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HSCA

HEALTHCARE SUPPLY CHAIN ASSOCIATION

Innovators In Evidence-Based Sourcing

2020

Annual Value Report

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2020 Annual Report

HSCA Members, Healthcare Providers, Policymakers, and Healthcare Supply Chain Stakeholders:

HSCA represents the nation's leading healthcare group purchasing organizations (GPOs), the sourcing and purchasing partners to virtually all of America's 7,000+ hospitals, as well as the vast majority of the 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers. We work with our healthcare provider partners to improve patient health and increase innovation and value throughout the healthcare system.

This is the fourth HSCA Annual Report on the value that GPOs bring to the healthcare system and it confirms what hospitals, healthcare providers, suppliers, and policymakers see every day: GPOs improve healthcare quality; reduce costs; increase competition; drive transparency, visibility, and predictability; and add value to all supply chain stakeholders.

The COVID-19 pandemic has impacted every aspect of the American healthcare system, placing unprecedented pressure on hospitals, nursing homes, physicians, and the healthcare supply chain. GPOs have played a critical role in supporting emergency response and public health efforts and have taken a number of innovative steps to support COVID-19 response efforts, including supply coordination efforts to help medical teams obtain much needed supplies and support surge capacity, adding new manufacturers to contracts to rapidly increase supplies, and working with non-traditional and adjacent industries to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps.

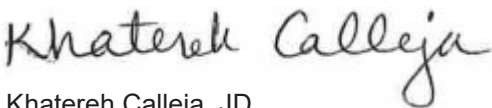
GPOs are supply chain leaders in quality assurance and take a comprehensive approach to purchasing that considers not only the competitive pricing offered, but also the quality of the manufacturer and the reliability and stability of supply as well as key FDA inspections as part of the contracting process. GPOs' fierce commitment to quality helped to protect member hospitals from purchasing counterfeit or inferior goods during the COVID-19 pandemic, working around the clock to field thousands of inquiries and vet new manufacturers for compliance with standards set by the FDA and National Institute for Occupational Safety and Health (NIOSH) and ensure safeguards for product quality.

HSCA and its GPO members are zealous policy advocates on behalf of their provider members and patients across the country, maintaining a strong and active presence on Capitol Hill to educate policymakers and ensure affordable, high quality healthcare for patients. Our approach is data-driven, using a broad array of research and data to support our advocacy efforts.

Through our robust advocacy work, HSCA has emerged as a leader in policy efforts to strengthen supply chain resiliency, enhance upstream visibility, and drive quality throughout the healthcare system. HSCA supports measures like those included in the CARES Act, which strengthened reporting requirements for manufacturers, including certain information about active pharmaceutical ingredients and other raw materials, to better prevent, assess, and address shortages of medical products needed for patient care in the U.S. As part of our efforts, HSCA also issued a series of principles and recommendations to further strengthen supply chain resiliency and enable an effective response to public health crises.

As we look ahead to 2021 and beyond, HSCA and its members remain committed to helping hospitals, healthcare providers, and physicians deliver the most effective and affordable care possible to the patients they serve.

Sincerely,



Khatereh Calleja, JD

President and CEO

Healthcare Supply Chain Association (HSCA)

Executive Summary

The Healthcare Supply Chain Association (HSCA) represents the nation's leading healthcare group purchasing organizations (GPOs), which are critical partners to America's hospitals, surgery centers, physician offices, clinics, nursing homes, assisted living facilities, home healthcare providers, and other healthcare providers. HSCA and its member GPOs are committed to delivering the best products at the best value to healthcare providers, increasing competition and innovation in the market, and being supply chain leaders in transparency and accountability. This is the fourth HSCA Annual Report on the value GPOs bring to the healthcare system.

At the start of 2020, the world was confronted by COVID-19, a global pandemic of proportions not experienced in over 100 years. As the sourcing and purchasing partners to America's acute and non-acute healthcare providers, GPOs have been helping in the COVID-19 fight, working alongside hospitals and other healthcare providers to help address and prevent the spread of COVID-19. GPOs have taken a number of steps to support COVID-19 response efforts, helping to ensure providers have access to appropriate personal protective equipment (PPE) and essential medical supplies, increasing the supply of critical drugs, leveraging data to manage surge needs, driving quality throughout the healthcare system, and coordinating with policymakers and public officials to help respond to this pandemic and prepare for future outbreaks, disasters, and emergencies.

GPOs bring significant supply chain expertise to bear and are leaders in driving competition and tackling critical healthcare issues, including price hikes, shortages, and sourcing issues. As an industry with a proven track record of providing critical support during emergencies like Hurricane Harvey, the California wildfires, and the Ebola outbreak, GPOs are committed to helping America's healthcare providers and public authorities confront difficult challenges to support patient care.

This HSCA Annual Report briefly describes those efforts.

GPOs: Driving Quality & Reliability Throughout the Supply Chain

Healthcare group purchasing organizations (GPOs) are the sourcing and purchasing partners to virtually all of America's 7,000+ hospitals and the vast majority of its 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers. GPOs deliver the best product at the best value, enabling healthcare providers to focus on their core mission: delivering first-class patient care. As part of that effort, GPOs are committed to ensuring quality and reliability throughout the healthcare system.

GPOs are supply chain leaders in quality assurance and include quality considerations in the contracting process.

Although GPOs are critical cost-savings engines, they take a comprehensive approach to purchasing that considers the quality of the manufacturer, reliability and stability of supply, and competitive pricing offered. GPOs also include contract provisions to control price variations when there is a surge in demand. These provisions helped to protect GPO hospital members against price gouging and drastic price spikes during the COVID-19 pandemic.

As the U.S. Food and Drug Administration (FDA) plays an important role in assessing manufacturer quality, GPOs also evaluate manufacturers according to Current Good Manufacturing Practices (cGMP) regulations and inspection reports issued by the FDA as part of the contracting process.

Because GPO contracts provide stability and a predictable demand for product, manufacturers are increasingly willing to share quality-related data with GPOs, allowing GPOs to have greater insight into the quality and reliability of manufacturers when sourcing contracts.

GPOs are taking innovative steps to ensure quality and help healthcare providers mitigate drug shortages.

As quality issues can often lead to drug shortages, GPOs help member hospitals lessen their exposure to shortages by evaluating manufacturer reliability when sourcing or awarding contracts, and helping providers establish best practice purchasing procedures.

GPOs help hospitals source and safely migrate to alternate products when shortages or quality issues arise, enabling providers to continue provide high-quality, uninterrupted care to their patients.

GPOs also work to identify additional manufacturers for products in shortage and help bring them to market as quickly as possible to help reduce product scarcity, prevent price spikes, and increase competition in the marketplace.

GPOs advocate for policy solutions that help ensure quality and reliability throughout the healthcare system.

HSCA and its member GPOs leverage their unique line of sight over the entire healthcare supply chain to advocate for policy solutions that help incentivize quality, reliability, and a steady supply of products. HSCA supported the MEDS Act, which provided the FDA with additional authority to address drug shortages, including strengthened manufacturer reporting requirements and development of new market-based incentives to help ensure a

stable supply of critical prescription drugs.

