

## How Group Purchasing Organizations (GPOs) Support America's Healthcare Providers

### What is a GPO?

A **healthcare GPO** is an entity that helps healthcare providers – such as hospitals, nursing homes and home health agencies – **achieve cost savings by aggregating purchasing volume** and using that **leverage to negotiate discounts with manufacturers, distributors and other vendors**. In exchange, GPOs recoup a small administrative fee from vendors to continue providing savings.

Healthcare providers have used GPOs for over 100 years to provide end-to-end solutions throughout the continuum of care. To protect the savings GPOs enable for healthcare providers, **Congress codified existing GPO business practices into the GPO Safe Harbor law in 1987**. Today, **virtually all of America's over 7,000+ hospitals as well the vast majority of the over 68,000+ non-acute care centers use at least one GPO**.

### A Common Model

GPOs are used in many other industries. Federal government agencies like the GSA, VA and DoD rely on the cost savings GPOs deliver, as do many private sector industries such as grocery, electronics, manufacturing, and the agriculture and non-profit communities.

### GPOs Source Vital Needs

In addition to generating cost savings, providers across the U.S. rely on GPOs to help manage complicated purchasing decisions. GPOs have expanded their offerings to meet evolving provider needs, including:

-  Electronic tracing of products
-  Emergency preparedness
-  Antibiotic stewardship + infection control
-  Benchmarking data
-  Market research
-  Educating clinicians on best practices
-  Food service + construction

### Savings By the Numbers

- GPOs save the healthcare system up to **\$34.1 billion per year** <sup>1</sup>
- Hospitals use **2-4 GPOs on average** <sup>2</sup>
- **90%** of hospitals are satisfied or very satisfied with their GPO <sup>3</sup>
- GPOs reduce supply-related purchasing costs for providers by **13.1%** <sup>4</sup>

<sup>1</sup> "A 2018 Update of Cost Savings and Marketplace Analysis of the Health Care Group Purchasing Industry," Dobson DaVanzo & Associates, April, 2019

<sup>2</sup> "Group Purchasing Organizations: Services Provided to Customers and Initiatives Regarding Their Business Practices," Government Accountability Office, August, 2010

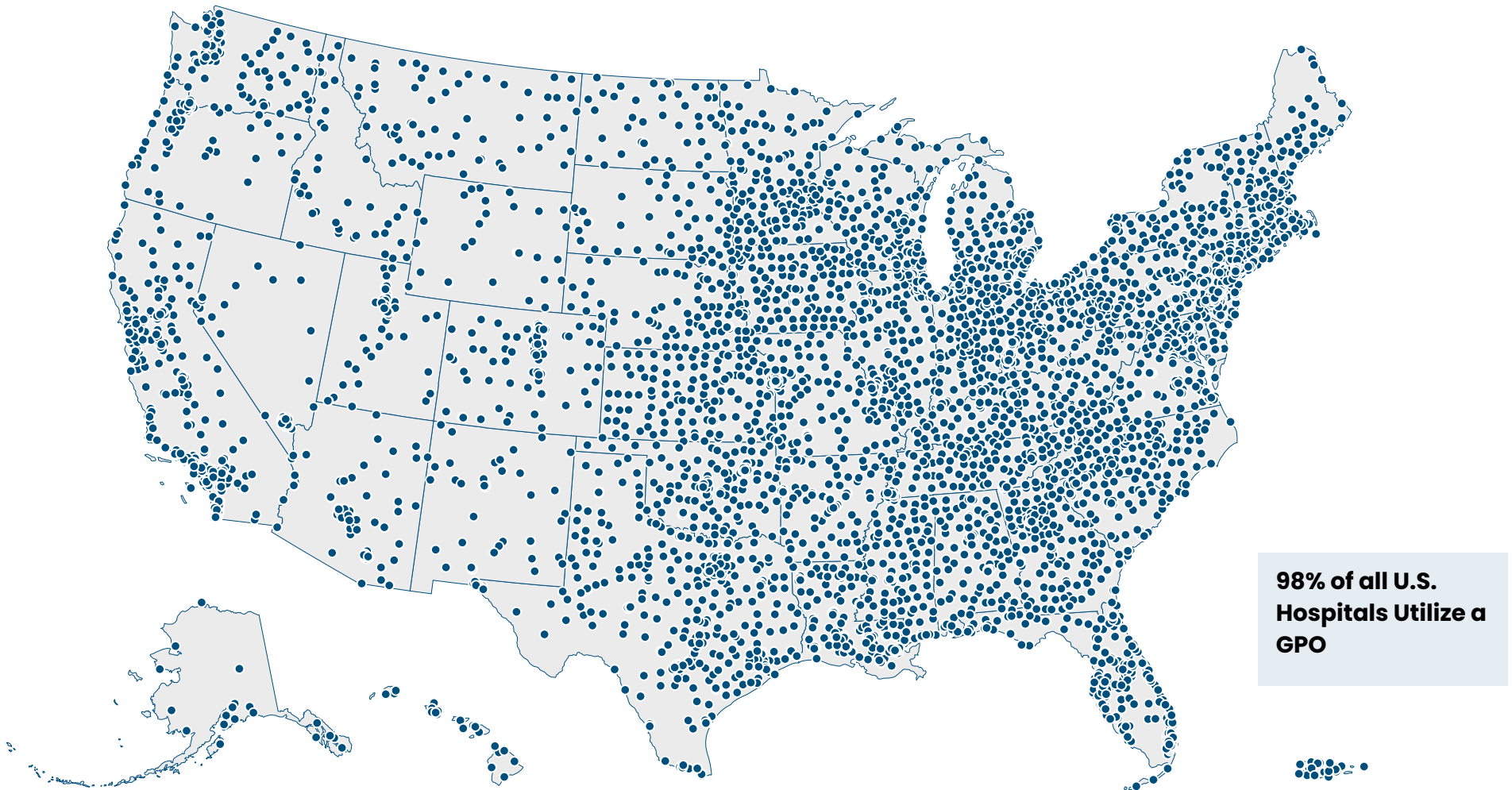
<sup>3</sup> "Hospital Supply Chain Executives' Perspectives on Group Purchasing: Results from a 2014 National Survey," By Lawton Robert Burns, Ph.D., MBA and Rada Yovovich, University of Pennsylvania, September, 2014

