

Introduction to Group Purchasing Organizations



Group Purchasing Organizations (GPOs)

- A **group purchasing organization** is an entity that leverages the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members.
- Many GPOs are funded by administrative fees that are actually paid by the vendors. Some GPOs are funded by fees paid by the buying members. These fees can be set as a percentage of the purchase or set as an annual flat rate.
- Some GPOs set mandatory participation levels for their members, while others are completely voluntary. Members participate based on their purchasing needs.

Group Purchasing Organizations (GPOs)

- A healthcare group purchasing organization (GPOs) assists in promoting quality healthcare relief and assists diverse providers in effectively managing expenses. A GPO aggregates the purchasing volume of its members for various goods and services and develops contracts with suppliers through which members may buy at group price and terms if they choose to.
- In the healthcare field, GPOs have most commonly been accessed by acute-care organizations, but many GPO's also have programs for the non-acute setting which can result in significant savings.

Group Purchasing Organizations (GPOs)

- A healthcare group purchasing organization (GPOs) assists in promoting quality healthcare relief and assists diverse providers in effectively managing expenses.
- A GPO aggregates the purchasing volume of its members for various goods and services and develops contracts with suppliers through which members may buy at group price and terms if they choose to.
- The larger scale of their pooled volume attracts pricing and terms more favorable than a single buyer can attract alone.

Benefits of Using Healthcare GPOs

- Improved operating margins for healthcare providers
- Clinical support
- Benchmarking data
- Actionable reports
- Process improvement
- Supply chain support and management
- Comprehensive portfolios of products and services to address specific needs such as purchased services (janitorial, laundry, security, etc.).

Questions to Consider When Selecting a GPO

- Does your GPO charge a membership fee or require you to purchase from a certain number of vendors?
- What type of support do you want or expect from your GPO?
- Will your GPO help solve your vendor problems?
- Does your GPO specialize in the products and services that you typically buy?
- Does your GPO confirm that you have the best price?
- Does your GPO offer both national and regional vendors?
- Is your GPO willing to go the extra mile?

Group Purchasing Organizations (GPOs)

Questions?