

## Sever's Corn Maze

SPRING 2005

Exchange Program host shares  
trainee experiences with CA

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OFFICIAL PUBLICATION OF COMMUNICATING FOR  
AGRICULTURE AND THE SELF-EMPLOYED, INC.



# Freedom means [fill in the blank]

BY COLLEEN MCGUIRE, EDITOR

I would wager a guess that a majority of you, the members of CA, are self-employed because you are fulfilling your own version of the American dream. You work in a field that fulfills you. You pay self-employment taxes and purchase your own health insurance because you wouldn't have it any other way. Whether you are new to the self-employed market or have been self-employed all your life, you have a terrific sense of freedom knowing that every day your job/work/career/way of living means doing what you love most.

I had the privilege of talking with CA members recently about what freedom means to them, and where they stand about current political issues. The diversity of answers reminded me that the answer to the definition of freedom is individualized and personal for every single one of us.

While no one turned the tables on me during our discussions, I've had an expression of personal freedom recently in my own life that I would like to share.

As a member of CA, I have a high-deductible health plan. Thankfully, I'm healthy. My health insurance will cover any costs I incur if a serious illness or sudden accident occurs. However, I'm still like the rest of you. I recently got that nasty flu bug that has been going around. So, after being harassed by friends, I finally saw a

doctor and obtained a prescription to help my cough, the expenses were not covered under my high-deductible health plan. But, for the first time, I was able to get reimbursed for my expenses through my Freedom Health Savings Account (HSA).



*It was like winning the lottery.*

Money that had been put aside in my Freedom HSA was available, because prescription medication and doctor office visits are considered qualified expenses. And the process was easy. I just logged on to [FreedomHSA.org](http://FreedomHSA.org) with my account password, selected "Withdrawal" and the money in my savings account was automatically transferred into my checking account, reimbursing me for medical expenses not planned for in my monthly budget. Instead of using money that had already been taxed, I was able to tap into tax-deferred, interest-earning money. That is a sense of freedom!

I would encourage anyone with a high-deductible health plan to look into the Freedom HSA. There is more information about the Freedom HSA program and Web site on page 7 of this issue.



*Colleen*  
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# THE VALUE OF Platinum for 2005

BY WAYNE NELSON  
CA PRESIDENT

I have always maintained that there is true value in a CA membership for the money spent and the benefits received. The new Platinum CA membership for 2005 has even greater value with additional and expanded benefits.

The most exciting benefit is the new Freedom Health Savings Account (HSA) enhancement for Platinum members that you will be learning more about in this issue of *Self-Employed Country*. Jump-starting your account

with a \$50 contribution from CA and no monthly fees is reason enough to upgrade to the Platinum membership.

The health savings account is an important tool for helping to pay for eligible medical expenses — tax-free — and to increase savings because the unused portion of the account grows year after year.

Another new benefit this year is the medical reimbursement available to Platinum members. Platinum members and their dependents are eligible to receive up to a \$25 reimbursement for a medical doctor office visit. This benefit may be used twice a year.

Existing benefits have also been enhanced for 2005. The blanket accident protection coverage has

been increased from \$100 a day for the primary member to \$150 a day. The outpatient emergency room payment has also been increased from \$100 to \$150 a visit for covered accidents. The spouse benefit for hospitalization has been increased from \$50 to \$75 a day and the emergency room benefit from \$50 to \$75 for covered accidents.

The existing benefits remain in place, in addition to these new offers. Together they make Platinum a great value for the membership dollar.

The Platinum membership fits well with a high-deductible health plan that can then be coupled with a health savings account. The high-deductible health plan lets the health consumer make important decisions about how their health care dollars are spent. Some people, especially those who previously had relatively low-deductible health policies, sometimes will have a more difficult time adjusting to paying for all health expenses under their deductible. The Platinum membership can help that transition. The blanket accident and emergency room coverage would help to pay the medical costs of a covered accident. The medical office reimbursement benefit can help in situations where a member is moving from an office co-pay medical plan to a qualified high-deductible plan that does not allow office co-pays or drug co-pays.

I will use my own Platinum membership as an example. To start with, the \$50 contribution to my Freedom HSA and no monthly fees is advantageous. But, let's look at some of the other benefits as well. I have a \$2,000-deductible policy that is federally qualified for an HSA. If I



have an accident while working in my yard and have to go to the emergency room, I would receive \$150 from my Platinum membership. If I have a bad cold and go to my local doctor's office for treatment, I could send a copy of the bill and receive up to \$25 for medical reimbursement. I also have the nonmedical benefits from the Platinum membership such as roadside reimbursement, discounts on dental, eyeglasses and hearing aids, and many additional business discounts. Please take a look at becoming a Platinum CA member or upgrading from the Standard membership today.

A handwritten signature in black ink that reads "Wayne".

[wayne@cainc.org](mailto:wayne@cainc.org)



# THE VALUE OF the Platinum membership

# CA

has a commitment to help the self-employed get the most from their hard-earned dollar. In 2005, several premiere benefits have been added to the Platinum membership level without raising the monthly membership fee. Check out what you could be missing!

