

CENTER for RURAL POLICY and DEVELOPMENT

MINNESOTA STATE UNIVERSITY • MANKATO

Seeking Solutions for Greater Minnesota's Future

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Report on Health Care Coverage Discusses Number of Rural Uninsured



Among the many issues facing rural communities today, one of the most significant is access to health care. The Center's newest report, released in March, examines this intricate question through a survey of 160 businesses and 21 health care providers in southwestern and northwestern Minnesota.

The report, titled "The Rural Health Care Marketplace: A Survey of Businesses and Health Care Providers in Southwestern and Northwestern Minnesota," looks at several issues involved in access: the level of employer-provided health care coverage, plus trends in premium prices, in provider reimbursements for services rendered,

and in the availability of services in the local community.

The study was conducted by Dr. Robert Connor of the Carlson School of Management at the University of Minnesota, in collaboration with several individuals representing groups concerned with rural health care delivery: Liz Quam Berne, Advocates for Marketplace Options for Mainstreet; Ric Davenport, Minnesota Medical Group Management Association; Maddy Forsberg, Southwest Regional Development Commission; Barbara Muesing, University of Minnesota, Crookston.

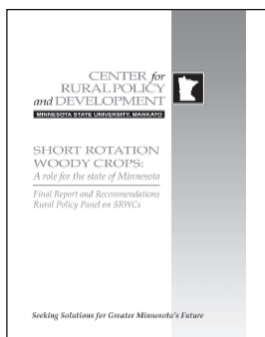
Broken down into "small employers," those employing 10 or fewer workers, and "large employers," those employing more than 10, the business part of the survey's results indicate some interesting, even worrisome current conditions and trends in health care in western Minnesota. For instance, the survey found that almost one-third of full-time employees and nearly all part-time employees do not receive employer-provided health care coverage. This gap in insurance was most pronounced among "small employers," where the survey found only half (48%) of full-time employees and almost all part-time employees (96%) were not offered coverage by their employers. On the other hand, small employers more often pay 100 percent of the premiums for those they do cover.

The survey also showed that for 52 percent of employers, insurance premiums increased by more than 15 percent between 1999 and 2000. Almost half of rural care providers, however, also reported a drop in their average reimbursement rates from the year before. Providers also reported a decrease in the number of services that could be reimbursed.

There are several possible explanations for such trends. The easiest conclusion to jump to is that "middle men" somewhere are profiting. However, insurance is an

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Policy Panel Examines Growing Trees as Crops for Paper and Electricity



With growing awareness of an impending shortage of harvest-age aspen to support Minnesota's forest products industry, the Center has released a new report urging policymakers to consider the development of a comprehensive agroforestry policy for Minnesota.

"Actually, a number of factors are converging at this time that should prompt lawmakers to consider developing a comprehensive agroforestry policy," says Jack Geller, president of the Center for Rural Policy and Development. Agroforestry is the cultivation of fast-growing trees such as hybrid poplar (also known as short rotation woody crops)

on land that has previously supported agricultural crops. Besides filling a serious projected shortage of harvestable aspen in Minnesota's forests, these fast-growing trees are also being discussed as a clean-burning source of fuel for biomass electricity generation. In addition, these trees could also present a new opportunity for many of Minnesota's struggling farmers to diversify their crops and income sources.

The Center's initiative established a Rural Policy Panel comprised of 16 experts representing diverse areas, including the forest products industry, environmentalists, academic researchers, private landowners and growers, as well as state and federal officials. The panel first convened in November 2000 and over the ensuing months came to a consensus on the state's role in four areas: the creation of a state-funded assistance program; environmental protection; providing technical assistance to growers; and enhancing research activities.

In the spring of 2000 the University of Minnesota convened a large group to discuss the development of hybrid poplar plantations in Minnesota. "It was apparent from those discussions that the projected shortage of aspen could seriously impact the regional economy of northern Minnesota," Geller said. "And yet, when I spoke to various

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Richard Rush, Center's co-creator, leaving for California



Dr. Richard Rush, the Center for Rural Policy and Development's co-creator and only board chairman, announced in March that he will be leaving Minnesota this summer for a position with the California State University system. Rush has been president of Minnesota State University, Mankato, for almost nine years, and he has played an integral part in the creation, development and direction of the Center.

Rush came to Minnesota State in 1992 from California State University-San Marcos, a campus he had planned for San Diego State University and where he served as executive vice president. Not long after becoming president of a university set in rural Minnesota, he recognized that there are issues needing to be addressed in the university's larger community. MSU, as a regional institution, supports the area in which it's located, said Rush. Part of its mission is applied research for the benefit of not only the state but the regional and global community. He knew there were a number of things the university could contribute to supporting thoughtful, positive rural policy.

