

Creating and maintaining winning GPO relationships

Here are 40 useful tips from hospital supply chain management and GPO experts.

1. Develop a realistic understanding of your healthcare organization's capabilities and needs.
2. Make certain that you are clear about any information you may request.
3. Clarify information received until you are absolutely certain you have received everything you need, and that the information is correct.
4. Once you have made the decision, set guidelines for meeting frequency and the content of those meetings (including all benchmark and performance reporting).
5. Meet openly and in good faith. You can interact too infrequently, but not too frequently. Don't be strangers with each other. Interact regularly and often — both from a scheduled perspective and an as needed one.
6. Seek visibility for your supply chain's performance. Promote your successes and your needs to achieve greater success.
7. Use data to support your message. Use key performance metrics to document the impact and trends of the supply chain, i.e., supply spend per adjusted admission, contract compliance, documented savings.
8. Build relationships. Supply chain leaders should build relationships with the clinicians and operational leaders in the hospital. This allows program leaders to understand how the supply chain topic directly affects their service.
9. Link the supply chain to clinical and financial improvements. Standardization of supplies can help reduce variation in clinical practice as well as save money.
10. Create a supply chain governance model. Bring together clinicians, operational leaders to guide your supply chain's success.
11. Compare the current prices being paid to the best tiers with you current GPO.
12. Ask yourself why you are not currently accessing the best tiers?
13. Compare the actual tiers that you can access with your current GPO to the actual tiers you can access with the other GPOs
14. Now look at the resources that both GPOs offer to help you achieve those best tiers.
15. Look at the full boat of additional services offered by each GPO and perform an honest assessment of your organizations likelihood of using those services
16. Learn as much as possible about new programs the GPO is offering.
17. Trial or implement as many contracts as possible. Maximize the products that are standardized and converted to the contract.
18. Take full advantage of any private-label programs offered (right now only two GPOs offer them).
19. Identify the GPO that will provide the best services and match to your preferred manufacturers.
20. Push as much volume to your chosen GPO as possible. Through both high volume and clear input and communication of your needs, hospitals will become more valuable members, and will receive greater support from their GPO.
21. Expect your GPO to provide a strategic and proactive focus in your partnership, and monitor and measure consistently their contributions to your hospitals overall strategic and cost reduction goals.
22. Clearly communicate your expectations and request status reports on cost reduction initiatives and results.
23. Utilize an effective supply cost indicator to evaluate your GPO's performance and meet executive managements supply cost reporting needs.
24. Consistently evaluate your GPO's quantifiable value, benchmark results and clearly communicate the program value to executive management.
25. Pursue a long-term, trusting relationship with your GPO as a strategic partner based on contractual commitment and marketplace business integrity.
26. Devote the time necessary to be sure the hospital is using the GPO to gain every worthwhile saving available.
27. Use the GPO rep as a resource as to what savings are available. Maybe review the approved capital equipment budget and start collecting latest GPO contract info for each item, if this has not been done at budget preparation time.
28. Review the latest GPO contract listing. At least review each update to be sure you are current.
29. Keep the senior management of the hospital of the applicable capital equipment and service contracts available.
30. Keep someone in the supply chain management department knowledgeable in the GPO contracts and activities in the hospital.
31. Prepare informal data on savings generated from GPO contracts usage.
32. Make sure the GPO provides value up front for all contracted goods and savings — not buried on the back end of administrative fees and rebates.
33. Make sure the GPOs ban or limit vendor membership and financial support of product councils, technology assessment committees, value assessment venues, etc. Some vendor involvement is key but must be kept at arm's length.
34. Favor GPOs that write meaningful committed contracts (rather than hundreds of separate documents, each with multiple pricing tiers. This approach seems to offer mainly vendor fees for permission to sell to member hospitals, not true group leverage). Contract portfolios seem to have become nonaggressive shopping lists, difficult to manage in their size and complexity.
35. Work with GPOs that offer good value-added services, including usage reporting, contract comparison tools, shared value analyses and significant news and information sharing.
36. Choose a business partner that fits a picture of what your business needs will be over the next five years, and not a business partner that's more about the past images of supply chain operations and a narrow GPO function. Supply chain data management, revenue management and clinical practice enhancement are key focus areas.
37. It's about your organization's performance, not about preserving a club where there may be emotional/political ties. Keep this at the top of the goals to drive the selection process.
38. Choose a business partner that deals aggressively with medical device manufacturers and guarantees results in lowering costs and improving physician relations. If they have contracts with medical device manufacturers and make admin fees on this fast growing category, pass on them as their interest is misaligned. Work collaboratively with physicians at the local level to focus not only on price but appropriate utilization of technology and ways to improve lengths of stay and outcomes.
39. Choose business partners that are committed to innovation and change and aggressively leverage information technology with improved business processes. Healthcare is changing rapidly and you must align yourself with companies that will help you adapt.
40. Check the track record of delivering on financial results. Delivering on promises is key.