## **NEW BENEFIT!** **Freedom HSA**

The Freedom Health Savings Account (HSA) is one of the most exciting new benefits for 2005. With a qualified high-deductible health plan, members can put aside money in a tax-deferred account for medical expenses, such as doctor office visits, and for supplementary expenses such as dental visits and prescription drugs. For detailed information about Freedom HSA, check out page 7.



## **IMPROVED BENEFIT!** **Discounts on dental, vision, ear, chiropractic care and diabetic supplies!**

CA offers Platinum members discounts on dental, vision, ear and — new in 2005 — chiropractic care and diabetic supplies. Save up to 50 percent\* on dental expenses from



providers in Aetna Dental Access. Benefit from 20 to 60 percent off eyeglasses, contact lenses and nonprescription sunglasses through a network of more than 10,000 retail optical locations, including Pearle Vision, JC Penney, Wal-Mart and LensCrafters. Receive up to 15 percent off hearing aids and related supplies from more than 1,300 audiologists that offer Beltone products nationwide. Save 30 to 50 percent on chiropractic care at more than 3,000 private chiropractors.

*\*Actual costs and savings vary by geographical area.*

## **NEW BENEFIT!** **Receive up to \$25 reimbursement for a medical doctor office visit twice a year**

Platinum members and dependents are eligible for medical reimbursement up to \$25 for a qualified single medical doctor office visit twice a year, per household.

Certain expenses are excluded, including dental visits, chiropractic care, emergency room visits, optometrist visits, massage therapy, holistic medicine and all office visits pertaining to mental health. Reimbursement benefit only covers the named primary member and dependents twice during the calendar year. Other exclusions may apply. Reimbursement must be requested within 45 days after office visit. CA reimbursement form must be accompanied by explanation of benefits or doctor's invoice.



## **\$17,500 accidental-death insurance**

CA has negotiated \$10,000 in accidental-death insurance at no cost for the primary Platinum member above and beyond the \$7,500 coverage received at the Standard membership level.





# SelfEmployedCountry.org

## **\$5,000 accidental-death insurance for your spouse**

In addition, CA has negotiated \$5,000 in accidental-death insurance — at no cost — for the primary member's spouse and \$1,000 for the primary member's children.

## **\$150 a day in the hospital for an accident-related injury**

Your Platinum membership gives you \$150 a day for each day you are in a hospital as a result of a covered accident, even if you have health insurance.



## **\$150 for an emergency room visit**

Your membership also pays \$150 for ANY hospital emergency room visit that is a result of a covered accident. Confinement must begin within 365 days of the accident that caused the injury.

## **\$75 a day in the hospital for your spouse**

If you are a Platinum member of CA, your spouse receives — at no additional cost — \$75 a day for each day he or she is hospitalized as a result of a covered accident. Confinement must begin within 365 days of the accident that caused the injury.

## **\$75 for your spouse's ER visit**

In addition, your coverage pays \$75 for ANY hospital emergency room visit that is a result of a covered accident.

All accidental death and accident-related plans are made available by Monumental Life Insurance Company, Baltimore, Md.

## **UPGRADED Roadside-assistance reimbursement benefit**

Why let a flat tire or a drained battery ruin your day? Platinum members can be reimbursed for any towing and emergency roadside-assistance services to a maximum of \$75. All you need to do is send us a copy of the receipt of your charges (limit two times a year) and the required claim form. For farm-related vehicles, CA will reimburse you up to \$150 upon receipt of your charges (limit one time a year). Receipt must be submitted 60 days from service date to qualify for reimbursement program.

*For information about upgrading your Standard membership to the Platinum level, call your local CA representative or 1-800-432-3276.*



# THE VALUE OF endorsed health insurance

**T**he anticipation of a new baby, especially your first child, is an exciting experience. You wrestle with tough decisions about choosing a theme for the nursery, deciding if you want to know the sex of the child and figuring out which parenting techniques you will use for raising your little one. But during the process you never expect the toughest decisions about your baby will be a matter of life or death.

In late October 2004, Kresta Hedges had her monthly appointment to check the status of her baby's development. She was 28 weeks along and she and her husband, Logan, were eagerly awaiting the birth of their child.

Test results at their small town hospital came back with disturbing news – the baby was small and appeared not to be growing. Kresta was immediately referred to the biggest hospital near her Smoot, Wyo., home — in Salt Lake City, Utah. Kresta and Logan made the three-hour trip by car on pins and needles.

"I was in shock. You don't expect this to happen," said Kresta.

At the larger hospital, with state-of-the-art equipment, doctor's determined Kresta's placenta had developed a blood clot. Her placenta shut down and could not produce enough blood to help her baby grow. She was placed on monitors and given injections to stimulate blood flow, but her baby's heart rate dropped substantially. There was nothing to do but deliver the child by emergency Cesarean section.

When Brodie Hedges was delivered into the world at 30 weeks, he was only the size of a 25-week-old baby – 1 lb., 11 oz. Everything was perfectly developed, only preemie sized. He fit in the palm of his parents' hands.

