

HOME AND FAMILY

# Health Care Costs and the Small Farm

By Steve Richards and Claire Hebbard

Farm families face many health care issues - obtaining care, paying for care, and minimizing health care costs. Although not all health care risks can be avoided, they can be planned for. As a small, owner-operated business, your farm depends heavily upon your health and well being. Unfortunately, due to high premium costs, you may find yourself without insurance coverage, and may believe that there is nothing else you can do to address health care risks. This is a myth, and one that may cause your farm to be at a greater risk than is necessary.

## IDENTIFY YOUR RISKS

It's important to think about what health-related risks you and your family members are exposed to, and how you would handle them if they came to pass.

Health care costs. Unplanned medical expenses pose a significant risk, and can really hamper your farm business. What would happen if someone in the family has a serious medical emergency? What if someone requires long term care in a nursing facility?

Your best option for managing health care costs is to obtain health insurance and/or long-term care insurance.

Disability. What happens if you or someone in your family becomes disabled? Health issues may affect your business in the short term, but more serious disabilities can have a multiplying affect. Your entire farm may be at risk if you become disabled,

or if a family member becomes disabled and requires you to be away from the farm, or to pay for care.

Your three best options for minimizing the impact of disability are Social Security Disability, Long-term Care Insurance, or Private Disability Insurance.

Business continuity: Who will continue the business if you, a business partner, or a key employee were to become seriously ill, or worse? It is important to have a business plan in place for such a case. You will also need to have someone who can make decisions and pay the bills, so good communication, power of attorney and an operating agreement are important. Each business partner, or key employee, should have life and disability insurance. If you have a business partner, a buy/sell agreement can reduce serious problems in the event of the unexpected death of a partner.

## REDUCE HEALTH CARE COSTS

How can you reduce health care expenses? First, fully explore your health insurance options. These include government programs, private insurers, and membership organizations. Find out what government insurance programs you might be eligible for. Information on several federal and NYS programs is available at [www.nyfarnet.org/healthinsurance.htm](http://www.nyfarnet.org/healthinsurance.htm).

Then explore private insurance options. Shop around for the best price, being sure to compare similar coverage programs. Don't compromise the quality of your coverage, but minimize "extras" that may provide

poor value for your dollar. Elect for higher deductibles. Avoid duplication of coverage. Ask what discounts are available. Look to previous employers and inquire about whether or not they will insure you. Some businesses - including the government - will insure retirees.

Take a look at how your business organization can impact your insurance rates. Sole proprietors without employees are more expensive to insure than proprietors with employees or legal business partnerships (such as an LLC, C Corp, or S Corp.) You may find a cheaper policy by simply adding a person to your payroll - ask your insurance agent about your options.

Or you may be able to join a small business association that offers group insurance rates - such as a milk cooperative, local chamber of commerce, AARP, Farm Bureau, or other organization. For example the NYS Farmers' Direct Marketing Association ([www.nysfdma.com](http://www.nysfdma.com)) offers insurance for its members.

Once you have an insurance policy in place, get the most from it by knowing your coverage, reviewing all bills and statements for mistakes, and immediately calling your insurer whenever a claim is denied or the coverage is not what you expected. Insurance companies routinely deny claims for trivial administrative reasons that can usually be resolved. But you must keep on top of the situation and contact them when you have a question.

Another important tip is to negotiate with doctors and hospitals. Many consumers successfully lower these costs simply by asking. According to a survey by Harris Interactive Health Care News, about half of all requests for reduced medical bills are successful. It helps to plead your case in person, and offer to pay immediately.

You may also consider a Medical Savings Account, which allows you to set aside money, tax free, for medical expenses. Rules change frequently, but in 2003 the Archer MSA allowed these funds to roll over into subsequent years.

Finally, make an estate plan. Assets can quickly dwindle away in the face of high medical costs. Estate planners can assist you in addressing your insurance needs and planning to reduce risks to business continuation.

Many of us have experienced how health care costs and risks have affected farm businesses in New York State. There are horror stories about how disability, hospital bills, and/or nursing home care have stopped a farm business in its tracks. But there are steps you can take to minimize your family's health care risks, and the impact of health issues on your farm business. To find out more about your health care issues and options, refer to the new publication Health Care Planning for Farm Families.

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## RESOURCE SPOTLIGHT

# Health Care Planning for Farm Families

Because health care issues are an important consideration in a farm transfer plan, NY FarmLink has developed a healthcare workbook: Health Care Planning for Farm Families. The guide and associated worksheets can help you and your family to: get a better understanding of the personal and financial risks that can be avoided through

proper health care planning; navigate the maze of federal and state healthcare laws and programs; and be better informed about health care services, insurance products, government programs, and resources that are available. The cost is \$12. To order a copy, call NY FarmLink at 1-800-547-3276.

## RESOURCE SPOTLIGHT

# ATTRA - A Free Information Resource for Farmers

Are you investigating sustainable production practices, new enterprises, or alternative marketing strategies for your farm? ATTRA is a national sustainable agriculture information service that offers free information and technical assistance to farmers, Extension agents, and others directly involved in sustainable agriculture. ATTRA (Appropriate Technology Transfer for Rural Areas) has a staff of twenty agriculture specialists and one of the finest sustainable agriculture libraries in the country.

products.  
\* Alternative Meat Marketing — Overview of direct marketing and other alternative marketing strategies for meats. ATTRA also offers reports specifically focused on alternative marketing of beef and pork.  
\* Sustainable Pasture Management — Overview of sustainable pasture issues including fertility, weed management, and rotational grazing.  
\* Entertainment Farming and Agri-Tourism — Includes a review of different agri-tourism enterprises, and insurance considerations.

