

Hello, loyal readers and SDAHU members: Editors can be demanding, particularly when publishing deadlines loom. For this rant, I begged for an extension to November 8—just so I could remark after the national election. After a long, long , last night, I was able to finally pull my jaw from the floor, and go to bed.

So, my rant, after the events of November 8? WOW...

Knowing I need to say more, I will. In the last edition of this rant, I mentioned that I would not underestimate Donald Trump again. Good call on my part. Despite the professional pollsters, modelers, and pundits spewing out numbers, and percentages stating otherwise, and being hugely outspent by the Democrats, and semi-abandoned by his own party, The Donald won this election decisively. He predicted it would happen, too. I did not think he could do this, and I am gobbling humble pie as fast as I can.

So, I congratulate soon to be President Trump on pulling off this almost improbable victory. He also did not hurt the downstream elections for his party. The Republican Party now has all three governing houses for the next two years- the White House, the Senate and the House of Representatives. Having seen what happened the last time one party had all three, I have some concerns about that...

Folks, this what a healthy democracy looks like, I guess. The popular vote is almost split in half, although the electoral college vote was dominant. We will show the world a peaceful transfer of power to a political newbie who plays the game unlike any other, to this point. Good for us.

What should we expect? I am almost afraid to guess. Certainly, some executive orders put in place by President Obama will be scrapped, because they are not law. Some of the most inflammatory visions we have heard for the past 15 months, like wall building, and deportation, and tearing up trade agreements, are stickier, and will require actual negotiation. It is likely not all of that will happen, as the new President learns to deal with the other entrenched power bases around him. If Trump really does know the “Art of the Deal”, he will need that skill in a big way in 72 days.

It is certain we will see a serious attempt to repeal the ACA. The “replace” part is another story, as the broad guidelines proposed by Rep. Paul Ryan are a long way from policy. Given that, I don’t think we will see an instant death, if at all. If the ACA does get voted out, a lot of its best parts will remain—guarantee issue, for one. I am not convinced that interstate health plan sales are a real answer to controlling premium cost, and I await the real structure of the proposed high risk pools. NAHU will be very busy over the next two years, trying to guide the policy changes in a way that protects insurance agents, and consumers.

About protecting health insurance agents and consumers—our SDAHU President, Mark Haskell, makes an impassioned statement in this newsletter, so make sure to read it. I will add these thoughts: the rush to the bottom in terms of compensation has begun in earnest. Not to name names, but Cigna now pays 0%. Anthem and Blue Shield have reduced their 2017 payments substantially. Healthnet has been steering business for over three years, based on what they DON’T want us to sell. Kaiser has always

underpaid. Sharp Health plan almost stands alone in actually making it barely profitable to write individual health plans.

Insurers lower commissions to lower their costs, for sure. More important, they lower compensation to force their most effective sales force to stop doing what we do well---insure people. The losses in the IFP market affect almost all carriers. The ones surviving best are either MediCal providers, or closed HMO systems. Control your network, and control your costs. Control what you sell, and lower your losses.

Last year, CAHU published a white paper on this topic, and partly as a result of that, CoveredCA requires carriers to pay us—something. We are far better off than most of the nation's health agents due to this fact, and the competitive nature of our marketplace. But, there must be a stopping place, or it won't be profitable to write health insurance for individuals. The loser in that proposition is the consumer.

NAHU has even started talking about this problem at the federal level, finally. So, take some heart, as the winds of change are blowing, and maybe for us.

Fortunately, the group insurance market is far healthier, and still compensate to a level that works. The fourth quarter is a plague of sorts, but we will all persevere, and come up for air after the Holiday Season passes. Not too fun. SDAHU is your association, and your board wants you to know that. We want you to have fun, and be happy, as well as successful. Please make sure to attend the Taco/Tequila Tuesday event on November 29th. I hope to see you there.