Furthermore, HSCA and its members are committed to protecting patients from counterfeit medical products that could cause serious harm. HSCA supported policy solutions like the Safeguarding Therapeutics Act, which enhanced FDA's authority to destroy counterfeit drugs and medical devices at American ports of entry, preventing such products from entering the supply chain and helping to ensure a safe and reliable supply of products.

COVID-19 & GPOs in 2020: BY THE NUMBERS

100 billion: Number of clinical, financial, and operational healthcare performance data points one GPO tracks to monitor the U.S. supply chain

2%: Percent of providers using virtual health before March 2020

70%+: Percent of providers using virtual health in April 2020

2,500: Number of unique gray market suppliers reviewed by one GPO

25: # of suppliers invited to contract

HSCA and its member GPOs participate in a Drug Shortage Working Group composed of leading healthcare provider organizations to develop policy proposals to help prevent and address drug shortages. Policy recommendations put forth by the group include key recommendations around quality assurance.

In 2015, HSCA filed comments urging the FDA to implement quality metrics to monitor drug manufacturing establishments, advance product quality, and mitigate drug shortages.

HSCA Overview

The Healthcare Supply Chain Association (HSCA) is a broad-based trade association that represents the nation's leading purchasing organizations. HSCA's group purchasing members include for-profit and not-for-profit corporations, purchasing groups, associations, multi-hospital systems, and healthcare provider alliances.

HSCA provides five main services to its members:

ADVOCACY

Work collaboratively with all legislative and regulatory authorities to ensure fair and efficient procurement practices in an open and competitive market within the health industry.

EDUCATION

Provide educational opportunities designed to improve efficiencies in the purchase, sale and utilization of all goods and services within the health industry.

ETHICS

Uphold the ethical conduct of business practices within the industry and the standards adopted by the Healthcare Group Purchasing Industry Initiative that are intended to strengthen the integrity of the healthcare supply chain.

INFORMATION

Enhance the awareness of members' efforts to support the delivery of high quality, cost effective healthcare.

LIAISON

Promote meaningful dialogue between health industry organizations engaged in group purchasing and other industry entities on issues of mutual interest.

Driving Quality Throughout the Healthcare System

The unprecedented and worldwide demands for legitimate healthcare supplies as the COVID-19 pandemic hit the U.S. put GPOs to the test. Building on their longstanding processes to ensure access to high-quality supplies, GPOs were instrumental in helping healthcare providers avoid counterfeit products and in moving medicines, supplies, and equipment to where it was needed most during the pandemic.

Starting in mid-March 2020, GPOs were faced with an overwhelming volume of supplier inquiries, as well as an enormous number of requests from their healthcare provider members to vet products. To effectively and efficiently handle the volume and complexity of these inquiries, GPOs set up COVID-19 “war rooms” to ensure rapid and coordinated responses to requests. War room staff, along with sourcing, clinical, quality assurance and regulatory affairs staff, were able to use existing standards to vet products and suppliers, but in an accelerated fashion to help bring legitimate sources and suppliers to contract rapidly. The vetting process requires a significant amount of time and documentation, and includes a robust due diligence and product or service evaluation process (see Appendix 11).

Avoiding counterfeit products is just one part of ensuring access to supplies. GPOs are also supporting healthcare providers during the pandemic by ensuring sufficient quantities of legitimate products at fair prices. At the start of the pandemic, the sheer volume of information was unprecedented, as was the complexity of rapidly changing requirements. Masks, an essential component of personal protective equipment, are a case in point.

The FDA issued an emergency use authorization (EUA) for certain filtering face piece respirators on April 3, 2020, but then, as part of their continuous quality assessment and working with the Centers for Disease Control and Prevention (CDC) and National Institute for Occupational Safety and Health (NIOSH), revised this EUA just over a month later. More than 65 filtering face piece respirators that had previously been authorized by the original EUA, many of which had appeared on GPOs’ lists of validated products, were no longer authorized for use. GPOs continually and rapidly refined their lists of vetted products in near real-time to ensure they reflected the latest guidance from authorities.

Information about rapidly evolving regulatory standards must also be combined with intelligence on whether suppliers have the capacity to deliver the materials or equipment they manufacture. Duplicate requests were evident, as vendors sent identical email offers to many states and many agencies within each state. For example, one GPO received 38 separate submissions purporting to be from brokers who represented a product from a single manufacturing site. Brokers were claiming this manufacturer could supply members with additional products including surgical masks, gloves and surgical gowns – yet the GPO could not find any such device listings with the FDA.

GPOs perform an essential function for their healthcare provider members, and the U.S. healthcare system as a whole by ensuring there are sufficient quantities of materials and equipment available at a fair price. An increasing number of products were being offered via the gray market. The gray market describes unauthorized, third-party sellers offering scarce supplies at a marked-up price. Using databases and workflow management tools in their war rooms, GPOs helped member providers to identify and avoid the perils of

gray market goods. GPOs worked around the clock to field thousands of inquiries and vet new manufacturers for compliance with standards set by the FDA and NIOSH and ensure safeguards for product quality. Supplies surfacing on the gray market included N95 masks, isolation gowns, testing kits, viral swabs, hand sanitizer, and other products in scarcity. GPOs' fierce commitment to quality helped to protect member hospitals from purchasing counterfeit or inferior goods during the COVID-19 pandemic.

One GPO reported that during the summer months of the pandemic, 60% of their hospital members had received a gray market solicitation for PPE. This GPO used its vetting team to review more than 2,500 unique gray market suppliers, with only 1% of them proving successful for sourcing. Additionally, to support the purchasing teams of healthcare providers to navigate new entrants into the supply chain, some GPOs issued guidance to members about the gray market, including how health systems can protect against supply chain scams and how to safely vet products to ensure worker and patient safety.

2020: GPOs Helping Public and Private Stakeholders Navigate the COVID-19 Pandemic

Emergency events and public health crises such as the global COVID-19 pandemic put enormous stress on healthcare providers and the communities they serve. Emergencies and disasters can put increased pressure on the supply chain and intensify urgency. As the sourcing partners to virtually all U.S. hospitals, nursing homes, surgery centers, and clinics, GPOs are valuable partners to healthcare providers as they combat these difficult challenges and best serve patients. In 2020, GPOs went above and beyond to help public and private stakeholders – by moving to virtual operations, driving quality throughout the healthcare system, ensuring a safe and steady supply of essential supplies, providing support to both healthcare and non-healthcare organizations, leveraging data to provide real-time insights, and working with policymakers to support solutions.



The Move to Virtual Operations—Critical Support and Transition to Telehealth

The onset of the global COVID-19 pandemic in early 2020 forced many companies to move business operations to a virtual setting, including HSCA and its member organizations. HSCA member GPOs responded in two key ways: most directly, by making changes to their own operations, and then by providing new resources for their member organizations to help them make changes in their operations. Like many entities, GPOs had to change their own organization to become more virtual in 2020. As one GPO explained, “Many times we realized that the new virtual world allowed us to connect faster and more efficiently than ever before.”

