

How Tennessee Has Led the Way with Affordable, High-Quality Farm Bureau Health Plans



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KEY FINDINGS

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TENNESSEE FARM BUREAU PLANS OFFER ROBUST, AFFORDABLE COVERAGE, WITH UP TO 77 PERCENT LOWER PREMIUMS AND MORE AFFORDABLE DEDUCTIBLES.

2



FARM BUREAU PLANS PROVIDE RURAL TENNESSEANS WITH QUALITY BENEFITS.

3



TENNESSEE FARM BUREAU PLANS OFFER OPTIONS AND CHOICES.

BOTTOM LINE:

STATES SHOULD EXPAND ACCESS TO WILDLY SUCCESSFUL FARM BUREAU AND OTHER NON-INSURANCE HEALTH PLANS.

Overview

Since the implementation of ObamaCare, many Americans have been paying higher premiums with larger deductibles while often facing narrow networks of providers.¹⁻² As a result, many consumers are paying more but getting less, and an increasing number have simply dropped out of the insurance market.³ It is clear that the middle class needs new affordable options. Lucky for them, a commonsense option already exists.

Almost 30 years ago, Tennessee codified a successful experiment with a truly free-market option that has empowered consumers to this day.

In 1993—long before the woes of sky-high premiums reached consumers—Tennessee codified their Farm Bureau’s offering of an innovative kind of health coverage, one that isn’t considered insurance.⁴ As a result, Tennessee Farm Bureau Plans have provided health coverage to countless Tennesseans who would otherwise be unable to afford the high cost of conventional insurance.

The benefits of Farm Bureau health coverage are well received by plan participants. **In fact, the Tennessee Farm Bureau has an astonishing 98 percent retention and renewal rate,** indicating members are extremely satisfied with plan options, affordability, benefits, and network breadth.⁵

What are Farm Bureau Plans?

Farm Bureau Plans are affordable health coverage options offered by state Farm Bureaus to their members.⁶ These plans are not health insurance—indeed, their exclusion from the traditional definition of insurance is a large reason why they are so affordable.

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More and more states are starting to reduce stringent insurance regulations to allow these types of commonsense health plans to flourish: In the past three years alone, three additional states have followed in Tennessee’s footsteps and allowed Farm Bureau Plans to be sold.⁷ Most recently, South Dakota joined the others in early 2021.⁸

With Tennessee’s long-running success, states can learn from their example and start to offer plans that are affordable, high quality, and open up choice and competition—without disrupting the individual market.

Tennessee Farm Bureau Plans Offer Affordable Coverage, With Up to 77 Percent Lower Premiums and More Affordable Deductibles

Since 2013, the average health insurance premiums for Americans have more than doubled.⁹ The same has been true for Tennesseans. Between 2020 and 2021, the average premium offered by the only statewide insurer increased by 9.8 percent in just this one-year period.¹⁰⁻¹¹ Meanwhile, residents in 14 Tennessee counties have only one health insurer to choose from—the same insurer who has just hiked their rates again.¹²

**A FAMILY OF FOUR WITH TWO PARENTS
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But unlike in most other states, thankfully, Tennesseans have an affordable alternative in the form of Farm Bureau Plans. In fact, the Tennessee Farm Bureau offers four unique options— Core Choice, Enhanced Choice, Major Medical, and High Deductible Health Plans—so members can pick the plan that is right for them.¹³

On average, a family of four with two parents in their early 40s and two kids under 14 would experience savings of nearly \$10,000 per year with the Tennessee Farm Bureau “Core Choice” plan compared to an ObamaCare plan.¹⁴

AFFORDABLE COVERAGE FOR TENNESSEE FAMILIES

The Smiths own a small soybean farm outside of Memphis that they have been operating for years.¹⁵ John and Barbara are both 45, and non-smokers. They have two kids, Jane and Mark, aged 10 and 8, respectively

For years, the Smiths had purchased their plan on the individual market. But even though they are enrolled in the lowest-cost silver plan on the exchange, they cannot afford the high monthly payments and out-of-pocket expenses. Indeed, their monthly premiums had spiked to more than \$1,500 per month, with a \$14,600 family deductible and out of pocket maximum. Before their insurance coverage kicks in, they had to pay nearly \$15,000 out-of-pocket on top of more than \$18,000 in annual premiums.¹⁶ They hit a financial breaking point and dropped their coverage due to other bills needing to be paid.

