

## **Existing Industries — Proposal 23**

### **The Pharmaceutical Industry**

#### ***“Controlling the Pharmas for Our Health and Our Pocketbooks”***

##### **Issue/Problem**

The cost of prescription and non-prescription drugs is hurting the pocketbooks of the American public and business. This includes people with Prescription Drug Coverage (PDC) under their Health Care Insurance (HCI), as well as those without HCI coverage that are really at the mercy of the Pharmaceutical Industry practices and pricing. This industry is a major part of our problems with the overall American Medical System.

Note: The various Pharmaceutical Industry entities (corporations and companies) will often be referred to herein by their ‘generic’ name – Pharma(s).

American businesses small and large are struggling with the annual HCI cost increases and are often forced to pass more of those “monthly” costs on to their employees. The annual HCI rate increase can be larger than the annual increase in pay that individuals receive from their employer (if they get an increase). This cuts into the monthly household budget leaving less money for other things, whether for retail spending that drives the American economy or simply the bare necessities of life – like food! Ask those on Social Security.

During the annual HCI Re-Enrollment ritual, single people and those with families are all but forced to pay more for the same or less (but needed) coverage, even though they know it will hurt their budget someplace else. It is called selling to a captive audience.

In recent years some HCI plans have separated options for PDC plans where people must pick the coverage levels, deductibles, and co-pay amounts. The increases in PDC plan premiums are only a subset of the annual, anxiety producing and gargantuan, productivity-draining ritual of HCI re-enrollment suffered by people and business – an experience that will be coming to a merciful end as was laid out in the previous proposal on Health Care Insurance for ALL Americans. The rising cost PDC plans will be dealt with in the AIR Program restructuring of the Pharmas.

##### **Subsidizing Other Countries**

It is no secret that We are consistently paying more for prescription (and non-prescription) drugs than those in Canada, Mexico, and various European countries where they have those *dreaded national care health systems!* The

reason they pay less is because when the Pharmas go to those countries they are forced by law to negotiate with that *dreaded single entity* — the Canadian government for example, when determining drug pricing. It is the *dreaded socialized medicine* approach that is structured to “actually” serve the needs of their public and reduce its expense to businesses large and small. What a concept!

And the other reason that those other countries get better drug pricing and that our Pharmas continue making big profits is that *We Americans are paying the difference* — *We Americans are paying the difference* — *We Americans are paying the difference!!!*

Therefore, it is fair to say that the American public under our existing HCI system has been partially “*subsidizing*” the lower prescription drug pricing in Canada and other countries, and have been doing it for decades! Aren’t We nice people for doing that!

Add to that in the recent Medicare Reform Act, among other goodies for the Pharmas, the Congress wrote provisions into law that officially prohibits our government from negotiating as a ‘single entity’ with the Pharmas. Yes, it was written into the legislation for the Pharmas, by our U.S. Congress — your own members of the House and Senate. Now go and watch *Sicko*.

The implementation of national HCI in America will provide us with all the leverage required to reverse such dysfunctional legislation and to have practical control over the Pharmaceutical Industry. What will be happening to them is laid out on this proposal.

#### *Required Viewing*

Again, even if you do not like the film maker Michael Moore, see “*Sicko*” the film on the Medical and Pharmaceutical industries and their blatant control over both parties in Congress and so, our national health care policy. It is excellent to the point that many Republicans even gave him credit for the film’s content. They don’t all have HCI, either!

### **I Was Really Trying to be Civil**

You know I was not going to lay into the prudence of taking the “major” drug companies off the stock dividend train – I was borderline on letting them go — feeling that they would get sufficiently ‘nailed’ by way of the Health Care Insurance Restructuring proposal. But, that was Wednesday January 11, 2007. On Friday January 12<sup>th</sup> and the front page of the Washington Post had an article titled, “**Drug Bill Demonstrates Lobby’s Pull**” with the sub-title ‘Democrats Feared Industry Would Stall Bigger Changes.’”

