



FOR IMMEDIATE RELEASE
January 25, 2012

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HSCA RESPONDS TO STATE OF THE UNION ADDRESS AND HIGHLIGHTS CRITICAL ROLE OF GPOS IN HEALTHCARE COST CONTAINMENT

Washington, DC (January 25, 2012) – Healthcare Supply Chain Association (HSCA) President Curtis Rooney today released the following statement in response to the State of the Union address highlighting the critical role of group purchasing organizations (GPOs) in delivering billions in savings to hospitals, Medicare and Medicaid, and the American taxpayer:

“HSCA and the group purchasing industry applaud President Obama for his commitment to preserving the Medicare and Medicaid programs while also reducing costs across the healthcare system. GPOs are critical cost savings engines for American hospitals and healthcare providers. Every day, GPOs work with their hospital partners to deliver the best, most innovative products at the best value, and GPOs save billions every year for hospitals, taxpayers and the Medicare and Medicaid programs.

“Hospitals face mounting financial pressures, and continued implementation of federal healthcare reform will likely increase the strain. Hospitals will rely on GPOs even more to provide critical cost savings, to identify and bring innovative medical products to market, and to help hospitals preserve patient access to affordable and effective care.”

GPOs achieve billions in savings annually by using high-volume purchasing methods to secure discounts for hospital partners. Recent studies indicate that GPOs will save Medicare \$104 to \$230 billion from 2008 to 2017, and will save Medicaid between \$74.1 and 162.5 billion during the same period. In 2008 alone, GPOs generated overall savings of \$29 to \$64 billion for the healthcare system, according to one study. Of that, Medicare realized savings up to \$17 billion and Medicaid saved up to \$12 billion.

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About the Healthcare Supply Chain Association (HSCA)

The Healthcare Supply Chain Association, formerly the Health Industry Group Purchasing Association, 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. HSCA’s mission is to advocate on behalf of healthcare 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.supplychainassociation.org.