

Vermont Gov. Douglas, Democrats spar over community rating

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MONTPELIER (AP) — Senate leaders this week urged the Douglas administration to leave the current community rating system for health insurance as it is, saying a proposed change would limit access for most consumers and hurt small businesses as well.

"The governor has a point which we agree with: The cost of health care is too high," said Senate President Pro Tem Peter Welch. "But the erosion of community rating is the worst thing to do, and this is the wrong time to do it. It will make the problem worse, not better."

Gov. James Douglas said the Democrats didn't know the details of his proposal. He denied that it would cost anyone their ability to get health insurance.

Community rating requires that premiums be calculated without regard to an individual's age, health or risky behavior.

Douglas has long vowed to change Vermont's community rating system to make it more flexible by allowing insurers to charge extra in certain cases or give discounts in others.

He is considering a plan to allow insurers such deviation from the system, said John Crowley, commissioner of the Department of Banking, Insurance, Securities and Health Care Administration. That would encourage more insurance companies to do business in Vermont, which would increase competition and lower rates for consumers, Crowley said.

"Insurers have told us that if they're going to come into Vermont, or back to Vermont, that they will only do so for several reasons, one of which is deviation from community rating," he said.

Welch and Senate Health and Welfare Committee Chairman James Leddy disputed that increasing the number of insurance carriers would lower rates.

"Insurance competition is based on efficiency of administration and the ability to negotiate favorable payment rates with providers, not by dumping sick people off coverage or denying coverage to those Vermonters with a pre-existing medical condition," Welch said.

Douglas doesn't need permission from lawmakers to change the community rating system. He can implement the changes by writing new rules. □