

Skidaway Island Republican Club

MAGAZINE

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2019 ISSUE NO. 2

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PRESIDENTS DAY DINNER - February 18: Corey Lewandowski & David Bossie

Former Trump Election Campaign leaders revealed a true image of the brilliant Donald Trump who defied the odds and the mainstream media blitz against him to begin his goal of draining the deep-state political swamp in Washington. See pages 2 and 3.

SIRC ANNUAL MEETING

Retiring Board Members were recognized: Paul Fisher, Marolyn Overton, Mary Ann Senkowski, Ray Suelflow. Officers were elected: President, Jack Sherrill,; Secretary, Mike Walters; Treasurer, Darryl Brown. New Board Members were elected: Darryl Brown, Quentin Marlin, Justin Redmond, Dave Resler, Scott Warden, Mack Webner. Also the Eckburg Award winner for meritorious service was named as Mike Walters.

TRUE PERSPECTIVES SEMINAR - March 26 - DA Meg Heap

After tackling gang murders in Savannah, Meg Heap's next challenge is curtailing domestic violence. See the priorities listed on page 7.

SENATOR DAVID PERDUE - April 23 Speech

Keeping the Senate is key to combatting radical Democratic goals like socialism, packing the Supreme Court and eliminating the electoral college. See page 8.

TRUE PERSPECTIVES SEMINAR - April 30 - Georgia Laws this Session

Senator Ben Watson and Rep. Jesse Petrea recap a host of bills passed this year on: Voting Reform, School Safety, Health Care and others. See page 9.

REPLACING OBAMACARE - Analyzing Georgia's Legislative Plans for guaranteed access to affordable health insurance for all. This might even cause ACA to be declared unconstitutional once and for all. On pages 10,11.

FUTURE EVENTS

May 28 - TP Seminar - Homeland Security & Criminal Aliens

July 19 - SIRC/SPR Summer Gala (Member Appreciation) - Delegal Marina, 5:30 pm, free.

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Presidents Day - February 18 - Corey Lewandowski and David Bossie on Trump's Enemies

At a sold-out audience for this year's SIRC Presidents' Day Dinner, former Trump Campaign leaders Corey Lewandowski and David Bossie and gave a riveting insight into Trump and how he faces the Fake News opposition.

They also autographed and gave out to every attendee a free copy of their latest best seller: *Trump's Enemies, How the Deep State Is Undermining the Presidency*.

Enemies From the Start

It's been a non-stop onslaught against the Trump presidency, not only from the Democrat/Liberals but also from the mainstream press. They who still can't get over how this non-politician, with no prior election experience, managed to defeat the "most qualified" candidate in history. Recall that the *New York Times* on Election Eve gave Trump only a 1% chance of being elected. And by 5pm on Election Day, the exit polls had pretty much corroborated the Clinton expected landslide. That changed drastically over the next few hours, as even the *NY Times* computer kept upping Trump's chances to a likely victory.

Hillary's disappointment was colossal, as she had scheduled her victory celebration just down the street from Trump Tower, as a sort of in your face gesture. Yet it was at Trump Election headquarters that Kelly Ann Conway got the surprise call from the Associated Press that evening predicting the eventual election for Trump, not just his surprise victories in Wisconsin and Pennsylvania.

Trump's Character and Record

While maligned from the Left and the mainstream press (93% negative coverage), Donald Trump, to those who know him, is principled, hard-working, brilliant, generous and caring – the exact opposite of those who demean him for purposes of trying to prevent his reelection. Sure, his tweets can be annoying and counterproductive at times, but let him have that one vice, as he neither drinks nor smokes. His short rejoinders may even have an effect on giving the mainstream press a favorable rating almost as low as Congress, and way less than half of his.

As for his critics who decry him not reading enough, he is a fantastically quick study from briefings. He also is adept at querying experts in America for insight on new initiatives, tapping into wisdom outside of Washington pundits.

To those who were worried about Trump's bona fides as a conservative, look at his track record, especially on the judiciary. Starting with Justice Kavanaugh's defense (other less combative GOP presidents might have caved, given the media campaign against Kavanaugh). Trump has also already appointed more Constitutionalist judges than any Republican president in history.

To those who criticized him for confronting NATO and jeopardizing relations with allies, NATO now has additional commitments for \$100 billion of defense spending

to meet their obligations under the original treaty. No other president had the instincts to do this.

