The Body in Question

September 9, 2022

A question that entered the minds of most Americans during the pandemic was -- How can this nation with the (by far) most expensive health care system in the world at the same time deliver (by far) the worst results when called upon in a medical emergency? But if one understands that *freedom* means *license* for the capitalist, and that we have the '*free-ist'* version of that system controlling our lives, you should be thankful that you are well enough to be reading this.

One of the little known vehicles for looting the savings of the sick and victimized taxpayers is an entity called -- Pharmacy Benefit Managers. They along with the drug industry, insurers and pharmacists determine which drugs will be used for treatments, and then negotiate, much like brokers, how they will be priced.

The first unseen point of conflict is that the drug broker is paid on the basis of money saved on the price. That encourages many drug companies to raise prices as an invitation to the broker to come to them for the biggest discount and largest payback. That leaves relatively honest (or not part of the gang) companies making effective drugs at a lower price out of the loop.

How much brokers make from the transaction is difficult to attain since they often follow a spread pricing practice in which they collect more from insurers and employers than they pay to pharmacies. But there is one example from Ohio in which the state auditor discovered a $225 million spread between what Medicaid paid to the PBM and what the PBM paid to pharmacies. Kickbacks from drug makers to brokers have risen from almost $40 billion in 2012 to almost $90 billion in 2016.

Only three companies manage 80% of all this country's prescriptions. And what is truly despicable, they are all owned by medical insurance companies. United Health owns Optum/Rx -- Cigna Express Scripts -- while CVS owns Caremark. Furthermore it's a hellish experience if doctor/patient wants to use a drug other than than what the PBM selected. Often they must use the authorized drug and only seek a different drug if it fails. The authorization process to use a non officially approved is a time consuming process. An AMA 2021 survey found medical staff spent 13 hours a week just on the paperwork for the PBM. 93% of doctors said vital treatment was delayed and a third reported medical emergencies because of that.

The recently passed Inflation Reduction Act purports to deal with some of the worst features of the PBM business. Medicare is now free to negotiate its own drug deals. Sounds great -- but like almost everything out of government virtue is no match for evil – it only relates to a few older drugs and will take years to be fully implemented. The act also delays the implementation of an existing rule that removes PBM protection from anti-kickback laws. PBM managers spent $4 million just this year to keep the right to steal in place.

Click below for an entertaining explanation of the above in a few minutes.

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The Federal Reserve Act of 1913

In 1911 the country experienced a financial crisis that was resolved only because JP Morgan used his money and those of his rich friends to provide emergency financial relief. Two years later the Fed was created to provide such emergency short term loans to liquidity short commercial banks, and they in turn would make loans and keep the real economy functioning.

But now the real economy is second to casinos run by investment banks and trading houses. As in all casinos they make risky bets that sometimes lead to gigantic losses. Government bailouts for such gambles were expressly forbidden in both the 1933 and 2010 (Dodd-Frank) acts that set rules for taxpayer support to our private banking system. In the second quarter of 2020 the Fed loaned Citigroup $454 billion of electronic cash in order to cover the company's bad repo bets.

Fed bailouts of repo loans began September 17, 2019 when frightened lenders halted loans to cover failed investment transaction. Interest rates suddenly rose from 2.25 to 10 percent. The Fed prevented a financial collapse with emergency loans. When the day comes that they are allowed to collapse, that will be a token of our upcoming liberation.

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