

Healthcare group purchasing organizations (GPOs) are the sourcing and purchasing partners to virtually all of America's 7,000+ hospitals and the vast majority of its 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers. GPOs deliver the best product at the best value, enabling healthcare providers to focus on their core mission: delivering first-class patient care. GPOs are committed to ensuring quality and reliability throughout the healthcare system. GPOs evaluate manufacturer quality and reliability of supply as part of the contracting process and take into account key FDA inspections and Current Good Manufacturing Practices (cGMP). GPOs include failure-to-supply clauses in their supplier contracts to help ensure an adequate supply of products. GPOs also advocate for policy solutions that foster quality throughout the healthcare system.

## GPOs are Supply Chain Leaders in Quality Assurance and Include Quality Considerations in the Contracting Process

- ✓ Although GPOs are critical cost-savings engines, they **take a wholistic approach to purchasing that considers the quality of the manufacturer, reliability and stability of supply, and competitive pricing offered**. To incentivize suppliers to produce a sufficient amount of product, **GPOs include failure-to-supply clauses in their supplier contracts**.
- ✓ As the U.S. Food and Drug Administration plays an important role in assessing manufacturer quality, **GPOs evaluate manufacturers according to Current Good Manufacturing Practices (cGMP) regulations and inspection reports** issued by the FDA.
- ✓ Because GPO contracts provide stability and a predictable or guaranteed demand for product, **manufacturers are increasingly willing to share quality-related data with GPOs, allowing GPOs to have greater insight** into the quality and reliability of manufacturers when sourcing contracts.

## GPOs Are Taking Innovative Steps to Ensure Quality and Help Healthcare Providers Mitigate Drug Shortages

- ✓ As quality issues can often lead to drug shortages, GPOs help member hospitals lessen their exposure to shortages by **evaluating manufacturer reliability when sourcing or awarding contracts, and helping providers establish best-practice purchasing procedures**.
- ✓ GPOs help hospitals **source and safely migrate to alternate products when shortages or quality issues arise, enabling providers to continue to provide high-quality, uninterrupted care to their patients**.
- ✓ **GPOs also work to identify additional manufacturers for products in shortage and help bring them to market as quickly as possible** to help reduce product scarcity, prevent price spikes, and increase competition in the marketplace.

## GPOs Advocate for Policy Solutions That Help Ensure Quality and Reliability Throughout the Healthcare System

- ✓ HSCA and its member GPOs leverage their unique line of sight over the entire healthcare supply chain to **advocate for policy solutions that help incentivize quality, reliability, and a steady supply of products**. HSCA [supports the MEDS Act](#), which strengthens manufacturer reporting requirements, develops new market-based incentives to help ensure a stable supply of critical prescription drugs, and provides the FDA with additional authority to address drug shortages. **In 2020, key provisions of the MEDS Act were ultimately included in the passage of the CARES Act**.
- ✓ **HSCA and its member GPOs participate in a Drug Shortage Working Group** composed of leading healthcare provider organizations to develop policy proposals to help prevent and address drug shortages. **Policy recommendations put forth by the group include key recommendations around quality assurance**.
- ✓ In 2015, **HSCA filed [comments](#) urging the FDA to implement quality metrics** to monitor drug manufacturing establishments, advance product quality, and mitigate drug shortages.