<sup>4</sup> "A 2018 Update of Cost Savings and Marketplace Analysis of the Health Care Group Purchasing Industry," April, 2019

# The Healthcare Supply Chain: Map of 7,000+ U.S. GPO–Member Acute Care Providers

HSCA

*Including emergency departments, intensive care units, neonatal intensive care, and more.*

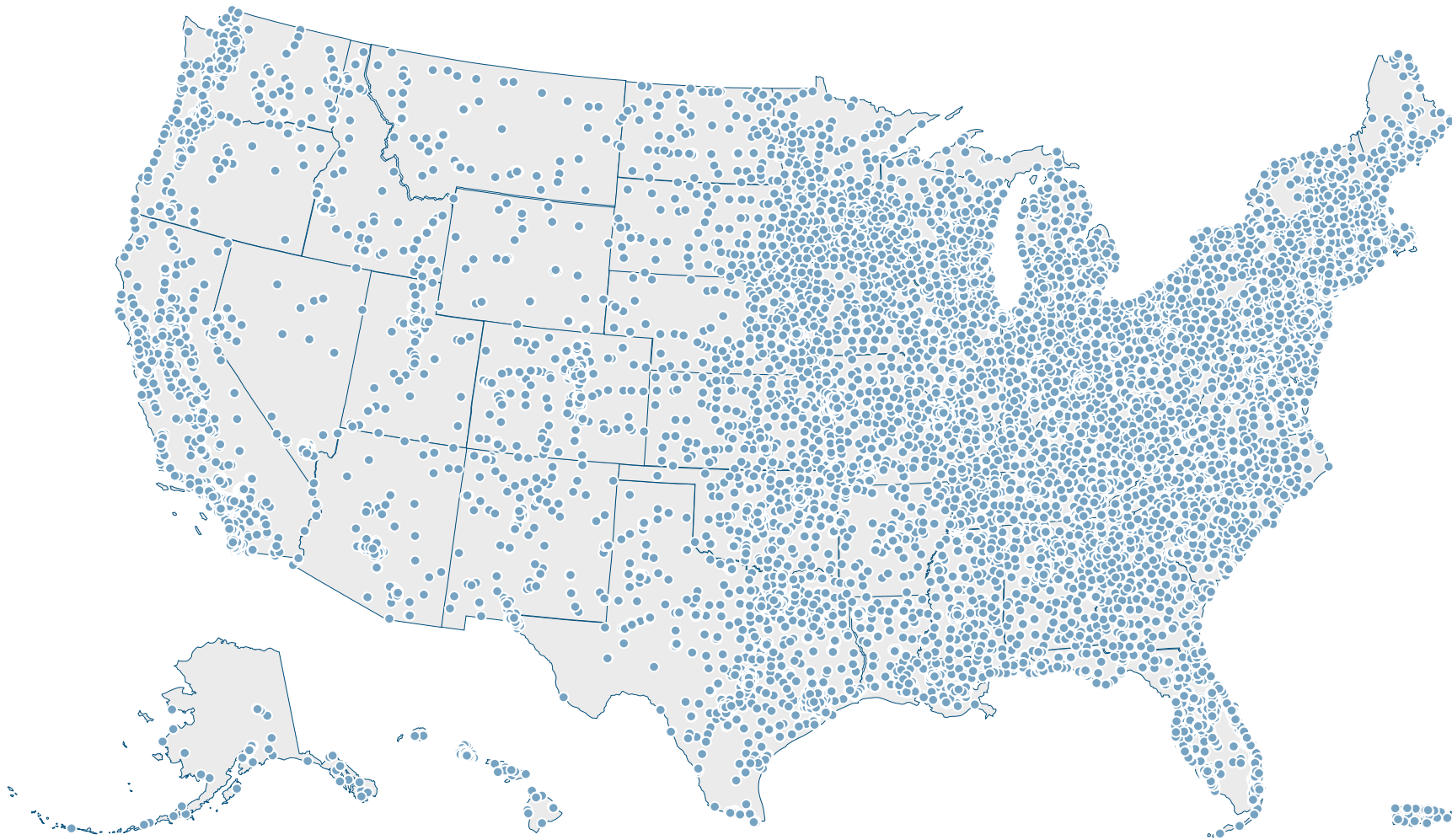


*Data Provided by Definitive Healthcare: [DefinitiveHC.com](https://www.definitivehc.com)*

# The Healthcare Supply Chain: Map of 68,000+ U.S. GPO-Member Non-Acute Care Providers

HSCA

*Including long-term care providers, clinics, surgery centers, home health providers, and more.*



*Data Provided by Definitive Healthcare: [DefinitiveHC.com](https://www.definitivehc.com)*

## Critical Partners in Averting and Mitigating Healthcare Product Shortages

Healthcare product shortages place significant strain on hospitals, health systems, providers, and patients. The U.S. Food and Drug Administration (FDA) has consistently stated that the primary causes of shortages are manufacturing problems, quality control issues, lack of raw materials, and barriers to getting new suppliers online when supply is disrupted. All patients have the right to receive the best possible care as directed by their healthcare providers, and drug or product shortages can delay or obstruct care delivery. Healthcare group purchasing organizations (GPOs) work to safeguard access to essential healthcare products by developing and maintaining a strong, sustainable supply chain. GPOs do their best to ensure that safe, reliable, high-quality products are available to providers and their patients, seeking out alternative sources and clinically appropriate substitutes where needed.

### GPOs are Critical Partners in Preventing Product Shortages

- GPOs track data on shortages and raw materials on a global scale to anticipate potential supply disruptions and provide suppliers with notice to plan for production capacity.
- Participation in GPO contracts is completely voluntary, giving providers the flexibility to purchase outside of a contract to meet patient needs.
- GPOs identify and bring to market additional manufacturers of at-risk products, ensuring that there are auxiliary suppliers of essential medications and products.
- During the COVID-19 pandemic, GPOs helped expand capacity for critical medical supplies including PPE, test kits and swabs, and life-saving medications by adding new suppliers and communicating about potential demand surges.