Besides changing their own organizations, GPOs also responded by providing new resources to member organizations. As members moved their own operations to the virtual environment, new ways of conducting work were needed. HSCA member organizations provided – and continue to provide - more online resources to their own members, including daily email communications websites dedicated to COVID-19 resources, calls and webinars sharing best practices, infographics, and other online and digital tools, to improve the flow of accurate information. For example, one member GPO established a weekly supply disruption call where both members and non-members joined to share experiences and discuss best practices, providing new ideas and creative solutions to deal with challenging product shortages. Another member GPO is hosting a webinar series on sanitation and disinfecting, reminding members about these practices and emphasizing that these actions were practiced every day. The webinars serve the important purpose of providing information, but perhaps more significantly, they also renew the healthcare provider organization’s confidence that, together with the resources and support available, they were able to keep their patients and residents safe.

An additional way GPOs are providing new resources for their member organizations during the COVID-19 pandemic is to support the swift transition to telehealth. According to a GPO that analyzed volume, operational, and revenue data from more than 35,000 healthcare providers within 80 specialties, fewer than 2% of providers were using virtual health technologies prior to March 2020. By the end of April, that rate had skyrocketed to more than 70%. As healthcare providers rapidly shifted to offer telehealth services, they required up-to-date regulatory and market intelligence to understand and operate in the changing environment. GPOs supported acute and non-acute healthcare providers’ rapid transition to virtual visits, for example, via weekly education and training sessions and by sharing policy developments supporting telehealth adoption, such as provider type waivers, coding and billing issues, technology integration, and emergency funding. GPOs also successfully advocated for the Centers for Medicare & Medicaid Services (CMS) to expand telehealth during the pandemic and supported permanent policy changes to modernize the Medicare telehealth benefit, ensuring more patients have access to these services and that providers are adequately reimbursed for them. One GPO even assisted their members in applying for telemedicine funding from The Coronavirus Aid, Relief, and Economic Security Act (CARES), helping to ensure providers had access to critical financial resources.

As GPOs look ahead, the use of telehealth and telemedicine will likely continue and possibly even expand. In the new, post-pandemic world, healthcare providers and the entire healthcare system will need to be more virtual and more anticipatory. Using artificial intelligence, readiness will improve the entire healthcare system’s ability to predict and

anticipate practice patterns, clinical services, purchased services and pharmacy needs. GPOs are ready for what's next and will continue to support the healthcare system in its preparedness response.

Ensuring Safe and Steady Supply of Essential Supplies

A strong, resilient, high-quality supply chain is a crucial component of the U.S. healthcare system. GPOs have a well-functioning process that more than 7,000 hospitals and the vast majority of the 68,000+ long-term care facilities, surgery centers, clinics, and other healthcare providers trust to evaluate healthcare suppliers and ensuring there is a safe and steady supply of essential materials and equipment.

Ensuring a safe and steady supply of materials and equipment obviously requires vetting suppliers in order to avoid counterfeits and ensuring there are sufficient quantities of goods at fair prices for healthcare providers. But once suppliers are vetted, and the orders are placed, GPOs also help get those supplies to where they are needed most.

Multiple GPOs have launched programs to strengthen the resiliency of the supply chain of essential drugs, helping enhance competition, mitigate shortages and increase supplies of critical drugs for patients. These programs proved particularly valuable as the demand for potential COVID-19 treatments and co-morbid drugs soared. GPOs have a unique line of sight into supply sources and on-hand inventory and allocation information enabling them to insulate their healthcare provider members from supply fluctuations of essential drugs.

In addition to medicines, GPOs help project demand and location imbalances for critical supplies. Urgently important during the response to COVID-19, multiple GPOs set up online trading platforms allowing hospitals to exchange, donate, and sell supplies, including N95 masks, medicines, PPE, ventilators, patient beds, and other equipment to help ease shortages and imbalances of medical supplies.

GPOs responded to product shortages and supply imbalances in creative ways, searching for clinical alternatives and working to find ready-to-use products, processes and procedures that could be utilized when normal products were not available. For example, during the COVID-19 pandemic, an HSCA member GPO leveraged its relationship with an Ohio-based textile manufacturer to assist in converting manufacturing lines to create more than 2 million reusable isolation gowns and 700,000 reusable surgical masks and reusable face shields. Some additional examples include:

- *One GPO coordinated and allocated 2 million donated masks for member providers.*
- *A GPO worked creatively with a state prison textile division to procure 3,000*

disposable gowns that were provided across the state to facilities during the PPE shortage.

- A GPO worked with non-traditional and adjacent industries such as distilleries, textile manufacturers, and automobile manufacturers to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps.*
- One GPO arranged cargo carriers and major airlines to expedite the transport of products so they could be onshore in hours, rather than months.*
- A GPO prepaid for product at the GPO's own risk, vetted it, and made it available to GPO member hospitals and providers to ensure a consistent supply of high-quality products.*
- Another GPO and 15 of its hospital members invested in a domestic manufacturer of face masks, helping to shore up domestic manufacturing of critical products and prevent an overreliance on foreign manufacturing.*

GPOs have been bringing high-quality, affordably priced, critical products and supplies to members for decades. In response to COVID-19, along with the other emergencies the U.S. faced 2020, such as wildfires and hurricanes, GPOs accelerated their vetting processes and supply chain enablement functions. GPOs were able to fast-track both domestic and global sourcing to bring new suppliers to contract in 14 days or fewer in categories experiencing product allocation or shortages and support their healthcare providers even in the extreme circumstances of 2020.

Providing Support to Healthcare and Non-Healthcare Organizations

GPOs specialize in readiness and emergency response and preparedness. When the COVID-19 pandemic began to impact the supply chain and healthcare providers in the U.S., GPOs mobilized quickly, leading supply coordination efforts to help medical teams obtain much needed supplies and support surge capacity, adding new manufacturers to contracts to rapidly increase supplies, and working with non-traditional and adjacent industries to fill supply gaps for essential products. As always, the GPOs' line of sight across the healthcare system provided unique and essential insight to fill gaps and provide needed support to hospitals, as well as non-acute providers and non-healthcare entities, such as K-12 schools, colleges and universities, charities, hospitality, and recreation facilities.

Non-healthcare entities like schools and hospitality organizations have different needs from hospitals and other healthcare organizations, and GPOs support them all. This support has been particularly important during the COVID-19 pandemic, as PPE products and critical drugs tended to be prioritized for acute settings. At the epicenter of many outbreaks, these facilities do not typically have the historical purchasing history that would allow them to adequately meet the needs associated with COVID-19. GPOs worked to support the needs of non-acute providers such as long-term care, home care, surgery centers, physician practices, imaging centers, behavioral/mental health clinics, home infusion, closed-door pharmacies, specialty pharmacies, clinical laboratories and more, as well as non-healthcare organizations by providing critical information, sharing best practices, and assisting organizations with finding PPE and other essential products and services. During the COVID-19 epidemic, GPOs offered not just product availability information, they also offered the ability to barter or trade excess items for acute, non-acute and non-healthcare entities, in many cases, extending these programs beyond their members to non-member organizations as well.

For example, at the beginning of the COVID-19 pandemic in the United States, one GPO acted swiftly to help a nursing home take preventive measures, closing dining and common areas and moving to delivery, instituting temperature screenings, establishing regular checkpoints and mask distributions, posting signage, closing the employee café, assigning staff to specific work locations, stocking up on disposables and to-go-containers, and more.

