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HSCA RELEASES FIRST ANNUAL REPORT ON VALUE GPOS DELIVER TO THE HEALTHCARE SUPPLY CHAIN

Survey of Leading Group Purchasing Organizations Reveals Integral Role in System-Wide Cost Savings, Increased Competition, and Health System Transformation

Washington, DC (January 31, 2017) – The Healthcare Supply Chain Association ([HSCA](#)), which represents the nation’s leading healthcare group purchasing organizations (GPOs), today released its first [annual report](#) on the value that GPOs deliver to the healthcare system. The report, which was based on a survey of HSCA member GPOs, found that GPOs continue to deliver critical cost savings to providers, increase competition and transparency in the market, and are helping to propel overall system transformation in healthcare.

“Healthcare group purchasing organizations are critical sourcing and cost-savings partners to virtually all of America’s 7,700+ hospitals, as well as the vast majority of the 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers. By delivering cost savings and creating efficiencies, GPOs allow healthcare providers to focus on their core mission: providing first-class patient care,” said HSCA President and CEO Todd Ebert, R.Ph. “The HSCA Annual Value Report confirms what hospitals, healthcare providers, suppliers and policymakers see every day: GPOs reduce healthcare costs, increase competition, drive transparency, visibility and predictability, propel health processes and system transformation, and add value to suppliers.”

GPOs help providers create efficiencies and negotiate competitive prices on products and services, helping to lower costs for patients, hospitals, payers, Medicare and Medicaid, and taxpayers, while significantly improving supply chain effectiveness.

HSCA Annual Value Report findings include:

- **GPOs Reduce Costs.** GPOs are projected to **save the healthcare system between \$392 and \$864 billion** over a ten-year period, save their customers an average of 10-15% across most expense categories, and provide \$1.8 billion annually in human resource savings.
- **GPOs Increase Competition.** GPOs and the healthcare organizations they serve operate in a voluntary environment. The flexibility to use or not use GPOs **drives competition, innovation and lowers costs**, not only within the GPO sectors, but in the healthcare system at large.

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- **GPOs Drive Transparency.** Given their direct line of sight across an immense span of products and services, GPOs add **predictability and context** to purchasing decisions and **visibility into pricing** and value for their members.
- **GPOs Propel Health Process and System Transformation.** GPOs create **communities of knowledge** by bringing together supply chain experts and providers to share best practices. GPOs also offer a new paradigm for reducing spending: the intersection of cost, quality and outcome.
- **GPOs Add Value to Suppliers.** GPOs help develop and build supplier-customer relations, **lower the cost of sales** through greater efficiencies, and **enhance supplier credibility** by providing data, growth opportunities, education and collaboration.
- **GPOs are on the Front Lines of Key Health Trends and Challenges.** The healthcare industry is complicated, fast-moving and dependent on a wide range of external dynamics. GPOs were on the front lines of **helping providers confront several key trends and challenges** in 2016, including:
 - **Emergency Preparedness:** GPO expertise in supply chain, logistics, contracting and hospital operations made them invaluable during crises and established the supply chain as a significant part of emergency and natural disaster preparedness;
 - **Energy Management:** Healthcare is one of the country's most energy-intensive industries and hospitals spend more than \$10 billion on energy costs every year. GPOs provide a range of services – including procurement and aggregations of options, negotiating with energy suppliers, and monitoring and auditing – to help manage facility needs;
 - **Drug Utilization Management:** GPOs offer a wide range of solutions to help members manage price inflation and tackle drug utilization, including rapid communication between manufacturers and providers, auto-substitution, failure-to-supply programs, private label, as well as spend management and budget development technology;
 - **GPOs as Healthcare Advocates:** GPOs advocate for policy solutions that reduce costs, increase competition and remove barriers to market entry on behalf of providers and patients, including combating drug shortages, mitigating generic drug price spikes, and increasing access to life-saving treatments through biosimilar drugs;
 - **Value-Based Purchasing:** GPOs are helping organizations shift to value-based purchasing by establishing strategic purchasing practices that connect total costs and patient outcomes with financial reimbursements.

“Although cost-savings and delivering the best products at the best value remain central to the GPO core mission, hospitals are increasingly relying on their GPO partners for a broad range of services beyond

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cost-savings. GPOs are expanding their offerings to meet evolving hospital and provider needs, including data analysis and benchmarking, market research, innovative technology integration, infection control, electronic product tracking, and developing and facilitating communities of knowledge among healthcare providers and supply chain experts to share best practices,” added Ebert.

For the full HSCA Annual Value Report, visit [our website](#).

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About the Healthcare Supply Chain Association (HSCA)

The Healthcare Supply Chain Association ([HSCA](#)) represents the nation’s leading healthcare group purchasing organizations (GPOs), which are critical cost-savings partners to America’s hospitals, nursing homes, nursing home pharmacies, clinics, home healthcare providers and surgery centers. GPOs deliver billions in savings annually to healthcare providers, Medicare and Medicaid, and taxpayers. HSCA and its member GPOs are committed to delivering the best products at the best value to healthcare providers, to increasing competition and innovation in the market, and to being supply chain leaders in transparency and accountability. For more information, visit www.supplychainassociation.org. Follow HSCA on Twitter [@HSCA](#).

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