### GPOs Support a Competitive Market that Rewards Quality and Encourages Sustainability

- GPOs identify and source high-quality products at the best value, providing stability and savings across the industry.
- GPOs work diligently to ensure that a robust, competitive market for healthcare products exists by expanding the number of suppliers of essential products and life-saving medications.
- To ensure quality, and dependability, GPOs evaluate manufacturer reliability when sourcing and awarding contracts to make the informed decisions for portfolios.
- GPOs aggregate purchasing volume and negotiate to provide the highest-quality products at the best value while ensuring the availability of and access to these products for their members.
- GPOs are the most transparent industry in healthcare and promote transparency across the supply chain. All HSCA GPOs subscribe to a transparency and ethics initiative, The Healthcare Group Purchasing Industry Initiative (HGPII), and disclose all administrative fees in writing to members at least annually.

### GPOs Advocate for Policy Solutions to Increase Redundancy & Resiliency Across the Supply Chain

- GPOs engage with the FDA and the agency's Drug Shortage Task Force, the Office of the Assistant Secretary for Preparedness and Response (ASPR), the Strategic National Stockpile (SNS) and numerous other government and industry partners to support a healthy supply chain.
- Federal proposals to curb drug and product shortages have received input and support from GPOs, including the accelerated approval of generic products, the Quality Management Maturity (QMM) process, and the strategic development of new supply sources.
- HSCA convened a Drug Shortage Working Group comprising leading healthcare provider organizations to develop policy recommendations to help prevent and address drug shortages, ensure stable supply of critical medications, and support supply chain resiliency. The working group directly engaged with senior U.S. Food and Drug Administration (FDA) officials to share information and assess potential solutions.
- In the wake of the COVID-19 public health crisis, GPOs advocated for policies to reduce shortages, among them expedited approval processes for products with unhealthy markets, requirements for manufacturer contingency plans in the event of an emergency and requirements for suppliers to give advance notice before discontinuing production.



