

Public Policy Position

THE UNINSURED / HEALTH CARE REFORM IN THE U.S.

Merck supports health care system reform in the U.S. that will ensure affordable access to health care coverage for all Americans. There are approximately 47 million uninsured people and that number grows each year. The Institute of Medicine estimates that about 18,000 Americans die each year because they do not have health care coverage. Merck believes the country must come together to address this issue in a fair and responsible manner. Merck supports the specific policy components discussed below. We are open to other fair and responsible ideas that provide coverage for the uninsured. Merck is committed to working actively to support health care reform, and we hope our participation and support for specific policies can help facilitate a consensus to take action.

1. Merck believes that all Americans should have access to quality, affordable health insurance coverage. Without coverage, millions of Americans are denied access to needed health care including prescription medicines and other basic services. Without coverage, our health care system will not deliver its full value to all.
2. Merck believes that action toward health system reform and coverage for the uninsured should be built on the following broad principles:
 - Reforms should rely on market-based competition to improve quality, control costs, and continue to encourage the innovation that has made the U.S. system so remarkable.
 - Reforms should build upon the existing public/private health care system. There are important roles for both government and the private sector in providing and financing coverage.
 - Reforms should reflect shared responsibility among all including individuals, government, and employers. This responsibility should include fiscal responsibility to ensure that change is affordable and sustainable. We should encourage those who provide good coverage and those who have good coverage to continue that coverage. We should enable those who cannot afford coverage to gain coverage.
 - Reforms should address not only the issue of coverage but also the need for reforms in our health care system to improve value and increase quality.
3. Merck will work actively to support health system reform and hope that our participation can facilitate a consensus to take action.
4. While there are a variety of paths to achieving universal coverage that would be consistent with our principles, Merck has identified the following specific policies that we believe would make universal coverage possible:
 - Merck supports enforceable requirements for individual purchase of insurance that provides at a minimum catastrophic coverage. This provides stable financing and fairness of the health care insurance system.
 - In order to ensure affordable access for all Americans, the government should subsidize the purchase of comprehensive coverage so that people of limited financial means do not face barriers to access. Government should assist people with limited means in purchasing coverage in the following ways:

Public programs should be used to cover the most vulnerable of the currently uninsured who have no connection to employer-sponsored

coverage. In particular, Merck supports expanding the federal-state Children's Health Insurance Program (S-CHIP) to cover all uninsured children up to a reasonable level above the federal poverty level who do not have access to other coverage, and using Medicaid to cover uninsured adults up to 100 percent of the federal poverty level who do not have access to other coverage. Public coverage must be comprehensive and public sector programs should be encouraged to use private sector coverage options, including insurance buy-ins and health plan contracting.

For other individuals of limited means (e.g., those individuals up to 300 percent of the federal poverty level), Merck supports providing a refundable and advanceable federal tax credit for comprehensive coverage. "Advanceable" is a concept that would allow the estimated tax refund to be paid monthly to the consumer or the insurer.

- Merck supports making the tax treatment of individually-purchased health insurance coverage the same as the tax treatment of employer-sponsored insurance.
- Merck believes that employers should be required to provide access to insurance for their employees and to support some portion of the premium costs. Those who do not should be required to provide financial support to the government for its role in assisting with the purchase of insurance. Employers benefit directly and indirectly when families have adequate access to timely prevention and treatment services.
- In addition to State/Federal funding through S-CHIP and Medicaid, individual and employer contributions, we support raising additional needed funds by limiting the dollar amount of insurance coverage excluded from federal tax.
- States have historically regulated insurance products and markets, enforced employer obligations, and administered public health financing programs. The State role should continue in oversight and enforcement. In addition, to ensure the success of any new initiative, Merck supports the reform of insurance markets, including guaranteed issue, modified community rating (which allows premiums to vary by age), elimination of pre-existing condition exclusion if insurance coverage is purchased in a timely manner and without lapses in coverage, and incentives for insurers and public programs to align incentives for healthier lifestyles, improved prevention and superior chronic care management.
- Merck supports promoting greater efficiency and enhanced quality of care in the health care system. Merck supports greater research and public dissemination of cost and quality information, including increased price transparency at the point of service and enhanced use of health information technology such as personal health records.

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Merck and Schering-Plough are now one company. We are working to update our public policy position statements to reflect our new global organization.