Additionally, other kinds of entities needed support and GPOs were there to help. In some cases, states asked GPOs for assistance to establish pop-up hospitals to meet care demand during COVID-19. This involved coordinating efforts across multiple state agencies (e.g., Department of Health, Department of Corrections, State Emergency Operations Center) and multiple vendors for pharmaceutical and healthcare product needs.

One GPO is working with a health system to ramp up the system's testing capacity to ensure the provider can identify, isolate, and care for those with COVID-19, and support state efforts to map and manage the pandemic, while another GPO had clinical educators providing additional training to clinical teams in medical facilities and online.

In another example, a GPO launched a COVID-19 testing advisory panel comprised of executives from member health systems, large employers, and other nationally recognized leaders to create best practices for developing testing plans, rapid response strategies, and recommended use cases for different testing technologies. The advisory panel provides guidance so health systems and employers can make dynamic allocations, alleviate risk, and minimize the spread of infection.

Leveraging Data to Provide Real-Time Insights

GPOs are sourcing and purchasing partners to a broad range of healthcare systems and providers, and they use the immense amount of data garnered from these supply chain interactions to provide real-time insights and even predictive capabilities to their members.

Because GPOs work with so many entities across the healthcare system, they have a unique line of sight into what is happening in the supply chain day-to-day. For example, one HSCA member company has more than 100 billion data points on clinical, financial, and operational healthcare performance, including data on 45% of U.S. hospital discharges and information from more than 30,000 clinicians in medical groups. GPOs use this data to inform care delivery and business decisions for their members.

GPOs also leverage their data to meet surge needs, create preparedness plans, source alternate supplies of products, and respond nimbly to ensure uninterrupted patient care. In the case of the U.S. healthcare system's COVID-19 response and recovery, GPOs used data to for real-time tracking, forecasting and predictive modeling.

Real-time tracking

Data analytics is a core competency of GPOs. Before the COVID-19 pandemic hit the U.S. in early 2020, GPOs were already tracking inventories of a variety of healthcare supplies including masks, gowns, shields and other personal protective equipment (PPE), as well as hospital beds, ventilators, respirators, and a wide range of other types of healthcare equipment. As COVID-19 started to take hold in the U.S., GPOs added data analytics capabilities rapidly so member companies could have a line of sight into supplies. One GPO created a fill-rate tracker that tracks demand, supply, and fill rate of materials daily, providing enhanced timely visibility into potential shortages. GPOs are also using digital tracking boards to provide a real-time view of patient beds in the hospital system and enable supply management teams to direct personal protective equipment (PPE), ventilators, and other equipment where needed.

In addition to leveraging materials and supply data, GPOs also tracked and analyzed COVID-19 case information to help the healthcare system anticipate and respond to both patient and staffing needs. One GPO monitored the progression of COVID-19 cases in its member hospital system, service area, and across the globe daily to help plan and manage ICU capacity and resources across the system. Some GPOs are using surge staffing projections, and other GPOs have been training, redeploying, and activating physicians, nurses, respiratory therapists and support teams to relieve caregivers.

Forecasting and predictive modeling

Knowing what is available in the supply chain is only one component of GPOs' data insights and intelligence toolbox. GPOs also harness data to forecast future supply needs. GPOs offer predictive modeling based on clinical surveillance and supply chain data which helps providers, including hospitals, project supply utilization based on the volume and severity of COVID-19 cases in the area the provider serves. Combined with artificial intelligence that predicts upticks in local cases based on symptomatic surveillance, healthcare providers

are better equipped to forecast surges, then plan coordinated supply and staffing needs accordingly based on real-time inventory availability by supplier.

As the U.S. enters the next phase of the COVID-19 pandemic while simultaneously responding to other kinds of emergencies and disasters such as hurricanes and wildfires, hospitals and healthcare providers are also returning to normal healthcare business. Healthcare providers still need to be ready to meet the demands of COVID-19 patients, but other types of clinical services have also re-started making forecasting supply needs for normal healthcare business also important.

GPOs are continuing to support members with normal healthcare operations with dashboards that look at potential savings opportunities in a variety of areas such as clinical services, purchased services and pharmacy. Healthcare group purchasing is meeting the needs of its members by ensuring value and quality for essential healthcare needs.

Working with Policymakers to Support Solutions

Emergencies, disasters, and crises such as COVID-19 pandemic place enormous stress on hospitals, other healthcare providers, and the communities they serve. GPOs have been playing a critical role in supporting emergency response and public health efforts for decades and are deeply committed to ensuring that healthcare providers are prepared to respond to these challenges. HSCA and its member GPOs leverage their unique line of sight over the entire healthcare supply chain to advocate for policy solutions that help incentivize quality, reliability, and a steady supply of products. In response to the COVID-19 pandemic, GPOs have been working closely with the Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA), Drug Enforcement Administration (DEA), Assistant Secretary for Preparedness and Response (ASPR), Federal Emergency Management Agency (FEMA), and a wide range of healthcare stakeholders to enable a coordinated, comprehensive response to this public health threat.

GPOs worked closely with the Administration and policymakers to provide data on surge demand, clinical utilization, and barriers to providing care during the pandemic. For example, one GPO met with the White House Coronavirus Task Force in early March to provide recommendations on initiatives to help providers during the COVID-19 crisis. Another GPO developed an allocation tracking tool, which ultimately helped educate policymakers like the Senate Committee on Health, Education, Labor and Pensions (HELP) members and federal agencies on the inability of long-term care facilities to obtain critical supplies including PPE. As part of our efforts, HSCA issued a series of principles and recommendations to further strengthen supply chain resiliency and enable an effective response to public health

crises. For example, certain controlled substances including morphine, hydromorphone, and fentanyl are a medical necessity in the acute care setting. While DEA has acted quickly to temporarily increase aggregate production quotas, HSCA worked with DEA to increase quotas more broadly for injectable narcotics as part of institutional care to help prevent and address shortages. Additionally, HSCA encouraged DEA to outline an efficient, timely process for adjusting production quotas in the event of shortages to help ensure DEA has the flexibility to act swiftly to ensure we are not delaying care.

HSCA also provided comments to a number of policymakers and agencies to support COVID-19 response efforts, including comments to the HELP Committee regarding ways to enhance public-private collaboration and support pandemic response, comments to the U.S. International Trade Commission (USITC) regarding supply chain challenges related to COVID-19 and critical medical products, comments to the U.S. Trade Representative (USTR) urging additional tariff exclusions for critical

medical products, comments to the U.S. Food and Drug Administration (FDA) regarding biosimilars, and comments to the FDA regarding the importation of prescription drugs.

GPOs in Action: Supporting Rapid Rise in Telehealth Visits

With the onset and spread of the COVID-19 pandemic in early 2020, the country experienced an explosion in telehealth. To support members' rapid transition from in-person to virtual visits, one member GPO provided weekly member education sessions as well as updates on policy developments supporting telehealth adoption such as provider type waivers, coding and billing issues, technology integration, and emergency funding. The GPO also successfully advocated to the Centers for Medicare & Medicaid Services for an expansion of telehealth during the pandemic and is now supporting permanent policy changes to modernize the Medicare telehealth benefit—ensuring more patients have access to these services and that providers are adequately reimbursed for them.



