

August 21, 2009

On behalf of the Nebraska Farm Bureau Federation (NFBF) and our over 50,000 members, I would like to share with you our thoughts concerning the topic of health care reform as both the House and the Senate continue their work on this important subject.

Nebraska Farm Bureau supports health care reform that improves and builds on the current health care delivery system. We believe that health care is primarily the responsibility of individuals. Thus, we oppose compulsory national health insurance and any national health plan and favor instead direct government financial assistance for those unable to pay for their own health care.

A primary concern for Nebraska's farmers and ranchers concerning health care is controlling costs. The increasing cost of health care and health insurance premiums are significant expenses for Nebraska's farmers and ranchers. Any reform proposal must address the affordability of health insurance premiums and provide sustainable cost containment. We believe current proposals on the table do not address these two fundamental issues and ultimately will only exacerbate the problem of escalating insurance premiums.

Requiring compulsory health insurance in the form of an individual coverage mandate or forcing insurers to cover everyone will mean higher insurance premiums. With a large percentage of farmers and ranchers being self-employed, and as such purchasing their own health insurance, we are concerned any coverage mandates would only increase the cost of health insurance. These cost increases would negatively impact Nebraska's agricultural producers' bottom line.

We also continue to have concerns with the discrepancy in the tax code between employer-sponsored health insurance, and those who are self-insured. As noted above, the vast majority of Nebraska's farmers and ranchers are self-insured. We continue to support a tax deduction for health insurance premiums paid by the self-employed. In addition, because they are self-insured, many farmers and ranchers use health savings accounts (HSAs) to reduce health insurance costs. Farm Bureau opposes proposals to limit tax deductions or now available through HSAs.

In terms of employer requirements, Nebraska Farm Bureau believes that farm and ranch businesses must not be faced with employee health care mandates they simply cannot afford. Nebraska's farmers and ranchers operate on tight profit margins that fluctuate from year-to-year. Requiring employers to provide insurance coverage or pay a tax equal to 8 percent of payroll will put added financial strain on farm and ranch businesses. Any new tax is troubling because, like insurance premiums, payment will be due whether or not a farm or ranch business turns a profit. Rather than mandate coverage, Nebraska Farm Bureau supports tax credits to help farmers and ranchers who struggle to provide insurance for their employees.

Health care market reform also continues to be a main topic surrounding this debate. The House proposal looks to create a health insurance "exchange" to make it easier for individuals and employers to compare and purchase insurance products. Nebraska Farm Bureau believes that an

exchange will increase the availability, quality and affordability of health care without the creation of a public insurance option. We also support efforts to foster health care competition but believe that such an exchange should not preempt state regulation or authority of states to determine coverage requirements. The creation of voluntary regional insurance purchasing cooperatives to expand the availability of insurance coverage is also an idea supported by Nebraska Farm Bureau. Pooling arrangements would allow business owners to join together to purchase health insurance at lower rates, expand health care options and lower administrative costs. It is also important that such cooperatives remain subject to state regulation.

It is also imperative that any healthcare reform legislation address the disparities that exist between rural and non-rural communities. There continues to be a critical shortage of health care professionals and facilities in rural areas. Nebraska Farm Bureau continues to support government programs and incentives that encourage health care professionals to practice in areas without adequate medical care, many of which are located in rural areas.

Finally, Nebraska Farm Bureau continues to be concerned about the proposal to add a sugar-sweetened beverage excise tax to help fund health care reform. We oppose efforts to tax any agricultural commodities to fund health care programs. The obesity problem within the US is due to a broad range of issues, and taxing sugar-sweetened beverages is an over-simplified attempt to address a health issue that moves far beyond consumption.

Thank you for your consideration of our positions and all of the work you continue to do on behalf of Nebraska's farmers and ranchers.

Sincerely,

Keith R. Olsen
President