It was one of the finest, real life examples detailing the extent to which industry lobbying maintains absolute control over the U.S. Congress. All to the benefit of industry profits and the “re-election” campaign confers of both Parties – with no concern for, in this case the physical health of the American people.

I hope you share the same bone-marrow, level disgust that I do for such preventable public abuse! The following are points were taken from the article written by Washington Post Staff Writers — R. Jeffrey Smith and Jeffrey H. Birnbaum. For the complete text of this excellent article please access the Washington Post Archive facility on their Internet site.

Presented below are some key points I derived from the Jan 12, 2007 Washington Post article. As a point of reference remember that the Democrats had just won a ‘numerical’ majority in both the House and Senate in the November 2006 Congressional Election.

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In the run-up to this legislation the Democrats deliberated proposing a government run prescription drug program that would deliver lower drug costs for seniors. They backed off submitting the legislation for fears that the Pharmaceutical lobby would hold it up in committee, and since Bush II said he would veto any Democratic proposal.

While drug industry money had favored the Republican majority, it already strong ties within the Democratic ranks, and with the election results began working to get closer to the new Democratic majority. In general, the industry has plenty of money to throw around. In January they industry spent over \$1,000,000 dollars on a full page ads, promoting the existing Medicare program.

From 1998 and 2005, the Pharmaceutical industry out spent all other industries with a total of \$900 million. Over that period, some \$89.9 million was directed to federal candidates and party committees, with almost three-quarters given to Republicans.

The legislation that they are voting was initiated in 2003. The Republican backed legislation that lobbyists helped to develop restricts the government from negotiating with the Pharmaceutical industry to lower prices. No big surprise there! Over the 3 years period donated over \$6 million dollars to Republican and Democratic campaigns, and had some '800' lobbyists working on members of Congress. Think of all the money the Pharmas spend on lobbying that will not need to be spent once We "fix" the industry. It will pay for a lot of health care insurance for those that currently do not have it.

Of course, the Bush II administration was absolutely opposed to having the government negotiate drug pricing for Medicare. Bush II received \$1.17 million from the industry just for his 2004 re-election campaign.

And speaking of how lobbyists shape legislation to protect their profits, here are 3 provisions they saw to it were in the final legislation:

- a ban on the importation of cheaper drugs from Canada.
- A pro a provision that requires some 7 million Medicaid patients to buy drugs that do not have pricing limits
- And my favorite — a provisions requiring private health insurance companies to remain small and numerous, which of course decreases buying their leverage in negotiations with drug companies.

That is a perfect example of why the Industry Consortium approach is made to order — in controlling Pharmaceutical Industry. They have had it their way for decade, and We will have our way with them for the Common Good.

The remainder the Post article goes on to say that the House leadership backed-off making any real change to the Republican legislation. It talks about the donations that some drug companies made to key members of Congress and how they began to shift more of their money to the new Democratic majority. It mentioned how some members of Congress traveled the country promoting the Pharmaceutical backed legislation to the public. Our tax dollars at work for them, not us!

And one last gem just for kicks. I will now quote directly from the Post article, "In an effort to bolster its image, Pharmaceutical Research and Manufacturers of America is also sponsoring a program that distributes low- and no-cost drugs to poor people, called the Partnership for Prescription Assistance. A few of the program's beneficiaries have been brought to Washington and given media training so they can promote the program in local news outlets and in television ads."

Again, my personal thanks to Washington Post Staff Writers, Smith and Birnbaum for such a publicly, informative article.

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### Before We Can Continue

While I am far from being a prude, **Pardon Me**, but I must take a moment for all those shall we say “nice, nice” people (I won’t mention any names because they know who they are) that in the 1990’s severely criticized the television, movie, video, and music businesses for allowing child and family inappropriate subject matter to be distributed in the mass media. How is it that they now sit silently while the Pharmas were allowed to publicly air the following question,

“if you experience an er\_\_\_\_\_ lasting more than four hours you should call your doctor.”