APPENDIX 1:

GPOs Supporting COVID-19 Response and Recovery

Supporting Domestic Manufacturers

- One member GPO worked diligently to build a stronger, more resilient supply chain and engage new suppliers in a number of ways—including key investments in U.S. manufacturing. This investment represents a first step in a long-term strategy to invest in or partner with suppliers that source from multiple regions as well as domestic markets to help ensure that a greater proportion of healthcare products are insulated from shortages and available in times of need. This investment in the nation's largest domestic producer of face masks, as well as other PPE, helped strengthen the supply chain, while building up domestic manufacturers at the same time.
- Another GPO put their own capital at risk with some North American suppliers to start or expand PPE manufacturing lines, thus increasing overall production capacity. One relationship with a U.S. textile manufacturer included helping the company convert some of its manufacturing lines so they could produce more than 2 million reusable isolation gowns and more than 700,000 reusable surgical masks and reusable face shields to respond to the high demands of COVID-19. In another instance, a GPO helped re-open a company's North American production line this year where the company was able to produce 19 million level 3 disposable isolation gowns to help entities respond to the COVID-19 crisis.

Enabling a Supply of Essential Medicines and Medical Supplies

- Multiple GPOs have launched programs to strengthen the resiliency of the supply chain for essential drugs, helping to strengthen competition, mitigate drug shortages, and increase supplies of critical drugs for patients.
- One GPO partnered with a manufacturer to supply two drugs used to treat COVID-19 patients. One of the drugs was listed in shortage, and the GPO's purchasing data showed that the other drug was heavily backordered due to dramatic spikes in demand and was vulnerable to shortage.
- One GPO launched a program in January aimed at strengthening the resiliency of the supply chain for essential drugs, resulting in the availability of an additional 676,000 units of the sedative Propofol, one of six drugs in the anesthetic and sedation class that may be used to intubate and maintain patients on ventilators.
- One GPO created a program that identifies safe, high-quality supply sources for drugs that are or may be at risk of being added to the national drug shortage list. Guided by health systems with more than 1,600 hospitals across the nation, the program has provided members access to more than 150 drugs that are, or have been, recently designated as shortage drugs, helping to insulate its members from supply fluctuations that may affect the market at large.
- Another GPO worked around the clock to help members secure additional blood supply.

Helping Healthcare Providers Access Personal Protective Equipment (PPE)

- Multiple GPOs worked with non-traditional and adjacent industries such as distilleries, textile manufacturers, and automobile manufacturers to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps.
- One GPO partnered with a vendor to create a rapid decontamination system to be used on N95 masks. The GPO and the vendor created a chemical-free 30 second UV-C decontamination solution for terminating pathogens on surfaces, that impacts hand sanitation compliance, improves patient safety and advances employee health at an operating cost that is less than the cost of a sanitation wipe. As a result, masks and other important products and supplies were able to be rapidly decontaminated and returned to stock.
- A GPO helped a member hospital in the Midwest secure a large donation of more than 5,000 N95 masks through the GPO's relationship with a national home improvement chain.
- One GPO arranged cargo carriers and major airlines to expedite the transport of products so they could be onshore in hours, rather than months.

Driving Quality Throughout the Healthcare System

- GPOs provided extensive support to their members in identifying, evaluating and recommending suppliers for products of high need. In one GPO's vetting process they were approached by well over 300 various suppliers. Of those, the GPO vetted over 160 suppliers based upon key qualification criteria, and ultimately, passed along 13 approved suppliers to members, ensuring only quality products reached patients and consumers.
- Multiple GPOs worked around the clock to vet new manufacturers for compliance with standards set by the FDA and National Institute for Occupational Safety and Health (NIOSH) to ensure product viability and quality on behalf of the GPO's provider members.
- When secondary market suppliers began to petition a GPO's member hospitals with products of questionable provenance, the GPO's quality assurance/regulatory affairs team assembled to vet the manufacturers. To date, this team has handled more than 1,500 submissions.
- One GPO provided training via WebEx on how to vet personal protective equipment for quality and viability, equipping the GPO's members with the tools necessary to avoid supply chain bad actors.
- A GPO outlined regulatory policies and processes regarding COVID-19-related developments for member hospitals.

APPENDIX 2: HSCA COVID-19 Principles and Recommendations

HSCA COVID-19 RECOMMENDATIONS:

PRINCIPLES AND RECOMMENDATIONS TO FURTHER STRENGTHEN SUPPLY CHAIN RESILIENCY AND SUPPORT EFFECTIVE RESPONSE TO PUBLIC HEALTH CRISES

In this time of unprecedented public health crisis, healthcare group purchasing organizations (GPOs) are playing an important role to support our nation's healthcare providers by leveraging our unique line of sight over the supply chain. This includes helping healthcare providers, hospitals, skilled nursing homes and clinics with the use of:

- ▶ *Data tracking to help pinpoint key areas of need including surge capacity.*
- ▶ *Supply coordination efforts – across all distribution channels – to help medical teams obtain much needed personal protective equipment (PPE), ventilators, life-saving medications and other critical inpatient and outpatient supplies.*
- ▶ *Safeguards to prevent cybersecurity attacks, price gouging and counterfeit product.*
- ▶ *Public / private partnerships including but not limited to Department of Health and Human Services (HHS); U.S. Food and Drug Administration (FDA); Drug Enforcement Administration (DEA); Assistant Secretary for Preparedness and Response (ASPR); and Federal Emergency Management Agency (FEMA).*
- ▶ *Upstream transparency initiatives to help support all functions of the healthcare delivery system in response to COVID-19.*
- ▶ *Thought leadership to help stakeholders mitigate unintended drug shortages.*

As an industry with a proven track record of providing critical support during emergencies like Hurricane Harvey, the California wildfires and the Ebola outbreak, GPOs are committed to helping America's healthcare providers and public authorities confront difficult challenges to support patient care.

HSCA and its member GPOs have long been working with Congress and the Administration on a variety of legislative and regulatory provisions aimed at improving supply chain resiliency. A sample of items recently enacted and implemented include:

Legislative

(COVID-19 Emergency stimulus, or CARES Act)

- ▶ New API reporting requirements for drugs and devices when supply is interrupted
- ▶ Maintenance of risk management plans for drug manufacturers
- ▶ Annual reports on the amount of each drug created for commercial distribution

Regulatory

- ▶ SNS expansion for PPE
- ▶ Increase access to sterilized and repurposed products
- ▶ Expanded allocation/quota for schedule medication manufacturing for ventilator patients

¹ The CARES Act, otherwise referenced as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 27, 2020.



HSCA Principles and Recommendations to Further Strengthen Supply Chain Resiliency

1. Ensure Adequate Supplies of PPE for Healthcare Workers on the Front Lines

Personal protective equipment (PPE) is critical for frontline healthcare workers to effectively treat and prevent the spread of the coronavirus. All stakeholders must work to help appropriately anticipate needs and preserve PPE and other critical products for healthcare providers to help avoid disruption. GPOs are working alongside hospitals and other providers to provide critical support and equip them to prepare for surge needs in response efforts.