Obstacles to Draining the Swamp

Trump has even had to fight some in his own party, when they realized he actually meant to drain the swamp and start to throw out some of the old and unsuccessful ways of governing. He even had to replace some early staff and cabinet appointments for not being on board with his new agenda (e.g. Rex Tillerson, H.R. McMaster, Reince Priebus). The new team is outstanding, e.g. Mike Pompei, John Bolton, Larry Kudlow.

For those elected in Congress, e.g. Paul Ryan, who did not fully accept the new direction, Trump had few options. His one regret was that the first two years of his presidency were a golden opportunity, with both houses of Congress allegedly with him, but not enough was done. Forgive him for not knowing fully how thick the "den of vipers" was in Washington. Even Trump who had dealt with some pretty formidable opposition in New York City business ventures, underestimated how much worse it was in D.C.

There were some missteps by him, especially on immigration. It took three rewrites on the security ban from seven named countries to get a 9 to 0 Supreme Court validation of the President's right to protect the country from potential terrorist intrusions. That track record from SCOTUS might even get him a victory in building a wall to thwart the coming invasion of caravans trying to enter illegally.

Attempts to Defeat Him From Obama FBI Loyalists

The revelations now are astonishing on the near treasonous activities by high ranking officials in the FBI and Justice Department. From Peter Strzok to James Comey and even possibly to Rod Rosenstein make it clear how much the Obama loyalists wanted to prevent a Trump victory or to have an "insurance policy" to see that he might not survive long as president. And the disappointing recusal of Jeff Sessions as Attorney General played into the continuing drama, as Rosenstein appointed a good friend of disgraced James Comey to continue the charade of some "Russia collusion" being uncovered. (Rosenstein's potential culpability in willingness to wear a wire to try to invoke the 25th Amendment to remove Trump has not been validated. If it is, that in itself is bordering on treason, as that Amendment was never intended as a tactic to oust a President for political purposes.)

It is now known that the original FISA application for spying on US citizens was turned down by the judge as unprecedented. It was only after FBI and Justice Department scoundrels leaked the fake "dossier" (paid for by the Clinton Campaign) to the liberal media who published it, that the next judge was fooled into complying because of the new "independent" evidence of possible cause.

(Continued on page 3)

Q & A Session

Q1. Why are not the obvious lawbreakers in handcuffs?

Frankly, the recusal of Jeff Sessions enabled all of this to continue. He was a loyal supporter of Trump from the outset, but his appointment as initial Attorney General will go down in history as a colossal mistake. Perhaps the new Attorney General William Barr can now correct some of the errors.

Q2. Should the Hillary Clinton investigation, exonerated by Comey, be reopened for obvious security violations under criminal codes?

David Bossie actually led the original investigation of the Clintons from Whitewater and beyond, but he recommended that Trump's reelection was far too important than retribution, even if justice is delayed. Maybe during Trump's second term, final closure could be pursued, as a deterrent to others contemplating such obvious violations as destroying evidence while an investigation is pending. Bossie is not saying "let bygones be bygones", but realize that Trump's enemies actually hate Trump more than they love America. So do not do anything now to lessen the chance of his reelection. Then pursue what is right after the election.

Q3. What is the most crucial thing Republicans can do to win in 2020?

Voter registration is the key, as the Democrats are motivated and still angry they lost in 2016, and are upping their ground game to counter the Trump phenomenon. Even in Georgia, they are banking on the loser in the governor's race to try to oust Senator David Perdue up for reelection in 2020. That would be a travesty, as he is viewed as a rock star in the GOP. We need even more like him to get involved, a successful business person who knows how to avoid the mistakes of traditional politicians.

Q4. What can Trump do to get more support among African Americans?

He already got twice as much as Romney or McCain got. With black unemployment the lowest ever, it is entirely possible to get even more support. If that happens, the road to victory for almost any Democratic candidate is very minute. Trump can actually point to his signing of criminal justice reform, which no recent president even attempted. This long overdue measure, if properly presented (unlike the fake news is doing), should appeal to minority populations in America.

Q5. Would a Democratic controlled Senate hesitate to go full "nuclear option", e.g., simple majority on every vote?