Rush soon found that his sentiments were shared by former USDA Farm Service Agency director Tracy Beckman. At the time, Beckman was a state senator representing Bricelyn, in south central Minnesota. Rush and Beckman both believed the issues of rural Minnesota were not being presented to legislators in a fashion based on solid research evidence, and the interests of rural Minnesota were suffering because of it. Over the course of several conversations, Rush and Beckman worked an idea into a plan for a research center that would conduct unbiased, non-partisan research on the issues important to the residents of rural Minnesota.

"We found the metro legislators had a number of avenues for information — disinterested, dispassionate data," said Rush. These same avenues didn't exist for people seeking data on rural Minnesota that could be used as the foundation for addressing rural issues. Granted, most of Minnesota's population growth is in the Twin Cities metro area, and at times, it can *seem* like the metro area is the entire state. But that's definitely not so, said Rush. Population-wise, half of Minnesota's residents still live outside of the Twin Cities, "and the concerns and contributions of rural Minnesota are essential to the continuing health of the state," he said.

"The quality of life [in rural Minnesota] is desirable to a lot of people, and the communities are a backbone to the state," said Rush. "Even considering the issues with agriculture, there are still other kinds of industry and economic development in rural Minnesota that we've only just begun to appreciate."

It's important for the state to hear from the state's entire constituency, and that includes the rural perspective, said Rush.

"John Donne said, 'No man is an island.' The metro region cannot exist solely by itself," said Rush. "It's propped up by the rest of the state, just as the rest of the state relies on the metro for a number of supports. It's not an isolated experience. It's a communal, collaborative enterprise called the state of Minnesota."

Rush's departure from Minnesota State means the Center will be losing vision and leadership that played a large role in these first years of the Center's existence.

"A lot of his vision went into how the Center would be constructed, the role it [the Center] would play, and how it would generate good research utilizing resources around the state," said Center president Jack Geller.

That initial development was phase one. Now the Center is approaching phase two, where the Center is developing strategies for taking the research it generates and infusing it into public policy. Not having Rush's

intellectual capital to rely on in the team decision making is the Center's loss. "On the other hand, he's also done a good job of sharing his vision with the other board members, and I think the board is prepared to take on these new roles," said Geller.

Rush will be returning to California this summer, to oversee the establishment of another new university campus, the Channel Islands campus of California State University. Channel Islands, 60 miles north of Los Angeles, is currently an off-campus facility for CSU-Northridge, but an academic program is being planned and the first students will be admitted in 2002.

Rush said he will continue to keep an eye on the Center from California — he's on the mailing list, after all. The Center has lived up to his expectations, fulfilling precisely the role he had hoped it would. "I'm very proud of the Center, and like a proud parent, I'll be watching it as it grows and contributes."

"The metro region cannot exist solely by itself. ... It's not an isolated experience. It's a communal, collaborative enterprise called the state of Minnesota."

Center Conducts First Rural Policy Poll

Workforce development, the budget surplus and Internet use were the topics rural residents were asked about in the Center's first Rural Minnesota Policy Poll, the results of which were released in late February. The object of the poll was to get a purely rural perspective on the three target issues, and for that reason, only households outside the Twin Cities and the state's other large cities were canvassed.

The survey was taken between Jan. 21 and Feb. 2 by the Social Science Research Institute at St. Cloud State University. Pollsters used random-digit dialing to survey a total of 1,234 households around the state. The high number of respondents produced a margin of error of ± 2.8 percent.

Rural residents revealed their opinions on several issues:

Work force development

- Forty-nine percent of rural, non-retired residents considered receiving additional education and/or training with the past 12 months; 32% participated in some training.
- The most common places where workers reported going to receive additional education and/or training were 4-year colleges and universities (28%), at their current employment location (26%), and 2-year community and technical colleges (17%).
- When asked where they would look for additional training, 43% said they would look to a 4-year college or university, while 32% said they would look to a 2-year community or technical college.

Taxes and the surplus

- Three-quarters of those surveyed said they would prefer to see the surplus used on education and transportation rather than get it back as a sales tax rebate.
- On the other hand, when asked if they agreed with simply maintaining the tax rebate as is, 43% agreed, 46% disagreed and 11% were uncertain.
- When asked if they would support the state taking over a greater portion of K-12 funding, thereby lowering property taxes, 60% agreed. However, when asked if they would support covering that increase by broadening the sales tax, 60% said no.

