The Hospital Group Purchasing Organization (GPO) "Pay-to-Play" Kickback Scheme---Consequences:

- · Unprecedented Generic Drug Shortages, Resulting in Deadly Meningitis Outbreak
- Patients & Healthcare Workers Denied Access to Lifesaving, Cost-Effective Drugs, Devices and Supplies
- Healthcare Costs Inflated by Tens of Billions Annually*



· "Admin" fees \$

Marketing/Advance \$

Vendors pay GPOs

· Rebates/Prebates \$ (kickbacks) in return for...

Generic Drug Makers



Congress blocks GPO reform:

- Keep Kickbacks
- No Disclosure
- No Oversight



Campaign \$\$\$



2005 HHS

often fail to

Audit: Hospitals

report millions in

GPO rebates to

Medicare as

reg'd by law

PATIENT

Billing)

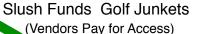
Stock Options



GPO/Hospital Executives & Directors







Maximum





Medicare/Medicaid (taxpayer-funded)

*Based on 1/4/12 "Connecting the Dots" white paper by Patricia Earl & Phillip L. Zweig For paper & documentation on GPO abuses, see www.puncturemovie.com. PLZ rev.11/10/12



- Sole source
- Long-term
- Bundles



Big 3 "Authorized" Distributors

Generic drug

concentrated due

industry highly

to exclusionary

GPO contracts

Distributor Fees \$

Inflated prices for

goods



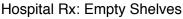








Skyrocketing



Anticompetitive GPO practices lock out innovative devices, supplies made by small firms



GPO Member Hospitals



Healthcare workers

Partial refund of

deliberate overcharge

- Cost Savings
- Entrepreneurial Device/Drugmakers
- Small Distributors
- Competition
- Innovation
- Jobs

R.I.P



Dominant Supply &

Device Makers









