

Health Care Information Sheet

Health care is a major concern for both owners and incoming farmers and ranchers. Its potentially high costs should be addressed in the context of farm or ranch transfer.

Many older farmers worry about how they will pay for health care when they retire. This can have an impact on their transfer plans. Out-of-pocket health care costs often are the largest expense in retirement, especially if nursing home care is needed, so it is important to balance your goals for asset protection with potential health care needs. High costs also are concerns for incoming producers.

Health insurance is the best way to prepare for catastrophic costs in the case of a serious accident or chronic illness. Most health insurance policies also cover preventive services, like shots and screening tests, doctor's visits, pain management, and so on. Some offer dental and vision care.

Health insurance can be a significant expense. Costs depend on where you live, your income, and the size of your household. They include a premium—the amount you pay for your insurance plan—and out-of-pocket costs including deductibles, coinsurance, and copayments, so it is important to shop around to find a policy that is right for you.

According to [data from USDA Economic Research Service](#), most farm households have an operator or spouse employed off the farm and receive health insurance through an outside employer. They are more likely to buy health insurance directly from an insurance company and less likely to receive health insurance from a government-provided program, such as Medicare or Medicaid.

Others buy private insurance or receive insurance through the Health Insurance Marketplace.

- **Health Insurance Marketplace**[®] is the federal Affordable Care Act (ACA) program to help people find health insurance options. It offers a wide range of plans and provides patient protections including no lifetime or annual limits on coverage for essential health benefits. Insurers cannot refuse coverage based on gender or a pre-existing condition and young adults can stay on their family's insurance plan until age 26. It is open to anyone living in the U.S. who is a U.S. citizen or national, or otherwise lawfully present, and is not incarcerated. It provides tax credits to reduce monthly premiums for individuals and businesses that qualify under the Small Business Health Insurance Options Program. To find out about choosing a plan, what services different plans cover, and to estimate costs, [go to Healthcare.gov to find your state Health Insurance Marketplace](#). Note, each state's Marketplace has its own enrollment instructions.
- **Medicare** is the federal health insurance program for people aged 65 or older and some younger people with disabilities or End-Stage Renal Disease. It provides several options including insurance just for hospitalization (Part A, usually free), medical (Part B, with a fee) and prescription drug insurance (Part D, also with a fee). Making choices for Parts B and D can be complicated so it is wise to consult with an advisor. <https://www.usa.gov/medicare>

- **Medicaid** is a federal and state program that helps with healthcare costs for people with limited income. It also offers benefits not normally covered by Medicare, including nursing home care and personal care services. However, as “means tested” public health insurance, it requires spend-down of assets for eligibility. This means that applicants must use their own assets and spend them down to qualify as limited income before applying for Medicaid. There are limited exclusions for a personal residence, but not for business assets like agricultural land.

<https://www.medicaid.gov>

Durable Power of Attorney gives someone you designate legal authority to act on your behalf, and it continues in force even if you lose mental or physical capacity.

A Health Care Proxy, or living will, is a document used to name a trusted person to serve as your proxy, or agent, and make health care decisions for you if you can't speak for yourself.

Long term care insurance includes a host of services that are not covered by regular health insurance. These include help with routine activities, like bathing or dressing, and the costs of care for chronic medical conditions, disabilities, or disorders. Most policies reimburse for care in a variety of settings, including a personal residence, a nursing home, or an assisted living facility.



This resource is part of American Farmland Trust's [Farm Transfer Toolkit](#) which is available on AFT's [Farmland Information Center website](#). The toolkit walks agricultural landowners through key steps in a farm transfer process. It contains information, worksheets and other tools to help users set goals, assess their finances, communicate with stakeholders, and work with professionals to finalize decisions and implement a transfer plan.