Absolutely, as they are totally committed to a leftist agenda, with no concern for the future precedent. (The implication is why would the Republicans be still honoring the 60-vote tradition?)

Q6. Can Trump win in the Supreme Court if his "emergency" declaration goes there?

Possibly, and it surely will get there as California's 9th Circuit is sure to try for a stay. By the way, the emergency route only gets him the last \$3 billion. Trump still has other measures to get more than that to start wall building.

Q7. Was Pelosi's confusion at the State of the Union caused by Trump not giving her the right text of the speech?

No, he would not do that, despite press speculation. Ponder her confusion as related possibly to her wishing America Happy Thanksgiving on Valentine's Day.

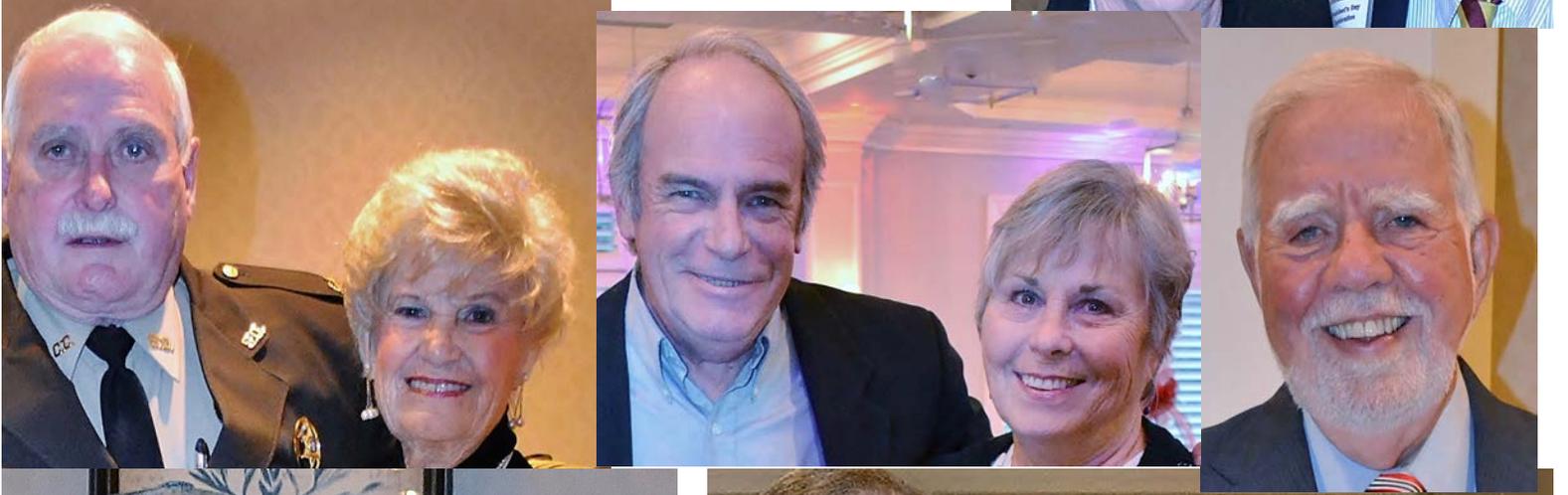


Corey Lewandowski was Trump's successful campaign manager during the primaries, and early Presidential Election campaign manager. He is now CEO of Lewandowski Strategic Advisors.

David Bossie is President of Citizens United, and served as deputy campaign manager for the Trump Presidential Election.



Presidents Day Dinner - Pictures 1



Presidents Day Dinner - Pictures 2



Presidents Day Dinner - Pictures 3



True Perspectives - March 26 - DA Meg Heap on Domestic Violence in Savannah

Chatham County District Attorney Meg Heap was first elected in 2013, and has dealt with a variety of challenges in the Greater Savannah from gang violence to now a vexing issue of domestic violence. In fact, the fatalities from gang violence have declined in the past three years (murders down by nearly a half), due to special measures instituted by DA Heap.. Yet, the incidence of domestic violence has actually increased, because some of the incipient causes of violence got transformed back to broken homes.