2. Enhance Upstream Transparency to Strengthen Supply Chain Resiliency in Advance of Emergencies

Access to timely information in advance of an emergency is critical to strengthening supply chain resiliency. HSCA and its member GPOs continue to support policy solutions that not only enable FDA and other authorities to have greater visibility into the source and location of manufacturing of medical products, but also permit access to that information in advance of a public health emergency. This will enable FDA and other supply chain stakeholders to plan for and identify potential shortages, consider back up supply, and take measures to help mitigate and respond to shortages before they occur. We note the CARES Act included strengthened reporting requirements for manufacturers, including certain information about active pharmaceutical ingredients and other raw materials, to better prevent, assess and address shortages of medical products needed for patient care in the U.S.

3. Ensure the Strategic National Stockpile (SNS) Has Adequate Resources

The SNS plays an important role as a partner in response efforts, serving as a stopgap in crises like the coronavirus pandemic. Policymakers should make sure the SNS has access to the resources and funding it needs as critical to both the public health and national security response capability. Efforts should also be coupled with long term solutions, such as ramp up of manufacturing and streamlined distribution to where it is needed most.

4. Expand FDA Drug Shortage List and Monitor Inventory Levels of Critical Drugs to Guard Against Shortages

HSCA and our member GPOs are committed to preventing and mitigating prescription drug shortages and ensuring continued patient access to essential medications. HSCA supports FDA efforts to prevent and mitigate drug shortages, and we encourage FDA to expand its list of drug shortages to include drugs that are experiencing significant national – as well as regional shortages – based on strength and dosage. FDA should also be provided access to critical data regarding inventory levels for essential medications (e.g., antibiotics and antivirals) to help gauge capacity levels and ramp up production when needed.

5. Increase Aggregate Production Quotas to Mitigate Injectable Narcotic Shortages

Certain controlled substances including morphine, hydromorphone, and fentanyl are a medical necessity in the acute care setting. While DEA has acted quickly to temporarily increase aggregate production quotas, DEA should increase quotas more broadly for injectable narcotics as part of institutional care to help prevent and address shortages. Additionally, HSCA encourages DEA to outline an efficient, timely process for adjusting production quotas in the event of shortages to help ensure DEA has the flexibility to act swiftly to ensure we are not delaying care.

6. Support Capacity Through Increased Supply Chain Diversification

HSCA supports solutions that strengthen supplier resiliency and redundancy to help prevent disruptions to supply. Increasing supply chain diversification is essential for helping the United States avoid overreliance on any particular geographic location. The global nature of the supply chain should be leveraged to build in redundancies, shoring up domestic manufacturing as well as sourcing in various geographical locations to help prevent supply disruptions that can occur

HSCA

domestically or internationally. Previous shortage issues due to manufacturing issues or natural disasters like Hurricane Maria make it clear that it is important to have sourcing and manufacturing capabilities both domestically and globally to help ensure multiple suppliers and ability to scale up as needed. In order to increase domestic manufacturing, consider manufacturer incentives such as: 1) private sector partnerships; 2) flexibility in regulatory processes; and 3) additional tax incentives supporting domestic manufacturing. For example, GPOs have helped bring new or expanded products to market with manufacturers through committed volume to help support manufacturer investment and long-term marketplace sustainability.

7. Foster Supply Chain Collaboration and Communication Among Public and Private Stakeholders

Increased collaboration and communication among all stakeholders is critical during national emergencies. Emergency response involves a lot of moving parts, and ongoing coordination and communication is key to timely and needed care of patients by providers. GPOs have been working closely in partnership with public and private stakeholders – including the Strategic National Stockpile, HHS, FEMA, FDA, hospitals, health systems, and others – to help ensure a coordinated and comprehensive response to the coronavirus pandemic, and keen understanding of healthcare provider needs. For example, GPOs played an important role in facilitating creation of the Dynamic Ventilator Reserve, a new public-private effort with the hospital community and FEMA to aid in distributing ventilators to critical areas in the fight against COVID-19.

8. Increase Access to Timely Information to Help Leverage Data to Inform Response and Allocation Efforts

Access to timely information and data is critical for ensuring that healthcare providers have the products they need when they need them. For example, demand spikes in the case of the COVID-19 pandemic spotlight the need for healthcare providers to treat patients quickly and efficiently. Accurate understanding of emerging needs is essential. GPOs are fierce proponents of using data to help their provider partners and public authorities prepare for, and respond to, public health threats and emergencies. As part of these efforts, understanding real-time needs plus capacity

demands is critical to preparing, responding, and mitigating shortages, which is why GPOs have created platforms to track supply and inventory levels in real-time. Additionally, national emergencies require new thinking about allocation processes. GPOs understand the importance of making informed sourcing decisions aligned to current and anticipated needs. Public and private stakeholders need to have dynamic processes to help ensure products are directed to where they are needed most. For example, GPOs have been working in partnership with suppliers, distributors and the federal government on strategies to gather critical data across industry to help track and project hot spots, treatment capacity and required medical supplies during the COVID-19 pandemic.

9. Encourage Competition and the Introduction of New Suppliers into the Marketplace

GPOs support competition and work to identify and bring new suppliers to market through technology breakthrough programs, supplier innovation summits, and more to ensure continued access to essential medications and products. Policymakers should pursue solutions that increase competition and encourage new entrants to the marketplace to help strengthen supply chain resiliency while reducing healthcare costs for patients and providers.

10. Safeguard the Supply Chain from Counterfeit Products

As public and private stakeholders work to provide critical supplies to help providers during the COVID-19 pandemic, ensuring the integrity of the supply chain and the quality of products is more important than ever. HSCA and its member GPOs are committed to protecting patients from counterfeit drugs or devices that could cause serious harm. We support policy solutions like the Safeguarding Therapeutics Act, which enhances FDA's authority to destroy counterfeit drugs and medical devices at American ports of entry, preventing such products from entering the supply chain and helping to ensure a safe and reliable supply of products.



APPENDIX 3:

GPOs in Action: Working with Stakeholders in COVID-19 Response and Recovery

GPOs in Action: Working with Stakeholders in COVID-19 Response and Recovery



As the sourcing and purchasing partners to America's acute and non-acute healthcare providers, healthcare group purchasing organizations (GPOs) have been helping in the COVID-19 fight, working alongside hospitals and other healthcare providers to help address and prevent the spread of COVID-19. Here are some of the ways GPOs have been helping providers navigate the COVID-19 pandemic:

Helping Healthcare Providers Access Personal Protective Equipment (PPE)

A GPO used its global sourcing arm to identify new sourcing of manufacturing capacity, ultimately contracting with several different PPE suppliers to secure millions of masks, respirators, and gowns.



Enabling a Supply of Essential Medical Supplies

Multiple GPOs worked with non-traditional and adjacent industries such as distilleries, textile manufacturers, and automobile manufacturers to fill supply gaps for essential products such as hand sanitizer, isolation gowns, and surgical caps.



Driving Quality Throughout the Healthcare System

A GPO worked around the clock to vet new manufacturers for compliance with standards set by the FDA and National Institute for Occupational Safety and Health (NIOSH) to ensure product viability and quality on behalf of the GPO's provider members.



Increasing the Supply of Critical Drugs

Multiple GPOs have launched programs to strengthen the resiliency of the supply chain for essential drugs, helping to strengthen competition, mitigate drug shortages, and increase supplies of critical drugs for patients.



Taking Proactive Measures to Safeguard Nursing Homes

A GPO acted swiftly to help a nursing home take preventative measures, closing dining and common areas and moving to delivery, instituting temperature screenings, establishing regular checkpoints and mask distributions, and more.



