

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.

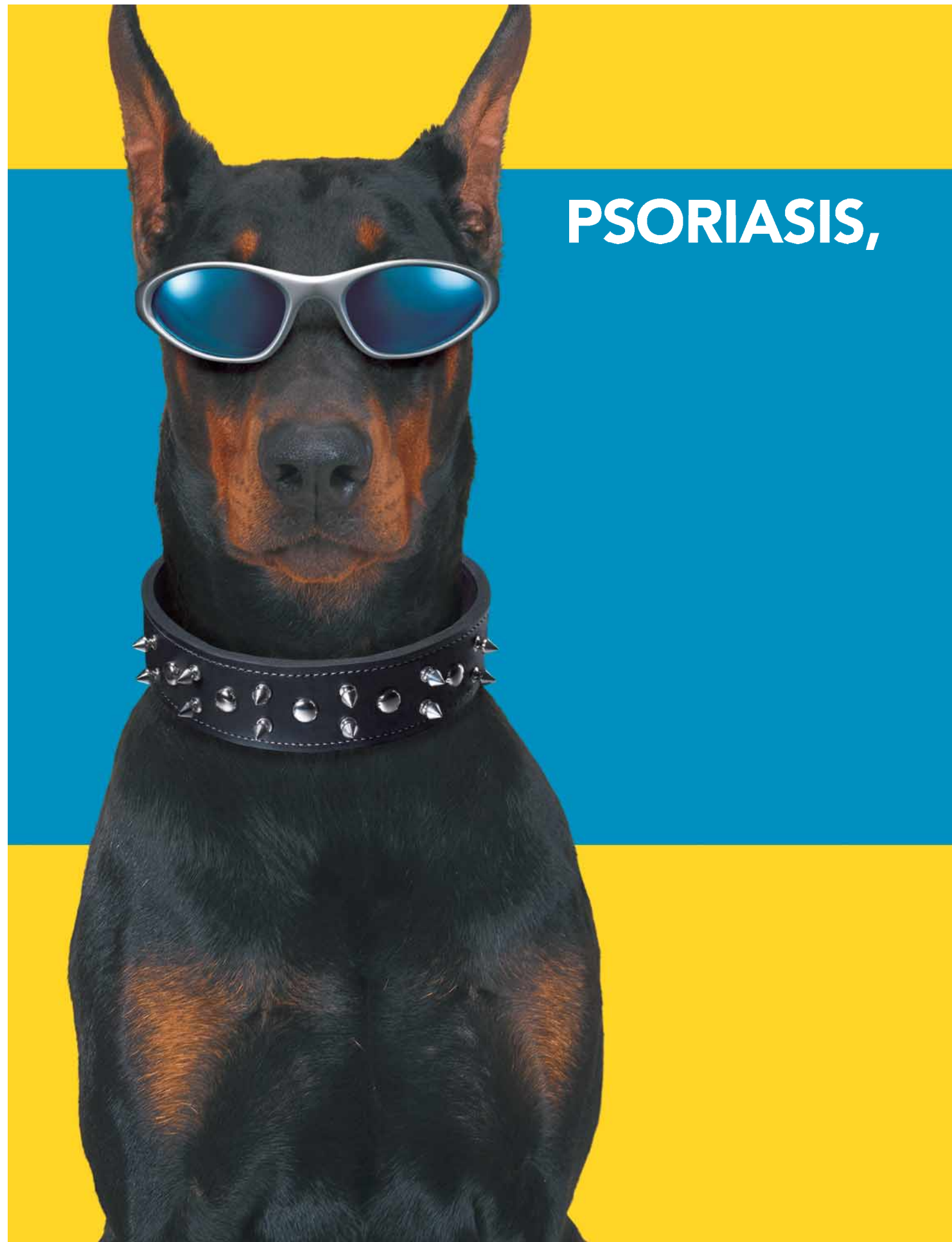
In August, a Texas jury awarded \$253 million to the widow of a man who died after taking Vioxx (rofecoxib), but in November a New Jersey jury found no fault with the company’s actions in the case of a man who claimed that taking Vioxx contributed to his having a heart attack.

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-



ble for the adverse effects of the drug, even as a different jury concluded that the company provided adequate warning to physicians and the public about risks. When taken together, the verdicts send the message that drug companies could be held liable for adverse effects even when the risks are properly disclosed, she said.

And it's possible that physicians could also become the target of lawsuits. If the precedent is set that Merck can be held liable for adverse events even when providing adequate warning about the risks, physicians may be held responsible for prescribing the drugs. At press time, Dr.

Monie knew of no such cases against physicians involving Vioxx.

But Dr. Eric Matteson, a rheumatologist and professor of medicine at the Mayo Clinic in Rochester, Minn., said that cases against physicians are unlikely because Vioxx was an FDA-approved drug and there were limited warnings about its use. "I think physicians prescribed in good faith," he said.

The two very different verdicts in these cases reflect the complexity of trying to attribute cardiovascular events to exposure to a particular drug especially when other drugs and comorbidities are involved, he added.

The risk information about cyclooxygenase-2 (COX-2) inhibitors in general has made everyone a lot more cautious. It definitely seems to be slowing down the release of new COX-2s onto the market, he said, and it may have an effect on the willingness of physicians to prescribe COX-2s when the agents do become available.

Physicians should be aware that these drugs have a limited utility and that global prescribing for pain and inflammation in unselected patients is not a good practice, Dr. Matteson added.

Regardless of the recent verdicts, the courtroom is not the best place to be de-

bating the safety of Vioxx, said Dr. W. Hayes Wilson, who is a national medical advisor for the Arthritis Foundation and chief of rheumatology at Piedmont Hospital in Atlanta.

"There is no correlation between jury verdicts and scientific literature," Dr. Wilson explained. "Scientific literature is not best evaluated in a court of law." In that context, the jurors can only decide based on the information that is presented to them.

The likely outcome of all the events surrounding the withdrawal of Vioxx is that there will be fewer choices for patients, he said. ■

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