

# Beaumont Hospitals

August 26, 2009

The Honorable Gary Peters  
U.S. House of Representatives  
1130 Longworth Building  
Washington, DC 20515

Kenneth J. Matzick  
President and  
Chief Executive Officer

Dear Congressman Peters:

William Beaumont Hospital relies on **MY GPO** Inc., a Group Purchasing Organization (GPO), to be our trusted cost-management partner. **MY GPO** aggregates our purchasing power and that of other hospitals to negotiate discounts with suppliers on our behalf. **MY GPO** works with Beaumont to deliver the best value from suppliers, and it does so through a transparent, client-driven, fair and highly ethical contracting process. We encourage you to support the important work that GPOs provide to hospitals like ours by maintaining this current, effective cost-cutting solution during these health care reform debates.

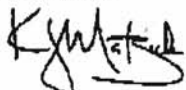
**MY GPO** delivers significant savings to Beaumont, along with operational improvements. We believe **MY GPO** adheres to a very strict ethics and compliance policy. Because of this, **MY GPO** is able to ethically conduct business on our behalf to aid with cost-management initiatives that support our delivery of high quality patient care. Most importantly, all contract and product decisions with suppliers are made by us – the clients.

Right now, capital spending is tight, and our operating margins remain very low. But we are able to operate successfully in part because of our relationship with **MY GPO**. If GPOs were diminished, here are a few ways we and the entire healthcare industry would be affected:

- Beaumont Health system would be unable to aggregate our purchasing power with that of other health systems, resulting in lost negotiating leverage with suppliers and therefore higher prices.
- Because GPOs help hospitals negotiate thousands of contracts needed for consumables, services and equipment, our health system and others would be forced to hire more staff and thus increase our operating expenses at a time when we are seeking to capture every efficiency available to reduce our operating costs.
- Instead of the transparency into contracting pricing **MY GPO** offers (where clients make contracting decisions based on pricing offered by suppliers for a large group of health systems), we may be forced to negotiate with suppliers on our own without the marketplace intelligence that group contracting provides – leading us to pay higher prices.

A key component of reforming the U.S. health system must include reducing the underlying cost of providing healthcare services. This is the specialty of **MY GPO** and other GPOs. We urge you to promote cost-cutting solutions in resolving the current healthcare crisis, and (in particular) work to avoid any restrictive legislation on GPOs that could only hurt our ability to provide care to our patients and deliver the savings necessary for reform.

Sincerely,



Kenneth J. Matzick

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