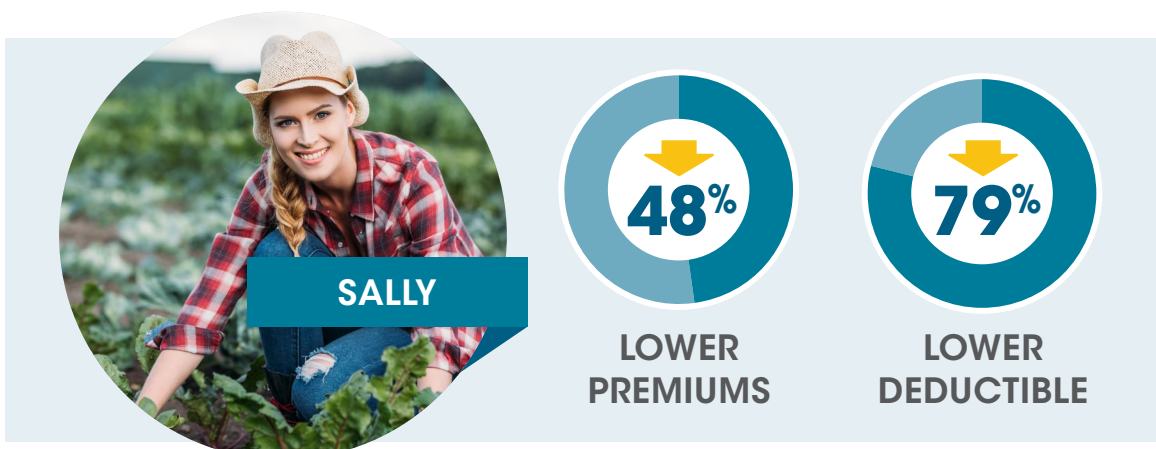
The Smiths explored a Farm Bureau Plan option. They found that, by enrolling in the Core Choice plan, they could receive coverage for just \$653 per month, with a \$6,000 family deductible and \$15,000 out-of-pocket maximum.¹⁷ Their coinsurance kicks in after they reach their family deductible, while in-network preventative care is free.¹⁸



For the Smiths, this is **a 58 percent reduction in their premium—equal to roughly \$10,000 in savings per year—plus a 59 percent lower deductible**, with a nearly identical out-of-pocket maximum compared to their old unaffordable plan.¹⁹ These savings are a life saver, giving them health coverage again but also a new cushion to pay staff or fix equipment to keep their farm open during these hard times.

AN INEXPENSIVE OPTION FOR TENNESSEE INDIVIDUALS

Meet Sally. Sally has an organic vegetable garden at her home in Nashville and she sells her produce at the local farmers’ market. She is 30 years old and does not smoke. Sally had the lowest-cost silver plan on the exchange but was still paying nearly \$400 per month.²⁰ Plus, she has a \$7,300 deductible and out-of-pocket maximum.²¹ For a young adult trying to get her start, \$4,750 a year in premiums plus thousands more in out-of-pocket expenses was simply too much. She dropped coverage last year as she tried to keep her business afloat.



Recently, Sally joined the Farm Bureau to connect with other food producers. In doing so, she also learned about innovative health coverage options. Sally found a Core Choice plan that is just \$208 per month—**a 48 percent premium reduction**, and something she can afford.²²⁻²³ Plus, her deductible will only be \$1,500—a 79 percent lower deductible from her individual market plan, with a nearly identical out-of-pocket maximum.²⁴

As a young person trying to run her small business and pay down her student debt, Sally will finally be able to start saving up now that she is on this affordable health plan.

