In 2010, Congress and the Obama Administration passed the Affordable Care Act (ACA). At the time, its chief supporter, President Obama, argued that the ACA would incentivize hospitals and primary physicians to deliver better health outcomes at lower costs to a greater share of the U.S. population. As implemented, the ACA demands that companies with more than 49 workers either provide health insurance to all employees working 30 hours or more weekly, or pay a stiff penalty.

Thus, businesses are incentivized to reduce worker weekly hours below 30. Not surprisingly, since passage of the ACA, the share of all U.S. workers that are working part-time, but wish to work full-time, has more than doubled. Regarding cost, the evidence is even more discouraging. At a compound annual rate, individual and family health insurance expenditures grew by 6.1 percent yearly six years before ACA, but by a much higher 8.9 percent annually for the six years after ACA.

But the worst is yet to come. According to a Barclays’ analysis of rates, the average national health insurance premium will soar by 24.2 percent for 2017 with Arizona leading the way with an increase of 68.1% with other states not far behind such as Illinois at 43.9%, Iowa at 31%, Florida at 17.7%, Colorado at 20.2%, North Carolina at 20.4% and Pennsylvania at 23.6%. And the percentage of counties being served by two or fewer insurers in the federal exchanges will rise to 39% from only 14% this year. Due to diminished competition among insurance companies, Americans can expect to suffer from even higher growth rates in prices in the years ahead. It may be bitter pill, but President Clinton’s recent statement that the ACA is “the craziest thing in the world” appears to be closer to truth than fiction. Ernie Goss.

### The Creighton University Rural Mainstreet Index sank for September and remained below growth neutral for the 13th straight month, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

**Overall:** The index, which ranges between 0 and 100 fell to 37.3 from 41.1 in August. This month’s reading is well off the index for September 2015 when it stood at 49.0.

According to the USDA, 2016 net farm income is expected to decline by almost 12 percent from 2015 levels. Even with an anticipated 25 percent increase in government support payments for 2016, the Rural Mainstreet economy continues to falter according to our surveys of bankers.

Even though loan defaults have changed little over the past year, downturns in farm income over the past three years are pushing bankers to change the terms of farm loans. According to Creighton’s September survey, almost four of five, or 79.1 percent, of bank CEOs reported a significant upturn in loan restructuring due to weak farm income.

Jim Eckert, president of Anchor State Bank in Anchor, Illinois, expects lower agriculture commodity prices to cause all but the best capitalized producers to only break even or lose money for 2016.

**Farming and Ranching:** The farmland and ranchland-price index for September expanded to a frail 40.3 from 25.6 in August. This is the 34th straight month the index has languished below growth neutral 50.0.

The September farm equipment-sales index sank to 14.3 from August’s 14.8. Weakness in farm income and low agricultural commodity prices continue to restrain the sale of agriculture equipment across the region. This is having a significant and negative impact on both farm equipment dealers and agricultural equipment manufacturers across the region.

One bank CEO indicated there would be substantial 2017...
impacts from current conditions. The CEO is concerned that bank regulators will not provide necessary "breathing room" for banks to weather plummeting farm income.

Banking: Borrowing by farmers remains strong as the September loan-volume index slipped to a strong 72.1 from last month's 78.3. The checking-deposit index climbed to 5.0 from 4.1 in August, while the index for certificates of deposit and other savings instruments improved to 5.1 from 4.4 in August.

Hiring: After moving below growth neutral 50.0 for July and August, the Rural Mainstreet hiring index advanced to a solid 54.8 for September, up briskly from August's 47.9 and July's 49.6. For the re-gion, Rural Mainstreet's employment is down by 0.9 percent over the past 12 months.

But some bankers reported significant pullbacks in employment. For example, James Shafer, CEO of the First National Bank in Tremont, Illinois, reported, "Continued (loos) restructuring and layoffs by Caterpillar are having a strong, negative impact in our immediate area."

Confidence: The confidence index, which reflects expectations for the economy over the six months out, plummeted to 21.5 from August's 27.2, indicating an intense pessimistic outlook among bankers. Recent downturns in already weak agriculture commodity prices pushed banker's economic outlook even lower for the month.

Home and retail sales: Home sales remain the positive indicator of the Rural Mainstreet economy with a strong September index of 57.2, though it was down slightly from 58.9 in August. The September retail-sales index slumped to 33.4 from August's very weak 38.1. Despite low inventories of homes for sale, Rural Mainstreet home sales continue on a solid trajectory, but rural retailers, much like their urban counterparts, are experiencing downturns in sales.

