



Farm Bureau Plans: Affordable Health Coverage Options for Americans

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Many Americans, especially those in rural communities, find themselves facing a health insurance market that has few options. Those few options are typically very costly, with large out-of-pocket deductibles that must be paid before the insurance “kicks in,” combined with plans that have narrow or fewer provider options from which to receive care. These are several significant factors as to why the number of uninsured Americans has grown.¹

But some states are blazing a different trail and proving that free-market options truly exist: “Farm Bureau plans” are an innovative option that have garnered bipartisan support in multiple states to help individuals and families in need. These plans are not just offered by Farm Bureaus. They can also be offered by any trade membership organization, from architects to truckers.

Farm Bureau plans add options to communities that lack choice, provide significant premium and out-of-pocket savings, and offer wide provider networks. In other words, consumers get more for less.

These plans are also a lifeline for uninsured rural Americans as some states have found that for every five members who enroll, four would otherwise be uninsured.²

Put simply, Farm Bureau plans are an innovative and affordable option for uninsured Americans who cannot afford ever-rising premiums under conventional insurance.

What are Farm Bureau Plans?

Farm Bureau plans are affordable health coverage options, generally offered by state Farm Bureaus to their members. These options are currently permitted in only Tennessee, Iowa, Kansas, and Indiana.³⁻⁴⁻⁵⁻⁶ State law exempts these plans from the definition of insurance so that coverage options offered by these entities are not subjected to conventional insurance laws and regulations, including stringent provisions of state and federal law that drive up

the cost of care. Members of that state's Farm Bureau can access these plans simply by virtue of being a current member of their state's farm bureau.

Which states have implemented these plans, and have they been successful?

Tennessee

In 1993, Tennessee became the first state to offer health coverage through its Farm Bureau. The Tennessee Farm Bureau offers four different types of plan options to its members under the age of 65: core choice, enhanced choice, high deductible health plan (a HDHP), and major medical.⁷ On average, the typical family of four with two 42-year old parents and two kids under the age of 14 experiences **savings of approximately \$800 per month** (nearly \$10,000 per year) with a Tennessee Farm Bureau "Core Choice" plan compared to an equivalent ObamaCare plan.⁸

All Tennessee Farm Bureau plans offer prescription drug coverage and several offer both dental and vision coverage as well.⁹ None of the plans require specialist referrals, nor do they impose annual limits on coverage amounts.¹⁰ Plans are available in all of Tennessee's 95 counties, providing a more affordable option in areas that lack choice otherwise.¹¹ This is especially important, as roughly 14 counties in Tennessee only have one option on the ObamaCare exchange.¹²

Iowa

In 2018, Iowa followed Tennessee's lead by allowing its Farm Bureau to offer health coverage options. Virtually all members see significant savings compared to conventional ObamaCare plans, with some experiencing a nearly 50 percent reduction in premiums.¹³ Iowa's Farm Bureau offers three plan types: Iowa Choice 3500 (\$3,500 individual deductible), Iowa Choice 6000 (\$6,000 individual deductible), and Iowa Choice 6650 High Deductible Health Plan (\$6,650 individual deductible HDHP).¹⁴

All three plans offer free preventative care, cover 100 percent of Iowa hospitals, and cover prescription drugs at 65,000 Iowa pharmacies.¹⁵ Even better, plans are offered in all of Iowa's 99 counties.¹⁶

Kansas

Kansas began offering Farm Bureau plans with the enactment of a new 2019 law.¹⁷ An estimated 42,000 Kansas were anticipated to participate in the plans upon passage, which produce average premium savings of 40 to 50 percent—and as much as 60 percent.¹⁸ The Kansas Farm Bureau plan options mirror the four options offered by the Tennessee Farm Bureau.¹⁹

No plans offered by the Kansas Farm Bureau impose lifetime limits on coverage, and all options offer affordable opportunities for telehealth services, preventative care, and prescription drug coverage.²⁰ Several plans offer both dental and vision coverage as well.²¹ Kansas took the benefits of Farm Bureau plans a step further by allowing other trade groups, such as those representing architects, dentists, banks, truckers, physicians, and more, to offer Farm Bureau-like plans to their association members.²² This amplifies the effectiveness of the Farm Bureau model to other industries.

Indiana

In 2020, Indiana became the latest state to offer farm bureau plans to its members in every Indiana county.²³ The plans are typically 30 to 50 percent less expensive compared to conventional ObamaCare plans.²⁴ These affordable options have the potential to reach the estimated 5 to 9 percent of the 270,000 Farm Bureau members who are uninsured.²⁵ Indiana provides four unique Farm Bureau plan options, similar to those offered by Tennessee and Kansas.²⁶

The Indiana Farm Bureau also does not impose lifetime benefit limits on its members, and offers competitive coverage for preventative care, prescription drugs, and more.²⁷ Multiple plans provide for dental and vision coverage options.²⁸

How Can Farm Bureau Plans Be Helpful to Individuals and Families?

Farm bureau plans provide an affordable option for health coverage to those under the age of 65 who are uninsured and ineligible for either state Medicaid programs or ObamaCare premium subsidies. Indeed, many of these individuals would be uninsured in the absence of Farm Bureau plan options. For example, in Iowa, it is estimated that **83 percent of those covered by Farm Bureau plans would otherwise be uninsured** due to the inability to afford ever-rising conventional insurance premiums.²⁹

All Farm Bureau plan states offer a wide array of plan options to fit consumers' needs in very broad networks, which is especially helpful in rural communities where options may be limited locally.³⁰

Several Farm Bureau plans offer attractive plan design benefits to those facing limited choice of expensive plans. For example, Farm Bureau plans often have:

- competitive copays;
- significantly lower premiums;
- telehealth options;
- free or low-cost preventative care;
- health savings accounts (HSAs) in certain plans;
- options for dental and vision coverage, and more.

