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8TH CIRCUIT COURT OF APPEALS REAFFIRMS “FIERCE COMPETITION” AND GPO COST SAVINGS TO HOSPITALS IN *SOUTHEAST MISSOURI HOSPITAL V. BARD* DECISION

Federal Court Recognizes GPO Benefits to Healthcare Delivery System; Joins Supreme Court, GAO, DOJ, FTC and Academia in Providing Vote of Confidence to GPO Model

Washington, D.C. (June 14, 2011) – The Health Industry Group Purchasing Association (HIGPA) today applauded a decision by the U.S. 8th Circuit Court of Appeals (*Southeast Missouri Hospital v. Bard Inc.*), which found for the second time that GPOs save hospitals money, that hospital GPO membership is voluntary, and that there is “fierce competition” to get on GPO contracts that results in hospitals paying 10-15 percent less on average for medical devices and services. The court agreed to rehear the case after originally reaching the same conclusions in an August 2010 decision.

“The court in *Southeast Missouri Hospital* conducted a thoughtful examination of the critical partnership between hospitals and GPOs and determined that hospitals voluntarily turn to GPOs to provide the best products at the best value,” said HIGPA President Curtis Rooney. “Hospital purchasing executives are incredibly skilled shoppers in a highly competitive marketplace, and virtually all of America’s 5,000+ hospitals continue to rely on GPOs to reduce operating costs. As financial pressure on hospitals mounts and as the U.S. continues to focus on deficit reduction, GPOs will play an increasing role in saving money for hospitals, Medicare and taxpayers.”

The 8th Circuit Court of Appeals decision focuses on antitrust issues and includes the following additional findings of fact:

- GPO membership is **voluntary for hospitals**, hospitals can (and do) switch from one GPO to another, and may belong to multiple GPOs;
- **96 to 98 percent of all hospitals** in the United States **voluntarily belong** to one or more GPOs;
- On average, **hospitals pay 10-15 percent less** by buying under GPO contracts;
- **GPOs do not purchase supplies**; member hospitals do under the terms of their GPO-negotiated contracts;
- Hospital contracts with GPOs can be **terminated at any time with notice** to the supplier;
- **Hospitals are not required to purchase through their GPO contracts**, but can instead purchase supplies “off-contract,” negotiating their own prices directly with suppliers;

The full decision of the 8th Circuit Court of Appeals can be found [here](#).

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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 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.

www.higpa.org.