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Rep. Phil English and Senator Byron Dorgan Unveil Findings of Annual Ethics Report Examining Healthcare GPOs

Washington, DC – On October 20, 2014, former Representative [Philip S. English](#) (R-PA) and former Senator [Byron Dorgan](#) (D-ND) held a conference call to provide analysis of their review into the business practices of organizations that are members of the Healthcare Group Purchasing Industry Initiative (HGPII). The review is the most detailed and comprehensive report that has been produced in HGPII's nine-year history and provides a window into how decisions are made and efficiencies are being achieved in this critical sector.

“HGPII has fostered the development of robust codes of conduct by its member GPOs and, through its annual questionnaire process, has helped its members achieve unprecedented levels of transparency about their business practices,” said HGPII Chairman Lee H. Perlman, who is also president of GNYHA Ventures, Inc. “With HGPII’s guidance, GPO best practices have continually evolved.”

Mr. English, Mr. Dorgan, and former Senator [Robert Bennett](#) (R-UT) serve as co-coordinators of HGPII and presented the results of their in-depth research into how the 11 member organizations complied with HGPII’s code of conduct over the last year. The companies that compose HGPII are Amerinet, Inc.; Children’s Hospital Association; GNYHA Ventures, Inc.; HealthTrust Purchasing Group; HPS; Innovatix, LLC; MedAssets, Inc.; Novation, LLC; Premier, Inc.; Texas Purchasing Coalition; and Yankee Alliance.

“We have found that GPOs are making a substantial effort to pursue best business practices and the highest ethical standards as part of their mission,” said Mr. English. “As a result, the healthcare supply chain has become more transparent, more cost-conscious, and more adaptive of new technologies through the creative leadership of these organizations. On the strength of our findings, we can certify that the members of our Initiative are meeting their commitments to their vendors and customers, and promoting state of the art and professional group purchasing.”

Among the report’s key findings:

- GPOs are consistently employing high ethical standards and best business practices in their effort to leverage price advantages for healthcare providers.
- GPOs are employing complex data analytics to help customers make better purchasing decisions that result in better patient care.
- Improved data is helping hospital administrators better understand the influence points when making purchasing decisions.
- Hospitals are more willing to share pricing information with one another because they see the results in lowering healthcare costs.

- GPOs are continuing efforts to incorporate minority owned enterprises into the healthcare supply chain.

Mr. Perlman further noted that, “HGPII members also have worked effectively with a panel of independent ethicists to develop a robust grievance procedure for suppliers regarding any issues related to GPO interactions. I look forward to the continuing efforts of this important organization in the months and years ahead.”

HGPII is an independent, voluntary organization that was founded in 2005 as a nonprofit by the chief executives of health care GPOs who thought the industry should do more collectively to demonstrate a strong commitment to ethical values. HGPII promotes the development and improvement of accountability standards, business practices, and ethics to its customers, vendors, and the public to help create higher industry standards for quality and value. For the last nine years, HGPII members have submitted to an annual, independent review of individual company business practices.

This year’s annual report expands on the co-coordinators continued involvement in reviewing and monitoring industry best practices and determined that participating GPOs are fully disclosing administrative fees; enforcing policies on conflicts of interest; applying high standards in their internal bidding and awards process; promoting the evaluation and use of innovative technology; and requiring their employees to submit to strong ethics training regimes.

“One of the trends we noticed that is critical is that health care providers are under increased pressure to maximize efficiency as systems of care begin to shift to value-based payments,” said Mr. Dorgan. “GPOs are responding to their customers and moving beyond being just purveyors of medical supplies, into delivering services that can quantify and analyze hospital purchasing data.”

“It’s important to note that GPOs are employing complex data analytics to help their customers make better purchasing decisions that improve patient care, safety and value,” said Mr. Bennett. “They are also helping hospitals uncover and address perverse incentives that have become ingrained in the US health care system, but often seem innocuous on a hospital-by-hospital basis.”

Healthcare Group Purchasing Industry Initiative

Founded in 2005, the Healthcare Group Purchasing Industry Initiative (HGPII) is an organization that promotes and monitors the best ethical and business practices in purchasing for hospitals and other health care providers. The goal of the Initiative 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 GPO industry. Each GPO has committed to the Initiative at the highest level and adheres to a strict code of ethical conduct. The governing body of the Initiative is comprised of the founding GPO Chief Executive Officers, who serve as a Steering Committee to set the Initiative’s policies and programs.