

U.S. Flu-Vaccination Plan May Collapse Due to Thorny Insurance-Coverage Issue

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—President Ford's swine-flu vaccination program is showing signs of collapsing

The latest warning signal has come from two of the major manufacturers of the vaccine, Warner-Lambert Co and Richardson-Merrell Inc, which have told the government they will stop production by midweek if the problem of protection from liability isn't cleared up. There aren't any signs these problems can be resolved. The other two makers are Merck & Co and American Home Products Corp.

Thus, for the first time since the program was announced earlier this year, the government is openly discussing the possibility that the unprecedented mass-vaccination plan may be scrapped.

The huge program to immunize the nation was initiated with much fanfare by President Ford earlier this year after dis-

covery of a new and potentially dangerous form of influenza among soldiers at Fort Dix, N.J. It's believed that this type of flu virus, which normally is found in swine, caused the great 1918-1919 flu pandemic that killed 500,000 in the U.S. alone. It's feared the swine flu could strike again this winter, though no new cases have been reported since the Fort Dix outbreak.

But now the entire effort may be doomed due to the thorny issue of insurance coverage. The drug manufacturers are unwilling to sell their vaccine to the government without substantial liability protection against suits that might arise during the program. The insurance industry argues that the size of the public effort makes the risks unbearable without substantial government involvement.

In an effort to break the insurance impasse, the Health, Education and Welfare Department offered last week to take part of the risk in its contracts with the makers. The department is to get word from the insurance industry today whether the offer has enabled the drug concerns to get what they consider adequate protection. Insurance industry sources say, however, that the HEW proposal is too limited and the potential risks too great for it to succeed.

So far, 75 million doses of the flu vaccine have been produced, and another 20 million doses are in the pipeline. This represents about half the amount called for in the campaign, scheduled to start in September.

If the program is dropped, the drug companies would simply be expected to distribute the already produced vaccine through private physicians, as is customarily done. However, generally only 20 million doses of flu vaccine are used a year and the four manufacturers could end up being stuck with large supplies.

The government's role would be restricted to continuing clinical studies on the vaccine—which scientists say is safe and effective—surveillance of potential outbreaks of swine flu and warnings if public health threats were posed. Such events, besides being a severe setback for public-health proponents, would be a major political loss of face for the Ford administration.

However, the government hasn't abandoned hope of salvaging the program. Some HEW officials insist mounting public pressure will bring insurance companies around. The department also is considering a proposal to allow vaccine manufacturers to add insurance-coverage expense to the price of the vaccine.

The department also may return to Congress with new legislation designed to get by the insurance roadblock. Last month, Congress refused to act on an initial HEW proposal to indemnify manufacturers for any lawsuits that arose in the swine-flu program. Such a revised proposal might take the form of a payments program that would work somewhat like workmen's compensation.

Government experts also have examined the more extreme approach of a take-over by the department of the drug company plants to keep vaccine production going. However, one official argues this action is filled with legal uncertainties.

But the government hasn't ruled out anything in its attempt to get the immunization program into action. "The first thing we want to do is to ensure continuity of production," says one HEW official.