

Grant Outcomes Report

Increasing Health Insurance Enrollment Among Workers in the Dairy Industry and Other Major Sectors of New York State's Agricultural Community

I. Executive Summary

Founded more than a century ago, Dairylea Cooperative is the largest milk marketing organization in the Northeast. Its mission is to ensure that dairy farmers in the region have the best possible market for their milk. Dairylea provides its members innovative programs and services designed to help farmers achieve greater profitability. Through Agri-Services Agency (ASA), a wholly owned subsidiary of Dairylea, Dairylea also provides health insurance to farmers and other agribusiness owners (including their families and employees), which tend to be small businesses or sole proprietors. Dairylea's health insurance offerings are unique, comprehensive, and have special advantages compared to those otherwise available for small businesses and sole proprietors.

The New York State Health Foundation (NYSHealth) extended a grant to Dairylea to intensify and broaden its outreach and marketing activities to increase health insurance enrollment among the dairy industry as well as other major sectors of the State's agricultural community, including grape and apple growers, maple syrup producers, and Christmas tree growers. With the help of Fidelis Care, Dairylea has also spread the word about public health insurance options, such as Child Health Plus. The grant began during a financially stable time for farmers; however, in 2008–2009, a national dairy recession—in which dairy demand decreased while supply and costs remained high—coupled with the national economic recession made it exceptionally difficult for farmers to afford health insurance options. Despite Dairylea's established relationships with farmers and its understanding of the economic environment, farmers were singularly focused on cutting expenses to save their farms and Dairylea was unable to make any substantial gains in new enrollees during the grant period. NYSHealth's support did help offset enrollment losses during the dual recession and build Dairylea's capacity to revisit its outreach and marketing efforts once the economic environment improved.

KEY INFORMATION:

GRANTEE

Dairylea Cooperative, Inc.

GRANT TITLE

Increasing Health Insurance Coverage for New York's Agricultural Sector

DATES

December 1, 2008 - April 15, 2010

GRANT AMOUNT

\$318,750

II. The Problem

An estimated 36,000 farmers contribute more than \$3 billion to the State's economy; however, individual farmers are also among the 2.7 million New York State residents who lack health insurance. The financial demands of agriculture coupled with the often costly expenses of health insurance make obtaining coverage a challenge for farmers.

Through Agri-Services Agency (ASA), a wholly owned subsidiary of Dairylea, Dairylea provides health insurance to farmers and other agribusiness owners (including their families and employees), which tend to be small businesses or sole proprietors. Through a special exemption issued by New York State, Dairylea is able to pool its health plan members into a larger group and base the rates on the group's health, which is how premiums are set for large businesses. This exemption leads to lower priced premiums for farmers and also allows them to avoid paying up to an additional 15% premium hike that insurers are permitted to charge to sole proprietors. Because a large percentage of farmers are classified as sole proprietors, many benefit from bypassing the surcharge. In addition, for businesses with two to five employees, Dairylea does not require that all employees participate in the plan. This feature removes a common barrier to businesses' ability to take up insurance.

Approximately 5,700 New Yorkers were enrolled in Dairylea's health insurance offerings in fall 2008. While the vast majority of those insured by Dairylea were dairy farmers, those working in other agricultural sectors could also purchase its health insurance options. With approximately 34,000 farms in all industries in New York State employing more than 1.2 million individuals, a great opportunity existed for Dairylea to broaden enrollment in its health insurance products.



Increasing Health Insurance Enrollment Among Workers in the Dairy Industry and Other Major Sectors of New York State's Agricultural Community

III. Grant Strategy

The primary goal of the grant was to stabilize and expand health insurance coverage among the agribusiness community in Upstate New York. Dairylea is the largest milk-marketing organization in the Northeast and has long-time established relationships with farmers in New York State, so it is trusted by its members in Upstate New York. Dairylea would use its familiarity with the agricultural community and its deep roots in health insurance to establish relationships with other agribusiness sectors (e.g., grape and apple growers, maple syrup producers, and Christmas tree growers) and further increase health insurance enrollment. In addition to providing information on its commercial health insurance products, Dairylea would provide information on public health insurance programs, especially Child Health Plus, which is New York State's low-cost health insurance program for children. Dairylea viewed pairing its commercial health insurance products for parents with Child Health Plus for their children as a more affordable package of products than insuring the entire family through commercial insurance alone.

Dairylea modeled its efforts on a program carried out in 2007 that had proved successful in Wisconsin, another major dairy farming region. Like Wisconsin, Dairylea created and launched an education and outreach initiative to inform farmers about the affordable health insurance options—private and public—currently available to them. Reaching people in rural areas is a challenge, but Dairylea found that holding events such as town halls was more effective than online communication efforts, and that these town halls helped drive interest in obtaining insurance.

