

Summary: HSCA 2017 Annual Value Report

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, assisted living facilities, infusion pharmacies, home healthcare providers, surgery centers, and other healthcare providers. GPO functions are increasingly multifaceted and are focused on reducing healthcare costs, increasing competition, driving transparency, creating visibility and better predictability, as well as propelling healthcare processes and system transformation. This is a summary of the first HSCA annual report on the value GPOs bring to the healthcare system.

GPOs reduce overall costs and increase competition across the healthcare marketplace.

- ✓ GPOs are projected to save the healthcare system **\$392.2 billion to \$864.4 billion** over a ten-year period **from 2013 to 2022** by creating efficiencies and negotiating competitive prices on products and services.
- ✓ GPOs, and the healthcare organizations they serve, operate in a **voluntary environment**.
- ✓ The flexibility to use/not use GPOs **drives competition, innovation, and lower costs** not only within the GPO sector but in the healthcare system at large.
- ✓ GPOs save their customers **10-15% on most expense categories** and upwards of **25% for certain drug categories**.
- ✓ In addition to savings on purchased services and supplies, GPOs generated **\$1.8 billion annually in human resource savings** for hospital purchasing.

GPOs drive transparency, visibility and predictability across the healthcare industry.

- ✓ Given their role in negotiating contracts between providers and vendors, GPOs have a **direct line of sight across an immense span of healthcare products and services, and their prices**.
- ✓ GPOs provide not just efficiencies, but also **predictability and context to purchasing and supply decisions**.
- ✓ GPOs work with entities across the supply chain, including hospitals, nursing homes, clinics, home health agencies, as well as a myriad of medical supply and service vendors, bringing **visibility into pricing and value information to their clients**.

GPOs propel healthcare process and system transformation through education and best practices.

- ✓ **GPOs create communities of knowledge** within healthcare organizations by bringing together supply chain experts and healthcare providers to share best practices to improve healthcare processes, especially related to purchasing.
- ✓ GPOs offer a new paradigm for reducing healthcare spending: the **intersection of cost, quality and outcomes**. This approach will help bend the cost curve by helping healthcare entities **consider total costs, impact on care quality and total reimbursement outcomes when selecting products**.

GPOs add value to suppliers as a part of the sales process.

- ✓ Not only do **GPOs help develop and build supplier and customer relations** and lower the cost of sales through greater efficiencies, but they also enhance supplier credibility by providing data and information, growth opportunities, education and collaboration, and national meetings.

GPOs are on the frontlines of many key trends facing the healthcare industry supply chain.

- ✓ GPO expertise in supply chain, logistics, contracting and hospital operations made them an **integral part of emergency preparedness**, ensuring that healthcare organizations are prepared to respond to natural disasters.
- ✓ As healthcare ranks as one of the country's most energy intensive industries, **GPOs provide a range of services to help manage energy needs**.
- ✓ GPOs help clients **manage price inflation and drug utilization** to help mitigate drug shortages by providing communication between manufacturers and providers.
- ✓ **GPOs serve as an advocate** for policy solutions that reduce costs, increase competition and remove barriers to market entry on behalf of healthcare entities and patients, including combatting drug shortages, mitigating price spikes and increasing access to life-saving treatments through biosimilar drugs.
- ✓ GPOs assist both suppliers and healthcare organizations with **value-based purchasing** by helping organizations establish more strategic purchasing practices that connect total costs and patient outcomes with financial reimbursements.