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UMM Student Examines Rural Healthcare

The rise in healthcare costs is threatening the economic and social infrastructure in rural areas. In West Central Minnesota there is agreement within the rural cities and townships that the rise in healthcare costs is affecting the livelihood and sustainability of the area. At the University of Minnesota, Morris, Tara Schmidt, a junior from Brainerd majoring in political science, has been assisting with the research of healthcare insurance issues and the creation of the West Central Healthcare Purchasing Alliance (WCHPA).

Schmidt is working with the Center for Small Towns, the West Central Regional Sustainable Development Partnership, and Dr. Gregory Thorson, Professor of Political Science with this project.

Schmidt's recent reflections and interesting aspects of her project include researching the origins of insurance, the emergence of employer-sponsored insurance and the fundamentals of insurance pooling. Schmidt found concepts of insurance dating back to the Babylonians and the Romans around the year 2100BC. A common thread apparent in her research has been that people, across many centuries, have worked to avert the amount of risk in their lives. Most commonly, they have pooled their resources together in order to spread the risk. Schmidt also discovered the notion of employer-sponsored healthcare insurance became common as employers began offering healthcare insurance as a fringe benefit in order to entice workers during the wage freeze of WWII. This is the time period when the necessity of healthcare insurance really began to take hold in the United States. Schmidt learned that knowing more of the history of insurance sheds light on the economic efficiency of the healthcare system today. She states, "By taking a historical approach, I was able to see the reasons why insurance was necessary in the first place and consequently, we will be able to apply those reasons to the viability and success of the West Central Healthcare Purchasing Alliance."

The West Central Healthcare Purchasing Alliance got its start during the summer of 2002-2003 when the West Central Regional Sustainable Development Partnership sponsored public forums across West Central Minnesota to discuss the problem of rapidly increasing healthcare insurance costs. As a result of these forums, a steering committee was formed to examine the feasibility of creating a coalition of employers and providers to negotiate a plan that benefits both. Dorothy Rosemeier, Executive Director of the West Central Regional partnership states, "After we conducted the forums, several independent business and farmers contacted us requesting for coverage now as their need was so great." This grassroots effort requires survey and research work to assess needs and design a product among the business community and the healthcare providers. Schmidt first became involved with the WCHPA last summer when she worked with Dr. Thorson to complete a survey of employers and providers in the

area. This report is available at www.centerforsmalltowns.org. Her present project involving the history of insurance will be a component of a larger project set to come out this summer (2004). The WCHPA will then utilize the information of this larger project to inform and assist in upcoming decisions regarding the Alliance. Dr. Gregory Thorson states, "Our recent survey results indicate that employers in our region were hit with average healthcare insurance premium increases of over 15%. As a result, over 55% of our area employers indicated that they are either somewhat or very likely to drop healthcare coverage for their employees if premiums continue to rise at their present rate. We must find a local solution to the problem for us to survive this healthcare crisis. If we fail to do so, our very survival as a region may be at stake."

The Center for Small Towns <http://www.centerforsmalltowns.org/> is a community outreach program housed at the University of Minnesota, Morris and serves as a point-of-entry to the resources of the University of Minnesota. Small towns, local units of government, K-12 schools, non-profit organizations, and other University units are able to utilize the Center's resources as they work on rural issues or make contributions to rural society. The mission of the Center is to focus the University's attention and marshal its resources toward assisting Minnesota's small towns with locally identified issues by creating applied learning opportunities for faculty and students.

The West Central Regional Sustainable Development Partnership <http://regionalpartnerships.umn.edu> is one of five University of Minnesota Regional partnerships, legislatively funded initiative led by citizen leaders. The partnership is committed to leverage U of M resources to sustain West Central Minnesota's natural resource base economy and empower citizen participation and leadership. Since its inception in 1999, the partnership has funded/partnered on 20+ applied research and education projects.

Contributed by Jessica Beyer '02, community program assistant at the Center for Small Towns