In solving some of the gang violence problems, it became clear through Project Intercept, that truancy investigations from teacher interviews in problem schools were an early sign of domestic problems Half of the homeless women and children are on the street because of domestic violence. The effect on children can be permanently devastating. In Savannah, there are over 3,000 Police Department calls a year regarding domestic disturbance, and almost 600 Domestic Violence Battery charges, and an average of six homicides a year over the past five years. (See chart below on the potential costs of a homicide from domestic violence.) No wonder Savannah's Safe Shelter is so crucial.

But there are problems preventing women from getting the truth out. Often it takes meeting with nine different agencies that have some jurisdiction on the cases, such as Police, Legal Aid, Social Services, Safe Shelter, Child Support, etc. This bureaucracy needs to be streamlined, and Sand Diego has designed a remedy to this problem.

San Diego Project

San Diego began a program by having all such agency representatives appear at a single location to coordinate the information at an early stage convenient to the victim. This procedure has cut down the number of homicides drastically in San Diego, from 30 a year down to 3!

They did this by speeding up the prosecution of offenders. Too often there are delays that allow perpetrators to line up "dropped charges" affidavits by victims. Many times those affidavits are fraudulent obtained or even forged by defense attorneys for the perpetrators.

Q&A Session

1. Is violence from illegal aliens a problem in Savannah now?

There is some evidence that crimes are being committed by those on the list for ICE detention, but not a problem of MS13 gangs.

2. Is human trafficking a problem here in Savannah?

Not especially large, but it does exist. It is particularly hard to pursue criminal charges because the girl victims are reluctant to admit they have been trafficked, until they have been through extensive counseling.

3. Are there ways this community can help in the DA pursuing her strategy of combatting crime?

There may well be some funding needs after the goal of a special building is purchased to coordinate domestic violence investigations. More will be realized on that progress this April.

4. Are there problems with domestic violence protective orders that expire?

More vigilance is needed on the victims disclosing resumed verbal threats so as to continue the protective orders.

5. Are there still problems with too lenient Parole Boards releasing still violent criminals who repeat their crimes?

This is a continuing problem, as evidence of felonious behavior in prison is somehow not admissible or obtainable, under privacy contentions. Many of the too early released criminals would not have been let out if those behaviors were known to the DAs who could have pled the case better on not allowing early release.



Cost of One Domestic Violence Murder

	Cost
Four police responses	\$582
Two temporary restraining orders	400
180 day jail term	9,292
Two years probation	4,104
One emergency room visit	855
Two weeks in DV Shelter	2,094
One week in shelter (x3)	4,200
One year in foster care (x3)	18,756
Coroner's autopsies (2)	5,500
Court prosecution	1,500,000
State prison entence (two life terms)	1,000,000
Total	\$2,555,783

Senator David Perdue Speech - April 23 - Keys to Combatting Radical Democrats' Plans

During an early campaign stop on Skidaway Island, Senator Perdue highlighted his motives for seeking reelection to the US Senate. Previously a Fortune 500 CEO, he had wanted to help drain the Washington swamp and preserve America's founding principles. Now he is even more determined to defend those principles, in face of radical Democrats pushing Socialism.

He recalled Winston Churchill's quote: "the inherent vice of Capitalism is an unequal sharing of blessings and the inherent virtue of Socialism is the equal sharing of misery." Socialists have tried for 100 years to woo people to their goals, but America has steadfastly resisted. Our last 70 years of unprecedented prosperity has resulted from a counter philosophy of: opportunity for all, freedom and individual liberty.

There have been only four times when one political party had a super majority (President, the House and a filibuster-proof Senate), all under Democrats. What did they do with such concentration of power? The New Deal, the Great Society, Dodd-Frank and ObamaCare - now recognized as utopian dreams of success, but abject failures. Despite spending trillions in the War on Poverty, the poverty level of the U.S. population is virtually the same as when Lyndon Johnson started.

The Department of Education, created by Jimmy Carter in 1974, has nothing to show for it but a decline of U.S. education quality to now 24th in the world, or worse.

Sen. Perdue also decried Democrats' pure power aims rather than the greater good for the most people. Obama's legacy was our next generation facing, for the first time in American history, an overall decline in prosperity.

Amazingly, Trump's presidency has started a major reversal of this trend in an incredibly short period of time. This is being done without the support of the mainstream press that literally hates his attempts to drain the swamp,

President Trump immediately tackled major past policy errors: overreaching regulations, energy decline, tax disadvantages, and the misguided Dodd-Frank revision of the financial system.

