



For Immediate Release

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Group Purchasing and Voluntary, Strong Culture of Ethics Improve Healthcare Quality and Lower Costs

Annual Report and Survey Reveals Best Practices and Transparency by Leading GPO Networks

WASHINGTON, D.C. – July 20, 2017 – The Group Purchasing Organization (GPO) sector continues to drive down healthcare costs for hospital and nursing facility purchases, while facilitating bringing new products to market – that’s the key finding from the latest [Annual Report](#) from the Healthcare Group Purchasing Industry Initiative (HGPII.)

The report also finds GPOs continue to make strides toward establishing sector standards to support marketplace diversity and focus on sustainability efforts. The annual report is the industry’s most comprehensive survey of ethics standards and purchasing policies within the health care supply chain.

“This report shows that a private-sector solution that involves voluntary, rigorous adherence to a strong ethical culture and internal controls around purchasing activities can provide Americans with real benefits and savings,” said Phil English, National Coordinator of HGPII. “HGPII represents organizations that make all facility purchases – from bed linens to surgical equipment – for more than [72 percent of the hospital spend](#) in the US. It’s an important component of the healthcare delivery supply chain.”

“Until we adopt models that have illustrated success in stabilizing the cost of healthcare services to consumers and providers we will not have succeeded in meeting the health care needs of the American people. Health care you can’t afford is not a remedy for ill-health,” noted Senator Byron Dorgan, National Co-Coordinator, HGPII. “However, the level of commitment from the HGPII GPOs to transparency and ethics is making a difference in containing costs and improving outcomes in this area of the broader healthcare delivery system.”

The report indicates that in addition to delivering cost savings, GPOs are supporting innovation and making strides toward setting industry standards to support diversity and sustainability:

- **Innovation** – The report indicates GPOs are promoting innovation in the marketplace. All of the GPO members have a contracting process that permits the introduction of new products into the list of products for sale. They are able to identify and approve new innovations, test them through members, and then make available to broad markets. Anecdotally, small providers without a large infrastructure have been able to enter the national healthcare marketplace through GPOs.

- **Diversity** – The annual survey finds GPOs are focusing on ways to create opportunities to contract with diverse firms through the network. This year, HGPII is working with GPOs to set standards to promote diversity across the healthcare marketplace.
- **Sustainability** – The survey finds that GPOs voluntarily are looking to demonstrate that the money spent by members is improving sustainability. They are taking steps toward developing standards and collecting data that can be used in across the industry.

The Role of GPOs in Healthcare

Healthcare GPOs are business organizations that pool the purchasing volumes of member hospitals, health systems and other providers like nursing homes, home healthcare agencies, and physicians. GPOs ensure acquisition of the best and most cost-effective products and services, and assist their members in improving quality of care for patients and efficiencies throughout the supply chain.

Background: HGPII Annual Report and Members

The HGPII report is the product of an ongoing process that involves an individual commitment by each member organization to implement ethics standards, employ best practices in contracting, address vendor grievances, and offer appropriate administrative fee structures. HGPII is managed as an independent institution by Arent Fox LLP, with oversight by key industry leaders.

Nine of the nation's leading GPOs, serving the majority of America's hospitals, founded the HGPII in 2005 to promote and monitor the best ethical and business practices in purchasing for hospitals and other healthcare providers. The goal of the organization is to assure 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.

The 9 current HGPII member GPOs are: Children's Hospital Association (CHA), Greater New York Hospital Association (GNYHA), HealthTrust Purchasing Group, HPS, Intalere, Premier, Inc., Texas Purchasing Coalition, Vizient Inc., and Yankee Alliance.

English and Dorgan are former Members of Congress from the U.S. House of Representatives and the U.S. Senate, respectively, and they co-chair the government relations practice at Arent Fox.

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