I believe it first aired during the Super Bowl a few years ago and without ceasing in various forms since that time. Is that question really *ready* for prime time? You know when Mom and/or Dad and the family are sitting around having a “Hallmark moment” watching the evening news, primetime television, and sports of all kinds – is it really relevant material that is enhancing the family viewing experience? Especially when the guy in the commercial looks to be as old as grandpa sitting there watching with them. Not! And how many times has little Johnny or Mary said, “Hey Mom (Dad, grand-\_\_) what is an er\_\_\_\_\_?”

Where are the televangelists when you really need them? Or do they just have stock in those companies? Besides, We all know if any product is that good, it does not even need to be advertised — you know, like Hershey Bars! There are also multiple Pharmas “pushing” their version of the same drug. Not that you cannot find a similarly effective product in a much more natural (less chemicals) form at your local Health Food store or on their Internet site.

Of course, more recently there are other family favorites for kids to ask about, the one about the “potential for sexual side-effects” or “I did not know it would affect my ED”.

And hey, that is not just me.

## **The People's Sense**

There will be an AIR Program restructuring of the American Pharmaceutical Industry 'similar' to the one We will apply the Health Care Insurance (HCI) Industry.

The two industries are similar, but not identical because while the HCI Industry is a collection of purely, redundant administrative operations — the Pharmas actually make something. They perform real Research and Development (R&D) to produce new drugs which are intended (philosophically) to improve our lives by helping us get well when we are sick, injured, or make life easier if we have long term medical conditions. Therefore, the Pharmaceutical Industry requires some amount of R&D flexibility. Pure research must be funded.

At the same time, the Pharmas must be targeting medical conditions that need attention now and those that predictably will be growing problems as the Baby Boomer *tsunami* of a wave increasingly hits the American Medical System over the next twenty (20) years and then our children. With no offense intended, but bluntly put, our parents did not fix the Medical System problem! We cannot afford to make that same mistake. Have you got that my fellow Baby Boomers?

Further, small and start-up companies in the drug development arena, with real potential, need to be able to get "low cost" funding to support their work. There is that IGE business model, again.

With the coming AIR Program restructuring of the Pharmas the industry will experience the following changes:

- The implementation of the U.S. Health Insurance Group (HIG) will have a controlling affect on their pricing in a manner that will benefit both the American consumer and business. The U.S. will finally put in place the *dreaded single entity* to negotiate with Pharma pricing – one that will serve the Common Good of our People and the business community.
- They will continue to do R&D on life saving and quality of life improving drugs.
- They will no longer be overt and covertly lobbying against the availability of the cannabis plant for medical uses – or – its overall legalization in the U.S. and other countries. Those lobbying practices and some of their lobbyists will be the first to go!
- They will promote research to expand use of a natural form of THC found in the cannabis plant for use when applicable in their future products – using a God-given, natural substance in their 'mix' rather than pumping more chemicals into our bodies.
- They will halt further R&D on synthetically produced THC, as well as the production and distribution of those already marketed to the public. The

synthetic was devised to replace naturally growing marijuana. By simple comparison the lab produced, synthetic THC on the market is functionally worthless and will no longer be required. At long last sick Americans with cancer, AIDS, and a host of other ailments will be able to get the Right Stuff to ease their pain, increase their appetite, and to keep their food and medicine down.

#### About Vitamins

And, the Pharmas will be stopped from slowly trying to take control of the “Vitamin” manufacturing and distribution Industry — for fun and profit. For decades they “talked against” consumers using vitamins or natural remedies saying they were not worth taking. Now since more and more Baby Boomers and our kids are realizing their real benefits, the Pharmas are attempting to control production, distribution, and of course pricing – and to crush the smaller, natural vitamin and health food supplement industry, as well. These practices will end starting in 2009.

Not much else to say really. That pretty well overviews the whole abusive, self-serving situation — don’t you think?

## **American Industry Re-Structuring (AIR) Program**

### **The Pharmaceutical Industry**

#### **Overall Re-Structuring Approach**

The American Pharmaceutical Industry (API) will experience the full force of the AIR Programs – Entity Re-Structuring Level programs. The Industry Management Consortium created to manage the restructured Pharmaceutical Industry will be called the American Pharmaceutical Consortium or APC.