Trump removed 2,000 regulations, allowed ANWAR drilling, and engineered a huge overhaul of the tax system. This freed up corporate investments, returning overseas capital hostage to antiquated rules on repatriation.

The result: five million new jobs in America and unemployment now at a 50-year low.

Need to Keep the Senate

Democratic leadership is taking dead aim to take back Senate control by winning at least five Senate seats. Georgia is a top priority (barely missing in the Governor's race by a single point).

With Senate control, their professed priorities would be:

- Pure Senate majority votes, with a nuclear option to have no votes subject to filibuster
- New states created in DC and Puerto Rico
- Packing the Supreme Court with four additional judges.

Early evidence of their ruthless quest is the first time ever use of a 30-hour debate rule on all new appointments. This has crippled Trump's ability to appoint key Cabinet leaders and officials. Only now has the Senate been able to cut the debate to two hours on some nominations.

Several domestic agenda goals for the GOP in 2020 stand out: Immigration, Trade and Infrastructure. Internationally, China and Russia lead the challenges for the U.S.

Q&A Session

1. Has the mainstream press ever been this biased before? Possibly, but not so blatant. At least Walter Cronkite kept his opinions to himself when broadcasting the news (but topic selection still reflecting his liberal bias).

2. What about social media? More skepticism is needed. For example, we now know that most of the initial stories on the Colin Kaepernick kneeling controversy were stoked by Russian agents trying to create havoc.

3. What is your view of term limits? Still strongly in favor, Sen. Perdue's first Senatorial Bill introduced was to limit service to at most 12 years. It is a major goal to return our country to what the Founding Fathers wanted.

Little known fact: until 1913 we had basically a citizen Congress, with shorter legislative sessions, like Georgia is today. The 17th Amendment directly elected Senators and created a national politician class. Their primary goals were reelection, as it now could become a career to stay in Washington. When Perdue first got to Washington, 60 Senators had at least 20 years of tenure and 23 had over 30 years.

4. How can we help to reelect Senator Perdue next November? The key is voter turnout, although donations will help to stay within one third of what the Democrats plan to spend in Georgia. Don't just exhort others to vote; actually, take them to the polls.

5. How critical is the border crisis? He acknowledged that most of the illegals now have come from overstaying Visas, yet the new caravans are bringing much more. He recently went back to a border town in Texas and observed some startling actions one night. Captured illegal border crossers revealed their strategy and methods. They all had phone numbers for their ultimate destinations, e.g. NY City or Miami. They also had little cash on them, admitting they paid an average of \$6,000 to Cartels to get them to the border, and from whom they got the phone numbers. This implies a \$2 billion a year business for the Mexican Drug Cartels. Human trafficking of young girls for the sex trade is part of this, and a horrific human tragedy. Yet the drug element is far greater in dollar impact, as only 10% or so of the drugs are actually interdicted. While ICE agents are chasing human entry, the drug cartels are elsewhere making drug transactions.

On the border Wall, Trump is actually building another 400 miles of barriers, upping by 27% what had been routinely authorized and built under predecessor presidents.



Our two local representatives in the Georgia General Assembly gave their summary of Georgia's legislative results this year. Dr. Ben Watson has just been elected as Chair of the key Senate Health and Human Services Committee. Rep. Jesse Petrea has authored several key Bills about to be signed into law by the Governor.

Overall 279 bills were introduced by the Senate (with 57 senators, 36 Republican) and 701 by Representatives (with 180 total Representatives, 103 Republican). 234 total Bills were then ratified by both Houses and ready for Governor signature (104 first originating in the Senate).

Voting Reform – House Bill 316

This is unique combination of streamlined electronic voting with a fail-safe backup system of a backup paper trail, should an audit be needed to validate the election. According to Jesse Petrea, this was opposed by the Democrats in Georgia who preferred a pure paper ballot.

School Safety – Senate Bill 15

This requires a threat assessment and a communication coordination by local public schools. The state budget includes \$70 million to allocate \$30,000 to every school in the state to implement the recommendations.

Oyster Farming – House Bill 501

A hundred years ago Georgia led the nation in harvesting oysters, which faltered due to a decline in canned oysters. Now Georgia can begin to restore this industry by allowing leases on inter-tidal water bottoms to establish recoverable traps of growing oysters.