# KEY DIFFERENCES: Traditional Healthcare Group Purchasing Organizations (GPOs) & Pharmacy Benefit Manager (PBM) Rebate Aggregators



As Washington continues to consider ways to lower healthcare costs, it is critical that policymakers understand the key differences between traditional healthcare group purchasing organizations (GPOs) that serve healthcare providers, and rebate aggregators owned by pharmacy benefit managers (PBMs) that have begun to also call themselves PBM "GPOs."

**Healthcare GPOs serve hospitals and other healthcare providers** by negotiating contracts with medical device companies and drug manufacturers (among other suppliers, such as labor, food, landscaping) to deliver high-quality products, reduce provider burden, and maximize efficiencies to both providers and suppliers at the best possible value.

**So-called PBM GPOs/rebate aggregators are created, owned by, and serve PBMs.** Each of the "Big Three" PBMs – **Express Scripts (Ascent Health Services)**, **CVS Caremark (Zinc)**, and **OptumRx (Emisar Pharma Services)** – owns and operates its own rebate aggregator. These entities operate outside the transparency and reporting requirements applicable to traditional GPOs.

## Key Differences at a Glance<sup>1</sup>

	Traditional Healthcare GPOs	PBM Rebate Aggregators
<b>ORGANIZATIONS SERVED</b>	<p><b>Healthcare GPOs serve healthcare providers</b> (hospitals, surgery centers, nursing homes, clinics, and other non-acute care facilities).</p> <p>Providers often have an ownership interest in GPOs.</p>	<p><b>PBM "GPOs"/Rebate Aggregators serve health plans (including retail pharmacy).</b></p> <p>PBMs own and operate rebate aggregators including:</p> <ul style="list-style-type: none"> <li>• Ascent Health Services (Express Scripts)</li> <li>• Zinc (CVS Caremark)</li> <li>• Emisar Pharma Services (OptumRx)</li> </ul>
<b>SERVICES PROVIDED</b>	<p>Negotiate contracts for goods and services for <b>healthcare providers</b>.</p> <p>Secure volume discounts from drug manufacturers based on aggregating the purchases of many providers.</p> <p>Work with manufacturers on secondary lines in case of supply disruption, and provide analytics, clinical, supply chain and other services to healthcare provider members.</p>	<p>Provide formulary management and formulary rebate administrative services for <b>pharmacy benefit managers</b>.</p> <p>Negotiate rebates from drug manufacturers.</p> <p>May contract directly with health plans and pharmaceutical companies in place of PBMs.</p>
<b>NEGOTIATED ITEMS AND SERVICES</b>	<p>Negotiate supply contracts based on net price. This includes securing supplier <b>point-of-sale price reductions</b>. If a supplier provides a discount in the form of a rebate, GPOs pass those directly onto the provider.</p>	<p><b>Rebates</b> and administrative fees associated with a patient's health plan, which may be retained and not passed on to the patient.</p>
<b>REGULATION OF FEES</b>	<p>Fee structures <b>must comply</b> with the GPO Safe Harbor and Discount Safe Harbor of the Federal Anti-Kickback Statute.</p> <p>GPO fees are calculated on net contract price. The average administrative fee for a GPO contract ranges from 1.75 to 2%.</p>	<p>Fees fall outside most federal regulation, except for those required to be reported as Direct and Indirect Remuneration (DIR) under Medicare Part D.</p> <p><b>Limited information</b> is available about how fees paid to PBM rebate aggregators are calculated, particularly outside of Medicare.</p>
<b>TRANSPARENCY/REQUIRED DISCLOSURES</b>	<p>GPOs are also <b>required by law</b> to disclose all fees to their healthcare provider members up front, provide annual written reports to each customer that details the specific fee earned for each contract, and make that information available to the government upon request.</p>	<p>PBMs are generally <b>not required</b> to disclose additional fees and revenue received from aggregators as part of their contracts.</p>
<b>HEADQUARTERS</b>	<p>All HSCA healthcare provider member GPOs are <b>based in the U.S.</b></p>	<p>Some of the largest PBM rebate aggregators are <b>not based in the U.S.</b>, and are therefore not subject to federal government oversight and regulation, and have fewer tax implications:</p> <ul style="list-style-type: none"> <li>• Express Scripts/Ascent Health Services (Switzerland)</li> <li>• OptumRx/Emisar Pharma Services (Ireland)</li> </ul>
<b>FLEXIBILITY</b>	<p>GPO use is completely <b>voluntary</b>; healthcare provider members can, and often do, purchase outside of a GPO contract.</p>	<p>PBMs make it <b>difficult</b> for health plans or pharmaceutical manufacturers to contract outside of their rebate aggregators.</p>
<b>IMPACT ON MEDICARE PART D</b>	<p>GPOs <b>do not</b> participate in the Medicare Part D prescription drug program.</p>	<p>Medicare Part D plan sponsors <b>use</b> PBMs and their rebate aggregators to administer drug benefits.</p>
<b>IMPACT ON HOW MUCH PATIENTS PAY</b>	<p>GPO healthcare provider members include hospitals, nursing homes, physician practices and other healthcare providers. GPOs <b>do not</b> make healthcare provider member pricing decisions.</p>	<p>Rebate structures <b>negotiated by PBMs</b> affect health insurance coverage and the price consumers pay for their medications.</p>