The Hedges' lodged in Salt Lake City to be with Brodie every day following his birth. Eventually, Logan had to return to work, but Kresta stayed in Utah, returning home only four times during a three-month period. Finally in January, Brodie was healthy enough to come home.

"We were a little nervous bringing him home because we were used to having nurses around 24-hours a day to answer questions," said Kresta, "but more than anything we were excited."

Today Brodie is a 7 lb. baby, is off oxygen completely and is keeping his parents busy. With her hands full, Kresta is glad she hasn't had to worry about medical bills or insurance claims gone awry.

"We haven't had any problems at all," Kresta said. "My representative (in the claims office) has been so helpful. I talk to her all the time."

Brodie's medical expenses from November to January have been approximated at \$210,000. Cost estimates will increase due to several unrelated hernia surgeries Brodie had in January.

"They're a nice young couple," said Scott Veigel, the Hedges' CA agent



Kresta, Logan and Brodie Hedges — thankful for their CA-endorsed health insurance.

representative. "Kresta came to me right before they got married, wanting to get insurance. I'm so glad they had coverage to protect themselves from a major financial catastrophe."

Kresta agrees. "You don't think of these things when you're young, but I can't imagine what would have happened if we didn't have insurance."

*For more information about CA-endorsed health insurance, contact your local CA agent representative or call 1-800-432-3276.*

# THE VALUE OF the Freedom HSA



# In

2005, in partnership with one of its endorsed insurance carriers, CA launched Freedom HSA,

a health savings account program for CA members to use in conjunction with their high-deductible health insurance plan.

Health savings accounts (HSAs) have become the “it” financial savings account since being launched in 2004. When its predecessor, medical savings accounts (MSAs), were originally launched, fewer than 200,000\* people enrolled in the savings account program. During the first three quarters of 2004, 438,000\* people either rolled their MSAs over to HSAs or opened new HSA accounts.

Even more encouraging, 30 percent of all high-deductible health plan and health savings account enrollments by the third quarter of 2004 were established by individuals who previously did not have health insurance coverage.\*

Other numbers that silence the critics include the age demographics of HSA enrollees. Once thought to be a tax shelter for wealthy males older than age 50, HSAs are proving to be just the opposite (see chart below). Health savings accounts are also split 51percent male, 49 percent female.\*

## Ages of HSA enrollees

Ages 0-19 years:	25%
Ages 20-29 years:	11%
Ages 30-39 years:	16%
Ages 40-49 years:	24%
Ages 50-59 years:	19%
Ages 60-65 years:	5%

### Who can have an HSA?

Anyone 18 to 64 years old may set up a Freedom HSA. You must have a qualified high-deductible health plan, such as the plans CA offers through its endorsed carriers. For an individual, in 2005, the plan must have a deductible of at least \$1,000, with a maximum out-of-pocket no more than \$5,100. A family deductible must be at least \$2,000, with a maximum out-of-pocket expense of \$10,200.

### How does FreedomHSA.org work?

**Deposits** – You choose between automatic bank deposits or submitting a check to your account. The maximum contribution is the lesser of the deductible amount or \$2,650 for individuals and \$5,250 for families. This contribution limit is prorated for the number of full months you’ve enrolled in the qualified health plan.

Persons age 55 may make an additional “catch-up” contribution of \$600 in 2005, \$700 in 2006, \$800 in 2007, \$900 in 2008 and \$1,000 in 2009. These amounts must also be prorated for the number of full months you’ve enrolled in the qualified health plan.

**Withdrawals** – Simply login to the secure member Web site or call 1-866-566-2702 and request a withdrawal to reimburse you for qualified expenses for yourself, your spouse or dependents. Remember to keep your receipts.

**Interest** – You earn 1 percent interest on balances more than \$500, rates may adjust with the market.

**Fees** – Freedom HSA standard fees are very competitive: \$25 for account setup and \$2.50 a month covers all contributions and disbursements for qualified expenses. The service fee on outbound rollovers is \$25. Setup and monthly fees are waived for Platinum CA members.

### Who determines if the funds I withdraw from my account are for a qualified expense?

You are responsible to determine if the expense is qualified and must keep your receipts. Our Web site provides guidance, but we recommend consulting a tax professional.

### Tips for managing your expenses

#### Always submit a claim to your insurer for covered medical services.

Take advantage of negotiated discounts through your health plan, often 30 percent or more off retail. Never accept 100 percent of retail (billed charges).

Ensure you get credit towards your deductible limit with your health plan.

Your health plan can be your advocate in correcting erroneous charges – they screen for common billing errors and fraud.

It ensures someone else has a copy of your claims if your paperwork is lost.

#### Screen your bills and ask questions

Call your provider or health plan if the provider’s billing or health plan’s explanation of benefits (EOB) is unclear or incorrect.

Don’t feel pressured to pay a bill that you feel does not represent services actually received.

Ask your doctor about costs.

#### Seek savings

Always use a prescription drug discount card and always compare to retail.

Ask your doctor or pharmacist if there is a generic alternative for your prescription.

