



John A. Bardis, MedAssets

Hospitals Rely on Distributors for On-time, Low-cost Access to Products

MedAssets, the nation's third-largest healthcare group purchasing organization, relies on distribution to ensure that its member hospitals, clinics, and physician practices have efficient access to the products they need.

“Distributors deliver products in a timely manner and they make investments in inventory from hundreds of different manufacturers, making the entire process far more efficient.”

Why distribution?

Distributors are an indispensable component of the healthcare delivery system. Their capacity to deliver product on an on-time, low-cost basis really enables the system to function.

When a hospital wants medical products they don't just want one thing – they want everything they need, delivered in the most efficient way. Scheduling just one delivery from a distributor with a wide inventory is far more efficient than trying to work directly with many different vendors.

I can't imagine that a hospital or manufacturer can distribute for themselves less expensively than a multi-million dollar distributor can do it. The amount of capital required to build the infrastructure of distribution is very high when you consider all the transportation and logistics technology required in addition to the inventory itself.

What is the biggest misconception your member hospitals have about distributors?

I think some people have the incorrect perception that distributors are making enormous margins.

How might distributors help providers adjust to the changing healthcare reform landscape?

The healthcare industry is evolving toward accountable care and toward payments for episodes of care. That means that we must understand the cost of an episode of care. Distributors can and must help us understand how products contribute to the total costs for an episode of care.

Distributors have the ability to help hospitals choose and use products efficiently and effectively. They can provide manufacturers' clinical effectiveness data and help hospitals understand pricing and identify cost-efficient product applications.

Do you think the GPO and the distributor have complementary roles, and if so, how?

Distributors and GPOs are necessary to each other's success. We offer volume pricing to our members, and distributors provide the logistics and assist in pricing management. It's a symbiotic relationship. We work very carefully with our distributors and I consider them great partners.

John Bardis has been Chairman, President, and Chief Executive Officer of MedAssets since its founding in June, 1999.

ABOUT MEDASSETS

MedAssets is a revenue cycle management and supply chain management provider headquartered in metro Atlanta with more than 2,200 employees nationally

MISSION

Partner with hospitals and health systems to enhance their financial strength through improved operating margins and cash flow

CUSTOMER BASE

- Acute care hospitals: 3,300
- Alternate site facilities: 40,000
- Integrated delivery networks: 125