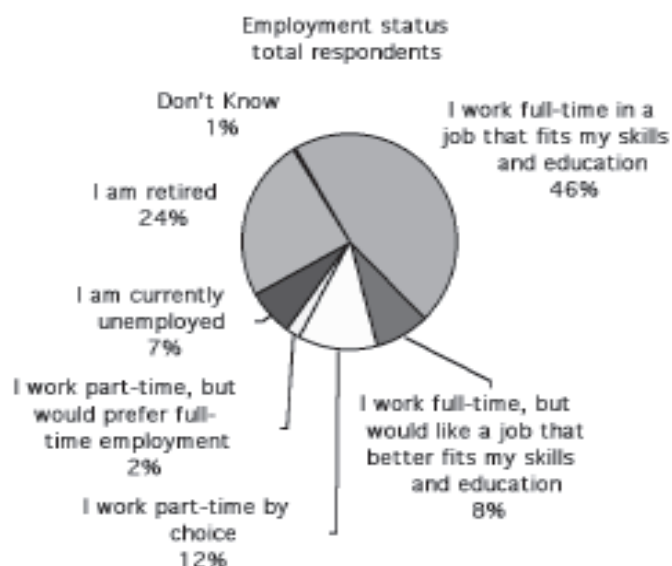
Computer and Internet use

- Only 60% of rural Minnesota households possess a working computer, but of those that do, 80% are connected to the Internet.
- Of those with Internet access, 94% send e-mail regularly, and 55% have purchased items over the Internet in the last year.
- Also, of those with Internet access, 78% connect through a dial-up connection (56K or less), 8% use DSL and 5% use high-speed cable modem access.
- Fifty-five percent of Internet users said they are happy with their dial-up service. But 35% said they would upgrade to a high-speed connection if they could get it for less than \$30 a month. The remaining 10% would be willing to upgrade at an even higher price.

The Center plans to make the Rural Policy Poll an annual event. "This is the kind of data that policy makers need if they want to consider the voice of rural residents in their decision making," said Geller.

For instance, there is a lot of discussion about getting high-speed Internet access out to rural Minnesota, and specifically to residents. No one, however, seemed to have or was willing to share good data on basic Internet use patterns among rural residents. Although the Center's poll is not an in-depth study of Internet use, it did produce interesting and useful basic data on just how many computer owners and Internet users are out there.

Tables and charts showing the results of the poll, along with news releases on the poll are available in PDF format at the Center's web site at www.ruralmn.org.



In examining employment status, 61 percent of rural workers reported that they were employed full time in a job that fit their skills and education; 16 percent worked part time by choice; 3 percent worked part time, but preferred full-time employment; and a surprising 9 percent of non-retired residents reported being currently unemployed.

"We have to be careful how we interpret that unemployment figure as it represents both those who are unemployed and are currently looking for employment, as well as people such as homemakers and others who are not currently looking for employment," Geller noted. "However, when looking at those who might be good candidates for employment and work force development programs, one should look at all working-age residents who are potentially available."

Four New Members Named to Center's Board

The Center for Rural Policy and Development is welcoming four new members to its board of directors: Lois Mack, of Waterville, Helen Frampton, of Moorhead, Colleen Landkamer, of Mankato, and John MacFarlane, of Fergus Falls. Mack, Frampton and Landkamer were named as at-large directors, while MacFarlane was appointed by Gov. Jesse Ventura to fill a board vacancy representing rural manufacturing.

The new members come to the board with a variety of backgrounds and experiences:

Lois Mack is an executive assistant in the Minnesota Department of Commerce. She also currently manages the Conservation Improvement Program and advises the Commerce Commissioner in areas of utility reform and biomass.



Helen Frampton is CEO of Eventide Homes, a health care facility operating nursing homes, assisted living and rehabilitation facilities. She is active in local economic development and serves on the Moorhead Public Utilities Commission.



Colleen Landkamer serves as the chair of the Blue Earth County Board of Commissioners and is also chair of the National Association of Counties' Rural Action Caucus.



John MacFarlane is CEO and president of Otter Tail Power Company, which provides power throughout northwestern Minnesota and eastern North Dakota.

Each board member serves a six-year term. The three at-large seats are new positions on the board.

Notes

Annual report released

The Center's annual report, released in February, outlines an active and productive year for 2000. The report reviews the Center's projects currently in progress and projects completed, including the report on the economic impact of Latino workers, statewide seminars on telecommunications and the policy panel on short rotation woody crops. In the report, readers can also find a rundown of the Center's mission, activities, governance and financing.

