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HSCA RELEASES THIRD ANNUAL REPORT ON VALUE GPOS DELIVER TO THE HEALTHCARE SUPPLY CHAIN

Report Highlights GPO Cost-Savings of up to \$34.1 Billion Annually, Emergency Preparedness Efforts, and Leadership on Drug Shortages

Washington, DC (March 24, 2020) – The Healthcare Supply Chain Association ([HSCA](#)), which represents the nation’s leading healthcare group purchasing organizations (GPOs), today released its third annual [report](#) on the value that GPOs deliver to the healthcare system. The report, which was based on existing academic research and on a survey of HSCA member GPOs, found that GPOs deliver up to \$34.1 billion annually in critical cost-savings to providers; increase competition and transparency in the marketplace; and help to propel improvements to the overall healthcare system while providing critical support to the health system in the face of public health threats like COVID-19.

“As the United States continues to address the spread of COVID-19, supporting healthcare providers and the patients they serve is more important than ever. GPOs are on the front lines of patient care, working with provider partners to deliver a safe and reliable supply of the best products at the best value,” said HSCA President and CEO Khatereh Calleja. “This year’s HSCA Annual Value Report confirms what hospitals, healthcare providers, suppliers and policymakers see every day: GPOs support emergency response, reduce costs, enhance quality, increase competition, and drive transparency throughout the healthcare system.”

HSCA Annual Value Report findings include:

- **GPOs Increase Cost-Savings While Delivering Value.** GPOs save the healthcare system up to **\$34.1 billion annually and will save the industry \$456.6 billion** over a ten-year period. GPOs reduce supply-related purchasing costs by 13.1 percent across most expense categories.
- **GPOs Increase Competition.** GPOs and the healthcare organizations they serve operate in a voluntary, competitive environment. Hospitals work with an average of two to four GPOs. The flexibility to use or not use GPOs **drives competition, innovation and better value**, not only within the GPO sectors, but in the healthcare system at large.
- **GPOs Drive Transparency.** Given their direct line of sight across an immense span of products and services, GPOs provide **efficiencies, predictability and context to purchasing and supply decisions.**

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- **GPOs are on the Front Lines of Key Health Trends and Challenges**. The healthcare industry is complicated, fast-moving and dependent on a wide range of external dynamics. GPOs were on the front lines of **helping providers confront several key trends and challenges** in 2019, including:
- **Emergency Preparedness**: GPOs are an invaluable partner for a healthcare organization’s emergency preparedness efforts. GPOs help members prepare, respond and rebuild after public health threats and man-made or natural disasters;
 - **Cybersecurity**: Medical devices and services are vulnerable to cybersecurity threats that could jeopardize patient health, safety and privacy. GPOs bring a unique line of sight over the entire healthcare supply chain that allows them to bring innovative products and services to patients, while simultaneously helping providers guard against cyber threats;
 - **Managing Drug Utilization**: In recent years, there have been high-profile reports of inadequate supplies of generic drugs that have served as the standard of care for some diseases. GPOs offer a portfolio of solutions to help s providers support reliability, predictability, and manage price changes – issues closely connected to drug shortages;
 - **Preventing and Mitigating Drug Shortages**: GPOs work collaboratively with hospitals, physicians, manufacturers, distributors, and government agencies to ensure that hospitals and patients have access to the lifesaving drugs and products they need. Alongside work with the Food and Drug Administration (FDA) and HSCA comments and hearing testimony, HSCA formed a working group with key healthcare organizations to develop recommendations to address drug shortages in the U.S.;
 - **Healthcare Associated Infections**: Healthcare-associated infections (HAIs) are infections a patient might get when receiving medical treatment in a hospital or other healthcare facility. GPOs offer a range of programs that help their member organizations prevent HAIs, including convening performance improvement collaboratives to focus on early recognition and intervention.
 - **Value-Based Purchasing (VBP)**: GPOs play a unique role in assisting both suppliers and healthcare organizations in responding to the opportunity VBP presents. GPOs are able to help organizations align strategic purchasing practices with costs and clinical outcomes to help improve care delivery.

“While cost-savings and delivering the best products at the best value remain central to the GPO core mission, hospitals and healthcare providers are increasingly relying on GPOs for a broad range of

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services beyond cost-savings to improve healthcare in U.S.,” added Calleja. “GPOs are committed to helping meet the needs of providers amidst challenges like COVID-19 and continuing to provide high quality care for patients.”

For the full HSCA Annual Value Report, visit [our website](#).

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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, nursing 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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