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WHITE HOUSE BUDGET, CONGRESSIONAL FOCUS ON COST CONTAINMENT HIGHLIGHT IMPORTANCE OF GPO COST SAVINGS TO HOSPITALS, MEDICARE AND MEDICAID

Group Purchasing Organizations Projected to Save More Than \$170 Billion for Medicare, Medicaid from 2008 to 2017

Washington, D.C. (February 14, 2011) – Health Industry Group Purchasing Association (HIGPA) President Curtis Rooney today issued the following statement on President Obama’s FY2012 budget, and the billions in cost savings that group purchasing organizations (GPOs) deliver to American hospitals, to Medicare and Medicaid programs, and to American taxpayers:

“As the budget process continues, and as Congress and the White House focus on deficit reduction and spending, GPOs will continue to be a critical piece of the private sector solution to rising health care costs. GPOs are cost containment and are already delivering billions in savings to hospitals, the Medicare and Medicaid programs, and to American taxpayers.

“GPOs specifically provide critical health care cost savings to:

- **America’s 5,000+ Hospitals:** GPOs save hospitals and the health care delivery system up to \$36 billion in annual price discounts and over \$2 billion annually in human resource costs. GPOs save each hospital an average of 10-18 percent compared to direct purchases from medical device companies;
- **Medicare and Medicaid Programs:** Recent studies indicate that GPOs will save Medicare between \$104 and \$230 billion from 2008 to 2017, and will save Medicaid between \$74.1 and \$162.5 billion during the same period;
- **American Taxpayers:** By delivering cost savings to both hospitals and the government, and by increasing efficiency and transparency in the health care delivery system, GPOs help keep health care costs down for all taxpayers.

“American hospitals are already operating in the midst of budget crises and at razor-thin margins. Changes to Medicare reimbursement, decreases in federal health care spending and the added costs of health care reform implementation will mean that hospitals will rely on their GPO partners even more to deliver cost savings that will help hospitals keep America healthy.

“The President’s FY2012 budget is the first step in a critical cost containment process, and HIGPA and its members look forward to working with Congress and the Administration on ways GPOs can continue to

help drive down health care costs, and to identify potential areas in the health care supply chain where there may be additional cost savings, such as increased transparency in medical device industry contracting.”

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About HIGPA

The Health Industry Group Purchasing Association (HIGPA) is a broad-based trade association that represents 15 group purchasing organizations, including for-profit and not-for-profit corporations, purchasing groups, associations, multi-hospital systems and healthcare provider alliances. HIGPA’s mission is to advocate on behalf of health care group purchasing associations, to provide educational opportunities designed to improve efficiencies in the purchase, sale and utilization of all goods and services within the health industry and to promote meaningful dialogue between GPOs. For more information, visit www.higpa.org.