#### **Reasonable Public Perspective**

It would be appropriate to remind the reader that 5 out of 6 (excluding tobacco) of the industries in this group are National Infrastructure Industries (NII) – critical parts of the National System we really cannot live or live very well without in order to have a decent life. And all of these are industries have been abusing power for corporate gain regardless of the costs to the People and the society as a whole. And this group has had a particularly good time sticking it to the American public, under Bush II. It is now time for those in charge to pay the price for their deliberate, corporate irresponsibility toward society.

In all of these AIR Program Restructurings we will do our best to protect American society first, domestic jobs second, stockholders third, and there is no fourth! Society needs the products and/or services provided by five of these six industries, so it is of necessity that We put them on the right course to protect and insure our Common Good. While Americans need the jobs they now provide some will be surely be restructured away, that is to be expected, and we will take care to get those Americans re-employed as a priority. American citizens always first!

Stockholders will be reconciled in all these dealings *to the greatest extent possible*. Hear that. Remember that buying stock is a risk-based experience! For decades We have been on the receiving end of “we are doing it for the stockholders” and this set of Industries (and some others) have deliberately violated the Public Trust in favor of corporate profitability.

We will shed no tears for them now, as they did not shed any for us and the nation in the past. Each of these six is more costly in dollars to society than is practical and warranted. And each in their own way has needlessly cost some Americans their life.

In the earlier parts of CS2 we reviewed the public policy that *free will crimes of a physical and financial nature* against our people will no longer be tolerated, and that it applied not only to people, but businesses as well. These six industries



are prime examples of such *abuses* among the business community. Look at each of them and think about that! Again, I will remind the reader that when I said these contents were to be taken as seriously as a heart attack, I meant it! These six proposals in particular are true examples of “seriously”. Actually resolving hard public issues requires and demands hard Changes to be effectively administered in order to accomplish the task.

### **The AIR Program for the Pharmas**

All major American Pharmaceutical corporate entities, for-profit and non-profit, and all foreign based Pharmas currently doing business in the U.S. will comply with the guidelines of this involuntary AIR Program Industry re-organization. This will not be a negotiation.

The remainder of this proposal will highlight the AIR Program’s application to the existing American Pharmaceutical Industry. As stated under Proposal 22, for some it will not include enough details, but to those involved in the industry it will be more than enough for them to know what is coming. Further, there will be volumes of detail disclosed as 2008 progresses and the political candidates and subject industries are forced to publicly discuss these proposals. At last, the various public interest groups that have fought so long for such changes and been fully suppressed by the Pharma lobbyists will have their open public forum. The tables will be turned permanently for the Common Good.

The Pharmaceutical Industry corporations and companies will be restructured from two (2) different perspectives — one being their Research and Development (R&D) function and the other being their Pricing and Lobbying Practices. The fact that the Pharmas actually do research, develop, manufacture, and distribute products that we all need makes this a bit more tedious of a restructuring procedure for us to manage over the next few years. But, We will get it done. It is not rocket science!

### **Research and Development (R&D)**

Sufficient annual revenue will continue to be raised to adequately fund required R&D. It is a public health necessity. As stated above, the Industry Management Consortium created to manage the restructured Pharmaceutical Industry will be called the American Pharmaceutical Consortium or APC.

The APC management will have oversight responsibilities on the R&D projects, but will not impede the flow of research on life improving products. They will promote them — however, in due time we will not be seeing as many R&D efforts against the exact same product concept. When one R&D group successfully creates a new medical product most or all of the APC’s Pharma Divisions could move to other projects. Some R&D redundancy is totally

practical, especially on critical medical needs – the more brains and individual creativity applied to such tasks the better, because you never know who will get it figured out first!

On the other side of marketing, the Pharmas have reportedly been cranking out newer prescription-type versions of older products that are not always any better than what was already on the market — and that do not require a prescription to be written! However, their revenue pipeline requires x-number of products to hit the prescription drug market annually to make sales projections and keep Wall Street happy. I recall a news report in a few years ago where one of the Pharmas had a drug approval rejected by the Food and Drug Administration (FDA) that they were really counting on for revenue that year. To offset that revenue loss, that particular Pharma simply went into their piggy bank and put the necessary dollars in the stockholders fund for the year to keep them happy! Very interesting.