1. The following distinctions apply to the traditional healthcare GPO model used by member GPOs of the Healthcare Supply Chain Association (HSCA). Virtually all of America's 7,000+ hospitals and 68,000+ non-acute care facilities utilize traditional GPOs.

As the sourcing and purchasing partners to virtually all of America's hospitals, nursing homes, surgery centers, clinics, and other providers, healthcare group purchasing organizations (GPOs) **save the healthcare system \$34.1 billion annually**. But GPOs also have a unique line of sight over the entire supply chain, and we are working alongside hospitals and physicians every day on the front lines of patient care. **Here are a few of the ways that GPOs are improving the lives of patients:**

## Developing Hospital Slippers that Reduce the Fall Risk of Children



Although age-appropriate hospital slippers existed for children age 3 and up, no such product existed for 1- or 2-year olds, which created potential fall risk for mobile babies. A GPO's Pediatric Council identified this as high-need for patient safety and worked with a supplier to develop slippers with proper fit and tread. Children's hospitals across the country now use these slippers to increase safety for young children in the hospital setting.

## Protecting Providers and Patients from Cybersecurity Threats



As more medical devices are connected to the network, the security of protected health information is paramount. GPOs are working with providers to deliver state-of-the-art IT capabilities; share contracting counsel and best practices to help mitigate emerging cybersecurity threats; provide secure networks and ensure that staff have the necessary training; and provide backup solutions, encryption and password protection for all IT vulnerabilities.

## Improving Maternal Health through Data Analysis



To help improve the quality of care for mothers and babies across the U.S., a GPO analyzed maternity-related data, hospital discharge data, annual birth-rates, and other data points to design a 12-month optimal care model that included pregnancy, labor and delivery, and post-partum care.

## Collaborating on Special Diapers for Nano Premies



Diapers that fit nano preemies – babies weighing less than 2 pounds – are critical to ensuring optimal sleep and hip positioning for these smallest babies. However such diapers did not exist until a GPO Pediatric Council identified the need and worked with suppliers to bring these special diapers to market.

## Reducing Deaths from Sepsis



A leading GPO worked with one of its hospital members to reduce its sepsis mortality rate by 45 percent through a comprehensive analysis to identify areas of improvement, developing an action plan with concrete milestones, and creating a triage sepsis screening tool that helps detect sepsis early in patients.

## Sourcing Blood Products for ER Patients in the Wake of the Las Vegas Shooting



In the aftermath of the 2017 Las Vegas shooting, GPOs worked with two partners to source necessary blood and blood products in the Las Vegas region. Partners were standing by to deploy the orders needed for the volume of trauma patients coming into the emergency departments of GPO member hospitals.

# A Policy Prescription to Help the Next Administration Combat the Drug Shortage Crisis

By [Angie Boliver](#)  
September 30, 2024

Persistent shortages of critical prescription drugs continue to hinder patients from accessing the care they need. As lawmakers, regulators, and industry stakeholders consider measures to bolster resiliency in the pharmaceutical supply chain, success will depend on their ability to address manufacturing quality, transparency, and capacity; increase domestic manufacturing; and create additional buffer inventories of critical medications.

For many patients and healthcare providers, drug shortages are more than just an inconvenience – an out-of-stock medication can create additional costs, treatment delays, and even life-threatening emergencies. During a shortage, patients may be forced to ration prescriptions or forgo treatment altogether while they wait for medications to restock. The effects of drug shortages reach across the healthcare ecosystem, and all stakeholders are impacted by supply chain disruptions. This is particularly true when it comes to the generic sterile injectable drugs used to treat cancer and other conditions.

Moreover, a drug shortage is particularly challenging in pediatric health care, as drugs intended for children are unique. A recent report by the Children's Hospital Association [found](#) that more than half of pediatric drugs have only 1-2 manufacturers currently supplying the dosage form pediatric hospitals use most often. Of the essential medication manufacturers utilized by children's hospitals, only 15% of them are pediatric-only suppliers.