IV. Grant Activities

Dairylea's grant activities focused heavily on marketing, communications, and education/outreach efforts.

PRESS: Dairylea issued press releases announcing partnerships with Fidelis Care and BlueCross BlueShield, which generated local media coverage.

EXPECTED OUTCOMES

Under the grant, Dairylea set out to increase enrollment in its health plans by 25%, which translated to 1,000 contracts or 1,900 lives by January 1, 2010. Most new enrollments were expected in the five counties with the highest agricultural sales in New York (Suffolk, Wyoming, Cayuga, Genesee, and Wayne Counties, respectively). This enrollment goal mirrored the results achieved by Dairylea in Wisconsin, where it implemented a similar initiative. Dairylea also intended to increase its capacity by hiring marketing and communications staff to support efforts to drive up enrollment.

PROMOTIONAL MATERIALS: Dairylea created brochures and a new tradeshow display that was used to promote Dairylea's insurance options and had a great deal of exposure (appearing at the Upstate Niagara Board, the Dairylea Cooperative Annual Meeting, Empire Farm Days, the Great New York State Fair, the New York Farm Show, the Empire State Fruit and Vegetable Expo, Cornell Cooperative Extensions, and approximately 10 Dairylea member meetings). These brochures were also sent to the Montgomery County Public Health Department for distribution to rural medical providers.

ADVERTISING: Dairylea used print, online, and radio advertising to reach members and non-members in rural farming communities across Upstate New York.

- ▶ **PRINT:** Dairylea placed full-page ads in industry publications, including *New York Beef Producer* and Cornell Cooperative Extension's *Agricultural News*. Town hall meetings were also advertised in local PennySavers and daily newspapers. Other ads were placed in *Country Folks* magazine. Dairylea also issued direct mail pieces to approximately 5,000 existing members in an effort to retain membership and provide lower cost options for those who were struggling to maintain current coverage, and to promote the benefit of having health insurance through Dairylea.
- ▶ **ONLINE MEDIA/INTERNET:** Dairylea worked with a vendor to create an online campaign, which ran August through December 2009, and tracked hits. This was the first time that Dairylea had developed a Web-based outreach effort. However, Kevin O'Keefe, Vice President of Sales and Marketing at Dairylea, notes that while the online efforts did generate traffic, the majority of inquiries were in search of dental insurance.
- ▶ **RADIO:** Dairylea maintained regular radio commercials during December of 2009, with 72, 30-second spots resulting in increased calls and interest. O'Keefe reports that these radio ads led to about 110 extra calls.

TOWN HALL MEETINGS: The most significant undertaking during the grant period was coordinating two dozen town hall meetings that were held across Upstate New York. O'Keefe said that among all of the education and outreach efforts, the town halls were the most labor intensive, but the least expensive and most effective. "The town halls allowed us to go into the communities where the people are," he explained. Historically, rural and farming communities relied on town hall meetings to share information, and this continued to be an effective means of communication even in the 21st century. "That's the method folks are used to," O'Keefe said. "They're comfortable with it. In the end, it proved to have more impact than radio or online. We didn't really get a real response to the online ad and we had a tough time measuring the impact of the radio ads. But with the town halls, you knew right away

if you were successful or not. Farmers like discussing things face to face. People showed up and this format allowed us to immediately hear what their needs and concerns were.” O’Keefe noted that the town halls were also more effective in the Wisconsin program, which Dairylea used as a model.

In an effort to expand beyond dairy operations, Dairylea reached out to associations representing various agricultural industries including beef, fruit, vegetable, aquaculture, maple syrup, and nurseries.

V. Challenges

The twin recessions in 2008–2009 (the dairy recession and the national recession) proved to be major challenges for farmers, particularly dairy and beef farmers. For the first time in many years, farmers experienced a severe decline in income. In many cases, farmers were forced to aggressively cut expenses, including health insurance costs, to maintain operations. A Cornell University study reported that New York State dairy farmer production costs significantly outpaced the amount they received from selling their milk (by \$6 dollars per hundredweight of milk). The economics of the dairy industry also affected the beef industry, as dairy farmers sold their cows as cattle, flooding the cattle market and reducing prices in that market. The broader national recession and inclement weather also impacted other agricultural communities.

Dairylea encountered some challenges in forging relationships with other agricultural organizations, as a means to market its health insurance products. In particular, Dairylea had difficulty finding allies willing to proactively endorse Dairylea, as many organizations did not want to promote health insurance during the economic downturn. Organizations, such as those representing apple and grape growers, were concerned that promoting health insurance may appear out of touch with the fiscal situation and negatively affect relationships with their members.