Shoreline Protection – House Bill 445

This fixes the ambiguity of shoreline definition being based on the location of 20-foot trees, many of which have long been changed or eliminated. The new law, if signed by the governor, would create a 25-foot regulated zone that would promote dunes as a major protector against storm surge from a hurricane. Indeed, some of today's dunes have holes to ostensibly allow pedestrian access. These actually allow flood waters to penetrate inland. Access should be via boardwalk over the dunes.

Military Retirement Pay Tax Exemption – HB 7

Carried over to 2020, this would exempt military retirement pay from state income tax. There are some 61,000 now on duty across 13 military bases in Georgia. A number of them might like to settle in Georgia for a second career, with critical skills useful for jobs now available in the private sector in Georgia.

Preserving Historical Monuments – Senate Bill 77

creates a misdemeanor and treble damages for destroying or damaging public or private historical monuments.

Georgia Budget

The new statewide budget of \$27 billion was approved within the balanced budget guidelines required by law. This has grown faster than most states because of Georgia's growing economy and population. Georgia is only one of four states that have retained a AAA bond rating for the past 22 years and throughout the financial crash in

2007/2008. The new budget also includes a contingency reserve of \$2.5 billion for unforeseen crises.

Health Features of Georgia Budget and Legislation

Georgia never fell for the ObamaCare lure to expand Medicaid eligibility to those earning 138% of the federal poverty level. The offer of full subsidy was only for a period of time before reverting back to state payments.

Medicaid is not really insurance, and many doctors do not like the price controls of the federal government, and many counties have a real shortage of practitioners such as obstetricians and general medicine.

Instead Georgia's "Patients First Act" seeks waivers for using Medicaid funding for the "Georgia Way", where the goal is to get service to patients without their having to use hospital emergency rooms for primary care medicine.

Jesse Petrea also introduced a measure to actually replace ObamaCare with a better system, which will be completed next year. It is complex but workable, and it retains free market principles to avoid ObamaCare's basic premise of the federal government taking over one sixth of the American economy and reducing choices.

House Bill 233 prevents pharmacy benefit managers from gaming the system. House Bill 324 allows licensing of marijuana growing for medicinal oil without the "high" of marijuana, and not for recreational use.

House Bill 481 – the "Heartbeat Bill" - bans abortion once the baby's heartbeat is detected in the womb. Other states will likely contribute to getting this to the US Supreme Court, possibly overturning Roe v Wade Decision of 1973. That decision was rendered under "privacy" concerns, as the Court admitted there was little evidence on when life begins in the womb.

Q&A Session

Q1. Was anything more done this year to promote allowing weapons in classrooms or churches to thwart mass murder attempts?

Not needed, as legislation allowing it was passed last year, and entities have been acting on it. For example, one attendee described the Cathedral downtown regularly having a uniformed office attend services with full view of the weapon he has on his hip.

Q2. What's been done to reform the parole process, where some violent offenders have been let out early?

While formerly seven years was allowed for murderers to seek parole, that time has been amended first to 15 years and now to 30 years. Yet other violent offenders are occasionally let out after only serving seven years. There may have to be a Constitutional amendment in Georgia to change things more aggressively.

Q3. Can the legislature help correct some poor decisions by the state in allowing or fomenting college mergers and downsizing, e.g. Armstrong and Georgia Southern?

The Governor appoints the Board of Regents that makes those decisions, the legislature can only control issues involving bonding to build or reconstruct schools.



REPLACING ACA - But Keeping Its Major Goals, By Michael A. Walters, FCAS

A letter to the editor of the *Savannah Morning News* asked the Legislature to opt into ObamaCare's Medicaid expansion via \$300 million of state funds to get \$3 billion from ACA's generous federal subsidy. The temptation is real: this promise of 90% federal funding of the new recipients in each state seems to be long term.

Yet there was little mention of how the feds plan to pay for this generosity. Before this ACA expansion to allow those up to 138% of the federal poverty level to participate, Medicaid was already almost 10% of federal spending. On top of that, states were spending about 25% of their total budgets on the state commitments to Medicaid – a colossal expansion of its original design in the early years after 1965, when Medicaid was only about 1% of the federal budget. Total spending now is well over \$700 billion per year!

Is Medicaid Expansion the Answer?

