

Research conducted by supply chain experts at The Wharton School of the University of Pennsylvania affirms that hospitals are consistently—and overwhelmingly—satisfied with their healthcare group purchasing organizations (GPOs). The research was based on surveys of hospital supply chain executives by the American Hospital Association (AHA) and the Association for Healthcare Resources & Materials Management (AHRMM). The research looks at trends and changes in hospital executives' evaluations of their GPOs based on a series of performance and utilization measures. The research found that hospitals have remained overwhelmingly satisfied with their GPOs, that they believe GPOs achieve demonstrable cost-savings and margin-improvement, and that hospitals are increasingly relying on GPOs for services and value their expanding services.

Hospitals are Overwhelmingly Satisfied with Their GPOs

- ✓ Approximately **90 percent** of all hospital executive respondents reported being satisfied or very satisfied with their national GPO.
- ✓ This high rate of satisfaction has translated to an increase in long-term GPO relationships, with the **average tenure of a hospital with its national GPO increasing from 9 years to 11 years.**

Hospitals Rely on GPOs to Create Cost Savings

- ✓ An overwhelming majority of hospitals believe that GPOs achieve demonstrable cost-savings and margin-improvement.
- ✓ Hospitals are repeatedly satisfied with their GPO's ability to obtain cost savings through lower prices overall, price discounts, and getting the lowest price in GPO contracts.
- ✓ Hospitals have become increasingly satisfied with GPOs' ability to achieve cost savings through contract administrative fees shared with the hospital, information technology, and centralized staffing, demonstrating GPOs ability to provide hospitals with cost-savings in ways beyond pricing.

Hospitals Increasingly Utilize GPOs for Services Beyond Cost-Savings

- ✓ As GPOs continue to expand their services, hospitals have increased their purchases of supplies and services offered by their GPOs, demonstrating the voluntary and flexible nature of the GPO industry.
- ✓ Hospitals have expressed significantly greater satisfaction with GPO services in clinical improvement, consulting services, clinical expertise and data support for value analytics, direct input product and service selection, auditing for implant procurement, assisting with contract conversion for PPIs, and item master maintenance.
- ✓ Hospitals believe that the role and impact of GPOs has grown over the past 5 years.

Hospitals Remain Satisfied with the GPO Business Model

- ✓ Hospitals and physicians remain satisfied with GPOs' contract structures.
- ✓ Hospitals report that GPO administrative fees have little influence on their buying decisions, and that the administrative fees represent an important source of hospitals savings.
- ✓ GPOs "distribute a larger share of contract administrative fees back to their members." (UPenn Research, page 8)