#### Record keeping

You must keep a copy of your bills to withdraw funds tax-free from your HSA. There is not a deadline for making a withdrawal for qualified medical expenses, so your bills are worth keeping safe.

Keep everyone honest. Honest mistakes happen, but you won’t know if you don’t keep a history.

## To find out more about the Freedom HSA, visit [FreedomHSA.org](http://FreedomHSA.org).

\* From AHIP Center for Policy and Research

## THE VALUE OF

# freedom

# M

ost Americans would agree that they take their freedoms for granted at one time or another. We forget about freedoms won

by soldiers on our behalf in wars of today and yesteryear. That we can select any radio station we want without government controls is an easily forgotten freedom. Even simple decisions, such as what clothes to put on in the morning, express freedom of choice.

What does freedom mean to you?

There are many definitions of the word "freedom" that would strike a cord with most:

1. Liberation from being controlled.
2. Being able to act, move, use without hindrance.
3. Determining action freely.
4. Easiness of manner.
5. A privilege.

CA recently called members at random to ask what freedom meant to them, and how it affected their thoughts and ideas in their own lives.

A self-employed artist in South Dakota, with a daughter in college, said that freedom means choice for her. Other members expressed slightly different views. One member in Elgin, N.D., said freedom meant, "Voicing my opinion in public. Expressing myself freely." A member in Wyoming said freedom meant the sacrifices

soldiers had already paid for us.

When asked what three things the CA member in South Dakota would tell President Bush matter the most to her, she said, "We need to take control of our own country, education, youth, elderly and family, which includes better health care and awareness."

CA's respondent in Elgin, N.D., said, "The most important thing is to keep our country safe. And they are trying to do that with the war in Iraq. The government also needs to look at what our country is based on, like the foundation of the family farmer. I think those two things will help look out for the future of our children."

Members in Nebraska and Wyoming agreed that our country's safety was a very high-priority for them, as well as lower health care costs and figuring out a way to handle the problem with Social Security.

All CA members who participated in this unscientific discussion agreed financial security is an element of freedom. Some believe that more money would make their lives easier, while others feel that they are being held back from obtaining financial freedom.

"As a farmer, we rely on following government regulations," said one CA member. "If we could get away from government regulation, we would have more financial freedom."

The concept of privatizing Social Security disturbs the select pool of members we spoke with. They are less hopeful for their future and their children's future. All who were willing to discuss Social Security agree the

current system is in trouble and needs to be fixed. But they aren't convinced the current method being touted by the Bush administration is the correct solution.

Health savings accounts have been created to help reduce health care costs by allowing Americans to put money aside, tax-free, for their health expenses. Every member thought that while it wasn't a solution to rising health costs, it was definitely a step in the right direction.

A CA member in North Dakota said, "We need to do something. We've looked into them. And it's important for younger people to learn about things like this and save their money, because there are some years where you pay your insurance and don't use it, and other years where you really need it."

A member in Iowa was more cautious. "It can't hurt to put money aside," he said, "but we would benefit the most if prescription drug prices and hospital charges were more regulated." A CA member in South Dakota echoed the same sentiment, "It's a small step. Health care costs need to be addressed in other ways though."

Members enjoyed sharing what they would change if they were in charge of the country. Answers were diverse. Some wanted to revamp education. Some would launch a public relations campaign to better America's image overseas. The North Dakota resident we spoke with would focus on morals and values of the nation. "We need to bring God back in to remind people what this country is based on and

# a conversation with CA members



what it stands for.”

What's the number one concern CA members expressed for their children and grandchildren's future right now? Job security. Watching them grow up in a society that is deteriorating. Being able to afford to save enough for health care and retirement. The answers were numerous and each person was passionate about their concerns. Personal stories related to each topic were shared.

*In 2005, CA wants to have conversations with many more members. What are your views about freedom? What legislative topics will affect you and your family this year? E-mail Colleen McGuire at [colleen@cainc.org](mailto:colleen@cainc.org) to express your views.*



## CA has 2005 annual meeting

Communicating for Agriculture and the Self-Employed, Inc., had its 33rd annual meeting March 11, 2005 in Bloomington, Minn.

In his president's report, Wayne Nelson, a grain farmer from Winner, S.D., reported on CA's legislative initiatives in Washington, D.C. and the state capitols. CA has been working for health care affordability for rural people, including: health savings accounts legislation; improving state beginning farmers and ranchers programs; tax policy changes; and support for small business.

Nelson also cited three key accomplishments of the organization during its lifetime. "Almost \$14 million has been saved by CA members through our discount drug card

program. Also, more than \$750 million has been paid out in health care claims through CA's endorsed group health insurance carriers to members. And, more than 100,000 people throughout the country have benefited from important state programs our legislative work has helped to establish, including 33 state health insurance risk-pools, and more than a dozen state beginning farmers finance programs," Nelson said.

In addition, Nelson reported that CA has provided learning and work experiences on CA member farms and ranches, horticulture, enology and equine businesses, to more than 8,500 young people from around the world. More than 500 young Americans have had the same opportunities with CA's world partners.

