



## *Using Health Insurance Rebates to Make CSA Membership More Affordable*

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A summary of *An Analysis of the Impacts of Health Insurance Rebate Initiatives on Community Supported Agriculture in Southern Wisconsin*, by Greg Jackson, Amanda Raster, and Will Shattuck, published in the fall 2011 issue of the *Journal of Agriculture, Food Systems, and Community Development*, 2(1), 287–296. See the full paper at <http://dx.doi.org/10.5304/jafscd.2011.021.002>.

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### **Project overview**

In order to promote preventative wellness through healthy eating, southern Wisconsin health insurance providers have begun offering rebates to policyholders joining a community supported agriculture (CSA) operation. A CSA is a locally based model of agriculture where shareholders pay at the beginning of the growing season in exchange for a supply of seasonal produce, with growers and consumers thus sharing the risks and advantages of production. Advance payment allows farmers to cover the costs of inputs for that season and provides them with a stable and predictable income, and guarantees consumers weekly deliveries of fresh produce throughout the growing season. The rebate, first offered by a single provider in 2005 through the Health Plan Partners Program, reduces the cost of CSA shares by up to 40%.

### **Background**

Farmers start CSA operations to foster a stronger sense of community between themselves and consumers and also to produce food using more sustainable methods. However, between low share prices, member retention and recruitment rates, and the time diverted to marketing efforts, CSA farmers are often barely able to cover operating costs. From the consumer side, potential CSA consumers are influenced by a variety of factors, not only price and

income. The FairShare CSA Coalition (formerly the Madison Area Community Supported Agriculture Coalition, or MACSAC), founded in 1992, reduces the grower issues by serving as an intermediary to connect CSA growers and shareholders through a range of activities, including a farmer mentorship program, grower gatherings, community educational workshops, annual open house, bimonthly newsletter, and cookbook. In 2005, the FairShare CSA Coalition partnered with its first insurance provider to launch the Health Plan Partners Program to offer a rebate to promote preventative wellness, healthy eating, and local food.

*In 2005, FairShare CSA Coalition farms offered 2,000 shares, which jumped to 9,000 in 2010, an increase of 450%—suggesting that the growth in available shares is closely associated with the success of the CSA rebate program.*

### **How the rebate works**

Before participating in the program, interested CSAs must join the FairShare CSA Coalition, which requires an application and review process to evaluate production skills, marketing experience, land, equipment and facilities, communication infrastructure, and knowledge about CSA operations. All member farms must be certified organic except those with less than US\$5,000 in annual sales. The insurance providers are responsible for creating advertising materials to promote the program to policyholders and for supplying the FairShare CSA Coalition with newsletters regarding their wellness programs, which are distributed to growers and their shareholders. In turn, the FairShare CSA Coalition



promotes the rebate program and participating insurance providers through its outreach and education efforts.

Rebate values range from US\$50 to US\$100 for an individual and up to US\$200 for a family. This represents a price reduction of roughly 40% when compared to the average member farm price of US\$550 for a 20-week, standard share subscription. In order to receive the rebate, policyholders must present their insurance companies with a receipt from the farm and a copy of their sign-up form.

## Measures of success

- Following the success of the initial insurance provider, one provider in the Madison area joined the Health Plan Partners Program in 2007, and two more in 2008, suggesting that doing so was a competitive response to retain members.
- Survey responses from member farms suggest the rebate program has helped improve CSA member retention.
- In 2005, FairShare CSA Coalition farms offered 2,000 shares, which jumped to 9,000 in 2010, an increase of 450% (compared to 137% in the preceding five years), suggesting that the growth in available shares is closely associated with the success of the CSA rebate program.
- By 2010, the four insurance companies together supplied over 20,400 CSA rebates to members.
- The number of member farms increased from 16 in 2005 to 42 in 2010.
- An estimate of the total value of CSA shares purchased from 2005 to 2010 is US\$14.2 million, and a rough estimate of rebates claimed for two of the insurance companies is approximately US\$3 million, placing the value of the rebates at roughly 21% of the total value of shares purchased.
- Since 2005, nearly 30 new CSA operations have joined the FairShare CSA Coalition in order to take advantage of the demand for shares associated with the rebate.

## Conclusion

Though statistical analysis of the relationship between the rebate and the growth in CSA membership has yet to be performed, and a portion of the growth in the number of member farms and shares

offered recently in southern Wisconsin must be attributed to the burgeoning “locavore” movement, a substantially greater portion can likely be attributed to the Health Plan Partners CSA rebate program. The program has directly lowered the cost of a standard share by up to 40% and allowed farmers more time to diversify their operations and grow high quality produce, both of which appear to have had far-reaching consequences. A 2010 attempt in western Wisconsin to pilot a rebate program without an intermediary proved unsuccessful, demonstrating the need for an intermediary. Due its rigorous application and review process, the FairShare CSA Coalition acts as a clearinghouse for partnering insurance companies with regard to the quality of farms involved in the program and their ability to provide CSA members with a positive experience. The authors hypothesize that replication of the CSA rebate program across the country is largely contingent on having an organization like the FairShare CSA Coalition to serve as an intermediary.

At the same time, it should be noted that there is concern among FairShare CSA Coalition growers that the rebate program has attracted a “new” type of CSA member, namely those joining a CSA farm in order to obtain the rebate without a full understanding of the philosophy of shared risk. Thus, as the decline in the effective price of CSA shares appeals to a new type of CSA shareholder, it also opens the door for improved educational opportunities about risk-sharing, the importance of local agriculture, and community-building and environmental stewardship, all of which are fundamental tenets of the CSA philosophy.

Read another write-up about the Wisconsin CSA program from 2014 at <http://bit.ly/2qJU3wH>.

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