries that are linked to and rely on agriculture, and consumers have adequate and reliable power now and in the future. Jim Doyle will plan for our state's future power needs and expand the amount of electricity available in the state to ensure that electric rates remain low and the electric supply remains safe and adequate to address the needs of Wisconsin's

agriculture economy. The state's power plan must be sensitive to land use issues to ensure that new electrical capacity does not detrimentally affect family farms and their land. Doyle supports a farm rewiring grant and loan program to provide on-farm wiring updates to get farms up to electrical codes and to make sure the wiring is safe and adequate. Jim would also require the Wisconsin Public Service Commission and the Department of Agriculture, Trade and Consumer Protection to play an active role in working cooperatively with farmers and utilities to eliminate problems and seek solutions to stray voltage issues. Finally, farmers who want to generate electricity on-farm through the use of green energy like wind would be eligible for farm-energy tax credits under Doyle's power plan.

Health Care Coverage for Farmers

There is a health care crisis in America, and nowhere is that more evident than on the family farm. Despite technological advances and modernized equipment, farming remains a dangerous profession. Affordable health care remains one of the highest priorities for Wisconsin farmers. In some cases, spouses need to work off the farm just to have access to more affordable health insurance for the family. Jim Doyle would help solve the health care crisis for farm families by authorizing the state employee health insurance plan to help Wisconsin farmers pool their buying power in order to get better health insurance rates. Doyle will authorize the state employee health insurance plan to open up the state employee purchasing pool to Wisconsin's farm families. Having a larger purchasing pool, including state employees, farmers and other private employees will reduce the growth of taxpayer costs and help private firms bring their health insurance premiums under better control.

Putting an End to Higher Taxes

State government is more than \$1 billion in the hole, but it didn't get there because Wisconsin farmers and other taxpayers have not paid their fair share of taxes. High property taxes place an unfair burden on agricultural operations that have an abundance of property. As Governor, Jim Doyle will hold the line on taxes. Instead of looking to roll back tax exemptions on equipment or supplies that farmers use to earn a living, Doyle will make sure that exemptions for farm machinery, equipment and necessary inputs are protected. Jim Doyle will also expand the state's use-value assessment program to include woodlots and wetlands so that farm property taxes are not shifted to those parcels, keeping the farmers cost of operations high. Expanding use value assessment for farm families does not mean that developers get to cash in. Jim would make sure that the tax benefits are targeted at those who work the land, not develop it. Jim Doyle will lead the fight to protect shared revenue because drastic cuts to shared revenue for our communities mean a tax increase for average citizens. Finally, Jim Doyle will fight to retain the state's role in financing school costs to ensure that property tax hikes don't tax farm families out of existence.

Protecting our Agricultural Resources

Promoting Soil and Water Conservation Efforts

Farmers are stewards of their land. They know they can't raise livestock or grow a crop if their ground or water is polluted. As stewards of their land, they are willing to do their share to ensure that adequate land and water conservation methods are implemented on their farms, but they

should not be overburdened by requirements without adequate funding to help them. Jim Doyle wants the state to step up to help farmers control pollution on their farms. Whether the proposed improvement is buffer zones or a new manure management system, Jim Doyle wants the state to share in the cost of these improvements with farmers to assist them in their efforts to conserve soil and protect groundwater. Jim Doyle will also reward those stewards who are already voluntarily employing practices to conserve soil and protect our waterways by expanding tax credits for existing on-farm stewardship activities.

Focus On Animal Agriculture and Commitment To Animal Health

Wisconsin's commitment to animal agriculture must also mean a renewed commitment to animal health. Jim Doyle wants to expedite the construction of a new animal health laboratory to keep the state's national animal health accreditation. The lab must provide quick and easy access for diagnostic and disease surveillance testing services to the state's livestock producers and agribusiness community. Ensuring farmers and consumers of the health of our animals will help improve farm profit and boost consumer confidence.

Investing in our Agricultural Future

Supporting Biotechnology and Agricultural Research

Wisconsin has one of the foremost research universities in the United States and one that is uniquely prepared to work cooperatively with the agriculture community to focus on ways to improve our agriculture economy through biotechnology. As Governor, Jim Doyle will promote biotechnology research and development at the UW campus specifically targeted at aiding Wisconsin's agriculture industry. Our universities can also assist in developing cutting edge technologies for modern farming, better and more economical ways to manage livestock manure, non-chemical alternatives to pesticides, ways to diversify a farming operation and assistance in helping livestock producers expand their operations to a size that is profitable, yet manageable. University research can also help promote and improve farm management techniques. Jim Doyle will support research to educate and promote the advantages of grazing techniques to dairy farmers. Wisconsin should assist farmers interested in Managed Intensive Rotational Grazing (MIRG) as a way to reduce fixed costs and labor costs, while improving profit margins, reducing energy use, preserving wildlife habitat and reducing barnyard runoff.