The members of CA re-elected four board members to serve three-year terms, including: Nelson; Stephen Rufer, Fergus Falls, Minn.; Pete Risbrudt, Ashby, Minn.; and Cliff Ouse, Rothsay, Minn.

The board re-elected officers, including: Milt Smedsrud, Battle Lake, Minn., chairman; Ouse, vice chairman; Nelson, president; Roger Gussiaas, Carrington, N.D., vice president; Rufer, vice president and general counsel; and Risbrudt, chief financial officer.

The 2006 CA Annual Meeting of Members will be March 10 and 11 in Washington, D.C.

# Sever's Corn Maze and Fall Festival



**N**estled in a Minnesota valley near Minneapolis/St. Paul is the Peterson farm. Like so many American farms across the country, the land has been passed down from generation to generation. Sever Peterson's grandparents settled the land about 120 years ago and, today, Sever and his wife Sharon live in the farmhouse his father built on the property.

The Petersons have had the unique experience of hosting more than 100 international agriculture trainees from around the globe. In fact, it was a visit to see a former trainee in England that prompted one of Sever's biggest annual endeavors – Sever's Corn Maze and Fall Festival.

"While we were in England, the mazes

became more prominent in our thought process," said Sever. "Visits to beautifully manicured British mazes struck a cord, 'why not try the same thing in Minnesota?'"

And that's what the Petersons did. In 2004, Sever's Corn Maze completed its eighth season and there's no sign of stopping this wildly popular attraction in the Twin Cities area.

The maze consists of a corn field cut into a thematic pattern, a straw bale maze for younger children, pony rides, an exotic petting zoo, pumpkin slinger, camel rides, face painting, pig races, a music tent and hay rides, plus food and beverages.

Each year, Sever and Sharon start at the kitchen table while Sever maps out the design row by row on graph paper.

"You count the rows of corn more than once. I don't want to make a mistake!" chuckled Sever.

Thinking up a theme for the maze is part of the fun that Sever and Sharon develop together as a team.

The Hollywood blockbusters help, he said, referring to the movies *Jurassic Park* and *Titanic*. In 1997, the maze was in the shape of a Tyrannosaurus Rex. In 1998, the maze was in the shape of a sinking Titanic. Other themes have included an enchanted castle (which Sever said was the most difficult to construct), the Capitol in Washington, D.C., a map of the United States and a map of the world. To pay homage to the 2004 election, Sever and Sharon decided on Thomas Nast's cartoons of the elephant and donkey political symbols, overlying the American flag.

The corn maze is just one side to the Petersons' story. Another large part of their lives has been the international trainees that have trained on their farm or the corn maze throughout the years. All of the young people have touched their lives in one way and Sever credits his family's forward thinking with bringing trainees to the farm.

"Exchange programs like CA's certainly help," Sever said, "But my parents were the catalyst for my global thinking. They were open and willing to have international trainees, and these young people really opened their eyes. I've just continued the tradition."

"Sharon and I had the pleasure of visiting some former students in Europe this spring and we visited the first international trainee my family ever had from 1965. It brings tears to this man's eyes to think about our family, because he became like a son to my mother and father, and a brother to us siblings. He's German, an incredible human being. His two sons and daughter have been to our farm and spent summers here. So the experience goes on and on. These programs are really special, and not just to our family. I've spoken to other families as well, and it has been life-changing for them too," he reflected.

In addition to being a teacher to the trainees, Sever has learned from his contact with the young people as well. He credits Europeans for being well-trained in the practical side of production agriculture.

"The South Americans, a boy we had from Africa and a trainee from India – from those countries we learned the optimistic dream side of farming," said Sever. "The love for agriculture is very strong in these trainees and they are excited about the place of agriculture in their countries."

The family's most recent trainee was Renato Paredes, from Ecuador.

Sever and his family have a special bond with Renato's family. Like with

other trainees, they have been to Ecuador to visit Renato's family farm.

"When we went to Ecuador, we stayed in Renato's home with his family," Sever said. "It was very difficult to say goodbye! His sister was very special to Sharon and me. She was like a sister to us. It was a close bond. His mother, father, uncles, aunts – we felt so close, because they treated us like family."

Renato's family owns a large greenhouse operation of tomato plants. Sever thoroughly enjoyed the chance to see farming production in another country.

"I would start early in the morning, picking fruit and tomatoes for the dinner table," said Sever. "It was very interesting for me to see their operation. It's very sophisticated."

Because of his background, Renato helped Sever enlarge his tomato production for vegetable stands he posts throughout the Twin Cities during the summer months.

"He built the tomato houses and had the experience to do it," said Sever. "We have to heat our houses, which they don't have to do in Ecuador, and cool our houses. There's a certain amount of engineering involved. There is also the planning, the growing of the small plants before we transplant them, water and disease control. In addition, he trains with us on our daily chores. He's very modest about it. He's in charge of the tomatoes – that's his project and we help him with that. In return, he helps us with our other activities."

