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HSCA STATEMENT ON GAO REPORT ON GPO OVERSIGHT

GAO Finds Federal Government Has Exercised Oversight Authority Over GPOs and Found No Evidence of Anticompetitive Behavior

Washington, DC (May 1, 2012) – Healthcare Supply Chain Association (HSCA) President Curtis Rooney today released the following statement regarding the Government Accountability Office (GAO) report *Group Purchasing Organizations: Federal Oversight and Self-Regulation*:

“The U.S. Government Accountability Office (GAO) recently released its analysis of federal authority and oversight of the healthcare group purchasing industry. The report found that the federal government has sufficient ability to monitor and investigate GPOs, and that the government has exercised its oversight capacity and found no evidence of anticompetitive GPO behavior. The GPO model, which delivers significant annual cost savings to American hospitals, Medicare and Medicaid, and taxpayers, has received votes of confidence from the DOJ, FTC, U.S. Supreme Court, 8th Circuit Court of Appeals, academia and virtually all of America’s 5,000+ hospitals.

“GPOs are the most transparent sector in healthcare. The GAO report reaffirms that GPOs have proactively taken steps to self-regulate and to increase transparency and accountability in the healthcare supply chain, including requiring that member GPOs adhere to a code of conduct, holding GPOs accountable to the public through an annual accountability questionnaire, and sharing best practices at an annual Best Practices Forum. GPOs also voluntarily established, with input from congressional staff, an independent ethics advisory council in 2010 to guide industry practices, and created a vendor grievance process that allows complaints to be reviewed by an independent third party provided by the American Arbitration Association.

“The GAO also joined other recent independent analyses in noting that hospitals and other healthcare providers, including those that participate in Medicare and Medicaid, have increasingly turned to GPOs to help control rising healthcare costs. As financial pressure on our hospital partners continues to mount, GPOs will continue to work to deliver the best, most innovative products at the best value to American hospitals and patients.”

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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.