

-----Original Message-----

From: Norma Cappelletti  
Date: 04/27/11 23:14:35  
To: Douglas O Shelton  
Subject: Re: Offer to identity and correct fraud in government entitlements

Mr. Shelton,

Thank you for your prompt reply --I am relieved and delighted to learn that the information I received of Mr.Palmisano's offer to improve the availability,the quality and reduce the cost of health care by \$900 billion with no cost to the government is accurate.

It is inconceivable that the offer wsn't eagerly accepted since the legislation was promoted as legislation that would provide health insurance to all , improve the quality and reduce the cost of health care.

The administration's refusal to accept the offer strengthens my belief that the administration's sole objective is government control by instituting measures that culminate in a one payor system regardless of the cost at a time when we are facing a financial crisis.

Norma Cappelletti

-----Original Message-----

From: Douglas O Shelton  
Date: 4/27/2011 9:50:22 PM  
To: Norma Cappelletti  
Subject: Offer to identity and correct fraud in government entitlements

Ms. Cappelletti,

I have received your inquiry to IBM, and I'd like to reply.

Rather than discuss or categorize any comments that you may have heard about, I'd like to let you know exactly what transpired so you can decide for yourself. Below is a clip of the video from the Wall Street Journal event, with a transcript of Mr. Palmisano's exact comments at that event, regarding health care reform. I hope this is helpful.

Thank you for your interest in IBM.

Doug

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transcript 9/14/10

MURRAY: So you're down there at the White House, you're talking about ways to improve the functioning of government. How do you think it's turned out?

PALMISANO: We haven't made any progress. It doesn't mean there hasn't been a lot of interaction.

MURRAY: But what's the point of interaction if it doesn't lead to progress?

PALMISANO: Well, you'd have to ask the people who aren't progressing.

[LAUGHTER]

I mean, what can I tell you? I mean, we've done tons of work, and for whatever sets of reasons, we haven't been able to establish being in synch with the priorities. I'll give you one example; I can give you a couple. I'll give you one example. And I'm fairly confident about this one, because it required no legislative change. We could have improved the quality and reduced the cost of the healthcare system by \$900 billion; the bill was \$850.00. It was self funding. You could have insured anybody you wanted to, illegal aliens, dogs, cats, ponies, whatever you want. Right? And the stuff was simple. It did not require any big legislative change to do that.

MURRAY: So, why wouldn't they do it? That's money on the table.

PALMISANO: You'd have to ask them.

[BRIEF TALKING OVER]

MURRAY: Did it feel like rationing? Did it...

PALMISANO: You know what \$400 billion was? [Buy as] the country, not as a state. \$400 billion. All we did was take OMB's volumes times IBM's discounts. It's probably more because I imagine they're going to get a bigger discount than IBM.

MURRAY: Oh, but you know why they didn't do that, because they got beaten up by the pharmaceutical companies.

PALMISANO: Buy as nationwide discount. The pharmaceutical companies sell to us on a nationwide discount. It's no different. I said, take the IBM discount. Take the IBM discount.

MURRAY: But that gets to kind of a key question, because a lot of people...

PALMISANO: \$200 billion in fraud. \$200 billion in fraud. That was a three percent improvement, by the way. This wasn't transformational. This is three... there's so much fraud in the system, three percent and

then Year 7 was eight percent, Year 5 was five percent. It's \$200 billion.

MURRAY: And why didn't they do that? Is there a fraud line...

PALMISANO: I said we would do it for free to prove that it works. They turned us down.

UNIDENTIFIED: Why?

PALMISANO: You'd have to ask them.

MURRAY: But so, that gets to kind of a fundamental question.

PALMISANO: Free. Free wasn't good enough.

MURRAY: But "why" is the right question, right? I mean...

PALMISANO: I think what it is, I mean, not to be judgmental about these things; I really do think what it is is that we weren't aligning with the priorities. I mean, not IBM, the recommendations, because you could go through exports. I go through lots of things along the way, and we weren't aligned with the priorities of the Administration.

So the priority at the time, if I stay on my example of healthcare, was not to reduce costs and improve quality. It was to provide insurance and coverage for more people. That was our priority in the line. All we said, if you did this you could fund the priority without increasing the deficit, taking taxes up. And we couldn't sell the case

(end of segment)