SAVINGS PERSIST ACROSS DIFFERENT PLAN OPTIONS AND SCENARIOS

Even if the Smiths and Sally were comparing different types of plans, they would still experience substantial savings. For example, if the Smiths enrolled in the Farm Bureau's Major Medical plan, **they would still realize nearly 77 percent premium savings (nearly \$1,000 per month) compared to the lowest-cost bronze plan available in Memphis.**²⁵ Sally would experience a 67 percent reduction in her premiums, plus a 40 percent lower deductible.²⁶

IF ENROLLED IN THE FARM BUREAU'S MAJOR MEDICAL PLAN...



...THE SMITHS WOULD SEE A **77 PERCENT PREMIUM SAVINGS**, AMOUNTING TO NEARLY **\$1,000 PER MONTH.**



...SALLY WOULD EXPERIENCE A **67 PERCENT REDUCTION IN HER PREMIUMS**, PLUS A **40 PERCENT LOWER DEDUCTIBLE.**

And while slightly less robust, these health care savings persist among different scenarios. For example, even if the enrollees were smokers, they would still experience significant savings relative to plans on the individual market.²⁷

For Tennesseans, Farm Bureau Plans represent a powerful choice. Any member of the state Farm Bureau—which residents of Tennessee can join—can apply for these plans, with just a \$30 per year membership fee.

Farm Bureau Plans Provide Rural Tennesseans With Quality Benefits

In addition to their low cost, Tennessee Farm Bureau Plans also provide a robust set of benefits. There **are no annual or lifetime benefits imposed on any plan options.**²⁸ Specialist referrals are not required.²⁹ All plans offer prescription drug coverage and preventative care coverage (with Core Choice and Enhanced Choice plans offering free preventative care at all in-network providers).³⁰

Multiple plan types include maternity, dental, and vision coverage benefits, as well as telehealth coverage through Teledoc.³¹ Further, the High Deductible Health Plan (HDHP) option is eligible for a Health Savings Account (HSA).³²

While there is a screening process, it exists to ensure that individuals do not wait to sign up until they are sick. Importantly, nine out of every 10 Farm Bureau members that apply are offered coverage.³³ While there may be a six or 12-month waiting period for certain conditions, the waiting period only applies to expenses related to the specific condition—such as a prior leg injury, for example—but not other medical expenses.³⁴ These provisions are an effort to discourage individuals from waiting to sign up until they get sick.

Once an individual is enrolled, they have guaranteed renewability—their coverage cannot be terminated because of medical claims.³⁵ And unlike individual market plans which have a limited enrollment period, members can purchase a Farm Bureau Plan at any time during the year.³⁶

The Tennessee Farm Bureau Plans are also portable, as members do not lose coverage as long as they remain a Farm Bureau member in good standing.³⁷ That stands in contrast to those that have insurance through their employer and lose it when they leave that job.

As one analysis by STAT News concluded:

"In more than two weeks of talking with consumer advocates, health insurance brokers, and other officials throughout the state, STAT could find no individuals who'd been kicked off a traditional plan or raised major flags about a coverage issue, once they'd made it through the underwriting."³⁸

The bottom line: Farm Bureau plans are affordable, offer a variety of choices, and provide excellent coverage for Tennesseans.

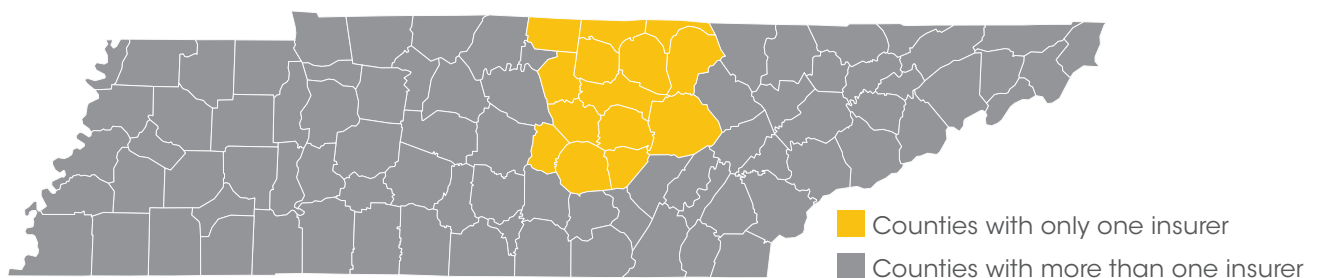
Tennessee Farm Bureau Plans Offer Choice and Options