FUNDING INITIATIVE

This project directly addressed NYSHHealth’s goal of expanding private health insurance options, placing a particular emphasis on New York State’s farmers and agricultural businesses in rural and upstate areas that were not being reached. Because it could offer more affordable health insurance options and is a trusted member of New York’s agricultural community, Dairylea was uniquely well positioned to undertake this project. NYSHHealth also felt the expected outcomes of the project would be self-sustaining through the ongoing coverage of newly enrolled members.

With the difficult economic conditions, Dairylea was particularly focused on promoting public health insurance programs. Farmers were receptive to learning about the Child Health Plus program, and a number of farmers ultimately enrolled their children in it. However, other public health insurance programs were more difficult to promote. Dairylea learned through its town hall meetings that farmers had, in some cases, reached out to managed care organizations for assistance with the eligibility and enrollment process, but did not receive responses. Further, some farmers found Healthy NY—a State-run subsidized health insurance program for small businesses, sole proprietors, and individuals—to be unattractive. Although it offered a more limited benefit, farmers found Healthy NY to be as nearly as expensive as private health insurance options.

VI. Key Findings

The two recessions put the discussion about health insurance coverage on the backburner for farmers, especially for dairy and beef farmers. By the end of 2009, Dairylea realized a gain of 1,396 contracts, or approximately 2,600 lives. However, profits for farmers tumbled to record lows, and at the end of the open enrollment period, Dairylea had lost 1,363 contracts and gained only 33 contracts, or approximately 60 individuals. Many of those dropping coverage were from the dairy industry, but new enrollment from individuals working in the aquaculture, grape, fruit, and vegetable industries partially offset those reductions. O’Keefe said that the ongoing marketing and education efforts by Dairylea helped prevent further losses and raised awareness among farming families with children about how they could access Child Health Plus.

O’Keefe believes that Dairylea’s efforts generated enrollment in Child Health Plus and other public health insurance options. The precise numbers could not easily be tracked because Fidelis Care and the local county offices handled enrollments.

While the project was scheduled to continue until mid-April 2010, Dairylea and NYSHealth collectively agreed to end the grant two months early. “Additional time and resources devoted to marketing the Dairylea health insurance options appeared unlikely to overcome the economic challenges,” said Melissa Seeley, former NYSHealth Program Officer.

VII. Lessons Learned

Despite this project's many challenges, a number of important lessons were learned. Promoting health insurance coverage during a recession is difficult, particularly when it involves businesses and individuals increasing expenses at a time of great financial struggle. Public health insurance programs are more attractive instead, and New York State—like others—experienced significant increased enrollment in its public programs during this time frame. Dairylea's efforts also indicated that establishing relationships with new organizations takes longer than expected. However, it did have some success in forging new relationships and ultimately extended health insurance to some industries new to Dairylea. This diversification helped to stem the losses in coverage experienced primarily among its dairy clients.

VIII. The Future

Unfortunately, Dairylea's enrollment expansion efforts coincided with tough economic times for the State's farmers. The grant succeeded in holding ground on the number of farmers insured through Dairylea overall, but did not achieve the gains expected. The grant did allow Dairylea to increase its capacity, which could help the organization revisit its efforts in a more improved economic environment. As a result of the grant, Dairylea is able to maintain two full-time staff positions, an accounts marketing manager stationed in Western New York—who is working to build relationships with farmers in this area—and an actuary, whose job is to ensure that the insurance products being offered to farmers offer comprehensive coverage and fair, affordable prices. The economic environment is gradually improving, and Dairylea is hopeful that it will begin growing its enrollment again.

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

Founded in 1907, the mission of the Syracuse-New York based Dairylea Cooperative, Inc. is to ensure that dairy farmers in the Northeast have the best possible market for their milk. Dairylea and its subsidiaries are dedicated to boosting the profitability of individual farms through innovative programs and services. As a marketing organization for dairy farmers, Dairylea is one of the largest in the region whose members work together to maintain high standards for milk quality, provide a strong and stable market for members, and help farmers achieve—as a collective—higher financial returns on their businesses than they could achieve individually. For nearly three decades, Dairylea has also offered members services to enhance their operations, including: Agri-Max Financial Services, Agri-Services Agency (ASA), Eagle Dairy Direct, Dairy Risk Management Services (DRMS), Empire Livestock Marketing, Dairy One Cooperative and Agri-Edge Development.

GRANTEE CONTACT

Kevin O'Keefe
Vice President of Sales and Marketing
Agri-Services Agency
5001 Brittonfield Parkway
East Syracuse, NY 13057

Phone: (315) 374-4310
E-mail: Kevin.O'Keefe@Agri-ServicesAgency.com
Web address: <http://www.dairylea.com/>

NYSHEALTH CONTACT

David Sandman

GRANT ID

2705752