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## **HIGPA: RECENT MEDTRONIC CONTRACT CANCELLATIONS AN ATTACK ON AMERICAN HOSPITALS**

**Washington, D.C. (March 7, 2011)** – Health Industry Group Purchasing Association (HIGPA) President Curtis Rooney today issued the following statement on the recent decision by medical device manufacturer Medtronic to cancel some of its largest GPO contracts:

“Medtronic’s recent decision to cancel its GPO contracts puts greed ahead of patients, and is nothing short of an attack on America’s hospitals.

“GPOs work on behalf of hospitals and other health care providers, and GPO contracts are based on strong competitive forces. Manufacturers compete with one another to win business by offering the best products and services at the best value. Medtronic has simply abdicated this competitive space in an effort to prevent hospitals from banding together to get the best deals. The result is purely predatory.

“Without GPO benchmarking, Medtronic has left hospitals in isolation to negotiate with a device maker that will now be able to charge whatever local markets will bear. Hospitals will be unable to share non-proprietary data and validate that they are receiving a fair price on the products they buy. The problem will be even more extreme in small, rural markets where community hospitals will have almost no size or volume to leverage against a \$16 billion corporation.

“As a result, the \$200 billion medical device industry will be able to leverage its army of salesmen to drive unnecessary utilization and further enforce contractual ‘gag clauses’ to keep prices a secret. This will give device makers a virtually unchecked ability to drive up costs for hospitals and Medicare.

“Medtronic is a publicly traded company, not a charity, and the notion that circumventing GPOs will decrease health care costs does not withstand the slightest bit of scrutiny. Hospitals and materials managers have already said that Medtronic’s decision will raise costs for hospitals and have expressed their ‘extreme disappointment.’ There are many great companies who work with GPOs, many of them competitors to Medtronic, who will continue to bring the best, most innovative products to market.

“At a time when all participants to the health care delivery system are searching for ways to cut costs, Medtronic is solely concerned with currying favor with Wall Street and driving profits – leaving hospitals and taxpayers to foot the bill.”

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### **About HIGPA**

The Health Industry Group Purchasing Association (HIGPA) is a broad-based trade association that represents 16 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](http://www.higpa.org).