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

*Survey of Leading Group Purchasing Organizations Shows Important and Evolving Role in System-Wide Cost Savings, Increased Competition, and Emerging Healthcare Trends*

**Washington, DC (August 21, 2018)** – The Healthcare Supply Chain Association ([HSCA](#)), which represents the nation’s leading healthcare group purchasing organizations (GPOs), today released its [second 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 improvements to the overall healthcare system.

“From helping achieve critical cost savings for virtually all of America’s 7,000+ hospitals and other healthcare facilities to facilitating communities of knowledge to share best supply chain practices, healthcare group purchasing organizations remain critical partners to healthcare providers. GPOs deliver critical cost savings that 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 deliver savings for healthcare providers, Medicare and Medicaid, patients, and taxpayers by creating efficiencies and implementing best practices.

HSCA Annual Value Report findings include:

- **GPOs Reduce Costs.** GPOs are projected **to save the healthcare system between \$392.2 and \$864.4 billion** over a ten-year period, save their customers an average of 10-18% across most expense categories
- **GPOs Increase Competition.** GPOs and the healthcare organizations they serve operate in a voluntary environment. Most hospitals, for example, work with an average of two to four GPOs, and are free not to use GPO services at all. 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 provide **efficiencies, predictability and context to purchasing and supply decisions.**
- **GPOs Support New and Innovative Technologies.** GPOs actively work with their members to **identify, evaluate, and contract for new and innovative** healthcare technologies.
- **Propel Health Process and System Transformation.** By developing and sharing best practices, GPOs replicate and share success with all customers, creating “**Communities of Knowledge.**”
- **GPOs Add Value to Suppliers.** GPOs help develop and **build supplier and customer relations** and **lower the cost of sales** through greater efficiencies. They also **enhance supplier credibility** by providing data and information, 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 2017, including:
  - **Emergency Preparedness:** GPOs are an invaluable partner for a healthcare organization’s emergency preparedness efforts. GPOs help members prepare, respond and rebuild after man-made or natural disasters;
  - **Cybersecurity:** Advances in information technology and medical devices, and increasing interoperability of information systems, devices and services are improving patient care. However, medical devices and services are vulnerable to cybersecurity threats that could jeopardize patient health, safety and privacy. GPOs bring a unique line of sight over the entire healthcare supply chain that allows them to bring innovative products and services to patients, while simultaneously helping providers confront 21<sup>st</sup> century cyber threats;
  - **Managing Drug Utilization:** In recent years there have been numerous high-profile reports of inadequate supplies of generic drugs that have served as the standard of care for some diseases. GPOs offer a portfolio of solutions to help clients manage price changes and tackle drug utilization – issues closely connected to drug shortages. One of the most important offerings is rapid and reliable communication between manufacturers and providers. Additional solutions include auto-substitution, failure-to-supply programs, private label (products and services manufactured or provided by one company for offer under another company’s brand), as well as spend management and budget development technology;
  - **Healthcare Associated Infections:** Healthcare-associated infections (HAIs) are infections a patient might get when receiving medical treatment in a hospital or other healthcare facility. GPOs offer

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a range of programs that help their member organizations prevent HAIs, including convening performance improvement collaboratives to focus on early recognition and intervention;

- **Value-Based Purchasing:** GPOs play a unique role in assisting both suppliers and healthcare organizations in responding to the opportunity VBP presents. GPOs are able to help organizations establish more strategic purchasing practices that connect total costs and patient outcomes with financial reimbursements.

“While cost-savings and delivering the best products at the best value remain central to the GPO core mission, hospitals and healthcare providers are increasingly relying on GPOs for a broad range of services integral to cost-effective patient outcomes. 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 tracing, and the development and facilitation of 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](http://www.supplychainassociation.org). Follow HSCA on Twitter [@HSCA](#).

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