

## MYTHBUSTING THE GPO IMPLEMENTATION PROCESS

*and What an Effective Partner Looks Like:*



As the U.S. healthcare system has undergone significant change over the last few years, supply chain leaders are taking stock of supplier relationships and contracts, including group purchasing organization (GPO) partnerships for savings, resiliency and overall value.

Yet a common perception is that any new GPO implementation would be too laborious on supply chain teams and clinicians they support. And in some cases, that can prove true.

But the question healthcare supply chain leaders may want to ask is: “What are we missing by not engaging with the **right** GPO partner?”

***Here we break down some common myths surrounding GPO implementations and what an effective process and partner should look like for optimal value.***

### **MYTH:**

***Switching GPO partners is too difficult, cumbersome and most of the work will fall on my team.***

### **FACT:**

***A true partner will tackle the work end-to-end and support your goals.***

Your GPO partner should do the heavy lifting throughout the implementation process, freeing up internal staff for more value-add work.

With key stakeholders and goals in place, organizations need a comprehensive implementation plan to ensure your team doesn't get stuck babysitting or filling gaps in contract coverage to achieve optimal portfolio pricing. The right partner will work with you before the switch to understand your unique needs and develop a plan together to execute seamlessly.

From roster creation to supplier engagement and negotiations to actionable data that can pinpoint highest-impact opportunities – the right GPO partner will manage and coordinate all efforts with a health system and its supplier base to ensure a smooth transition. This includes a comprehensive spend review for best-possible savings as well as ensuring the correct pricing is in place with distributors and wholesalers.

Premier's GPO team of subject matter experts in sourcing, technology, distribution and more remain solely dedicated to a member throughout the implementation process – meeting weekly to review progress, strategic opportunities and next steps.

What's more? A strong GPO partner brings forward innovative [supply chain automation](#) technology for rapid, seamless **contract activations** – saving teams precious time and driving rapid synchronization, accuracy and employee satisfaction.

Lacking for most GPOs, these types of [advanced, AI-enabled solutions](#) can sift and parse through mountains of data, optimize healthcare purchasing, streamline tasks and workflows, mitigate supply shortages and more. This can be a game-changer for many already-stretched teams – supporting healthy operations and more engaged employees.



**MYTH:**

*The juice isn't worth the squeeze – how much value will I really get?*

**FACT:**

*More coverage, savings and value in less time.*

When was the last time your GPO examined every single contract to uncover opportunities to optimize pricing, fit into the overall portfolio and alignment with organizational goals?

And think beyond the market basket. While it can be a useful quantitative tool, your GPO should be able to tell you what, operationally, you can achieve together.

Working with Premier, an accelerated contract ramp (averaging 7 months vs. 14+) means speed-to-value – and **100 percent** of new Premier members see at least **20 percent more contract compliance** after switching to Premier. This translates to increased savings and revenue. Now more than ever, contract compliance is vital since supplies not covered under contract can see higher inflation than those covered by GPO contracts.

To prove the power of Premier's GPO to control total costs and inflation, [Premier analyzed](#) the historic difference in pricing between Premier contracts and off-contract spend. From Q1 of 2020 to Q1 of 2022, Premier's contract portfolio observed a 1.5 percent inflationary increase, whereas off-contract spend increased by 5.2 percent over the same period – a differential of nearly 3X (as measured with actual dollars spent over the course of Q1 2020 compared to Q1 2022).

Your current pricing also won't be disrupted during a new GPO implementation with Premier. A grandfather clause will hold price in place with where it is today while you explore savings opportunities across all categories.

Rather than an "illusion of choice," a trusted GPO partner provides flexibility and will work with your organization to develop the right mix of contracts from a robust national portfolio, [high compliance programs](#) or locally negotiated agreements to help you achieve desired results on day one – without sacrifices to product quality or your bottom line.

**MYTH:**

*Once onboard, it's set it and forget it.*

**FACT:**

*A go-forward plan is in place to optimize the portfolio.*

Your GPO partner should have the contract breadth and depth, actionable data analytics, strong supplier relationships and subject matter expertise to consistently identify opportunities and operationalize changes for cost, performance and quality improvement.