Rural Summit coming up in July

Minnesota Rural Partners will be sponsoring its annual Rural Summit July 22-25 in Duluth. The summit will be held in conjunction with the International Rural and Community Development and National Rural Development Partnership Conferences. For more information, call (507) 637-2010, or visit their web site at www.minnesotaruralpartners.org.



Rural health conference

The 2001 Minnesota Rural Health Conference will take place June 25-27 in Duluth with the theme "Healthy People, Vibrant Communities." For more information, call Karen Welle at the Minnesota Department of Health, (651) 282-6336, or e-mail her at karen.welle@health.state.mn.us.



Rural legislators and advocates alike are running scared of the “R” word. No, not “Recession,” but “Redistricting.” You know, that statutorily required activity every 10 years when demographers, geographers and politicians come together to redraw both the congressional and state legislative district boundaries. It’s something that rural legislators dread, as more often than not, rural districts get geographically larger and larger and rural legislators get fewer and fewer. But redistricting is the law. As long as our republic is based upon the principle of “one person, one vote” and not “one acre, one vote,” we must periodically adjust the boundaries of our congressional and legislative districts as the nation demographically shifts and geographically reconfigures.

Our current legislative boundaries are based upon the 1990 census, when it was determined that each legislative district should ideally contain approximately 32,600 residents to achieve equal representation across the state. But preliminary estimates from the 2000 census suggest that our state has gained over 500,000 new residents since 1990. That suggests that now each legislative district should contain approximately 36,700 residents. Unfortunately, population growth did not occur evenly throughout the state. Therefore, when the new lines are drawn, some rural districts will get quite a bit larger as their boundaries stretch to find the necessary 36,700 residents to contain. Conversely, some of the districts that now encompass the tertiary suburbs of the Twin Cities will actually shrink and cluster closer together, to accommodate the population that has swelled over the past 10 years.

Probably the most profound statement I have heard on the impact of redistricting came from a rural member of the House of Representatives from northwest Minnesota. Speaking on a legislative panel at a conference on rural education in Crookston, he summed it up by acknowledging his two colleagues from the House on the panel and noting, “...while there are three of us here today, there will only be two of us after the next election.” What he meant of course, was that as rural districts get larger and larger, legislators in once neighboring districts find themselves residing in the same district after redistricting. Consequently, it is not uncommon in the election following a redistricting to find two incumbent legislators running against each other for the same seat.

But for some reason rural advocates are particularly worried about this upcoming round of redistricting. I can’t count how many times I have heard rural legislators and advocates say that we have to pass this program or that policy now, because after redistricting, urban interests will dominate the legislature. So I decided to conduct a little historical research to determine if this looming battle between rural and urban interests really hinges on the outcome of this upcoming round of redistricting.

On Legislative Redistricting

by Jack M. Geller
President
Center for Rural Policy
and Development

“Let’s be honest—
there is no looming
battle between rural
and urban interests
on the horizon.”

To do this, I partitioned all legislators into three categories:

- *Twin Cities Legislators* were defined as those who represent districts (and therefore live) in the counties designated by the U.S. Census Bureau as the Twin Cities’ Metropolitan Statistical Area;
- *MSA Legislators* were defined as those who represent all or part of Metropolitan Statistical Area counties outside of the Twin Cities MSA (such as Rochester, St. Cloud or Duluth);
- *Rural Legislators* were defined as those who represent districts exclusively in rural Minnesota.

Today in the Minnesota State Legislature there are 201 legislators: 55 percent or 111 individuals are *Twin Cities Legislators*; 14 percent or 27 are *MSA Legislators*; and 31 percent or 63 are *Rural Legislators*. So as it stands today, approximately 70 percent of the legislators in St. Paul represent all or part of the metropolitan counties throughout Minnesota.

However, some 40 years ago in 1961, the composition of our state legislature was quite different. Back then there were 199 state legislators: only 26 percent or 51 members were *Twin Cities Legislators*; 8 percent or 16 were *MSA Legislators*; and 132 members, or 66 percent, were *Rural Legislators*. So if my math is correct, in the past 40 years *Metro Legislators* have more than doubled in number (+118 percent), *MSA Legislators* have increased by 69 percent and *Rural Legislators* have been cut roughly in half (-52 percent), all before this current round of redistricting.

It is also important to understand that across those 40 years our rural and urban geography has changed as well. In 1961 the Twin Cities Metropolitan Statistical Area was comprised of five counties; today it contains 11 counties. In 1961 there were only two MSA counties outside the Twin Cities; today there are seven. So we must also understand that labels like rural and urban are moving targets as well. A professor at the University of Illinois once suggested that one way to accurately reflect these shifts is to label all U.S. counties as either “urban,” “rural,” or “formerly rural.” Well, maybe — but you get the point.