When asked why he chose to train in the United States, Renato instantly responded, "Everyone wants to come here!" He then added "The main thing I wanted to learn is English and U.S.A. culture. I've learned a lot. Things in America are faster. I like that. I like how Americans work. I've had a very good experience."

What's next for this young South American man? Tomatoes. Spending time with his family and friends.



Renato and Sever

Maybe a few English classes to stay up on his language skills. And a little free time. "I want to travel to Europe. I would like to go to Brazil. I have friends there. I want to see the world," he said.

Sever and Sharon will continue working on farm production and preparing for the 2005 corn maze with new trainees provided by the CA Exchange Program.

"We like the familiarity Communicating for Agriculture has for farm needs," said Sever. "CA coordinators Leisha and Steve know what farm needs are. For me, as a host, I know they are in tune, and that's a very positive thing."

*For more information about Sever's Corn Maze and Fall Festival, visit [www.severscornmaze.com](http://www.severscornmaze.com).*





# Legislative Update

The overriding issue facing Congress and the administration is the federal budget, and it is casting a shadow across a broad span of federal programs, spending and legislation. The country reportedly faces a budget deficit of \$3 trillion. With ever-rising costs for entitlement programs such as Medicare and Medicaid, plus military costs for the conflicts in Iraq and Afghanistan, there is huge pressure on Congress and the administration to reduce spending for discretionary programs. President Bush has vowed to cut federal deficit spending by half by 2009. The administration proposed an aggressive budget for the coming fiscal-year that seeks cuts in many domestic programs. Yet, there is unease the reductions could have unintended consequences.

The choices Congress makes will have an impact on a wide range of issues affecting CA members, from farm programs to health care, tax policy and more.

## Farm program budget proposal would cut payments, lower cap on subsidies

The Bush administration opened the debate about farm program spending by proposing a budget that calls for cutting farm programs by \$587 million next year, and \$5.7 billion over 10 years. Two-thirds of the spending would come from reductions in payments to crop and dairy farmers.



BUSH

To get those savings the administration embraced, in part, a proposal to lower the current cap on subsidies for producers. The budget called for lowering the cap on payments from \$360,000 to \$250,000, and revising what the administration called “loopholes” that enabled some larger operations to get around the restriction. Payments to crop producers would drop – across the

board – by five percent, including marketing loans, direct and countercyclical payments. The dairy price support program would also come up for reductions and there would be a marketing assessment on sugar to reduce the cost of that program.

Other farm and conservation programs also were proposed for reductions, while some would receive increases. The budget proposed ending federal support for Resource Conservation and Development Districts (RC&Ds), which, on average, leverage \$6 from other sources for each appropriated federal dollar, for conservation and local economic development. The Conservation Security Program (CSP), which provides incentive green payments to producers for environmental practices, would get \$274 million, a 35 percent increase. However, some CSP supporters expressed skepticism that the funding would be enough to meet the proposed expansion to 200 additional watersheds.

Many agriculture supporters believe farmers already gave at the budget table in the past. In 2002, Congress enacted a farm bill revision that saved dollars by establishing countercyclical farm safety net payments that only pay producers when commodity prices average below the target price. Because of that program, \$15 billion less was spent than what was allocated under the original farm bill.

There will be skirmishes about the farm program cuts. New Senate Agriculture Committee Chairman Sen. Saxby Chambliss, R-Ga., said, "Congress is open to cutting farm spending if the president proposes government-wide budget cuts. But if they try to single out the farm bill, then we're going to have one heck of a fight."



CHAMBLISS

New House Agriculture Committee Ranking Minority Member Rep. Collin Peterson, D-Minn., said, "The president knows farm-program spending accounts for less than one-half of 1 percent of the federal budget and that even if these programs were eliminated completely, the savings would not put even a small dent in the deficit budget. But he is proposing cuts that could directly hurt our farmers and send a damaging ripple effect through rural economies throughout the nation."



PETERSON

However, there will be bipartisan support for some of the administration's proposals. Sens. Charles Grassley, R-Iowa, and Byron Dorgan, D-N.D., introduced legislation that would carry out the administration's proposal for lower caps on commodity programs. "The administration showed no interest in it until now. They're looking for ways to save money, and this is one of the

most intellectually honest ways to save money," said Grassley.

## King reintroduces CA-supported beginning farmers and ranchers program legislation

CA President Wayne Nelson took part in a recent news conference in Washington, D.C., to lend CA's support for the reintroduction of the Agricultural Bond Improvement Act.

Rep. Steve King, R-Iowa, a member of the House Agriculture Committee, introduced the bill, H.R. 651. The legislation includes:



KING

- Exempting Aggie Bonds from the volume caps on industrial revenue bonds for each state. Many states cannot meet the demand for Aggie Bonds or want to start a new beginning farmer bond program, but cannot, because their state's allocation is used up for large manufacturing or house project tax-exempt bond uses.
- Allowing the USDA Farm Services Agency loan guarantees on Aggie Bond loans. The combination gives lenders the added security of the guarantee and encourages more ag lending competition, while the bond program would provide a lower interest rate for the new farmers.
- Increasing the loan limit on Aggie Bond loans from the current limit of \$250,000 to \$450,000, and indexing it for inflation.
- Eliminating the dollar limitation on previously owned farmland. Retaining the current restriction that an eligible producer cannot own more than 30 percent of the median-size farm in the county, to see that the program continues to be targeted to beginning farmers,

but getting rid of a dollar value limit that has become out-of-date.