Doctor and hospital fees are government price-controlled under Medicaid. This is causing many health practitioners to opt out. Further, the average total spending per Medicaid patient is 40% higher than those with traditional insurance. Scheduling multiple visits of short duration gets over the limits per visit. And government scrutiny of bills is not as vigilant as private insurers at risk of losses.

Why are we not surprised that a federal government designed system is not that efficient? Look at the VA results. Maybe there is a better way to solve an uninsured problem which was estimated at a little more than 15% back when ObamaCare was proposed.

Need to Replace ObamaCare

Should Georgia pony up an extra \$300 million a year to perpetuate this overall federal government overreach program? No; better to use it to replace ObamaCare.

Already most insurers have exited the exchanges as the subsidies from government have run out, and exchange policies are very expensive. Congress mandated pre-existing condition (PEC) coverage at no extra charge, as they did for unlimited lifetime benefits.

Did Congress have Constitutional authorization to mandate those coverages? Is that part of the enumerated federal powers in Article I, Section 8 of the Constitution? Definitely not. Only states can mandate coverage. They do it for auto liability insurance.

In 2012, SCOTUS struck down ObamaCare's mandate to buy health coverage, and instead charged a tax for the general welfare (allowed in Article I, Section 8) if a young person elected to opt out of the overpriced cover.

The ACA drafters designed this extra burden on the generally healthier young to try help older insureds. Yet this is a clear violation of a key actuarial pricing principle to reflect the true costs of an individual risk transfer.

For all of ACA's promises to totally reform the health insurance system and solve the uninsured problem, it fails to deliver. In 2010 before its passage, 17% of non-elderly population were uninsured, 6% had an individual policy and 17% were in Medicaid. In 2017, only an additional 2% had an individual policy, while Medicaid grew by 5%,

but 10% were still uninsured. Medicaid was the real increase, with all of its massive costs, and still under the gun to prove it has better results than being uninsured.

Is there a better way to cover the two popular features of ObamaCare: guaranteed access to basic coverage and subsidized PEC coverage? Yes, and states can do it Constitutionally.

They can do to it more economically as well. ACA exchange premiums have more than doubled, and deductibles are often \$6,000, and \$12,000 per family.

How to Replace ACA by State

A bill has been introduced in Georgia to accomplish the goals of ObamaCare but without its failures. It first guarantees basic health insurance coverage to every citizen via an assigned risk plan (ARP) similar to auto insurance. And it does it with some subsidies on ARP premiums.

The ARP policies will also cover some low-risk pre-existing conditions (e.g. asthma, hypertension, migraines, sleep apnea, ulcers). A condition is only pre-existing, and normally excluded from basic policies, if it has been diagnosed by a physician and treatment has been recommended.

Georgia will also guarantee access to a high-risk pre-existing condition state pool, with subsidies that are means-tested so the subsidy fund doesn't get depleted by more affluent people using it.

That subsidy fund, of necessity, needs more than a \$100 million start-up from the state of Georgia. It will require some federal grant money to have a more meaningful means test. Some of the federal grants can come from what would have gone to pay for the expansions built into ACA (free total PEC coverage and lifetime unlimited benefits).

A market assistance plan (MAP) is also targeted to help find free-market coverage that is cheaper than the Pool premiums, from specialty companies, for example, dealing in diabetes. The subsidies can also be used for that lower premium coverage found by the MAP.

Actuarial Pricing Principles Allow Competition

Another major feature in Georgia's plan is to allow insurers to price using actuarial principles, reflecting the true costs of an individual risk transfer. Insurers will now be allowed to charge much lower rates to young people, so they don't have to unwittingly subsidize others.

In auto insurance, for example, with actuarial principles allowed, there are generally 50 or more insurers competing vigorously in each state. Including the built-in subsidies of assigned risk plans, the total profit margins for the industry over the past decades have been about 4% of premiums, before tax.

Admittedly, there is no counterpart to PECs in auto insurance, so the random assignment of higher risks to participating insurers works well. In homeowners insurance, there is a counterpart to PECs in the form of hurricane risk in southern states.

Continued on Page 11

Therefore a carve out is needed, with a separate policy to cover hurricane, because coastal risk can be ten times that of interior counties. A separate facility covers catastrophe wind and a separate subsidy system to help pay for it. This is so competing insurers are not at a severe disadvantage if they were to get assigned a disproportionate share of the catastrophe-prone risks.

