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# Agriculture, health insurance, human capital and economic development at the rural-urban-interface



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## ABSTRACT

Human capital theory identifies investments in health and health care policy as critical components to building human capital, however, there has been little research critically examining how health insurance policy factors into broader workforce development initiatives in the farm sector. In the U.S., the Patient Protection and Affordable Care Act (ACA), signed into law in 2010, represents the first major attempt to restructure the U.S. health insurance system, yet there has been little research examining how the ACA will affect the farm sector. This article seeks to broaden approaches to agriculturally based economic development by qualitatively and quantitatively: 1) establishing health insurance as an issue directly tied to human capital in the food and agriculture sector; 2) benchmarking farmer health insurance knowledge, the link between health insurance and farm finances, individual and employer attitudes towards the ACA, and health insurance decision-making shortly after the implementation of the ACA, and; 3) contributing research findings that inform national and state efforts to develop human capital in the food and agriculture sector. Farmers in this national sample tended to be well-insured, largely due to off-farm employment. However, a meaningful numbers of farmers reported being uninsured or underinsured and explained how their own personal health is linked to the health of the farm operation. Farmer attitudes towards the ACA and anticipated impacts varied across gender, race and ethnicity; age groups; farm scale; farmers who employ non-family members and state policy environments. Overall attitudes towards the ACA are largely mixed and differences are shades of grey rather than outright extremes. Young and beginning farmers tended to have the most positive attitudes towards the ACA and were most vocal in connecting health insurance to the viability, growth and development of their farm.

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## 1. Introduction

A renewed interest in opportunities for economic development through food and agriculture has taken hold throughout the U.S., as evidenced by the growing number of buy local campaigns, farmers markets, food hubs, and over 200 local and state food policy councils (Winne, 2014). These efforts are both supported and led by varying non-profit, private and public agencies and institutions in an effort to increase the supply of local foods, create new forms of economic development, recruit new farmers and retain existing farm families on the landscape. To date, the policies and programs supporting these efforts have largely focused on building human capital in the agricultural sector through economic and structural development approaches that emphasize education, training and

funding for: market infrastructure, access to land, capital, technology, and production skills. There has been less attention focused on human capital needs related to health, job quality and the social infrastructure farm families and farm workers need to ensure a more vibrant and resilient farm economy (Gillespie and Johnson, 2010; Sureshwaran and Ritchie, 2011; Inwood et al., 2013).

Gillespie and Johnson (2010) note the majority of educational materials for farm management tend to emphasize financial and individual operator factors, with farm success or failure judged as a reflection of the decisions of the individual operator. However, farms and farmers are additionally impacted by the conditions of the social, economic and government systems in which they are embedded. This includes the health care system within which farmers and their households weigh policy and coverage options against other household and farm priorities. The U.S. is one of the only industrialized western countries without a publically financed universal health system. Critics of the U.S. health insurance system

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note the country spends more public dollars on health care than most other countries, yet sees poorer results on key health outcome measures such as life expectancy and prevalence of chronic conditions (Squires and Anderson, 2015). Advocates for health insurance reform emphasize the established link between health and economic growth and the positive connection between health status and worker productivity (López-Casasnovas et al., 2005; Howitt, 2005; Becker, 2007; Dillender, 2016). The Patient Protection and Affordable Care Act (ACA) signed into law in 2010 represents the first major attempt to restructure the U.S. health insurance system by requiring that most citizens and legal residents enroll in some form of public or private health insurance. The reforms introduced through the ACA are implemented at both the federal and state level and have implications for Americans' health, welfare, quality of life and economic trajectory; however, outside of Ahearn et al. (2014), there has been little research to understand how the changes brought through the ACA will impact farms, different types of farmers, or efforts to build human capital and create economic development through the food and agriculture sector.

Lobao and Meyer (2001) argue the farm population provides a rich laboratory for studying macro level policy impacts, large scale structural employment transformations, informal and household livelihood strategies, life course and family, and gendered divisions of labor. The ACA ties into this constellation of variables, as it will have both direct and indirect implications for the farm population's use of health insurance as related to life course, health status and quality of life. The reforms also affect labor market outcomes, reliance on non-farm income and employer based insurance, and raise new questions in relation to the gendered nature of farm work as families negotiate on- and off-farm roles and household needs (Liao and Edward Taylor, 2010; Bharadwaj et al., 2013). Studying these impacts dovetails with larger national policy concerns over a shrinking and aging farm population, concentration and consolidation in the farm sector and bifurcation of farm size that are counterbalanced by renewed interest in supporting young farmers, small and medium farms, local and regional food systems and wealth based approaches to rural development (Pender et al., 2012; Lyson et al., 2008; Williamson, 2014).