"This bill, if enacted, will have a minimal impact on the federal budget, but it will have a substantial and positive impact for young farmers and ranchers," Nelson said at the gathering.

## Health care tax deduction bills: CA-backed bill introduced to allow tax deduction for premiums for HSA high-deductible health plans

King is also the lead author of H.R. 37, legislation for allowing a deduction for premiums of high-deductible health plans that are qualified to be used with the new health savings accounts (HSAs).

Thirty-three co-sponsors joined King in support of the Health Insurance Affordability Act of 2005. HSAs now allow for a tax deduction for limited contributions to the IRA-like health savings account. However, premiums for the accompanying health insurance plans are only deductible to the extent allowed for employer-provided plans.

Under H.R. 37, no additional deduction would be allowed for individuals who have received a deduction through employer provided coverage. However, individuals, who typically do not receive a deduction for their health insurance premiums unless they are self-employed, would be able to receive a deduction if they having an HSA-eligible plan under the proposed legislation.

## Other health care tax deduction bills

- H.R. 218 – Rep. Cliff Stearns, R-Fla., has introduced the Health Care Tax Deduction Act of 2005, also supported by CA. The bill

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calls for allowing a 100 percent tax deduction for health insurance premiums and for unreimbursed prescription drug expenses paid by the taxpayer for the taxpayer and his or her spouse and dependents.

Currently, health insurance premiums are tax deductible for employer-provided group health insurance; now, after a long phase-in, they are also tax deductible, for self-employed individuals. However, no deduction is allowed for individuals who pay for their own insurance. H.R. 218 would extend the tax deduction to other individuals and includes prescription drug costs not covered by insurance.

- H.R. 66 – Rep. Christopher Cox, R-Calif., has introduced the Health Care Freedom of Choice Act, along with 77 co-sponsors. H.R. 66 calls for a significant policy shift to allow a deduction by individuals for medical expenses paid during a taxable year, not covered by insurance.

### **H-2B visa program improvement legislation introduced; would provide more visa flexibility for CAEP member hosts, worker participants**

CA is among 33 organizations that are lending support to S. 352, the Save Our Small and Seasonal Business Act of 2005, introduced by Sen. Barbara Mikulski, D-Md., and 17 bipartisan co-sponsors in the Senate. The bill calls for exempting temporary seasonal workers, who have been successful participants in the past under the H-2B visa program, from being counted toward a cap on the program.

Congress has mandated a 66,000 annual cap on the number of workers allowed to participate in the program. The cap was established 15 years ago, and no longer reflects current economic conditions and the need for workers in the industries that rely

more heavily on seasonal workers, supporters say. In fiscal-year 2004, the statutory cap was reached on March 9. This year it was reached already on Jan. 3.

Under the rules, employers seeking to hire temporary guest workers cannot begin the process more than 120 days before their date of need, and during that time go through several steps to make sure the guest workers don't take jobs from Americans.

The effect of the cap has been to shut out all but the earliest seasonal employers from the program and made it more difficult for employers to plan their operations. Currently, would-be employers are often unable to hire seasonal workers during the peak spring and summer seasons under the program. The legislation would allow H-2B visa participants from the past three years, who have followed the laws and regulations during that time, to not be counted toward the cap. This would effectively increase the size of the cap. It would also split the allocation into six-month segments, helping CA member host operations and participants starting later in the year.

Other organizations joining CA in the coalition range from the U.S. Chamber of Commerce to the American Horse Council, American Hotel & Lodging Association, National Fisheries Institute, and the American Nursery and Landscape Association.

### **CA pushes health savings account bills in state Legislatures**

North Dakota, Minnesota, Wisconsin and Arkansas are among states where CA has been actively working in support of state legislation supporting the popular new health savings accounts (HSAs).

In Minnesota, Wisconsin and Arkansas, CA has provided testimony support of bills to grant a state tax deduction, mirroring the federal tax deduction already in place, for

contributions to HSAs.

In Arkansas, CA provided testimony in support of H.B. 1064, introduced by Rep. Will Bond, R-Jacksonville, authorizing the state HSA income tax deduction. It was approved by both Houses on Feb. 8 and sent to the governor for signing.

In Minnesota, CA President Wayne Nelson and Vice President of Public Affairs Bruce Abbe have testified before the state Senate Health and Human Services Committee in support of S.F. 99, introduced by Sen. Brian LeClaire, R-Woodbury, and before the Minnesota House Commerce and Health Policy Committees in support of H.R. 9 and H.F. 135, introduced by Rep. Tim Wilkin, R-Eagan, and Rep. Jim Knoblach, R-St. Cloud. The outlook for the bills seems promising, provided the Legislature can come to agreement about other budget issues and revisions affecting other state health programs.