And speaking of points, so what exactly was the point of the above historical analysis? Well, it simply is a way to point out that the anticipated and feared shifts in the composition of the legislature after this upcoming round of redistricting really will be quite modest in comparison to the massive changes that have already occurred over the last 40 years. Let’s be honest — there is no looming battle between rural and urban interests on the horizon. Truth be told, if there ever

were such a battle, we (i.e., us rural folk) would have lost it years ago. So let’s relax a little and reduce the hype.

Minnesota is a wonderfully diverse state, blessed with a diverse economy, landscape and culture. If Minnesota is going to continue to lead the nation in the 21st century in health status, educational achievement, and quality of life, it will do so as one Minnesota, not a house divided. Urban legislators know it, rural legislators know it, and so do you and I.



Rural Uninsured...

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extremely complicated business, says Center president Jack Geller, and there are many conditions that factor into why decisions are made the way they are made. What the report does show is that the number of uninsured individuals and families in western Minnesota is a serious issue that should be examined.

The report discusses several recommendations on how to bridge the insurance gap in western Minnesota:

- By allowing and encouraging employer collaboration, for instance, through purchasing alliances that allow businesses to combine their employee numbers, which in turn helps them negotiate better rates and benefits.
- Allowing collaboration among health care providers to increase options for customers, which can also promote competition.
- Ending the practice by government health payment systems of paying rural health care providers less than urban providers for the same services.
- Encouraging regulatory flexibility in rural areas.
- Providing public-private “bridge” programs that can help to make insurance more affordable for low-paid workers.

Some businesses and providers have taken actions, either on their own or in collaboration among themselves, to help contain the costs of providing health care and improve services in their communities, including forming an insurance plan; forming a health care purchasing alliance; contracting directly with local providers; and adopting a defined contribution benefit plan.

Despite these actions, it’s apparent from the report that many rural businesses and their employees are facing high premium inflation, increasing co-pays, decreasing services covered and less access to local providers, which is a real problem, says Dr. Connor, because access to and quality of health care is such an important part of recruiting and retaining employees. When asked in the survey to rate on a scale of 1 to 10 how important it is to their business that their employees have access to local health care providers, 55 percent of employers rated it a 10.

This report is the eighth produced by the Center since its inception in 1997. A copy of the report can be obtained by calling the Center at (507) 389-2599. It can also be downloaded off the web at www.ruralmn.org.

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Growing Trees as Crops...

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colleagues in St. Paul, few knew about or understood the status of the forest products industry." It was at that time, with the urging of former USDA Farm Service Agency director Tracy Beckman that the decision was made to create a rural policy panel to further explore the issue and discuss potential solutions.

The report seeks to clarify for legislators the status of aspen supplies in Minnesota's forests, now and in the future. It also examines the impact that producing short rotation woody crops would potentially have on the forest products and energy industries, as well as potential benefits such crops could have for Minnesota's farm operators.

The report sets out 15 recommendations for legislative consideration. Key among the panel's recommendations is the creation of a state-funded program to assist landowners interested in growing this crop. "Unlike traditional crops, these trees have a growing cycle of between 6 and 15 years, depending upon their use. Most farmers are not in a position to invest large amounts of money to plant a crop that won't be harvested for 10 years," said panel member Erik Streed, director of the Center for Integrated Natural Resources and Agricultural Management at the U of M. "Without some type of cash flow to help

farmers with land taxes and management costs throughout the growing cycle, I just don't see how many farmers could afford to plant these trees. Consequently, some type of financial assistance should be considered."

The report also emphasizes the economic potential and value-added possibilities that can emerge from a robust agroforestry industry. According to Geller, unlike corn and soybeans, which are often taken directly from the field to a barge and shipped down the Mississippi River to distant markets, trees are not as easily transported. "It's precisely because they're usually processed in close proximity to where they're grown that an acre of trees might have more potential for the development of value-added industries than an acre of grain," said Geller.

Other recommendations in the report are aimed at ensuring protection of native prairie and grasslands from woody crop development, excluding genetically modified trees (GMOs) from the program, making available statewide technical assistance to growers, and encouraging the expansion of research on short rotation woody crops.

Copies of the report can be downloaded from the Center's web site at <http://www.ruralmn.org>. Hard copies can be ordered by calling the Center at 507-389-2599.



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Letter

NEWS

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- New Reports on health insurance and agroforestry
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