As policymakers in Washington consider strategies to prevent and mitigate the impacts of drug shortages, it is critical to first identify the underlying causes. The U.S. Food and Drug Administration (FDA) [identifies](#) manufacturing and quality control issues as the primary cause of drug shortages, along with additional factors such as production delays and lack of raw materials. A University of Utah Drug Information Service (UUDIS) survey of drug manufacturers offers additional insight, as more than half of those surveyed (60%) either did not know the cause of a shortage or would not provide the information. Of those manufacturers that responded, supply/demand was the most commonly [cited](#) cause (14%).

Overreliance on foreign manufacturing facilities has also increased the strain on the pharmaceutical supply chain, contributing to ongoing drug shortages. The FDA [stated](#) that as much as 72% of active pharmaceutical ingredient (API) manufacturers supplying the U.S. market are overseas, and drug manufacturing has increasingly moved out of the United States.

Policymakers must consider several key proposals to mitigate shortages and foster resiliency in the supply chain. First, Congress should create incentives, such as tax subsidies, to encourage domestic manufacturing and reduce **over-dependence on foreign facilities**. These incentives should be tied to quality, as well as the amount of product sold in the U.S. For incentives to tangibly impact pricing dynamics, they must ensure that quality products are made *and* sold domestically. Moreover, incentives should promote investment in both manufacturing quality and capacity, including the addition of secondary supply lines and having alternate or backup sources of APIs.

Congress should also consider increasing funding for, and the number of, announced and unannounced FDA facility inspections. The FDA should also be encouraged to begin unannounced foreign inspections for API supplies and drug product manufacturers, particularly as the amount of foreign inspections have **decreased** to below the amount conducted before the onset of the COVID-19 pandemic.

Further, enhanced buffer inventories should play a role in any drug shortage policy solution. The Administration for Strategic Preparedness and Response (**ASPR**) – the agency responsible for developing medical and public health preparedness – oversees the strategic national stockpile (**SNS**), which is the national repository for medications and medical supplies to use in case local supplies are at risk of shortage. To fully leverage the potential shortage mitigation benefits of the SNS, policymakers should create, maintain, and require buffer inventory for critical medications through ASPR. Buffer inventories should also be subject to increased transparency, and input from healthcare industry stakeholders, especially providers, should advise which drugs are included in buffer stock.

Pharmaceutical supply decisions must account for more than just price – several factors, including manufacturing quality, are critical components of a resilient supply chain. The FDA's Center for Drug Evaluation and Research quality management maturity (**QMM**) program encourages drug manufacturers to implement quality management practices that go further than current good manufacturing practices requirements. Lawmakers should fully fund the QMM program, require implementation as soon as possible, and share these ratings with appropriate supply chain stakeholders to best inform sourcing and purchasing decisions.

Drug shortages are a decades-old problem that continue to plague healthcare providers and the patients they serve. Traditional healthcare group purchasing organizations are already taking a number of steps to help hospitals prevent and mitigate shortages, however the entire supply chain needs help from policymakers to address the root causes. Recently, the FDA **announced** some good news: the shortage of a critical chemotherapy treatment has ended. To help prevent and mitigate additional drug shortages, we urge policymakers to take a holistic approach that addresses manufacturer quality and transparency, provides incentives to increase domestic manufacturing, and creates buffer inventory of certain medications. Patients cannot afford to wait.

*Angie Boliver is the President and CEO of the Healthcare Supply Chain Association (HSCA).*



# Key Policy Recommendations: Drug Shortage Prevention & Mitigation



The ongoing drug shortage crisis places significant strain on patients and providers across the country. The Healthcare Supply Chain Association represents the nation's leading traditional healthcare group purchasing organizations (GPOs), who work with their healthcare provider members and suppliers to bolster the resiliency of the healthcare supply chain and to ensure that patients and providers have consistent access to the drugs, products, and devices they need. HSCA and its member GPOs understand that solving the ongoing drug shortage crisis is a complex task. To help prevent and mitigate ongoing drug shortages, HSCA proposes the following policy recommendations, several of which build on existing congressional authorities.

