



January 22, 2024

The Honorable Bill Cassidy, M.D.  
Ranking Member  
Committee on Health, Education, Labor,  
and Pensions  
United States Senate  
Washington, DC 20510

**Re: Request for information on improving Americans' access to gene therapies**

Dear Ranking Member Cassidy:

On behalf of the Healthcare Supply Chain Association (HSCA), which represents the nation's leading healthcare group purchasing organizations (GPOs), we appreciate the opportunity to provide our responses to your request for information on improving access to gene therapies. HSCA supports your continued efforts to improve and protect access to gene therapies for Americans living with rare diseases, and we look forward to continuing to work with you to preserve access to high-quality care.

Healthcare providers initially formed GPOs in the early 1900s as an efficient means to aggregate purchasing volume, drive competition among suppliers, and reduce healthcare costs. Today, traditional healthcare GPOs serve as the sourcing and contracting partners to hospitals, long-term care facilities, surgery centers, clinics, and other healthcare providers across the country. GPOs secure high-quality medical products at fair prices for the benefit of patients, providers, Medicare, Medicaid, and taxpayers. Both independent and industry funded [studies](#) confirm the effectiveness and tremendous value of GPOs, finding that GPOs deliver annual cost savings of 12-18%.<sup>1 2</sup> GPOs allow smaller providers to obtain critical supplies at the same value as large providers while allowing all healthcare providers to focus on their core mission: providing first-class patient care.

The GPO business model is voluntary for suppliers and providers, flexible, and clinically driven. We work in close collaboration with our member hospitals, healthcare providers, and suppliers to develop sourcing policies and contract award decisions. GPOs work to establish a stable and sustainable marketplace. GPOs work to establish a stable and sustainable marketplace. GPOs take a comprehensive approach to sourcing and contracting that not only accounts for the competitive price offered, but also the quality, reliability, and stability of supply. We recognize that market conditions change, and when they do, GPOs work with suppliers to adjust contracts. GPOs work diligently to ensure member hospitals and providers can select the products they need to care for their communities and patients most efficiently and provide clinical resources across their network of providers.

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<sup>1</sup> Burns, Lawton R, and J Andrew Lee. "Hospital purchasing alliances: utilization, services, and performance." *Health care management review* vol. 33, no. 3, 2008, pp.203-15 2008: 203-15. doi:10.1097/01.HMR.0000324906.04025.33

<sup>2</sup> Dobson, Allen, and Joan DaVanzo, "A 2018 Update of Cost Savings and Marketplace Analysis of the Health Care Group Purchasing Industry," Dobson DaVanzo & Associates, LLC, Apr. 2019.

American hospitals continue to operate at razor-thin margins and face an increasing number of closures, particularly among small and rural hospitals. GPOs allow these small and rural healthcare providers – who often lack the negotiating power to access competitive pricing for essential supplies – to take advantage of the same efficiencies and discounts as large providers, enabling them to focus on providing necessary care to their communities.

Health systems and independent physician offices often depend on GPOs for much more than their ability to collectively aggregate purchasing power. GPOs provide a range of services, including broad clinical feedback and providing supply chain analytics, which are especially important in rural and underserved areas. Individual practices and community hospitals do not have the resources, scale, and expertise to perform themselves.

**HSCA and its member GPOs respectfully offer the following response to the RFI question where our unique position in the supply chain has given us relevant insight:**

Re: Question 32: What are typical contract designs between wholesaler, distributor, group purchasing organization (GPO), health provider, and pharmacy as they seek to provide access to these therapies? For instance, interested parties could contemplate the value provided by exclusive or nonexclusive contracts between two entities.

GPOs do not currently have contracts with gene therapy manufacturers. Gene therapy medications are patient-specific drugs developed to treat certain rare medical conditions, are not widely manufactured or distributed, and not every hospital or health system requires them. HSCA and its member GPOs understand that while GPOs do not currently contract for gene therapy medications, there may be contracts that are available between payors and gene therapy manufacturers.

Though GPOs do not currently contract for gene therapies, GPO pharmacy clinicians and leaders are actively engaged in better understanding the gene therapy market, and frequently work with their healthcare provider members to share best practices across healthcare providers as well as educate providers on evolving innovations and trends. The GPO marketplace will continue to pay close attention to the increased use of gene therapies, and in the future as gene therapies become more widely manufactured, GPOs and their pharmacy leadership will be available to provide therapeutic guidance to their healthcare provider members on the use of these products.

We appreciate the opportunity to provide you with our responses to your questions and appreciate the Committee's willingness to learn about the GPO industry, our role in the healthcare supply chain, and how we support the Committee's work to preserve and protect access to gene therapies. We look forward to continuing to serve as a resource to Congress and all stakeholders as we all work to continue improving the healthcare system.

Please do not hesitate to contact me directly if HSCA can be a resource on this issue moving forward. I can be reached at (202) 629-5833 and [tebert@supplychainassociation.org](mailto:tebert@supplychainassociation.org).

Sincerely,



Todd Ebert, R. Ph.  
President & CEO  
Healthcare Supply Chain Association (HSCA)