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New Analysis of U.S. Health Data Finds Healthcare Group Purchasing Organizations Save Healthcare System, Medicare and Medicaid, and Taxpayers Up to \$34.1 Billion Annually

Analysis of CMS expenditure data finds that GPOs will reduce healthcare spending by \$456.6 billion over the next ten years

Washington, DC (May 15, 2019) – The Healthcare Supply Chain Association ([HSCA](#)), which represents the nation’s leading healthcare group purchasing organizations (GPOs), today announced a new analysis of data from the Centers for Medicare and Medicaid Services (CMS) which found that GPOs save the healthcare industry up to \$34.1 billion annually and will reduce healthcare spending by up to \$456.6 billion over the next ten years. The [report](#), conducted by healthcare economists at Dobson DaVanzo & Associates, found that GPOs reduce supply-related purchasing costs to nursing homes and hospitals by 13.1 percent compared to providers who do not use GPO services.

“America’s hospitals, physicians, and other healthcare providers face mounting pressure to reduce costs, and they consistently turn to GPOs to deliver the best products at the best value,” said HSCA President and CEO Khatereh Calleja. “The new analysis of CMS health expenditure data confirms what virtually all of America’s 7,000+ hospitals already know: GPOs are critical supply chain partners that reduce costs for the entire healthcare system, allowing physicians to focus on their core mission of providing first-class patient care.”

Dobson DaVanzo & Associates analyzed the National Health Expenditure (NHE) data published by CMS along with data collected from a survey of healthcare providers that use GPO services and reached the following conclusions about the value of GPOs to the U.S. healthcare system:

- GPOs save the entire healthcare system up to **\$34.1 billion annually, and will save the healthcare industry \$456.6 billion over the next ten years (2017-2026)**.
- GPOs **reduce supply-related purchasing costs to hospitals and nursing homes by 13.1 percent** compared to providers who do not use GPO services.
- GPOs generate **\$8.7 billion annually in Medicare cost-savings and will save Medicare \$116.3 billion** over the next ten years.

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- GPOs save Medicaid **\$6.8 billion annually and will generate \$90.1 billion in Medicaid cost-savings** over the next ten years.

“In addition to the cost-savings that GPOs achieve, they can improve care quality as GPOs ensure that hospitals and providers are delivered the appropriate supplies for each patient,” noted Dobson DaVanzo economists in the report. “Collectively, GPO services lead to increased efficiencies, better use of staff, and lower total costs. Thus, the ongoing role played by GPOs result in a variety of savings to providers, to patients, and to the entire healthcare system.”

To help determine GPO cost-savings, the authors surveyed hospital and nursing home provider networks that used GPO services in their purchases and received responses from stakeholders representing 530 facilities with a total business volume of \$59.7 billion. The report combined the survey data with the National Health Expenditure (NHE) data published by CMS and incorporated updated estimates from the Federal Register on the non-labor proportion of hospital and nursing home spending to ensure an accurate representation in the data.

For the full Dobson DaVanzo report on the value of GPOs to the U.S. health system, click [here](#).

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About the Healthcare Supply Chain Association (HSCA)

The Healthcare Supply Chain Association ([HSCA](#)) represents the nation’s leading healthcare group purchasing organizations (GPOs), which are critical cost-savings partners to America’s hospitals, homes, nursing home pharmacies, clinics, home healthcare providers and surgery centers. GPOs deliver billions in savings annually to healthcare providers, Medicare and Medicaid, and taxpayers. HSCA and its member GPOs are committed to delivering the best products at the best value to healthcare providers, to increasing competition and innovation in the market, and to being supply chain leaders in transparency and accountability. For more information, visit www.supplychainassociation.org. Follow HSCA on Twitter [@HSCA](#).

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