PROBLEM

Expenditure on inpatient care, PPP$ per capita

Spain


0 100 200 300 400 500 600 700

STRUCTURE

1. INTRODUCTION
2. GPO IN THE US
3. GPO IN SPAIN - AN EXAMPLE
4. IMPLICATIONS FOR THE SYSTEM
5. CONCLUSIONS
INTRODUCTION

• WHAT IS A GPO?
• FUNCTIONS
  - Reduce purchasing expenses
  - Standardize purchasing process
  - Improve management of supply chain

GPOs IN THE US

• LARGE AND CONCENTRATED
• VENDORS PAY FEES BASED ON SALES
• SAVINGS BETWEEN 10-15% OF PURCHASING COSTS
• CRITICS: LIMITING NEW PLAYERS/NEW PRODUCTS

<table>
<thead>
<tr>
<th>GPO</th>
<th>Contract Purchases</th>
<th>Acute care hospitals</th>
<th>Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Novation, Irving, TX</td>
<td>$11.6 billion</td>
<td>1,517</td>
<td>306,339</td>
</tr>
<tr>
<td>Premier Inc., Chicago</td>
<td>$11.4 billion</td>
<td>1,489</td>
<td>260,000</td>
</tr>
<tr>
<td>MedAssets, St. Louis</td>
<td>$7.15 billion</td>
<td>2,177</td>
<td>256,114</td>
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<tr>
<td>ArrinNet, St. Louis</td>
<td>$5.35 billion</td>
<td>1,694</td>
<td>214,381</td>
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<tr>
<td>Consorta, Chicago</td>
<td>$2.7 billion</td>
<td>339</td>
<td>41,034*</td>
</tr>
<tr>
<td>Greater New York Hospital Assn</td>
<td>** $1.99 billion</td>
<td>92</td>
<td>29,910</td>
</tr>
<tr>
<td>Shared Services Healthcare, Atlanta</td>
<td>$360.5 million</td>
<td>473</td>
<td>40,019</td>
</tr>
</tbody>
</table>

*Staffed beds
** GNVHA has an affiliation with Premier Inc.

Note: The totals of beds and hospital beds equal more than the overall U.S. total because some hospitals may have affiliations with more than one GPO.
GPOs IN SPAIN

• SITUATION: EARLY STAGE
• DIFFERENCES AMONG REGIONS

SANILINE: PRIVATE COMPANY OFFERING SERVICES OF SUPPLY CHAIN TO HOSPITALS/SUPPLIERS.

IMPLICATIONS FOR SYSTEM

• HEALTH-CARE PROVIDERS
  - 10/15% LESS PURCHASING COSTS
  - LESS OVERHEAD COSTS
  - SUPPLY CHAIN EFFICIENCIES
• POLICY MAKERS
  - COST EFFECTIVENESS (NOT ONLY COST!)
  - AVOID TOO MUCH CONCENTRATION
• SUPPLIERS
  - COMPETITIVE PRESSURE
  - FOCUS ORGANISATION TOWARDS GPOs
  - SIZE AND BREADTH MATTERS
CONCLUSION

• GPOs WILL CONTINUE BEING A HOT TOPIC.
• REMEMBER GPOs
  - IF YOU WORK IN CONSULTING...
  - IF YOU WORK IN PHARMA/MEDICAL DEVICES...
  - IF YOU WORK IN A HOSPITAL...