Will Georgia Law Stand Constitutional Scrutiny?

By countering so many features of ObamaCare (no free PECs and not overcharging young people), Georgia's system is sure to get early cert with the Supreme Court.

But unlike the 2012 decision to allow ACA to continue with a loophole new "tax" instead of a mandate, the Georgia law strikes at the very heart of ACA – namely the federal government mandating coverages in a private insurance system.

Furthermore, in 2012 there was no alternative to the ambitious attempt to solve the uninsured problem in the U.S. with features the public liked: e.g. guaranteeing a policy and covering pre-existing conditions.

Today, the solutions outlined in Georgia's law are much more practical and sustainable. A fair conclusion of these circumstances would predict the final demise of the ACA in at least a 5-4 decision at SCOTUS, with little fear of public remorse at the loss of ObamaCare. Instead a clear path would exist for the two features of ACA that the public really liked: guaranteed access to affordable basic health insurance, and subsidies to help those with pre-existing conditions.

Other States Will Benefit As Well

Other states can then start to implement programs like Georgia's, and with minimum disruptions. This is especially true if there is an effective date delay on ACA's demise to accommodate grandfathering coverage for a time so as not to disenfranchise insureds.

Congress would then be under immense pressure to block grant back to states at least 1% of their federal tax revenues to help subsidize PECs. Also, Congress should level the tax playing field between group and individual policies. The latter have tremendous advantages in portability, which workplace coverage does not have.

The state solutions to replacing ACA will produce different systems, which is what federalism is all about. The scrutiny on how to handle a sixth of our economy will focus quickly on the early winners and losers. And states needing to change will have some real-world successes to emulate. It is also easier to change a state system than to get a polarized national Congress to act.

Some states may even try the mandate route to help hospitals avoid costly unpaid ER bills. Instead, actuarial pricing by state will allow low-cost catastrophe policies to be very attractive to younger people so there may not be a need to mandate. Banks may even insist on a young credit card customer carrying one of these low-cost HSA-type policies to avoid the risk of defaulting on a \$20,000 loan if an accident or illness befalls one of these "invincible" new customers.

ACA Was Doomed from the Start

Many have opined that ACA's 2600 pages of colossal complexity (which hardly anyone read before passing) was just a stop-gap measure before single-payer socialized medicine would be proposed. And in fact, that has just come to the fore, with "Medicare For All" a slogan of many presidential candidates.

Medicare started in 1965 under the guise of the Great Society, is now underfunded by some \$45 trillion present value! This about double our official national debt of \$22 trillion, which comes from official government bonds.

This means we need a separate fund of \$45 trillion in the bank – not in a lock box – and earning interest to pay for the single payer Medicare promises that Congress has made to the American people.

This also means that in a generation or two, without a major fix, all of our federal revenues will be needed to pay for the entitlement programs of Social Security, Medicare and Medicaid. There will be no money left to pay for national defense, or the interest on the national debt, or any other government program!



Medicaid May Need a Reform as Well

There are also separate studies showing that overall health results of Medicaid patients are no better than those without insurance. There may be some other reasons for this, but suffice it to say that the proponents of spending over \$700 billion a year on this program have some explaining to do on why alternatives should not be considered, versus throwing massive portions of our GDP on this out of control program.

Medicaid has many practitioners opting out that patients often now seek treatment in hospital emergency rooms. Yet is it really insurance? Technically no, as insurance is the transfer of risk of a big loss with the payment of a premium for the transfer of risk. And society benefits from traditional insurance as the overall risk is lower.

With so much inefficiency and likely fraud, the overall costs under Medicaid are much higher. And there is no incentive to control visits as there are no deductibles or co-pays like in real insurance to make the patient decide to avoid unnecessary procedures. This is endemic to third party contracts where the patient is shielded from the costs. This also happens in employer-based group insurance, where a typical comment from providers is "what do you care about the cost of that procedure, as somebody else is paying."

This is one of the major benefits of health savings accounts (HSAs), as forsaking small procedures or tests inure to the benefit of the patient because unspent funds in one's HSA can convert to an IRA for retirement.

Michael Walters is a Fellow and Past President of the Casualty Actuarial Society.



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