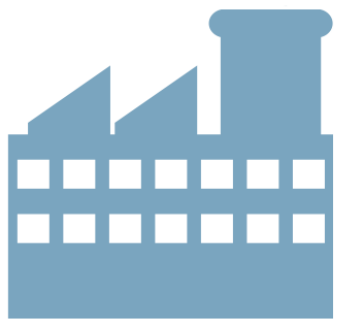


# Supply Chain 101

How healthcare group purchasing organizations (GPOs) help hospitals and other healthcare providers achieve cost savings.



GPOs deliver value to manufacturers in the form of consistent and predictable contracting; an efficient sales and marketing channel; value analysis; and automated supply chain analytics.



Manufacturers, distributors and vendors provide medical products & services



GPO contracts are voluntary. Hospitals are free to purchase from the GPO contract or directly from the manufacturer; 98% of hospitals use at least one GPO

GPOs also relieve administrative burden by providing other services, such as:



Educating Clinicians on Best Practices



Market Research & Value Analysis



Benchmarking Data



GPOs pass cost savings onto hospitals and other healthcare providers to ensure optimal patient care. There are no markups, added costs or hidden fees.

GPOs help hospitals source the best products and services at the best value...



...everything from cotton balls to pharmaceuticals and MRI machines; from food to construction and landscape services.



GPOs aggregate the purchasing power of hospitals & providers to negotiate competitive discounts with vendors, who voluntarily enter GPO contracts for a nominal administrative fee. Fees are generally 1-2% of total contract price and are highly transparent.

## \$25-55 BILLION IN SAVINGS



By pooling purchasing power, increasing competition in the marketplace, and serving as hospital supply chain partners, GPOs drive down healthcare costs for patients, providers, Medicare and Medicaid, and American taxpayers, and save the system between **\$25-55 billion per year.**<sup>1</sup>