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**HSCA STATEMENT ON THE STATE OF THE UNION ADDRESS AND THE CRITICAL ROLE OF GPOS IN
REDUCING COSTS FOR AMERICAN HOSPITALS, MEDICARE AND TAXPAYERS**

Washington, DC (February 13, 2013) – Healthcare Supply Chain Association (HSCA) President Curtis Rooney today released the following statement in response to President Obama’s State of the Union address:

“HSCA and its group purchasing organization members applaud the President for his commitment to preserving Medicare and Medicaid, and we agree that more must be done to confront rising healthcare costs, which are a driver of long-term debt. GPOs save American hospitals, long-term care facilities, Medicare and Medicaid, and taxpayers billions every year, and will continue to play a critical role in healthcare cost containment and the debate over deficit reduction.

“Healthcare reform implementation and potential cuts to Medicare will increase financial strain on American hospitals that are already delivering high-quality, affordable care on shrinking budgets. GPOs deliver the best products at the best value to their hospital partners, and hospitals will lean on their GPOs even more to help further stretch their budget dollars.

“The healthcare group purchasing industry looks forward to working with the Administration, Congress and industry to find solutions that remove additional costs from the healthcare system, and we encourage stakeholders to consider all policy options for reducing costs, including the positive impact that increased medical device pricing transparency, successful implementation of a unique device identification (UDI) system, the move to global standards, and efforts to green the supply chain will have on cost containment.”

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 between 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 14 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.