

## *Capturing Success*

**Project Title:       GROUP PURCHASING PRICING ANALYSIS**

### **SUMMARY**

IMA Consulting completed an independent Group Purchasing Organization (GPO) analysis of programs and pricing agreements offered by three competing GPOs.

### **PROBLEM**

After being approached by a GPO to consider its portfolio of programs and services, a 429-bed community the challenge of conducting an unbiased, objective analysis. To do so, required that the hospital issue a Request for Information from its current purchasing partner and two additional GPOs. The hospital lacked the internal resources and skill sets to conduct the analysis.

### **SOLUTION**

The hospital engaged IMA Consulting perform an unbiased analysis of the information provided by the GPOs. The analysis of GPOs involved a blend of quantitative data and qualitative factors. Contract pricing, while important, may not represent the primary factor in selecting a GPO. IMA Consulting worked with the hospital to develop a Request for Information that incorporated all of the measures that the hospital identified as critical in its selection process. Prior to issuing the RFI, the hospital developed a weighted decision grid to assist in the selection process. The hospital used this grid as a scorecard to identify the GPO which best met the needs identified.

### **RESULTS**

Based on the pricing analyses and the qualitative weighted decision criteria, the hospital made a GPO selection based on pricing for currently used products and those value-added factors deemed important to the hospital. The selection of the GPO led to hard dollar savings for the hospital. Since the GPOs shared pricing confidentially, projected savings can not be shared.

### **THE IMA APPROACH**

The consultant assessed economic factors in the GPO selection decision process through a marketbasket analysis. IMA Consulting worked with the hospital to develop a marketbasket of medical – surgical supplies and pharmaceutical items. The marketbasket incorporated products which represented a large category of expense, including clinical preference items. Additionally, the marketbasket included a wide span of the hospital's current vendors to assist in evaluating the breadth of each GPOs contracts. The RFI required that GPOs to enter their respective contract information for only those items that the GPO could provide an exact match to the hospital's current products.

The hospital identified qualitative factors and required that the GPOs provide written responses to address each factor individually. The hospital provided the assigned weights for both the medical – surgical and pharmacy marketbaskets and the qualitative elements to the GPOs, as well as "Rules of Engagement" to ensure that all parties had a clear understanding of the hospital's expectations.