



HGPII Unveils Tenth Annual Report on the Health Care Supply Chain

National Survey Reveals Best Practices and Transparency by Leading GPO Networks

WASHINGTON – March 1, 2016 - Today the Healthcare Group Purchasing Industry Initiative (HGPII) published its tenth Annual Report to the Public, disclosing the current state of best business practices within the health care group purchasing industry in 2015. The report, developed from a comprehensive survey of ethics standards and purchasing policies within the health care supply chain, concludes that member organizations continue to provide high levels of transparency in their contracting processes and adhere to strict public codes of conduct. HGPII leaders shared the report during a live event broadcast by webinar.

"This report is a milestone in the ten year history of HGPII. The analysis demonstrates that our members are rigorously adhering to their commitments to high standards of ethics, procedural fairness, and professionalism- commitments that provide their health service customers real savings through group purchasing," said Phil English, National Coordinator of HGPII. "Our review of the current business practices in the supply chain - based on comprehensive surveys and detailed direct interviews with people making the contracting decisions - demonstrates that HGPII participants are continuing to make solid, measurable progress in raising the bar for leveraging health care savings within a competitive market while maintaining quality."

"The health care group purchasing industry has created an effective way for health care facilities to use group purchasing to reduce health care costs for providers and patients. I am impressed by the commitment the industry has made to meet the highest standards of transparency and ethical behavior," noted Senator Byron Dorgan, National Co-Coordinator, HGPII. "Our work to measure the compliance of the industry with the standards demonstrates the seriousness with which these companies take their responsibilities to meet the best practices standards."

The report concludes that HGPII participating organizations are sustaining a strong ethical culture by adhering to rigorous public standards and maintaining enforceable internal controls covering all of their purchasing activities. The authors also conclude that GPOs are actively promoting the availability of new innovative technologies in the health care marketplace, and consistently sponsoring programs to encourage greater diversity in the supply chain by promoting firms with minority ownership.

"The GPO teams that we surveyed are driving strong and creative efforts to make provisions for startups and assess new products and technologies to bring them to market," added Senator Robert Bennett, National Co-Coordinator of HGPII. "We are happy to report that group purchasing can and is being used to support innovation and create opportunities for new suppliers. "

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 monitors supply chain practices by reviewing member questionnaires, conducting follow



up interviews and select field reviews, and sponsoring an annual industry wide best practices conference with mandatory member attendance. HGPII is managed as an independent institution by Arent Fox LLP, with oversight by key industry leaders.

“This report is the cumulative result of a ten year commitment by the entire healthcare group purchasing industry to transparency and best practices,” shared Jody Hatcher, HGPII Steering Committee Chairman and President, Sourcing and Collaboration Services, Vizient, Inc. “The HGPII member companies have established and maintained this initiative to guarantee a marketplace for basic health care purchasing that is predictable for suppliers, free of conflicts, and open to the latest technologies. HGPII drives transparency to group purchasing activities that are indispensable to controlling health care costs.”

Industry leaders responded to the report on Tuesday. “The annual report documents how GPOs achieve real savings to the health care system and add significant value for their members, while abiding by the highest ethical standards and the latest purchasing practices,” said Lee Perlman, President, GNYHA Ventures, Inc. “It also shows how the various HGPII member GPOs pursue important priorities such as supply chain diversity and mitigating drug shortages. HGPII is a model for how an industry can voluntarily embrace self-regulation to achieve the highest possible standards while managing the supply chain.”

“The number one goal of healthcare group purchasing organizations is to provide value and cost-savings to member providers, so that they can best serve patients,” emphasized Todd Ebert, R.Ph., President and CEO of the Healthcare Supply Chain Association. “HGPII’s annual review of the healthcare group purchasing industry reaffirms that GPOs are transparent, accountable, and promoting competition in the market. By doing so, GPOs are creating critical savings and efficiencies for their acute and non-acute member providers – including the over 98 percent of all US hospitals that utilize a GPO.”

This year's annual report includes a determination that all HGPII members are adhering to national best practices standards. It also finds that the industry is continuing to achieve commitments on measures to eliminate conflicts of interest and make transparency a priority. HGPII also announces an expanded effort to assess and measure GPO diversity programs, and pursue new standards to assist group purchasing customers in using their health care purchasing power to promote diversity in the supply chain. English hailed this initiative as “a new effort to support the mission of health leaders to benefit their local community and economy.”

English is a former member of the House Ways and Means Health Subcommittee and maintains a health practice at Arent Fox. Dorgan and Bennett are retired leaders of the United States Senate, and currently advisors at Arent Fox.