## Policy Solutions to Address and Minimize Drug Shortages

<p><b>INVEST IN QUALITY AND BUILDING SECONDARY SUPPLY LINES</b></p>	<p>Congress, federal agencies, and similar regulating bodies should not only incentivize production, but also investment in quality and capacity, including the addition of secondary supply lines and having alternate or backup sources of active pharmaceutical ingredients (API), to support long-term access to generic medications.</p>
<p><b>CREATE INCENTIVES TO INCREASE DOMESTIC MANUFACTURING</b></p>	<p>If Congress elects to create incentives related to domestic manufacturing, incentives should be tied to quality and the amount of product sold in the U.S. to tangibly impact pricing dynamics. This entails greater public-private partnerships; tax incentives and other financial investment aimed at promoting long-term domestic manufacturing growth; and regulatory relief commensurate with quality plus product amount sold domestically.</p>
<p><b>UTILIZE AUTHORITY RELATED TO THE STRATEGIC NATIONAL STOCKPILE'S (SNS) ABILITY TO ENTER INTO VENDOR CONTRACTS</b></p>	<p>Policymakers should utilize the authority pertaining to the Fiscal Year 2021 Consolidated Appropriations Act (P.L. 117-328), which authorized the Strategic National Stockpile (SNS) to enter into vendor contracts to assist with the rotation of soon-to-be expired products, so supply chain stakeholders can work collaboratively with agency officials to help identify when and where products should be released.</p>
<p><b>MAINTAIN AND/OR REQUIRE BUFFER INVENTORY</b></p>	<p>The federal government, through the Administration for Strategic Preparedness and Response (ASPR) and SNS should create, maintain, and/or require buffer inventory for critical medications and devices.</p>
<p><b>INCREASE TRANSPARENCY ON BUFFER INVENTORIES</b></p>	<p>Greater transparency is required regarding buffer inventories, and input from GPOs and other private industry stakeholders should be used to determine which drugs, and if possible, which products should be considered for buffer inventory.</p>
<p><b>FUND AND IMPLEMENT FDA'S QUALITY MANAGEMENT MATURITY (QMM) PROGRAM</b></p>	<p>Congress should fully fund FDA's quality management maturity (QMM) program and require manufacturer participation and implementation as soon as possible. FDA should share its QMM ratings with appropriate supply chain stakeholders, including GPOs, to best inform contracting and purchasing decisions.</p>
<p><b>INCREASE ONGOING VISIBILITY INTO MANUFACTURING LOCATIONS AND ACTIVE PHARMACEUTICAL INGREDIENT (API) SOURCES</b></p>	<p>Manufacturers should be required to include on their package inserts and boxes the finished product manufacturing location, including for contract manufacturers, and API source(s) on all products.</p>
<p><b>INCREASE FACILITY INSPECTIONS</b></p>	<p>Congress should increase funding and encourage the FDA to increase the number of inspections it conducts. Additionally, Congress should encourage FDA to begin unannounced foreign inspections for API suppliers and drug product manufacturers, and inspections should occur at the same time interval for all FDA-registered facilities regardless of location.</p>
<p><b>ADJUST THE FDA DRUG SHORTAGES LIST FOR PEDIATRIC MEDICATIONS AND REGIONAL SHORTAGES</b></p>	<p>FDA should adjust its drug shortage list to provide a timely and accurate accounting of pediatric populations and pediatric drug formulations, including the potential for regional shortages.</p>
<p><b>ENCOURAGE INCREASED PRODUCTION OF AT-RISK PEDIATRIC MEDICATIONS</b></p>	<p>Policymakers should reduce the risk of pediatric drug and supply shortages by encouraging "readiness to supply," or proactive shortage mitigation plans and/or competition in production of pediatric products that are often under-resourced.</p>

# What They're Saying: Hospitals, Healthcare Organizations, and Patients Supporting the Work of GPOs to Prevent and Mitigate Drug Shortages

# HSCA

Recently, leading healthcare organizations, hospitals, providers, and individuals have made their voices heard on the role traditional healthcare group purchasing organizations (GPOs) play in helping to mitigate and prevent ongoing drug shortages across the country. Here is what they are saying:



"Traditional healthcare GPOs serve as a critical link between healthcare providers and manufacturers by assisting in increasing the efficiency of contracting for high-quality medical products and services, including prescription drugs."

"In the event of a shortage, GPOs are able to quickly identify additional manufacturers and create incentives by guaranteeing purchase volumes and potential profits for new suppliers."

**Association of American Medical Colleges [April 2024 | [Comment Letter to Federal Trade Commission](#)]**



"The AAN believes that GPOs and drug wholesalers are integral parts of a stable supply chain and can be leveraged as effective tools to maintain drug affordability."

**American Academy of Neurology [April 2024 | [Comment Letter to Federal Trade Commission](#)]**



"When disruptions to supply exist, rural hospitals work with their GPOs to migrate to alternative sources and clinically appropriate substitutes, as well as identify where additional stock exists throughout the supply chain."

**National Rural Health Association [March 2024 | [Comment Letter to Federal Trade Commission](#)]**



"Providers should continue to be free to contract with GPOs, drug distributors, or manufacturers to manage storage and rotation of drugs stockpiled on their behalf."

