

## States Try to Expand Health Coverage

BY MARY ELLEN SCHNEIDER  
Senior Writer

NASHVILLE, TENN. — State policymakers are seeking innovative approaches to expand access to health insurance.

“There seems to be renewed interest in trying to build on [employer-sponsored insurance],” Sharon Silow-Carroll, senior vice president of the Economic and Social Research Institute in Teaneck, N.J., said at the annual conference of the National Academy for State Health Policy.

Trends that have combined to spur action in this area include the decline in employer-sponsored insurance, the financial strains on state Medicaid programs, and the rising cost of health care.

States have responded with a number of different approaches:

► **Limited benefit plans.** Some states are allowing the sale of lower-cost, limited-benefit plans and other options such as health savings accounts coupled with high-deductible plans.

► **Premium assistance.** Other states are offering premium assistance through Medicaid, State Children’s Health Insurance Program (SCHIP), and other public programs. For example, Rhode Island offers subsidies and wraparound benefits to those eligible for Medicaid and other state health programs. For those individuals who earn 150% of the federal poverty level or less, the state pays the employee’s share of the employer-sponsored premium.

► **Reinsurance.** There has also been a lot of interest in reinsurance through indirect subsidies to employers and workers, Ms. Silow-Carroll said. New York pays 90% of claims between \$5,000 and \$75,000 for eligible individuals.

► **State-negotiated health plans.** States are also using their purchasing power with or without additional subsidies to provide more affordable health insurance options.

► **Employer mandates.** State policymakers can also try to increase employer-sponsored coverage with mandates that require employers to cover workers or pay a fee to the state to arrange coverage. Such a proposal was recently defeated in California.

Such “pay-or-play” proposals “reemerge every few years in the states,” she said. “If a state is very serious about boosting [employer sponsored insurance] in a big way, a pay-or-play type approach really should be on the table as one of the options considered.” All of these strategies can stand alone but should comprise a comprehensive approach that deals with cost containment, cost issues, and quality issues, and aspects of different uninsured populations.

Strategies that build on employer-sponsored insurance have advantages for states, Ms. Silow-Carroll said, because they offer a way to expand access to coverage without the state bearing the full cost.

But a key limitation, she said, is that under voluntary strategies there has historically been fairly low employer participation—especially among employers who have never offered coverage in the past. ■

## Juries Deliver Differing Vioxx Verdicts

BY MARY ELLEN SCHNEIDER  
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The pharmaceutical industry may be breathing a collective sigh of relief over the latest court verdict involving Merck & Co.’s Vioxx, but it may not be time to pop the cork on the champagne.

Experts say the two very different jury decisions handed down so far could still have some negative implications for the

pharmaceutical industry—as well as for physicians.

In August, a Texas jury awarded \$253 million to the widow of a man who died after taking Vioxx (rofecoxib), but in November a New Jersey jury found no fault with the company’s actions in the case of a man who claimed that taking Vioxx contributed to his having a heart attack.

This latest verdict is “definitely a huge victory for Merck,” with its implication

that at least some of the 6,000 pending cases against the company will be dropped, said Daphne Monie, Ph.D., an analyst in the immune and inflammatory disorders group at Decision Resources Inc., a market research firm that conducts analysis of trends in the drug industry.

However, it could spell trouble for the pharmaceutical industry.

The first case shows that a jury is willing to hold the company responsi-

