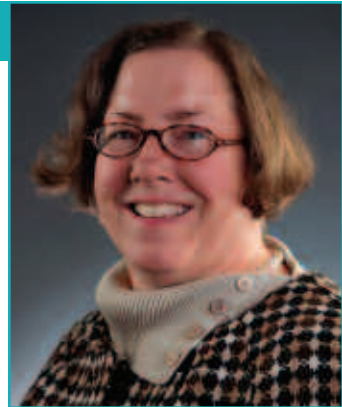


# Saving Money on Supplies – A GPO Strategy



By Kathy Spratt

While few physician offices have a centralized purchasing effort similar to hospitals, it is still possible for a physician office to utilize a strategy that results in significant savings. Few practices know that the same contracts available to hospital purchasing departments are also available to them. A necessary part of this strategy is membership in a Group Purchasing Organization (GPO). Even if a GPO is already used in a physician office, it is often the case that not all of its contracts are utilized to their full benefit. every impermissible use or disclosure.

## WHY AREN'T GPO CONTRACTS BETTER USED IN PHYSICIAN OFFICES?

Often, GPOs are confused with clinical distributors. Your distributor delivers products and a GPO negotiates lower pricing on your behalf directly with the manufacturers of those products. Whereas hospitals receive automated downloads of contract pricing and updates, practices must actively manage their contract connections and pricing through more interaction with their distributor and their GPO account manager. Since a typical practice manager or nurse has so many responsibilities, these purchasing discounts become less important. However, a knowledgeable practice realizes that GPO membership is the key to long-term price protection. Once a GPO

price is loaded, it stays in place for an extended period of time that can range from one to five years. There are also limits on distributor markup on contracted items based on your annual spending with that distributor, so savings can come not just from the discounted product cost but also from lower distributor margin and, in some cases, there are also rebates on select items.

## WHERE ARE THERE GPO SAVINGS?

GPO discount pricing affects every day clinical purchases along with capital equipment, laboratory services, environmental services (items such as toilet paper, c-fold towels and cleaning products), gas, suture, injectables and vaccines, and diagnostic imaging supplies (like contrast media). But there are also savings in less obvious categories like office supplies, computers, waste management, shredding, office refreshments, landlines and cell phones, Yellow Pages advertising, and uniforms.

In an Outpatient Surgery magazine article, this example was used: "The Surgery Center of Centralia, IL, used to pay \$22 per oxygen tank. Now it pays \$6 per tank....The ASC, which hosts 80 to 100 cases a month, goes through about three oxygen tanks per week, which projects to a yearly savings of \$2,300 a year." According to Jason Fischer, RN, BSN, ASC facility director, "As we got excited about

how much we saved with medical gas, we got to thinking about office supplies and we were able to get hand towels for 50 percent less....I wish I'd discovered all our GPO could do for us last year, we could have saved a lot more money."<sup>1</sup>

## WHAT DOES A GPO MEMBERSHIP COST?

GPO membership is easy to obtain but it does require a minimal investment of your time. Once you join, remind your vendors (distributor or manufacturer) which GPO you are with and don't be afraid to ask your vendors for GPO pricing. Remember, whether it is reagents, contrast media, needles and syringes, toilet paper or cell phones, there is a discount awaiting your practice. +

### References:

1. O'Conner D: Secrets to saving with your GPO. Find out how to get your money's worth. *Outpatient Surg*, Oct 2008.

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