

Welcome to another SDAHU year. Since our last chat, health insurance reform has been excruciatingly prominent in the news. When I started writing this column many years ago, I hardly thought it would end up being a political opinion piece. But, I don't get to choose the workings of the political world, and can't ignore actions that are dangerous for my livelihood. So, here goes.

A fundamental theme and promise for the Republican Party since 2010 has been the repeal of the ACA. It does not matter to them that the current system works or does not work--only that it be abolished. With that as the pressure point, the first political victory was going to be health care demolition.

In case you have been locked in a cave for the past few month: Late this spring, in hardly their finest hour, the majority Republican Party cobbled together a confusing and insufficient reform bill, mainly intent on trying to reduce premium costs by allowing reduced benefits and reduced financial support. After the CBO scored the bill, the desire to lower premium part was going to be accomplished, but on the back of a lot of uninsured people, and concerns about affordability. Tack on some head-scratching and inflammatory amendments to appease the Freedom caucus, like defunding Planned Parenthood, and the bill was hopelessly incomplete, and not focused.

By barely passing their bill, the House passed the buck on to the Senate. Their task was complicated by the need to use Senate rules to enact Reconciliation, in which a simple majority of 51 can pass certain types of legislation. That slim 52-48 Republican majority is hardly unified, and has factions on the right and on the left. The Senate legislation was drafted outside of public view, and the result was the BCRA, which also was not ready for primetime, and drew criticism from the right for not abolishing the ACA, and from moderates on Medicaid funding. That bill never saw the light of day, as it was not going to pass the Senate by simple majority. After withdrawing to the conference room, a second version was put together, and it fell to the same fate as the BCRA. Finally, in a last desperate, the Senate tried the Skinny repeal to get the topic on the floor for discussion. In a dramatic thumbs down moment, John McCain joined two female Senators in dooming the majority. So much for repeal and replace.

It is possible that Republicans will push forward with abolishing the individual and employer mandates, and try to replace them with waiting periods and premium surcharges, to hold off adverse selection. Maybe the Medical Device tax will go away. Maybe Medicaid will move to state block funding. Maybe not.

At the end of the day, most of the ACA remains intact, for now, and changes to the law can only be done through executive order, or at departmental levels. With no Democratic support in either house for any of the Republican plans, and a President who is, at best, inarticulate on health care issues, the future of our health care market looks like a search for compromise between moderate Republicans, and moderate Democrats. There may be room to trade off some economic and tax wants for some healthcare wants. That is probably a good thing. The only lasting legislation is bipartisan.

The thing is, the cat is long ago out of the bag. Things have changed in the minds of Americans over the past seven years. The ACA systemized that health insurance is a right, not a privilege. The concepts of premium support, enhanced benefits for certain lower income individuals, and a huge expansion of Medicaid are not going away, and will have to be in any future reform. Assuming reasonable minds prevail, something will be done to assure insurance companies that Cost Sharing payments to will be continued for a couple of years. That will help stabilize the delicate and injured individual market, and slow the migration by insurers out of the marketplace. While not yet in a death spiral, this market can't absorb much more damage before it does spiral way.

The size of the individual market is less than 10% of the overall population, but its importance is greatly magnified in health reform discussion. The group insurance market is much larger, and continues to be pretty stable, and will remain so even if employer mandates are lifted, and Medicaid is modified. This insurance market works as well as the current system allows.

Sadly, the cost of health care delivery is not yet on the table; only access to getting insurance, and federal funding to make it appear affordable. Unless we are willing to address the cost drivers that push up the cost of getting care, we are not going to be very successful in reining in our world leading costs. Which brings us to SB 562, our state's Single Player option. In this case, California would abolish all private health insurance, and all the people who distribute insurance, and replace it with a state run single payer system.

I will not dig deeply into this one, as it others will in this issue. This bill is on suspense because it is half baked, and has no funding included. Although not dead, this bill is asleep for a little while. It is going to wake up at some point, and health insurance agents and insurers face an existential threat when that happens. I would like to point out that a Single payer system does at least attempt to address cost drivers, for \$400 billion better or worse dollars.... we simply have to find a way to make our hybrid health care system work better, or consumers will be convinced that there are other alternatives. The political pendulum swings back and forth, and the next sweep will be to the left. And maybe as soon as next year.

CAHU is preparing for the wakeup call. Remember, CAHU is entirely made up of people like you and me—agents, carrier reps, GA partners. We are all in this fight together, and there is a lot of work to be done. Your membership and passion are required more than ever. Stay tuned for a wild ride.

Barry Cogdill
SDAHU VP of Finance