

Message from CAHU President Richard Coburn Regarding Election Results

In light of the outcome of the national elections, which produced a Republican majority in the House and Senate and a Republican President, both NAHU and CAHU are watching the developments in Washington, D.C. closely. Our association now looks forward to continuing to work in the years ahead to make the American healthcare delivery system the best in the world. Our support for the private marketplace is undiminished. The upcoming changes to the health insurance marketplace underscore the importance of our agents being available to help consumers navigate the many likely changes ahead in the health insurance. CAHU is well positioned to assist in implementation of changes that enhance marketplace stability.

It is important to keep in mind that nothing can or will happen until January 20, 2017, when the President and Congress are sworn in and the formal transition of power takes place. Majority votes in both houses will be needed to change and/or replace the Patient Protection and Affordable Care Act. In the meantime, your association is working to gather and share information with you on what changes may be on the horizon.

Some of the issues now being presented and discussed by the key members of the transition teams include:

- Fixing the individual marketplace to make it work
- Keeping/not revoking the guaranteed issue
- Eliminating federal and state exchanges
- Providing tax credits directly to carriers
- Repairing the 3-1 age ratio
- Removing commission payments from MLR

Here are some examples of questions we have had from agents, and answers provided by Juli Broyles, our legislative advocate.

- *Even if changes are made at the federal level, do we think California will continue down the ACA model framework? What might that look like?* Everyone should keep in mind that California has its own statutory framework - distinct and apart from the federal law. California law will stand, even if the federal laws are changed, replaced, or repealed, unless the federal statute also dictates a dismantling of California law. I believe that California likely keeps Covered California. However, it may look and run much differently than it does today.

- *If exchanges go away and are replaced with an advanceable and refundable tax credit, will California shut down CoveredCA or continue as the source to access Medicaid/subsidies/cost sharing reductions?* At this point, it seems unlikely that Covered California would shut down anytime in the near term. They are fully funded for the current fiscal year. I believe that with the makeup of our Legislature and a same party Democrat Governor, it is very possible they will search to find new funding/tax dollars to keep as much of Covered California programs operational and intact as possible.

- *Will California enact comprehensive health care cost transparency legislation?* This is an unknown at this point. I have not heard nor seen any plans to do comprehensive cost transparency (whatever that would look like) have been

announced as of today.

- *If the MLR is adjusted or removed what impact will that have on agent compensation in California? Or, what happens if agent commissions are removed from MLR? Do market forces (competition) then naturally drive up compensation? If the Medical Loss Ratio is removed, there is no guarantee that commissions will go back to pre ACA levels. However, if the exchanges are gone, it is very possible that plans and carriers will need their marketing and distribution systems (i.e. licensed health care agents) up and working as they rework set market shares.*
- *If essential benefits are adjusted or removed, how will California react? Same with adjustments to community rating methodologies? What about actuarial values? Will California now be able to create new plans that are more affordable? Remember this is only a guess, but I believe that guarantee issue may stay, but ways may have to be found to permit other types of underwriting so that pricing has a stable basis again. I also believe it is likely that the recently passed balance billing repair will stay.*
- *Are high risk pools back on tap if we go back to IFP underwriting and the individual mandate goes away? Does the employer mandate and reporting go away? This is an unknown at this time for California. Certainly they are likely being discussed at the federal level with NAHU and transition team.*

It is important to note that everyone is examining every health care issue surrounding the ACA right now, including possible changes, reforms or repeals due to the upcoming change in the Presidential administration. However, nothing can be implemented until after the new administration takes office in January 20, 2017.

Please stay tuned to future CAHU updates, and please be patient because we all know this is going to be a bumpy ride.

Sincerely,
Rick Coburn
President

Questions/Comments: comments@cahu.org