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It has also been reported lately that the Pharmas are spending more on advertising than R&D. The Pharmas do seem to be one of, if not the primary advertiser on many of the network and cable television news programs. It is that obvious fact could be making it difficult for some corporate news organizations, “to objectively report and/or go after” the bad products, that the Pharmas are pushing out to the public. That is one of the few negative comments you will hear from me about the Press.

It also makes you wonder why there are more and more prescription drugs being re-called and found to have serious side-effects that you would think should have been caught on clinical testing with the FDA?

### **Pricing and Lobbying Practices**

These necessary functions will be restructured and simplified in order to serve the Common Good and health of the American people. With the reform of the Health Care Insurance Industry and the creation of the HealthCare Insurance Group (HIG), there would only be one entity for the Pharmaceutical Industry to negotiate pricing with. We win. With the reform of the Pharmaceutical Industry and the creation of the American Pharmaceutical Consortium (APC), there would only be one entity for the HIG to negotiate pricing with. We really win!

And do not sit there and say this could never be accomplished or they will never let us do that. It will be accomplished and We will do just that. We only need to remember that this is our country and We make the rules for anyone that desires to keep doing business here!

Prime example — a huge shift in pricing will be made in AIDS related drugs. Right now it is a gravy train for the Pharmas and is draining our federal tax dollars. The future production and pricing (worldwide) will immediately be adjusted down to primarily serve the ill rather than the stockholders. You get the point, enough said.

The lobbying of Congress as it has been done for years will come to an abrupt end in 2009. There will always be the need for the industry to lobby Congress, but the publicly irresponsible, corporate greed switch will be turned off. Changes in lobbying objectives will target the health of our people and will not discourage and/or seek to suppress competition from smaller and start-up companies with good ideas.

And last but far from least, it has been stated that if every public school student took vitamins at the start of each school day it would be dramatically improved their health and other aspects of their day-to-day life. Of course that is just common sense and this is the type of public health program that will go forward.

### **The Initial List of Industries**

This following identifies the universe of Pharmaceutical entities (corporations and companies) to be considered for inclusion in the AIR Program Re-Structuring of the Pharmaceutical Industry:

- Every Pharma that is currently paid for mediation by any agency of Federal, State, County, and City/town government's health plan.
- Every Pharma that is currently paid for mediation in any company based or individual plan.

That pretty well covers it, don't you think?

Compared to the number of HCI corporations there are far more Pharmas to be dealt with under the AIR Program. Thus, the Pharmas restructuring will involve far more moving parts than the HCIs did. It will be initiated with the largest Pharmas and over time work its way down to a practical level with smaller ones. Not all of the smaller companies will need to be included. We may find in the process that we really will not need all those that exist today and some will simply fold. Only time will tell. For now here is a “**starter list**” that identifies some of the major players in the Pharmaceutical Industry:

Johnson & Johnson  
Pfizer  
GlaxoSmithKline  
Novartis

Merck  
Abbott Laboratories  
Wyeth  
Bristol-Myers Squibb  
Eli Lilly  
Amgen  
Schering-Plough

This initial, working list of corporate entities may very well be refined as 2008 progresses and the November 2008 National Election draws near.

By deliberate, united vote on that historic day, *We the People* can freely declare that such practical and prudent Change to the National System for the Common Good of us all — will be made.

## **The Entity Re-Structuring Levels (ERL) Overview**

### **The Pharmaceutical Industry**

#### **ERL 1 – Operational Reorganization**

A newly formed Board of Directors will comprise the first level of the APC Organization Chart.

Starting with the largest, the existing Pharma corporations both for-profit and non-profit will effectively become operating Divisions of the newly formed, Non-profit American Pharmaceutical Consortium (APC) – the Industry Management Consortium established for the restructured Pharmaceutical Industry.