Harnessing Data to Meet Surge Needs

GPOs have been using digital tracking boards to provide a real-time view of patient beds in the hospital system and enable supply management teams to direct PPE, ventilators, and other equipment where needed.



Working with Policymakers and Public Officials to Inform Response Efforts

GPOs worked closely with the Administration to provide data on surge demand, clinical utilization, and barriers to providing care and improving healthcare delivery during the pandemic.



For more information, visit www.supplychainassociation.org

APPENDIX 4:

GPOs Save Healthcare System, Medicare & Medicaid, Taxpayers up to \$34.1 Billion Annually

Report: GPOs Save Healthcare System, Medicare & Medicaid, Taxpayers Up to \$34.1 Billion Annually



A new analysis of data from the Centers for Medicare and Medicaid Services (CMS) and survey data of healthcare providers found that healthcare group purchasing organizations (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. According to the report, GPOs save Medicare and Medicaid up to \$15.5 billion annually and will reduce Medicare and Medicaid spending by up to \$206.4 billion over the next ten years. The report, commissioned by HSCA and conducted by healthcare economists at Dobson DaVanzo & Associates, used the National Health Expenditure (NHE) data published by CMS along with data collected from a survey of healthcare providers that use GPO services to determine GPO cost-savings. According to the report, GPOs reduce supply-related purchasing costs of healthcare providers by 13.1 percent compared to providers who do not use GPO services. The report also noted that GPO services result in increased efficiencies, better use of staff, and lower total costs for the entire healthcare system.

GPOs Deliver Billions of Dollars in Cost-Savings to the Entire Healthcare System

- ✓ GPOs save the entire healthcare system **\$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 nursing homes and hospitals by 13.1 percent compared to providers who do not use GPO services.
- ✓ GPOs deliver cost-savings through in a variety of ways including up-front pricing discounts, reduced administrative costs, and product standardization.

GPOs Generate Significant Cost-Savings for Medicare and Medicaid

- ✓ GPOs generate **\$8.7 billion annually in Medicare cost savings** and will save Medicare **\$116.3 billion over the next ten years**.
- ✓ GPOs save Medicaid **\$6.8 billion annually** and will generate **\$90.1 billion in Medicaid cost-savings over the next ten years**.

GPOs Provide Value Beyond Cost-Savings to the Entire Healthcare System

- ✓ In addition to delivering cost-savings, GPOs improve care quality and ensure that hospitals and providers are delivered the appropriate supplies for each patient.
- ✓ Collectively, GPO services lead to increased efficiencies, better use of staff, and lower total costs that benefit providers, patients, and the entire healthcare system.

Survey Data and CMS Figures Affirm GPO Cost-Savings

- ✓ To help determine GPO cost-savings, researchers 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.
- ✓ Researchers combined the survey data with the National Health Expenditure (NHE) data published by CMS.
- ✓ The study also 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.
- ✓ To view the full report, visit: <https://www.supplychainassociation.org/resources/studies/>

APPENDIX 5: Healthcare Group Purchasing Industry Initiative

HGPPI Initiative and its Mission

In 2005, nine of the nation's leading GPOs that served the majority of America's hospitals founded HGPPI to promote and monitor the best ethical and business practices in purchasing for hospitals and other healthcare providers. HGPPI was established to assure the ongoing adherence to ethical conduct and business practices, and to hold the confidence of the public and the government in the integrity of the industry. As part of that effort, HGPPI releases a report annually to the public that measures its member company's adherence to the highest ethical standards and business conduct.

The ethical standards and business practices that form the basis of the Annual Public Accountability Report tracks how participating companies implement HGPPI's established six core principles of ethics and business conduct. Each participating company is required to submit an Annual Public Accountability Questionnaire which addresses important areas of business practice and provides detailed written information on the company's policies and actions. These responses to the Annual Public Accountability Questionnaire are posted on the HGPPI website and summarized in the Annual Public Accountability Report. The disclosure of policies and practices that GPOs believe assure adherence to HGPPI's six core principles allow policymakers and the public to assess the adequacy of these efforts. Following the release of each Annual Public Accountability Report, HGPPI members participate in an Annual Best Practices Forum in the spring to share information on insightful business practices and to engage with policymakers and other leaders in the healthcare industry.

HGPPI is based in Arent Fox LLP in Washington, DC. It is led by former Representative Phil English (R-PA), who serves as the National Coordinator, and former Senator Byron Dorgan (D-ND), who serves as the Co-Coordinator.

To ensure adherence to the highest ethical and business practices in the industry, HGPPI members committed to the following six core principles:

1. Each member shall have and adhere to a written Code of Conduct
2. Each member shall train everyone within the organization on their personal responsibilities under the Code
3. Each member commits itself to work toward the twin goals of high quality healthcare and cost effectiveness
4. Each member commits itself to work toward an open and competitive purchasing process free of conflicts of interest and any undue influences
5. Each member shall have the responsibility to one another to share their best practices in the implementation of principles and participate in an Annual Best Practices Forum
6. Each member, through participation in HGPPI, shall be accountable to the public

APPENDIX 6: The GPO Safe Harbor

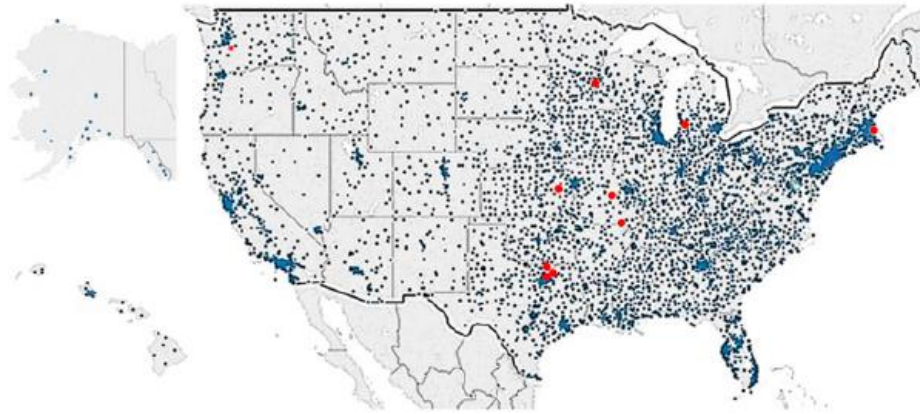
The federal Anti-Kickback Statute, originally enacted by Congress in 1972, specifically prohibits the knowing or willful solicitation, receipt, offer, or payment of remuneration, including any kickback, bribe, or rebate, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward the purchase of an item or service for which payment may be made under a federal healthcare program. In response to concerns about the vague application of anti-kickback statutes, the Medicare and Medicaid Patient and Program Protection Act of 1987 directed the Office of the Inspector General (OIG) of the Department of Health and Human Services (HHS) to create 23 statutory and regulatory “safe harbors,” which carve out certain arrangements from the federal Anti-Kickback Statute. These are sometimes referred to as GPO Statutory and Regulatory Safe Harbors. Notably, in the discussions in the House of Representatives about which transactions should be granted a “safe harbor,” a Committee report indicated organizations that use these services believed GPOs reduce healthcare costs and that the services GPOs provide should be protected under a “safe harbor.”