Farmers have largely been left out of major studies analyzing the impacts of the ACA due to sociologists' and economists' preoccupation with the urban formal sector of the U.S. economy and the tendency to separate the household from the farm enterprise. By ignoring farmers we miss understanding: 1) how health as a factor in human capital affects economic development in the food and agriculture sector, and 2) how large-scale policy changes impact populations engaged in alternative livelihood strategies and businesses, such as farming, that rely on multiple diversified income streams and unpaid household labor. Rural sociologists and scholars in the field of rural studies have a long history of integrating household factors as variables affecting enterprise growth and development, farm resiliency, and farm quality of life (Bennett, 1982; Salamon, 1992; Reinhardt and Barlett, 1989). This study builds on these traditions, integrating health insurance as a household level variable contributing to economic development, human capital and quality of life.

The Rural-Urban-Interface (RUI) is a complex landscape that includes both rural and urban land uses and is socially and economically connected to an urban core. Farmers at the RUI are affected by a variety of processes, including both global agri-food systems pressures and stresses from local non-farm urban-related development (Audirac, 1999; Clark et al., 2009). The proximity to an urban core provides greater market opportunities, off-farm employment options and easier access to health care. Agriculture at the RUI is characterized by high value, labor intensive production

and marketing systems—the majority of the nation's fruit, vegetable, nursery greenhouse and organic crops and the majority of direct sales come from RUI counties (AFT, 2002; Jackson-Smith and Sharp, 2008; Inwood and Clark, 2013). Given the increasing interest in economic development through food and agriculture, the RUI has been a target region for local food system infrastructure projects and beginning farmer programming. Understanding how health insurance reform affects the agriculture sector is particularly important at the RUI where farmers must weigh family, farm worker, farm enterprise and off-farm employment variables.

Using human capital theory, this article seeks to make three contributions. The first contribution is through the literature review, establishing health insurance as an issue integral to human capital in the food and agriculture sector. The second is to quantitatively and qualitatively benchmark RUI farmer health insurance use, knowledge, and attitudes shortly after the implementation of the ACA by specifically asking: 1) What is the link between health insurance and farm finances?; 2) What are farmer attitudes towards the ACA as individuals and employers?; 3) What kinds of health insurance decisions are farmers making? Recognizing farmers are a heterogeneous population, this exploratory research accounts for social diversity by comparing farmers across demographic and structural variables including: race and ethnicity, gender, age, farm size, and state policy context. Finally, this paper contributes research findings that can better inform national and state efforts to develop human capital in the food and agriculture sector.

## 2. Health insurance reform, human capital and wealth creation in the farm sector

Human capital is defined as the “productive wealth embodied in labor, skills and knowledge” and refers to the capabilities and potential of a person determined by their innate and acquired abilities that contributes to their economic productivity (Tan, 2014; Flora et al., 2016). Unlike physical and financial capital, people cannot be separated from their knowledge, skills, values or health; therefore, investments in education, training programs and health are also investments in growing human capital (Becker, 1993, 2007; López-Casasnovas et al., 2005). Tan (2014) notes that Human Capital Theory (HCT) is both an economic theory and an approach used to evaluate a range of human affairs and to design corresponding policy. In the economic and community development literature, HCT is strongly linked to growth, development and innovation, and has served as the justification for national and international investments in education and training programs. Citing the positive relationship between an individual's health status, level of well-being and productivity, and national growth rates, Becker (1993) argued investments in health care, nutrition and medicine should be integrated into HCT, and seen as compliments to expenditures in education and training. More specifically, Howitt (2005) notes healthier workers have an improved life expectancy and are more productive because of increased vigor, strength, attentiveness, stamina and creativity. Health status affects the rate of return from education investments. Healthier individuals are more efficient learners, are more creative and able to generate innovative ideas and technologies, and are better able to cope with stress and adapt to disruptive and stressful events (Howitt, 2005). This last point is particularly significant for the farm population, which is vulnerable to rapid changes in weather, growing conditions and labor and economic markets.

In line with HCT's focus on education and training, efforts to build human capital in the food and farm sector have predominantly focused on job creation, formal education, knowledge and labor market skills. Health has primarily been addressed through

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