Growing Wisconsin's Next Generation of Farmers

Who will feed our state if the children who grow up on farms decide not to keep the operation in business? Wisconsin must address the declining entry rate of new farmers by aggressively assisting in growing the next generation of farmers. We have to start by educating them through our state's top-notch university and technical colleges. As Governor, Jim Doyle will support our family farms by promoting higher education farm tax credits for young farmers who attend a Wisconsin institution of higher learning and return to the farm. Sometimes, innovation can come from a new perspective on an old profession. Jim Doyle wants to develop model start-up farm apprenticeships. The apprenticeships would allow young farmers to hone their farm management skills and techniques, while earning livestock equity to start their own farms when their apprenticeship ends. A small investment in a few young farmers' lives through innovative programs

will help grow the next generation of farmers that will maintain Wisconsin's competitive edge in the world market.

Keeping Politics Out of Agriculture

Setting Agriculture Policy With an Independent Board

Wisconsin farmers deserve to have a Secretary of Agriculture who is insulated from politics and focused on the needs of Wisconsin farm families. Jim Doyle believes that the farm community knows best who will understand their needs and help lead Wisconsin's agriculture economy to new level of success. As Governor, Jim Doyle will return the authority to appoint the state Agriculture Secretary to the citizen-controlled Agriculture Board, to ensure that farmers have a voice in the administration.

JIM DOYLE: A STRONG RECORD OF PROTECTING FARMERS

As Attorney General, Jim Doyle has been there for Wisconsin farmers when they needed him.

Fighting for Fair Prices for Dairy Farmers

When farmers in the eastern and southern United States tried to stop reforms of federal milk market orders to bring fairness for Wisconsin dairy farmers, Jim Doyle fought for our dairy farmers. Doyle intervened on behalf of Wisconsin farmers and was joined by the State of Minnesota and the Minnesota Milk Producers Association. Wisconsin dairy farmers have been placed at a competitive disadvantage for years by the unfair milk marketing system. While Congress was unable or unwilling to change this system that hurt our farmers, Jim Doyle intervened to protect a plan that worked to level the playing field for dairy farmers in the Midwest.

Stopping Overcharges for Chemicals

Jim Doyle has also been there for farmers who have been hurt by unscrupulous marketing practices. In 1997, Doyle fought and won against two major agri-chemical companies for charging farmers too much for their products. He won a \$500,000 settlement and targeted the money to programs that would benefit the farmers who were overcharged. Doyle used the funding to create a Pesticide Use and Risk Reduction program at the UW-Madison to protect and enhance farmer profitability and substantially reduce pesticide use and risks in the production of agricultural crops in Wisconsin. The PURR program has 14 partners from the agricultural community who ensure that funding is dedicated toward programs that reduce chemical use and promote new products or methods of production that will boost farmers' profits. Less reliance on agri-chemicals lowers farming costs, while helping to ensure good water quality.

Keeping Unfair Business Practices in Check

When farmers in the Augustana area were not paid for the milk they produced for their cooperative, Jim Doyle lent a hand. Farmers who supplied milk in good faith to the Dairy Maid cooperative and expected to get paid were disappointed when their paychecks stopped. Working cooperatively with another state agency, Jim Doyle's office fought for farmers in court. Doyle's office has secured a

judgment in principle with the trustees of the cooperative that will pay farmers more than \$180,000 for their milk. This action amounts to full payment, plus interest, for their losses.

Protecting Farmers and the Food Supply

In 2000, when traces of StarLink corn were found in taco shells, questions arose about how much of Wisconsin's corn may have been co-mingled with StarLink corn. Genetically modified StarLink corn can be used for animal feed and non-food industrial products, but it cannot be used for human food because of the possibility of food allergies. In 2001, Doyle and sixteen other Attorneys General reached an agreement with Avenis Cropsience to protect the economic interests of farmers and grain elevators in Wisconsin and other states. As a result of Doyle's action, 120 Wisconsin farmers who were affected by having their corn co-mingled with StarLink's received over \$321,000 in compensation. Doyle has also been able to secure almost \$150,000 for 42 Wisconsin grain elevators that suffered losses.

Privacy Policy

Visit the Wisconsin Department of Justice Website

Contact the Campaign

Authorized and Paid for by Doyle for Wisconsin,
Alyssa Whitney, Treasurer.