



National Farmers Union

Testimony of Donn Teske

**Before the
U.S. House Committee on Small Business**

**Limited Health Care Options for Small Businesses in the
Small Group Market**

**Wednesday, January 23, 2008
Washington, D.C.**

STATEMENT OF DONN TESKE

PRESIDENT, KANSAS FARMERS UNION

U.S. HOUSE COMMITTEE ON SMALL BUSINESS

**LIMITED HEALTH CARE OPTIONS FOR SMALL BUSINESSES IN THE SMALL
GROUP MARKET**

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Chairwoman Velázquez, Ranking Member Chabot and members of the committee, thank you for the opportunity to testify before you today. My name is Donn Teske and I am president of Kansas Farmers Union. I am here today on behalf of National Farmers Union (NFU), our national organization representing farming, ranching and rural families across the country. I am also on the executive board of the Kansas Health Consumer Coalition (KHCC) and am actively working for affordable healthcare for all Kansans.

When asked if I would be willing to testify today it really caught my interest because I, like many in America, have my own story about the difficulties in receiving healthcare.

My wife, Kathy, and I live and farm in rural Northeast Kansas and are in the process of raising four healthy children. We are the fifth generation to farm the land and have deep roots in the community. Kathy has worked at the Onaga Community Hospital for ten years; her work off the farm is solely for the purpose of supplying health insurance for our family, and her entire salary literally goes for our healthcare.

Onaga Community Hospital is a rural hospital, however it is a very large, very modern facility serving many of the communities in the area and employing nearly 300 people. Our family is insured through the hospital's plan for its employees and families. I have always felt that the hospital's insurance was inferior to other companies and leaves policy holders vulnerable. For instance, Kathy has needed two partial knee replacements over the past several years. After our deductible was met, we were still personally responsible for more than \$6,000 above what our carrier would pay and forced to take out loans which we hope to eventually pay off.

I experienced the financial hardship of inadequate medical coverage this past summer, after injuring my back while welding on a combine. In my line of work, it's not uncommon to pull something in your back from time

to time. Usually a couple of chiropractor treatments are all I need to get going again and everything's fine. This time was different and, in late fall, I finally had two epidurals in my back to relieve the pain. Through this experience I discovered that my farming activities are not covered under the hospital's insurance plan. My family's policy does not cover self-employed family members such as myself and we may be responsible to pay an additional \$4,000 for these procedures. After reading all of the exclusions on our policy I discovered the only time I'm covered is when I'm in town and not on the farm. My brother has also faced health problems that drove him into debt and he was forced into medical bankruptcy in order to deal with his healthcare bills.

Onaga Community Hospital is a good hospital and is vital to the community. However, there are many families like ours amongst Kathy's co-workers; families with one spouse working to earn the families' health insurance, families that do not have coverage for the other spouse because he or she is self employed. It's scary to think what would happen if I had a serious accident while farming. It's a serious problem for my family, and many rural residents that this is the best insurance a rural hospital can offer its employees. We may very well keep the insurance on my wife and kids and just drop mine. It makes no sense for us to continue paying big premiums for a family policy doesn't cover the entire family.

Before Kathy started working in town we purchased our own health insurance. It was always higher than our neighbors who got health insurance at work through a group policy. It was expensive, so we would simply purchase insurance to protect us from catastrophic health claims. As such, we never had a health insurance policy that included maternity. Our first child, Lisa, was born in 1982 and cost us \$500 to have her delivered and each child doubled in price, first \$500, then \$1,000, then \$2,000 and our youngest in 1991 cost us \$4,000.

Rural Americans, like my family, face significant barriers to receiving quality healthcare. I am fortunate to live near a good hospital, but many are not so lucky. Distance from medical facilities, geographic barriers and high transportation costs make it expensive and time consuming for many to seek medical attention. Low

population densities, an aging rural population and the challenges of maintaining aging medical facilities are also straining rural healthcare systems and raising the costs of healthcare.

Farmers are small business owners and as such are not able to obtain healthcare through an employer as many Americans do. For those who do have private insurance, it often comes at a high price and does not adequately provide for the high cost of receiving services in rural areas. When I was asked by the Access Project in 2006 to help with research, I was eager to participate because I believe affordable, adequate health care is a critical issue in rural America. I had no idea how my membership would react when I sent out 600 surveys to randomly selected Kansas Farmers Union members. To my great surprise, 47 percent of those surveyed responded; undoubtedly this is an issue important to members of Kansas Farmers Union. The entire report, “Losing Ground”, can be accessed at http://www.accessproject.org/adobe/losing_ground.pdf

The 2006 study by the Access Project found that 29 percent of residents in rural Kansas under the age of 65 have medical debt. While 95 percent of these people had some kind of health insurance, their coverage was not sufficient to offset the cost of their treatment. Even more disturbing was the study’s finding that 67 percent of residents had delayed receiving primary medical care because of financial concerns. This study by the Access Project was conducted through a professional survey of the Kansas Farmers Union membership base.

Rural communities have difficulties providing good healthcare to their residents and patients struggle to afford the high costs of care. However, the challenges facing rural healthcare are not insurmountable. Government support is needed to ensure that rural hospitals have the financial resources to provide patients with high quality, affordable healthcare. In addition, rural residents require access to reasonably priced healthcare insurance that covers the high costs of receiving medical care in rural areas.

One way to assist rural residents in obtaining good healthcare is for the government to subsidize private healthcare plans. By subsidizing the cost of private insurance for those who would otherwise be unable to

afford coverage, more rural Americans would be able to afford necessary healthcare coverage. The government could also subsidize insurance by allowing farmers or companies with few employees to pool together and negotiate with insurance companies to get a better plan. Another idea is for the government to provide a health plan tailored to one segment of the population, such as farmers, alleviating the need for individuals to pool together.

The state of Massachusetts has a successful plan for fishermen and their families, which provides subsidized healthcare they might not otherwise be able to afford. Another option would be for governments to enter into public-private partnerships to provide residents with health insurance. One example of this is the West Virginia Small Business Plan, which has been available in West Virginia since 2005. Under the program, small businesses are given access to rates negotiated by the state agency that provides health insurance for state employees. Participating small businesses were able to cut their healthcare costs by up to 25 percent from retail rates. A successful program in the state of New York achieved greater cost savings for individuals by subsidizing insurers for coverage they provide to small businesses. This allowed insurance companies to provide more small business with insurance at a lower rate. Plans such as these benefit farmers and small business owners by giving them access to more affordable healthcare plans.

It is crucial that Congress adopt a national healthcare policy that confronts the numerous difficulties of delivering quality medical services to rural America. Providing healthcare in rural areas is inherently more costly than in urban areas. Government subsidized healthcare plans and public-private partnerships can also reduce the cost of health insurance so rural residents are able to afford the services they need.

Healthcare reform is needed, and needed badly! Clearly rural Americans need assistance to ensure they have access to the healthcare they need. As you move forward, I urge you to consider the unique needs of rural Americans, many of whom are small business owners, and draft legislation that will help them to obtain

quality healthcare at an affordable price. I thank you for holding this hearing to consider healthcare options for small businesses and welcome any questions you may have.