Every state Farm Bureau offering plans has either no annual or lifetime limits, or offers extremely generous limits on benefit coverage.³¹

The Bottom Line: States Should Permit Farm Bureaus to Offer Affordable Coverage

Farm Bureau plans present an innovative opportunity to provide rural Americans with access to quality, affordable health coverage in places where insurance is historically limited and expensive. Four states have already offered these plans with widespread success, robust benefits, and far more affordable premiums compared to conventional plans. Other states should emulate these models and permit their Farm Bureaus and other trusted not-for-profit membership organizations to offer health coverage without all of the red tape that is placed on conventional insurance.

- ¹ Jennifer Tolbert et al, “Key Facts about the Uninsured Population,” Kaiser Family Foundation (2020), <https://www.kff.org/uninsured/issue-brief/key-facts-about-the-uninsured-population/>.
- ² Fiscal Services Division, “SF 2349 Fiscal Note,” Iowa Legislative Services Agency (2018), <https://www.legis.iowa.gov/docs/publications/FN/961243.pdf>.
- ³ Tennessee Title 56. Insurance § 56-2-121
- ⁴ Iowa Code Section 505.20
- ⁵ Kansas Legislature, “House Bill No. 2209,” State of Kansas (2019), http://www.kslegislature.org/li_2020/b2019_20/measures/documents/hb2209_enrolled.pdf.
- ⁶ Indiana Legislature, “Senate Enrolled Act No. 184,” State of Indiana (2020), <https://legiscan.com/IN/text/SB0184/id/2168551/Indiana-2020-SB0184-Enrolled.pdf>.
- ⁷ Tennessee Farm Bureau, “Traditional Membership Plan Comparison,” Tennessee Farm Bureau (2019), https://fbhealthplans.blob.core.windows.net/media/plans/traditional-membership-plan-comparison-sheet-6_17_2019-1.pdf.
- ⁸ Tennessee Farm Bureau, “Farm Bureau Health Plans – Traditional Membership Plans,” YouTube (2020), https://www.youtube.com/watch?v=iYAgM3R1rGU&feature=emb_logo.
- ⁹ Tennessee Farm Bureau, “Traditional Membership Plan Comparison,” Tennessee Farm Bureau (2019), https://fbhealthplans.blob.core.windows.net/media/plans/traditional-membership-plan-comparison-sheet-6_17_2019-1.pdf.
- ¹⁰ Ibid.
- ¹¹ Data obtained from Tennessee Farm Bureau by authors
- ¹² Centers for Medicare and Medicaid Services, “County by County Plan Year 2021 Projected Insurer Participation in Health Insurance Exchanges,” U.S. Department of Health and Human Services (2020), <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/10-16-2020-County-Coverage-Map.pdf>.
- ¹³ Iowa Farm Bureau, “Frequently Asked Questions,” Iowa Farm Bureau (2020), <https://www.iowafbhealthplan.com/faq>.
- ¹⁴ Iowa Farm Bureau, “Coverage Options,” Iowa Farm Bureau (2020), <https://www.iowafbhealthplan.com/coverage-options>.
- ¹⁵ Ibid.
- ¹⁶ Iowa Code Section 505.20
- ¹⁷ Kansas Legislature, “House Bill No. 2209,” State of Kansas (2019), http://www.kslegislature.org/li_2020/b2019_20/measures/documents/hb2209_enrolled.pdf.
- ¹⁸ Alice Mannette, “Kansas Farm Bureau health care continues to save farmers money,” The Hutchinson News (2020), <https://amp.hutchnews.com/amp/43089453>.
- ¹⁹ Kansas Farm Bureau, “Individual & Family,” Kansas Farm Bureau (2020), <https://www.kfbhealthplans.com/individual-family>.
- ²⁰ Ibid.
- ²¹ Ibid.
- ²² Kansas Legislature, “House Bill No. 2209,” State of Kansas (2019), http://www.kslegislature.org/li_2020/b2019_20/measures/documents/hb2209_enrolled.pdf.
- ²³ Indiana Legislature, “Senate Enrolled Act No. 184,” State of Indiana (2020), <https://legiscan.com/IN/text/SB0184/id/2168551/Indiana-2020-SB0184-Enrolled.pdf>.
- ²⁴ Samantha Horton, “Indiana Farm Bureau Launches Health Plans,” WFYI Indianapolis (2020), <https://www.wfyi.org/news/articles/indiana-farm-bureau-launches-health-plans>.
- ²⁵ Ibid.
- ²⁶ Indiana Farm Bureau, “Individual & Family Plans,” Indiana Farm Bureau (2020), <https://www.infbhealthplans.com/plans/individual-family>.
- ²⁷ Ibid.
- ²⁸ Ibid.
- ²⁹ Fiscal Services Division, “SF 2349 Fiscal Note,” Iowa Legislative Services Agency (2018), <https://www.legis.iowa.gov/docs/publications/FN/961243.pdf>.
- ³⁰ University of Minnesota, “Rural areas have higher individual health insurance premiums and fewer plan choices,” University of Minnesota (2020), <https://twin-cities.umn.edu/news-events/rural-areas-have-higher-individual-health-insurance-premiums-and-fewer-plan-choices>.
- ³¹ Tennessee does not impose annual limits; Iowa has a \$3 million lifetime limit; neither Kansas nor Indiana impose lifetime limits.