In Wisconsin, CA provided a statement in support of S.B. 7, introduced by Sen. Alberta Darling, R-River Hills, and H.B. 4, chiefly authored by Rep. Dean Kaufert, R-Neenah, authorizing the state HSA deduction. The legislation is likely to be approved by the Legislature, but it is uncertain if Gov. Jim Doyle will sign the bill or veto it, as he did a year ago while citing budget issues.

In North Dakota, Nelson testified before the North Dakota Senate Human Services Committee on March 1, in support of H.B. 1208, which would exempt HSA-eligible high-deductible health plans from the state's mandated insurance benefits for mental health and substance abuse. The exemption is needed to meet minimum federal requirements for HSA-qualified high-deductible health plans to continue to be offered in the state. High-deductible health plans eligible for HSAs must have at least a \$1,000 deductible for individuals and \$2,000 for families. North Dakota and a few

other states had lower-level coverage requirements for mental health and substance abuse. The bill would exempt HSA-eligible plans only for the new requirement, which should enable lower cost plans to be offered. The legislation previously had passed the House unanimously and looks likely to be approved and signed into law.

### **Capital gains, Section 179 business expensing among key tax cuts up for reauthorization**

The administration is continuing to push for permanent reauthorization of the tax cuts approved by Congress in 2003, arguing that they are very important to continuing the economic recovery. However, with the budget deficit now rising to the top of economic priorities in Washington, there are increasing chances that not all of the tax cut package will be reauthorized.

Two of the priority tax cuts for many of CA's farmer, rancher, small business and self-employed members are the reduction in capital gains taxes to 15 percent and the enhanced IRS Section 179 expensing that allows small

businesses to immediately expense up to \$100,000 of new investment. CA will be looking to push these key measures, in particular, among tax cuts up for reconsideration.

### **Federal funding for state health insurance risk-pools reintroduced**

CA has continued to play a key role in assisting in the reintroduction of legislation in Congress to provide for partial federal funding of state health insurance risk-pools. Thirty-three states now have some type of risk pool to provide for guaranteed access to health insurance for people in the individual market with pre-existing high-risk health conditions, such as diabetes, heart disease, cancer, AIDs and other chronic illnesses. While the programs charge premiums somewhat higher than standard, they inherently operate at a loss and need to be subsidized. States generally assess insurance companies a small amount based on their size of business or provide state funding. The programs serve to broadly spread the risk and costs of operating these small, special insurance access programs. In 2003, more than 180,000 people were insured through risk

pools nationally, with claims of more than \$1.1 billion and subsidy requirements of \$539 million. Growth has averaged about 10 to 15 percent a year.

S. 288, the State High Risk Pool Funding Extension Act of 2005, would extend partial federal funding support for risk pools for five years, from 2005 through 2009. The bill, similar to legislation introduced in 2004, calls for \$75 million (less than 15 percent of combined subsidy needs) to be provided to state pools that meet eligibility standards to augment their operational losses and making up to \$15 million available in start-up grants to states creating new eligible pools. Legislation is also expected to be introduced in the House.

At press time, legislation to establish new state risk-pools had been introduced in the Georgia and Tennessee Legislatures, and was pending introduction in Ohio.



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# CA Regional Farm Policy Survey



**CA** recently conducted a telephone survey of 100 farmers and 100 rural small-business owners in east central Iowa to learn a sampling of local opinions about the impact and importance of farm commodity income support programs. Spending for and possible reductions to those programs are issues on the table now in Congress.

Among a sample of survey results:

85 percent of responding farmers and 74 percent of rural business owners agreed with the statement that farm commodity and income support programs are important to the income of farm producers and the health of the overall farm economy; 89 percent of farmers and 81 percent of business owners believe they're important to the economic health of local businesses and rural towns; and 82 percent of farmers and 70 percent of

business owners, feel they contribute to the stability and health of the overall national economy.

## Payment limits

On the subject of payment limits in farm programs there is a wider range of opinion, but generally there is majority support for limiting and targeting benefits.

Fifty-seven percent of farmers and 40 percent of business owners believe that farm program benefit limits are a good thing and should be continued. Seventeen percent of farmers and 18 percent of business owners said the limits are not a good thing; payment rates should not be restricted due to farm size.

Seventy-three percent of farmers and 72 percent of business owners agreed that farm programs tend to benefit bigger farms more and contribute to the trend toward larger farm operations.

When asked about how payment limits by farm size should be handled in a new farm bill; 45 percent of farmers and 1 percent of business owners said current limits should be reduced and targeted to smaller-sized producers.

Twenty-four percent of farmers and 12 percent of business owners said payment levels should stay about the same.

## Ethanol

Eighty-six percent of farmers and 71 percent of business owners said they would support an ethanol requirement for gasoline in their state, while 14 percent of farmers and 29 percent of business owners were opposed.

To see the complete questions and results of the CA Iowa regional farm policy survey, go to CA's Web site at [selfemployedcountry.org](http://selfemployedcountry.org).

To see more membership benefits,  
visit CA at [selfemployedcountry.org](http://selfemployedcountry.org)