These ongoing optimization efforts should include identifying standardization opportunities, detailed plans for expiring contracts, and a comprehensive analysis and review of off-contract spend.

Instead of chasing pennies and beyond the expense lines, modern healthcare supply chain teams are **purchasing products and services at the right time and the right price, based on the total value of care delivery**. The right GPO partner can bring forward [value analysis](#) experts and resources to help you balance product and services choices with clinician and patient satisfaction – and operational and financial goals.

Look for a GPO partner and ingrained team that can help you prioritize what's best for your organization. A partner should be able to plug and play, delivering services, solutions and value to meet an organization's unique makeup and needs.

They should leave no stone unturned for opportunities, constantly share insights based on what's in the pipeline, and give you the data and tools you need to save time, money and drive meaningful change.

While some simply offer spotty support and/or "drive-bys" in smaller market accounts,

Premier's Member Field Services team is 100% focused on YOUR goals, aligned with your organization's objectives, and **measured and compensated on helping you achieve those goals**.

**MYTH:** A GPO is a GPO is a GPO.

**FACT:** The right GPO is an innovative partner that drives the industry forward.

*noun: resiliency – “the capacity to withstand or to recover quickly from difficulties.”*

The implications of geopolitical conflicts, trade disputes, extreme weather and a host of other potential global disruptions can have far-reaching consequences for the healthcare supply chain. We’ve consistently heard from supply chain leaders that “unknown supply disruptions with little time to react” is a core challenge that continues to keep them up at night. [Nearly half](#) said they have had to cancel or reschedule cases or procedures at least quarterly in 2022 due to product shortages.

Against this backdrop, health systems expect **more** out of their GPO today – with U.S. healthcare leaders ranking GPOs as the most valuable source of information on product shortages, according to Premier’s [2023 survey](#).

The vast majority of Premier’s Medical and Surgical GPO contracts are sourced from a [geographically diversified supply chain](#) – where critical products either have multiple reported manufacturing locations, or there are multiple contracted suppliers with crossable offerings. Our GPO team is also in continuous communication with global suppliers to monitor for risks, with specific focus on products critical to care and categories with unhealthy markets.

Risk assessment is embedded in the DNA of Premier’s contracting approach, including data on where product and raw materials are sourced, safety stock requirements, data on quality records and rapid replenishment capabilities. We remain committed to contracting with suppliers that demonstrate manufacturing resiliency, redundancy and quality investments.

**Enabling both supply chain and financial resiliency, Premier’s industry-leading contract portfolio, initiatives to [diversify production and sourcing](#), disaster preparedness and response program, and the [PINC AI™ technology suite](#) are serving as a collective shield to help protect members against both shortage and inflation risks. And the right GPO partner is an [advocate for its members](#) – helping to advance policies and reforms to create a more transparent, diverse, competitive and reliable healthcare supply chain – and healthcare industry overall.**

***Does your GPO have innovative solutions for resiliency, risk mitigation and supply continuity to help ensure you maintain access to the high-quality products you need to care for patients?***

### **The view is well worth the climb.**

A strong GPO partner can help shine a light on all facets of the supply chain – from efficiency, savings and outcomes opportunities to supporting an organization’s supplier diversity, resiliency and sustainability goals.

And with the right GPO partner, you’ll get access to best-in-KLAS consulting services, technology and data to pinpoint the best margin improvement opportunities, value analysis expertise and member-driven collaboratives to support the best decisions that meet your needs.

The right GPO partnership moves beyond fee share – serving as transformation engine for hospitals and health systems. Through this partnership, the supply chain can become a chief driver of culture change, leading to better financial and clinical outcomes for patients and provider organizations.

#### **About Premier Inc.**

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,350 U.S. hospitals and health systems and approximately 300,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, NC, Premier is passionate about transforming American healthcare. Please visit Premier’s news and investor sites on [www.premierinc.com](http://www.premierinc.com); as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [YouTube](#), [Instagram](#) and [Premier’s blog](#) for more information about the company.

