



**American Hospital
Association®**



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FOR IMMEDIATE RELEASE

New Report Demonstrates Hospitals Value Group Purchasing Organizations

WASHINGTON (October 21, 2014) – The vast majority of hospitals utilize Group Purchasing Organizations (GPOs) to bend the health care cost curve and meet patient supply needs. This is just one finding from a new survey sponsored by the American Hospital Association (AHA) and its personal membership group the Association for Healthcare Resource & Materials Management (AHRMM). The survey also finds that while hospital's purchasing decisions are driven by clinical rather than financial considerations, GPOs succeed in obtaining price discounts and lower product prices for hospitals.

“This important report shows GPOs provide a valuable service for the hospital field,” said Rick Pollack, AHA executive vice president. “By helping them manage supply costs, hospitals utilize GPOs as a very important tool in their supply chain toolbox.”

Highlights from the survey, conducted for AHA and AHRMM by The Wharton School at the University of Pennsylvania, include:

- Ninety percent of hospitals utilize national GPOs, with an average tenure of 11 years as members
- Hospitals route the majority of their product purchases (56%) through their primary GPO
- Eighty-eight percent of hospitals agree or strongly agree that their GPO generates savings from lower prices

“Our study shows that not only do GPOs provide cost savings, but they help hospitals meet their need for physician preference items,” said Lawton Robert Burns, Ph.D., MBA, professor, The Wharton School and lead author. “In addition, GPOs help hospitals purchase everything from commodity items to pharmaceuticals to dietary items.”

Dr. Burns was the lead author of a literature review evaluating the performance of GPOs. This companion report found that GPOs are “a strategic tool that help hospitals achieve lower product prices.”

“These two reports demonstrate how GPOs help hospitals manage the supply chain from top to bottom,” said Deborah Sprindzunas, AHRMM executive director. “GPOs give supply chain managers access to life-saving products and medicine while allowing them to appropriately manage costs.”

About the AHA

The AHA is a not-for-profit association of health care provider organizations that are committed to health improvement in their communities. The AHA is the national advocate for its members, which include nearly 5,000 hospitals, health care systems, networks and other providers of care. Founded in 1898, AHA provides education for health care leaders and is a source of information on health care issues and trends. For more information, visit www.aha.org.

About AHRMM

The Association for Healthcare Resource & Materials Management is the leading national association for executives in the healthcare resource and materials management profession. A professional membership group of the American Hospital Association, AHRMM serves more than 4,300 active members. Founded in 1951, AHRMM prepares its members to contribute to the field and advance the profession through networking, education, recognition, and advocacy. For more information, visit www.ahrmm.org.

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