



Kohl just plain wrong on hospital cooperatives

By Ed Howe

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There is agreement that health care in America must be changed to ensure sustainability and affordability. But not every aspect of American health care is in disrepair - some segments of the system are providing enormous value for patients and taxpayers. Hospital buying cooperatives, sometimes called group purchasing organizations, are one such area.

A small and unknown industry, buying cooperatives allow hospitals with limited budgets to pool their buying power and negotiate the best deals for pharmaceuticals, medical devices and supplies. Because hospitals own cooperatives, they make sure that every penny that goes into the organization is returned to its owners.

This arrangement is highly efficient, keeping costs low and funds flowing to hospitals. In fact, every dollar spent through cooperatives returns between \$36 and \$64 in savings. Hospitals depend on these dollars, particularly in a weak economy and an era of declining reimbursements.

But cooperatives do more than just secure savings on supplies. These alliances collect knowledge and share what the nation's best hospitals are doing to prevent infections, improve surgical care and reduce chronic disease.

Access to a national repository of best practices and proven care models is the equivalent of bringing together an expert team to consult on a complicated case. If you had a brain tumor, wouldn't you want to know that the nation's best neurosurgeons, nurses and specialists were collaborating and sharing their combined knowledge to ensure success? This is critical in our fragmented health care system and is exactly what cooperatives support.

Let me give you some examples. One cooperative, the Premier health care alliance, is leading widely recognized quality improvement initiatives. Their Hospital Quality Incentive Demonstration (HQID) is managed with the federal government and designed to improve the reliable delivery of care.

This project has provided 500,000 additional treatments that met the highest-quality standards. If implemented nationally, this program could save 70,000 lives and \$4.5 billion. Cooperatives are also working with hospitals to compare the effectiveness of new products in the clinical setting, reporting findings to all hospitals that are part of the group. These initiatives are offered free of charge, and are saving lives, speeding patient recoveries, improving safety and controlling costs.

Considering the value, it is shocking to me that Sen. Herb Kohl is attacking these hospital alliances. He has chosen to buy into misinformation spread by special interests that will profit if the cooperatives are hobbled, ignoring the fact that cooperatives are the most effective check on runaway expenditures.

He's even gone so far as to suggest that cooperatives increase, rather than decrease costs. The fact that Kohl has swallowed the bait to believe Washington lobbyists over his local hospitals should embarrass Wisconsin residents.

Before I retired, I was the CEO of Aurora Health Care, and I saw firsthand how cooperatives improve the quality and financial health of a hospital. With so many fixed costs in the system, there are only two areas hospitals can tap to cut costs: supplies and labor.

In the 33 years I managed Aurora, my cooperative drove tens of millions of unnecessary costs out of our supply system, allowing us to keep investing in quality improvement, staff and patient care services that saved lives in our communities. Without these savings, I would have been forced to cut employees, the choice of last resort for any hospital CEO.

If the senator wants to act in the best interest of Wisconsin hospitals, he should empower cooperative alliances, not try to legislate them out of existence. Kohl is tilting at windmills, attacking a problem that doesn't exist. At best, his investigation into cooperatives will waste time and taxpayer money.

Sen. Kohl, do not jeopardize hospitals' ability to save lives, reduce costs and retain desperately-needed Wisconsin healthcare workers in the most troubling economic environment since the Depression. Allow cooperative hospital alliances to survive and thrive.

Ed Howe is the retired president and CEO of Aurora Health Care.

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