ATTRA offers over 200 publications on a wide range of production, enterprise, and marketing subjects. These publications are usually 5-20 page summaries of the topic, followed by list of resources such as further reading, suppliers, and organizations to contact for more information. All ATTRA publications are free and can be requested by phone or mail, or can be accessed on their website. Here are some examples:

\* Sustainable Corn and Soybean Production — Ideas for making corn and soybean production more profitable and environmentally friendly.  
\* Value-added Dairy Options — Resources for dairies investigating on-farm bottling and processing for cheese, yogurt, and other

ATTRA also provides free consultations to farmers. Call the toll-free number to reach an ATTRA specialist. If ATTRA already has good publications that answer your questions, they will pop them right in the mail. Otherwise, ATTRA staff will do some research and put together a custom report for you. This takes about two weeks.

**ATTRA can be reached toll-free at (800) 346-9140 or on their Spanish-language line at (800) 411-3222. You can also check out publications or fill out a form to submit a question to a sustainable agriculture specialist on their website at [www.attra.org](http://www.attra.org).**

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2115	9/2	1407	1.2	37	27	73	70	653	1120		1545		
2132	9/15	RANGER	3.9	39	25	77	85	720	1262		1660		
*2136	9/23	LEACHMAN EBV	1.0	24	17	43	72	666	1129		1475		
2139	9/26	1407	1.5	35	24	79	88	668	1206		1625		
2143	10/2	RANGER	5.0	40	21	82	92	676	1236		1680		
2151	10/19	RANGER	4.6	39	20	72	91	729	1254		1475		
*2153	10/20	KING ROB	1.5	31	27	63	98	792	1225		1670		
*2154	10/22	KING ROB	1.5	31	27	63	94	809	1335		1820		
2157	11/1	JLB EXACTO	2.9	43	26	82	98	748	1281		1525		
2158	11/5	SITZ ALLIANCE	2.9	38	21	73	85	663	1074		1470		
2162	11/26	1680	2.4	34	24	70	84	743	1233		1600		
2163	11/27	1680	2.4	34	24	70	87	712	1251		1550		
N10	1/10	HUNTS CALCULATOR	2.2	34	18	64	90	688	1181	1065	1390	2.71	3.17
N19	1/19	SITZ TRAVELER 6802	2.1	39	15	74	90	639	1161	1000	1290	2.42	2.95
N26	1/23	SITZ ALLIANCE	2.9	38	21	73	90	739	1211	1010	1415	3.38	3.27
N27	1/23	BOYD NEW DAY	2.1	39	24	80	98	769	1325	1110	1550	3.66	3.58
N28	1/24	BV SPECTRUM	3.4	39	29	73	94	746	1255	1100	1430	2.75	3.31
N34	1/30	1680	2.8	39	23	78	75	696	1193	990	1360	3.08	3.19
N44	2/10	SCHOENES FIX IT	3.7	43	24	75	70	701	1253	985	1425	3.67	3.44
N45	2/10	5175	4.0	44	20	86	78	684	1227	960	1445	4.04	3.49
N52	2/17	SITZ ALLIANCE	2.9	38	21	73	65	668	1110	850	1275	3.54	3.13
N53	2/17	SITZ ALLIANCE	2.9	38	21	73	70	673	1161	960	1330	3.08	3.27
N62	2/24	RANGER	4.3	40	22	75	94	721	1218	975	1330	2.96	3.33
N69	2/27	RANGER	4.3	40	22	75	78	711	1128	850	1225	3.13	3.09
N73	3/2	FUTURE DIRECTION	1.6	37	15	68	75	717	1138	815	1185	3.08	3.02
N74	3/2	RANGER	4.3	40	22	75	96	700	1151	875	1255	3.17	3.19
N77	3/4	RANGER	4.3	40	22	75	92	727	1152	845	1255	3.46	3.21
N80	3/6	FUTURE DIRECTION	1.6	37	15	68	92	797	1306	940	1405	3.88	3.61
N81	3/7	FUTURE DIRECTION	1.6	37	15	68	88	645	1104	805	1210	3.38	3.12
N83	3/8	MENTOR G 117	3.5	45	22	80	90	731	1253	935	1325	3.25	3.42
*N88	3/12	MAKE MY DAY	-0.1	33	25	66	85	806	1009	785	1225	3.67	3.20
N93	3/17	RANGER	2.6	38	21	73	80	654	1340	845	1425	4.83	3.77
N94	3/19	HARB CINCHA	.7	34	19	68	76	562	965	610	1050	3.66	2.79
N96	3/22	HUNTS CALCULATOR	3.7	42	17	73	86	660	1063	720	1110	3.25	2.97
N97	3/27	HARB CINCHA	.7	34	19	68	78	646	1073	690	1125	3.63	3.06
N98	3/28	RANGER	2.6	38	21	73	90	685	1094	685	1130	3.71	3.08
N99	3/28	NEW FRONTIER	1.6	39	22	79	85	727	1160	810	1155	2.87	3.15
*N100	3/31	CITATION 138	-2.4	22	20	42	74	669	1172	755	1115	3.00	3.06
N102	4/1	SITZ TRAV 6802	2.1	39	15	74	80	729	1221	785	1220	3.63	3.36
N103	4/1	NEW FRONTIER	1.6	39	22	79	88	691	1272	775	1170	3.29	3.22
*N104	4/2	GLACIER LOGAN	2.2	36	15	58	87	794	1340	885	1345	3.83	3.72
*N106	4/8	EASY GOLD	3.6	37	23	66	94	732	1249	805	1225	3.50	3.42
*N108	4/14	CITATION 138	-1.5	26	21	52	75	756	1358	835	1370	4.46	3.89
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