



THE THREE FACES of HPS

Healthcare Procurement Solutions (“HPS”) is continually evolving and adapting to changes in the needs of its members and the marketplace. Depending upon when, where, and why you are using HPS will likely dictate what you know about HPS. HPS is different things to different people.

In an attempt to broaden your understanding of the other aspects of HPS, and how they can be of value to you, it is useful to present the three faces of HPS.

CONSULTANT

HPS was founded as a value-added service to the clients of a prestigious consulting firm in 2002. As a result of these unique origins, HPS took a different approach to group purchasing. Rather than simply providing a pricing plan for customers like the typical GPO, HPS has always been seen by members as advisors and advocates.

In this role, HPS has ongoing direct contact with the customer; provides access to other HPS programs; and assists customers with all of their buying decisions.

Through this consultative relationship, HPS is given access to information and influence with the customer that makes HPS a very valuable partner for McKesson.

For more than 10 years, HPS has provided consulting services to members – all free of charge to the member. Through these relationships with members, HPS has brought McKesson more than \$20 million in new business and used its influence to save hundreds of accounts from leaving McKesson.

In conjunction with its parent company, HPS routinely provides members with the following consulting services:

- Data analysis and training of clients on how they can increase revenues by implementing “pass-through billing” for the reference lab testing.
- End-to-end start-up of new practices & surgery centers – from obtaining financing, through construction and purchase of all equipment and start-up supplies.
- Operational Reviews – HPS provides benchmarking and operational reviews for up to 100 clients per year. Part of this process is to pull all of the invoices from current suppliers and providing the client with price comparisons quoting the HPS-McKesson program. Regardless of the role that you choose to use HPS, it is important to remember that at its core, HPS is a consulting firm and focuses on the best interest of its members.

GPO

In its role as a group purchasing organization, HPS provides members with access to numerous programs tailored for use by physicians and surgery centers. In addition to Premier contracts, HPS has its own portfolio of contracts for things like:

- Reference laboratory testing
- Medical waste disposal (alternative to Stericycle)
- Office supplies and furniture
- Forms, charts and custom printing
- Credit card processing and Transcription services

Even when dealing with the Premier contracts, HPS takes a different approach:

- Most Premier sponsors provide their members with on-line access to Supply Chain Advisor (SCA) – the Premier online contracting tool
 - This website actually provides the customer with visibility to your contract costs
 - SCA is so difficult to navigate and get things done that most members become frustrated
- Rather than expose members to the frustration of trying to navigate SCA (and to protect your cost data), HPS actively facilitates all contract access for its members
 - The member just tells HPS which programs they want to access and HPS does all of the behind the scenes work to make it happen and ensure that the customer gets the HPS member discounts
 - For example, if a member wants to take advantage of the AT&T or Verizon cellular program, they tell HPS and HPS works with the system and suppliers to ensure that both the practice and its employees get the 25% and 22% discounts, respectively.
- HPS has a great deal of experience and success at creating, managing and/or customizing programs for IPA's, PHO's ACO's, State medical associations, and as a value-added benefit to clients of physician-owned mutual malpractice companies. Examples of current programs are;
 - OBNET – network of 200+ OBGYN practices
 - Culpepper PHO – hospital sponsored services for affiliated physicians
 - Genesis Physicians Group – statewide IPA for physician practices
 - Tennessee Medical Association – physician professional organization
 - Medical Mutual – value-added service for clients of this mutual insurer

Using HPS as a GPO for your customers will allow you to build walls around your accounts by providing them with much more than just med-surg supplies.

AGGREGATOR

In many ways, HPS was the original “Aggregator” as the first Premier Sponsor to obtain access to “aggregated” contract tiers for privately-owned non-acute facilities.

Basically, aggregation is the ability to successfully convince manufacturers to view the combined volume of HPS members as a single entity instead of hundreds of individual facilities.

- Soon after becoming a Premier Sponsor of Affiliates, HPS began to approach manufacturers about allowing its members to access higher tiers
- The fact that HPS does not own any of its members led manufacturers to assume that HPS could not influence the buying habits of its members.
- The unique approach and consultative relationship with its members helped HPS demonstrate to manufacturers that - if they provided HPS members with access to pricing good enough to make conversion attractive – HPS could help to drive those conversions.
- Unlike most of the promises made to manufacturers by GPO’s, HPS made certain to deliver on its promises. Keeping its word is part of HPS’s commitment to integrity and an important component to ensure the long-term stability and availability of the aggregated pricing.

Since McKesson is the exclusive med-surg supplier for HPS members, it is the McKesson account managers who benefitted from HPS’s efforts on behalf of its members. Through word-of-mouth and referrals from McKesson reps to their peers, HPS slowly grew to provide access to its aggregated pricing to customers of reps across the country. For a long time, HPS was one of the insider secrets used by many of McKesson’s top account managers.

As word spread, HPS became known as an “Aggregator”. In its role as an Aggregator, HPS is primarily used by McKesson reps for access to its aggregated pricing.

For accounts that are brought to HPS by McKesson, the McKesson account manager owns the account and dictates to amount of contact that takes place between HPS and the customer. HPS understands that situations exist that call for any interactions with the customer to be channeled through the McKesson rep and routinely accommodates these situations.

While using HPS as an aggregator will provide McKesson with a distinct competitive cost advantage, you are only taking advantage of the minimum benefit available to you and your customer.