Further, any existing Pharma corporations that are currently part of another corporation will be transferred from the existing corporate entity also to become an operating Division of the APC. They will not be purchased or bought out initially just because they are stock held corporation. Those Division entities will form the second level of the new APC Organization Chart. Again, this corporate reorganization will not be optional.

There are of course situations where non-American based corporations are distributing prescription products in the U.S. Those will be required to deal with the APC, and their pricing will be adjusted accordingly or they may very well lose this business! Simple rules are easier to follow.

The operational and administrative offices of each of the existing Pharmas would be systematically and efficiently consolidated over a few years into a smaller network of APC Operations facilities. The R&D sites would not be consolidated until some of them proved to be no longer viable and/or redundant. Such operational and administrative consolidation always happens when companies merge, we have all seen it. Therefore some reduction in employment would eventually occur.

Note: Although the Consortiums are set-up as Non-Profit corporations, these organizations will pay taxes, at least in the initial years.

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There may also be some non-profit Pharmas in the mix that of course do not have stockholders to pay, which will make them far easier and less costly to merge into the APC . However, do not assume for a minute that they don't make profits! They pay-out those dollars within their organization instead, that is where the money goes — always to the Board and management, and sometimes

even to the employees. They bonus plans pay out based on year-end numbers.

Calendar year 2009 could well be the end of that money train at least at the executive level. Of course, many of those executives will be gone in 2009, if we do the right things at the polls in November 2008!

## **ERL 2 – Existing Management Retirement**

### Existing Senior Management

- Any member of senior management with Golden Parachute will be retired by May 30, 2009. Any and all stock options in their package will be eliminated.
- No more Golden Parachutes will be offered to future management, ever.
- Any remaining member of management with a base salary in excess of one (1) million dollars per year will have it cut to that amount as of July 1, 2009.
- All stock options for 2009 will be eliminated.
- All 2009 bonuses will be reviewed by the APC group and may be reduced.

And if a given person does not like those Changes – they know where the door is...

Remember: The one-time offer to hold current and prior management and employees harmless from all forms of lawsuit will be presented and I believe will be eagerly accepted. This offer will be made to the current and prior members of the Boards of Directors, as well.

I personally believe that there could well be some very, ugly skeletons in the closets of the Pharmaceutical companies. It will serve the nation to know what they are, so we may then act to correct what can be corrected. The freedom from all potential lawsuits, liability, and jail time will allow those that know such secrets to go public and clear their conscience. Time will tell. I am not a betting man, but I would even put 5-buck\$ on that one!

### Existing Boards of Directors (BOD)

The existing BOD would be relieved of their positions by May 30, 2009. By law most, if not all corporations are required to have some form of BOD whether it is actually functional to the operation or just ornamental. The future form and function of the BOD of the new Non-profit American Pharmaceutical Consortium (APC) will be reviewed.

## **ERL 3 – New Management Structure and Charter**

### The Industry Management Consortium BOD Requirement

With the consolidation of the Pharma corporate entities, we are merging a group of businesses that like the HCI Industry are pretty much doing the same thing, but not the pure operational redundancy of the HCI corporations — as will be described more under ERL 4. Thus, only a single Boards of Directors “entity” is all that will be needed. The high costs that are now associated with all the existing corporate BODs is therefore no longer necessary and will go back into the operation — true trickle down! Those freed-up funds could pay a lot of health related insurance premiums for the currently uninsured.

The APC’s Board will be responsible to the American public for implementing, strictly overseeing, and refining the new Charter of Operations. They will not manage the day-to-day operation.

#### Revised Charter of Operations

Simply stated the new APC’s Inaugural Charter will be to:

1. Coordinate the consolidation of all existing American Pharmas into the new APC organizational structure.
2. Redefine and streamline the business relationship between Health Care Insurance and Pharmaceutical Industries.
3. Coordinate how the APC will impact the existing Medicare and Medicaid Systems. It should serve to bring down the costs.

This charter will be amended as the AIR Program progresses. The Veterans Administration Health Care function will be reviewed against the APC structure. We will not diminish VA prescription coverage, but we will have an open debate on the most operationally and cost efficient way to cover our active military and veterans over the long haul. Again, that is our responsibility to them.

