HELPING YOU TRANSITION

The Role Group Purchasing Organizations Take in Embracing the Transition to Non-HEU Medical Isotopes

September 2015
Leah Gannon
Overview

Agenda

• Introduction to Group Purchasing
• The Provider Perspective
• Novation Overview
• Novation as a Key Stakeholder
Group Purchasing Organization (GPO)

A service entity that provides contracting and other services by leveraging economies of scale on behalf of its customers

- Scope varies: products, services, IT/e-commerce
- National, regional or local
- Top 6 healthcare GPOs drive 80% of the US volume

Role of GPOs

- Negotiates contracts for products and services purchased by health care facilities
- Drives volume and reduces costs
- Drives efficiencies through the supply chain
- Monitors the market (budget impact, raw materials, supply availability, new technologies)
- Provides purchasing information for the health care facilities

Benefits of Group Purchasing

Aggregate the purchasing volume of independent health care providers to lower costs through:

- Lower prices
- Process efficiencies
- Reduced contracting costs
- Monitoring of market conditions
- Minimize legal risk

* 96% - 98% of hospitals belong to a group purchasing organization
HELPING YOU BUDGET

The Provider Perspective
Market Dynamics – Provider Perspective

**ECONOMIC TRENDS**
- Increased bad debt and charity care
- Fewer elective procedures
- Declining overall patient volumes
- Reduced operating margins
- Fiscal decline of states, counties and municipalities

**REGULATORY PRESSURES**
- Reimbursement cuts
- Population management
- Increased accountability
- Value-based payments
- Readmission cuts
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Novation as a Key Stakeholder
How Novation Can Support New Market Initiatives
2014 GPO Purchase Volume

Novation Represents the Largest Member Spend in the Industry

- 16% growth in 2014
- 50% over the past 5 years

In Billions

<table>
<thead>
<tr>
<th>Category</th>
<th>Value (in billions)</th>
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<tr>
<td>Novation</td>
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<tr>
<td>Premier</td>
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About Us
Our Customers Represent the Industry’s Most Diverse Membership

$56.8 BILLION
2014 Volume

$31.6 06
$33.1 07
$35.7 08
$37.8 09
$40.0 10
$40.5 11
$43.0 12
$48.8 13
$56.8 14

47% US Total Surgeries

45% New Member Spend Since 2010

40% Admissions

40% Of Pediatric Inpatient Beds

Bed Size From
2-2,144

94% Of all Academic Medical Centers

40% Staffed Beds

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About Us
Serving a Broad Range of Customers
Novation’s Unique Contracting Process

9-step process

Understand Member Needs and Drive Commitment

Identify Member Needs
Confirm Source Selection
Develop RFP
Eliminate Unacceptable Proposals
Evaluate Potentially Acceptable Proposals
Optimize Proposals
Obtain Best and Final Offer
Finalize Award
Launch Agreement

Understand the Markets and Manage Vendors
Contracting
• Improve costs
• Enhance operational efficiency
• Boost financial performance

Collaboration
Connect organizations with common goals to help solve shared challenges.
• Address common challenges
• Share best practices

Advisory
Offer customized solutions that achieve lasting change and measurable results.
• Use experts advisors to improve performance

Analytics
Through a data and analytics offering we deliver real insight, helping drive operational efficiency
Radiopharmaceutical Distribution Contract Awards
Terminates 6/30/2017

Low Energy Radiopharmaceutical Distribution

GE Healthcare
Triad Isotopes
UPPI LLC

High Energy Radiopharmaceutical Distribution (PET)

IBA Molecular
PETNET Solutions
Triad Isotopes
UPPI LLC
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YOU
TRANSITION

Novation as a Key Stakeholder
How Novation Can Support New Market Initiatives
Why Novation is a Key Stakeholder

- GPO representing the largest segment of hospitals and non-acute providers in the U.S. market
- Largest member-owned, member-driven GPO
- Voice of the customer – unified voice
- Reach into the complex supply chain
- Clinical expertise to help drive adoption
Voice of the Provider

Novation’s Commitment to Supporting Non-HEU Adoption

• Education
  • White Papers
  • Webinars
  • ListServ
• Contracting Strategies that Support Global and Domestic Initiatives
• Support Providers in their Advocacy Efforts for Appropriate Reimbursement
Thank you!