

Healthcare Supply Chain Association (HSCA) Position:

New alternative payment models (APMs) – including value-based purchasing, accountable care organizations (ACOs), and bundled payments – are reshaping the way healthcare is delivered and reimbursed. Policymakers and health system participants are hopeful that these initiatives lead to improved coordination of care, as well as more efficient and effective care delivery. To operate in this environment, hospitals are entering into new relationships with payers, physicians and other healthcare stakeholders. As a result, some aspects of the Stark Law – which was passed decades ago and did not contemplate these types of arrangements – are not keeping pace.

HSCA recognizes the unique challenges that our hospital partners face in this rapidly evolving environment. We support hospitals and other providers in their pursuit of innovation and implementation of new models so that they can continue to offer efficient, high-quality, cost-effective patient care.

Healthcare group purchasing organizations (GPOs) are critical cost-savings and sourcing partners to virtually all American hospitals. HSCA will continue working with our provider members to ensure that Stark Law is updated to support hospital innovation and preserve alliances with GPOs, which are critical to providers and patients alike.

Alternative Payment Models (APMs) Have Precipitated a Shift in the Healthcare Landscape

- ✓ New alternative payment models, including **ACOs, value-based purchasing and bundled payments**, are reshaping the way that healthcare is delivered and reimbursed.
- ✓ Payments to hospitals, physicians and other healthcare providers are **increasingly tied to value, rather than volume** of services provided.

Although Hospitals are Changing Rapidly to Meet New Challenges, the Current System to Regulate Fraud and Abuse Has Not Kept Pace

- ✓ To help affect quality outcomes, clinical efficiencies and cost-savings, hospitals are entering into **new relationships with their physician partners and employing physicians** more regularly.
- ✓ Unfortunately, the current system to regulate healthcare fraud and abuse has **remained largely unchanged for several years**.

GPOs are Critical Cost-Savings and Sourcing Partners to Virtually All of America's 8,000+ Hospitals

- ✓ GPOs are the **sourcing and purchasing partners to virtually all of America's 8,000+ hospitals**, as well as the majority of the 68,000+ non-acute care facilities such as nursing homes, clinics, home health providers and surgery centers.
- ✓ GPOs save healthcare providers, Medicare and Medicaid, and American taxpayers up to **\$55 billion annually**, and many GPOs are owned by healthcare providers themselves.

Stark Law Reform Should Not Affect Hospital Access to GPO Savings and Efficiencies

- ✓ HSCA and its member **GPOs support hospitals and other providers in their pursuit of innovation** and implementation of new models so that they can continue to offer efficient, high-quality, cost-effective patient care.
- ✓ HSCA will continue working with our provider members to **ensure that fraud and abuse laws are updated to support hospital innovation and preserve alliances with GPOs, which are critical to providers and patients alike**.