APPENDIX 7: Markets Served by HSCA Member GPOs

Markets Served by GPOs	
Acute care hospitals	Mental health facilities
Alternate care sites	Pediatrics
Ambulatory surgery centers	Physician practice
Clinics	Prisons
Colleges/universities	Public health departments
Corporations	Retail pharmacy
Dental	Small business
Developmentally disabled facilities	Specialty hospitals (rehabilitation, psychiatric, etc.)
EMS/first responders	Specialty pharmacy
Home healthcare	Staff model HMO
Home infusion	State and local governments
Infusion pharmacies	Substance abuse treatment facilities
Integrated delivery networks	University student health
K-12 schools	Veterinary
Long-term care	
Long-term care provider pharmacy	

APPENDIX 8: Geographic Reach of GPOs

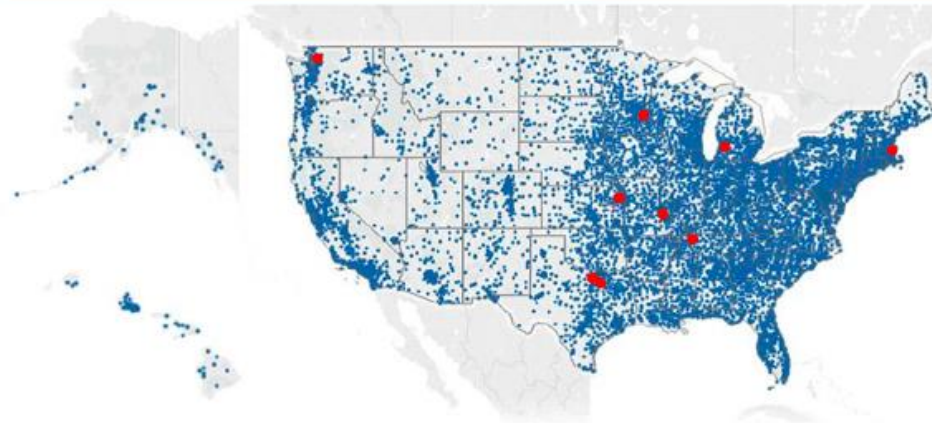
The Healthcare Supply Chain:
Map of 7,000+ U.S. Acute Care Providers
98% of all U.S. Hospitals Utilize a GPO



● GPO Member Providers
● HSCA Member Headquarters
Andover, MA | Irving, TX (2) | Middleville, MI
| Mission, KS | Nashville, TN | Plano, TX
Seattle, WA | St Louis, MO | St. Paul, MN

Data Provided by Definitive Healthcare: DefinitiveHC.com

The Healthcare Supply Chain:
Map of 68,000+ U.S. GPO-Member Non-Acute Care Providers
Including long-term care providers, clinics, surgery centers, home health providers, and more.



● GPO Member Providers
● HSCA Member Headquarters
Andover, MA | Irving, TX (2) | Middleville, MI
| Mission, KS | Nashville, TN | Plano, TX
Seattle, WA | St Louis, MO | St. Paul, MN

Data Provided by Definitive Healthcare: DefinitiveHC.com

APPENDIX 9:

Services Provided by HSCA Member GPOs

Services provided by GPO

Account management
Benchmarking data services
Biomed repair
Bulk buy programs
Clinical consulting: Preference items, pharmacy, dietary, radiology, etc.
Clinical evaluation and standardization
Competing services
Continuing medical education
Continuing pharmacy education
Custom committed contracting
Data analytics and custom reporting
Drug information communication
Drug shortage management
Electronic commerce
Environmental services (EVS)
e-Procurement services
Equipment repair services
Formulary assistance
Freight management services
Healthcare industry updates
Insurance services
Invoice auditing services including state audit assistance
Market research
Marketing of products or services
Materials management consulting
Materials management outsourcing
Membership input opportunities/programs (councils)
New technology forums
Patient safety services
Pharmaceutical hazardous waste handling
Purchased services program
Request for Bid process management, local to state-level agency coordination
Revenue management programs and services
Shared services integration
Stockpiling/emergency preparedness program
Supply chain analysis
Supply chain integration services
Supply chain strategic advisory services
Technology assessments
Telecommunications
Utility management services (energy, water, waste, etc.)
Warehousing services
Wholesaler distribution services management program

APPENDIX 10: Contracting Categories of HSCA Member GPOs

Contracting categories of GPOs

Cardiovascular

Commercial products: Computers, copiers, office and cleaning products, etc.

Construction

Contraceptive products

Dental products and services

Diabetic syringes, needles and related products

Dietary

Diversity

Drug testing products and services

Energy: Contracts with producers/providers of electricity and natural gas

Environmental services

Executive resources and office solutions

Facilities management

HR benefits: Insurance, pre-employment background checks

Human resources

Influenza vaccines

Information technology

Interventional radiology

Invoice auditing

IV solutions and supplies

Laboratory equipment and supplies

Medical supplies and equipment

Nursing

Nutritionals

Operating room

Pediatric-specific products and services

Pharmaceutical hazardous waste handling

Pharmacy

Prescription filling service

Purchase services: Elevator maintenance, valet parking, lawn care, etc.

Radiology supplies and equipment

Repackaging services

Returned goods processing

Routine vaccines

Surgical supplies and equipment

Telecom

Vials and containers

Wholesaler distribution contracts

APPENDIX 11:

Vetting Suppliers to Avoid Counterfeits

When an organization is evaluating solicitors of crucial healthcare supplies (e.g., N95 masks and other PPE), it needs to separate potential “scam” artists from viable suppliers with supplies ready for delivery.

While the normal vetting process requires a significant amount of time and documentation, including reference checking, with the onset of the COVID-19 pandemic, a streamlined process with the major steps can help quickly determine if a solicitor is viable.

As supply chain leaders in quality assurance, GPOs play a critical role in helping to protect member providers from purchasing counterfeit or inferior medical products. The process below is not a rigid scientific process and is not comprehensive. Many GPOs go above and beyond the steps listed, but the below process provides a baseline and highlights key considerations for evaluating potential solicitors, as many factors may influence the final decision and organizations must be aware of potential scams.

Major steps:

- Identify potential solicitor either proactively or reactively:
 - Proactive – seek supplier through lead (contact from a trusted colleague, GPO member organization, etc.)
 - Reactive – supplier contacts you
- Evaluate product/services:
 - Initial vetting begins with an interview type call.
 - Many can be terminated for a variety of reasons during the call (red flags) which may include:
 - Unrealistic access to large supply inventory
 - Unrealistic minimum order
 - Unrealistic delivery times
 - Access to alternative product offerings
 - Access to product at unreasonably low or high prices
 - Demands for down payments
 - The use of Gmail or other non-business email accounts
 - Discussion points should include:
 - Product
 - Pricing
 - Quantity
 - Availability
 - Current location
 - Delivery logistics
 - Due Diligence:
 - Request documents that can prove legitimacy (W-9, Business Card, Website, etc.).
 - Obtain references, if possible.
 - Evaluate references, if possible. Many will not be available.
 - Check map to verify business (e.g., building).
 - Look for suppliers that are willing to deliver C.O.D. or better.



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Innovators In Evidence-Based Sourcing