**American Society of Health-System Pharmacists [May 2024 | [Comment Letter to Federal Trade Commission](#)]**



"GPOs are an important part of the United States healthcare infrastructure and play a critical role in promoting a steady, affordable supply of vital drugs for patients and the entire supply chain...GPOs are structured to engage in initiatives to ensure resiliency in the pharmaceutical supply chain, with a focus on anticipating and mitigating drug shortages to ensure patient access to essential medications."

**Federation of American Hospitals [May 2024 | [Comment Letter to Federal Trade Commission](#)]**



"Healthcare providers rely on GPOs...to work with their members and manufacturers to create a competitive marketplace, ensure a continuous drug supply and help prevent and mitigate the impact of drug shortages on the patients they serve."

**Healthcare Leadership Council [May 2024 | [Comment Letter to Federal Trade Commission](#)]**



"GPOs... ultimately provide consumers more options to purchase generic pharmaceuticals from more pharmacies at lower prices, as Congress intended in passing the GPO Statutory Clarification."

**Walgreens [May 2024 | [Comment Letter to Federal Trade Commission](#)]**



"GPOs in the acute setting have the potential to significantly mitigate drug shortages if steps are taken to incentivize hospitals to emphasize the value of resilience in the long-term, relative to the more limited and short-term motivations for cost savings."

**Fresenius Kabi [May 2024 | [Comment Letter to Federal Trade Commission](#)]**



"GPOs give providers of all sizes – including our institution – confidence that they can have consistent and reliable access to essential pharmaceuticals, medical supplies, and other products necessary for patient care."

Allina Health [May 2024 | [Comment Letter to Federal Trade Commission](#)]

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"Given the critical role of GPOs in the healthcare supply chain, they are uniquely positioned to address supply chain disruptions."

Ballad Health [April 2024 | [Comment Letter to Federal Trade Commission](#)]

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"Increased purchasing leverage can, however, alternatively be used to demand a more reliable supply of critical generic drugs. GPOs and wholesalers can efficiently vet suppliers through consolidated supplier performance measurement tools and can create long-term partnerships with leading suppliers to enable investments in manufacturing infrastructure."

Duke Margolis Center for Health Policy [May 2024 | [Comment Letter to Federal Trade Commission](#)]

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"Exela's collaborations with traditional healthcare GPOs and other supply chain partners create more domestic production options and bring new supply to healthcare providers."

Exela Pharma Sciences [May 2024 | [Comment Letter to Federal Trade Commission](#)]

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"[S]trong supply chain partners, such as GPOs, have put in place comprehensive and actionable solutions – solutions where manufacturers, healthcare providers and other stakeholders are all coming together to deliver meaningful impact."

VGYAAN Pharmaceuticals [May 2024 | [Comment Letter to Federal Trade Commission](#)]

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"At the onset of the COVID-19 pandemic, when many hospitals and providers faced significant product shortages due to myriad challenges, GPOs worked closely with suppliers, providers and federal agencies and task forces to ensure the availability of critical medical products, including pharmaceuticals."

"Because GPOs already had established relationships with suppliers and an understanding of hospitals' supply needs, GPOs were able to quickly take action to help hospitals, such as Boulder Community Health, obtain vital protective equipment and drugs to treat patients with COVID-19."

Boulder Community Health [April 2024 | [Comment Letter to Federal Trade Commission](#)]

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"Our GPO partner has developed innovative strategies to require suppliers to manufacture, maintain and warehouse additional buffer inventory of essential medications in the U.S. that can be accessed during an unanticipated supply chain disruption."

"This [GPO] program has greatly alleviated supply disruptions for our institution and we are grateful for the partnership."

FHN Memorial Hospital [April 2024 | [Comment Letter to Federal Trade Commission](#)]

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"The line of sight that GPOs have over the supply chain means that, when drugs are in short supply, we are able to work with our GPO to identify where additional stock exists."

"As a result of our collaboration with our GPO, we are better able to serve our patient population with more efficiency and quality care."

Hoag Memorial Hospital Presbyterian [March 2024 | [Comment Letter to Federal Trade Commission](#)]

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"The GPO organization that we utilize... is a vital support tool for expertise, supply chain and other program implementation and cost savings. This has been especially critical over the last five years as we have gone through the pandemic with the associated supply chain challenges and navigated the challenging dynamics of medication supply, shortages and market fluctuations."

LMH Health [March 2024 | [Comment Letter to Federal Trade Commission](#)]

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"GPOs rely on the principles of drug shortage stewardship practices to minimize the impact of a shortage by reducing demand and limiting utilization, which allows the market to recover more rapidly."

PIH Health [April 2024 | [Comment Letter to Federal Trade Commission](#)]

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