Each month, community bank presidents and CEOs in nonurban agriculturally and energy-dependent portions of the nation return the Rural Mainstreet Index (RMI) that is a unique index covering 19 regional states, focusing on approximately 200 rural communities with an average population of 1,300. It gives the most current real-time analysis of the rural economy. Goss and Bill McQuillan, former chairman of the Independent Community Bankers of America, created the monthly economic survey in 2005.

IIllinois: The September RMI for Illinois increased to a feeble 32.1 from 21.2 in August. The farmland-price index rose to 26.3 from August's 17.5. The state's new-hiring index climbed to 50.7 from last month's 46.2. According to Fritz Kuhlmeier, CEO of Citizens State Bank in Lena, exceptional 2016 crop yields will make cash flows positive even with lower commodity prices. But Kuhlmeier says "2017 looks to be a real challenge on average crop yields without a reduction in cash rents." Illinois job growth over the last 12 months; Rural Mainstreet, 1.5 percent; Urban Illinois 1.0 percent.

Iowa: The September RMI for Iowa fell to a solid 56.2 from August's 58.3. Iowa's farmland-price index for September increased to 47.2 from 40.5 in August. Iowa's new-hiring index for September expanded to 65.1 from August's 58.1. Iowa job growth over the last 12 months; Rural Mainstreet, 1.9 percent; Urban Iowa, 1.5 percent.

Kansas: The Kansas RMI for September increased to 35.4 from August's 24.6. The state's farmland-price index for September advanced to a weak 24.2 from August's 13.4. The new-hiring index for Kansas increased to 51.7 from 44.6 in August. Kansas job growth over the last 12 months; Rural Mainstreet, 1.8 percent; Urban Kansas, 0.5 percent.

Minnesota: The September RMI for Minnesota climbed to 39.0 from August's 39.3. Minnesota's farmland-price index grew to 26.3 from 18.9 in August. The new-hiring index for the state expanded to 57.5 from last month's 49.9. According to Pete Haddadlen, CEO of the First National Bank in Mahommes, conditions in the area looked great, but were "a little wet." Minnesota job growth over the last 12 months; Rural Mainstreet, 0.1 percent; Urban Minnesota 1.8 percent.

Missouri: The September RMI for Missouri increased to 26.4 from 22.4 in August. The farmland-price index expanded to 29.7 from August's 14.9. Missouri's new-hiring index increased to 35.6 from 31.7 in August. Missouri job growth over the last 12 months; Rural Mainstreet, 8.2 percent; Urban Missouri 1.7 percent.

Nebraska: The Nebraska RMI for September sank to 61.2 from August's regional high of 64.5. The state's farmland-price index climbed to 46.9 from August's 43.5. Nebraska's new-hiring index grew to 64.9 from 59.2 in August. Nebraska job growth over the last 12 months, Rural Mainstreet, 2 percent; Urban Nebraska, 1.0 percent.

North Dakota: The North Dakota RMI for September increased to 20.9 from 17.8 in August. The farmland-price index climbed to 18.7 from August's 12.1. North Dakota's new-hiring index expanded to 37.8 from 25.6 in August. North Dakota job growth over the last 12 months; Rural Mainstreet, 8.1 percent; Urban North Dakota, 1.3 percent.

South Dakota: The September RMI for South Dakota fell to 52.1 from August's 54.3. The farmland-price index expanded to 41.2 from August's 27.3. South Dakota's new-hiring index improved to 62.8 from August's 53.3. South Dakota job growth over the last 12 months; Rural Mainstreet, 1.8 percent; Urban South Dakota, 3.7 percent.

Wyoming: The September RMI for Wyoming increased to 22.3 from 18.9 in August. The September farmland and ranchland-price index expanded to 19.7 from 15.6. Wyoming's new-hiring index increased to 48.5 from August's 39.6. Wyoming job growth over the last 12 months; Rural Mainstreet, -2.6 percent, Urban Wyoming, -3.2 percent.

The bullish news:

• U.S. non-farm payrolls rose by 156,000 in September and the unemployment rate ticked up to 5%.
• The Case-Shiller home price index fell by a seasonally adjusted 0.1 % for July and is 0.5% above the reading for July 2015.

The bearish news:

• The Creighton PMI fell below growth neutral for September.
• Surveys indicate that the Mid-America region manufacturing sector is losing jobs and economic activity. 
• Average hourly earnings rose 0.2% as employers struggle to find qualified workers.
• The U.S. trade deficit for August rose more than expected to $46.0 billion as the trade deficit with China widened to $33.9 billion.

October 2016