Most of the four different plan options offered by the Tennessee Farm Bureau each has additional sub-options, with different levels of out-of-pocket coverage that members can customize to meet their needs.³⁹

Further, the Tennessee Farm Bureau utilizes the widest provider network—**which ensures access to the most providers in the state of Tennessee**, an important feature for those in rural communities.⁴⁰ This provides Farm Bureau members with choices and options for providers, while limiting their out-of-pocket liability by reducing out-of-network risk. This stands in stark contrast to increasingly narrow networks offered on the ObamaCare exchange.⁴¹

The Tennessee Farm Bureau also covers all 95 counties in the state.⁴² This extends a critical lifeline to rural providers and residents as only one conventional health insurance plan offers plans statewide. Indeed, **there are 14 counties with only one insurer on the exchange.⁴³ For Tennesseans living in this regions, Farm Bureau Plans are the only true other option**, unless they choose to be uninsured.

THERE ARE 14 COUNTIES IN TENNESSEE WITH ONLY ONE INSURER ON THE EXCHANGE



Source: Kaiser Family Foundation

Note: Enrollment in 2021 is based on 2020 plan selections.

Farm Bureau Plans Have Not Destabilized the Individual Marketplace in Tennessee

Skeptics have speculated that Farm Bureau Plans may adversely affect the individual market, but in Tennessee, that does not appear to be the case.

Following the turmoil brought on by implementation of ObamaCare experienced in most states, the Tennessee individual market has shown signs of stability. Although premiums have climbed under ObamaCare, the number of insurers in the Tennessee individual market has doubled between 2017 and 2021, and Tennessee is only one among three of its surrounding states to experience a year-over-year increase in the number of insurers between 2020 and 2021.⁴⁴

Furthermore, **the uninsured rate for non-elderly adults in poverty is lower than in five out of six surrounding non-Medicaid expansion states.**⁴⁵ Meanwhile, more than half of Tennessee businesses offer insurance to their employees—greater than eight out of nine surrounding states.⁴⁶ This is all to say that the existence of the Farm Bureau Plans has not had a negative impact on the individual market when comparing Tennessee to its neighbors.

In fact, evidence suggests that Farm Bureau Plans appear to largely attract individuals who would otherwise go without coverage. When seeking to emulate Tennessee's experience with Farm Bureau plans, the state of Iowa's Fiscal Services Division analyzed the expected effects of implementation of Farm Bureau Plans in Iowa and projected that **83 percent of the potential Farm Bureau Plan enrollee population would otherwise be uninsured**, while only 17 percent would otherwise have insurance on the individual market.⁴⁷

It should be noted that Iowa had already expanded Medicaid, so the Farm Bureau Plans were for middle class residents who did not qualify for subsidies or Medicaid. In the absence of Farm Bureau Plans, thousands would go without coverage due to their inability to afford insurance premiums and out-of-pocket expenses.

Bottom Line: States Should Expand Access to Wildly Successful Farm Bureau and Other Non-Insurance Health Plans

Tennessee has shown that the Farm Bureau Plan model is affordable, high-quality, and advances choice and competition for rural consumers. Four other states—Kansas, Indiana, Iowa, and South Dakota—have recently followed Tennessee's lead by allowing Farm Bureau Plans in their own states.⁴⁸⁻⁴⁹ In each of these four states, low-cost coverage is now available for consumers who previously were faced with the choice between paying ever-rising insurance premiums or going without health coverage altogether.

Kansas has taken the approach a step further by allowing other trade associations—from truckers to bankers—to offer their own health coverage options.⁵⁰ This further expands the benefits of affordable and flexible health coverage that Farm Bureaus have been offering for years in states like Tennessee.

To help expand access to affordable insurance, more states should follow the proven lead of Tennessee, and allow innovative Farm Bureau Health Plans.

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