#### **ERL 4 – Stock, Profitability, and Pricing Controls**

As is repeated in these six proposals — the following scenarios will begin taking effect as soon as possible in 2009 and will likely be applied retro-actively when the required legislation is passed by the **new** U.S. Congress.

While We can always hope, there is probably little chance that the existing Congress and White House will move on this proposal before the November Election. These six Industry proposals need to be the **hottest topics** in the country during 2008. The electorate must bring these and the other American Agenda Proposals to the campaigns! We can do this.

#### Stock Trading Control

On a selective basis, meaning corporation by corporation, stock trading in the Pharmaceutical Sector of the stock markets will go into a state of virtual suspense. The buy-out share price will be initially set at its 1-1-2008 share price. Any negotiation and eventual buy-back activity will start at that price or lower and could possibly be adjusted by the individual stock-holder's buy-in share price.

The Markets would be intensely watched (by the SEC and others) in the run-up to the 1-1-09 AIR Program Effective Date for any selling or other game playing. Violators will be severely dealt with including fines and/or prison time in a State run facility. No Federal playpens anymore.

### Profitability Control

Annual profitability of the formerly publicly traded corporations, now Divisions of the non-profit APC will be capped effective 1-1-09 at no more than four percent (4%) for physical year 2009 and more importantly quarterly/annual stockholder dividend pay outs will be appropriately capped or fixed.

The profits in excess of that will be put to practical uses such as:

- covering the initial re-organization costs
- elimination of any out-sourcing activities
- internal operational spending
- used to decrease next year's rates
- help pay the premiums for those currently without HCI coverage
- set aside for stock dividends pay-outs in future years until the buy-back process is complete
- used for the stock buy-back process

### Prescription Plan and Product Pricing Control

Prescription plan and product pricing that the Pharmas now coordinate with HCI corporations will in the future be a discussion between two (2) Industry Management Consortiums and the management within their respective organizations — those being the HealthCare Insurance Group (HIG) and the American Pharmaceutical Group (APC). And, so there will be no misunderstandings, the HIG will be the Big Dog!

We really must keep our sense of humor as we go through these somewhat intense and tedious scenarios.

It would be wonderful if all this could be in place going into 2009, but that is too much to expect – even though it will be suggested! Therefore, both the HCIs and Pharmas will probably roll into 2009 with rate increases and the ritual of



re-enrollment in HCI plans. It will be the last time.

Depending on how the legislation rolls along in 2009, and it will be unmercifully pushed through Congress, there would probably be excess revenue generated over the 2009 profits and stockholder pay-outs that will be retro-actively capped for the 2009 physical year. Those dollars would be captured by the APC and put to good uses — some of which were noted above.

Looking ahead to 2010, Pharma prescription plans (to the extent they still exist) and product pricing would be capped at 4% or less while the system is sorting itself out.

This should be sounding pretty much like the HCI, AIR Program because it is. It is a restructuring assembly line. The first two have a lot in common and the other four will be very similar.

### **ERL 5 – Conversion of IGE Model**

The AIR Re-structuring of the American Pharmaceutical Industry offers another opportunity to transition a National Infrastructure Industry into an Income Generating Entity (IGE).

Over a period of years, all existing stockholders will be bought out. The stock amounts involved and how the stockholders will be compensated for their share value will be worked as the AIR Program implementation of the Pharmas progresses. Again, that is not avoiding discussing the hard dollars involved. The numbers are what the numbers are, and they will only continue to grow worse the longer We delay these Changes of Necessity to our National System.

I deliberately would not take the time extract and present that data on this or the others in this infamous group of six Existing Industries. Further, I predict those numbers will be one of the first things that the Special Interest lobbyists for that group throw out to scare everyone with. But, that heated rhetoric will soon pass. We will not be afraid nor deterred from working for our Common Good. It is another big step in providing cost effective Health Care Insurance for ALL American citizens starting in 2009.

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That is all.

**Next, Dealing with the *Deadliest of Drug Pushers.***

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