



HELPING YOU TRANSITION

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

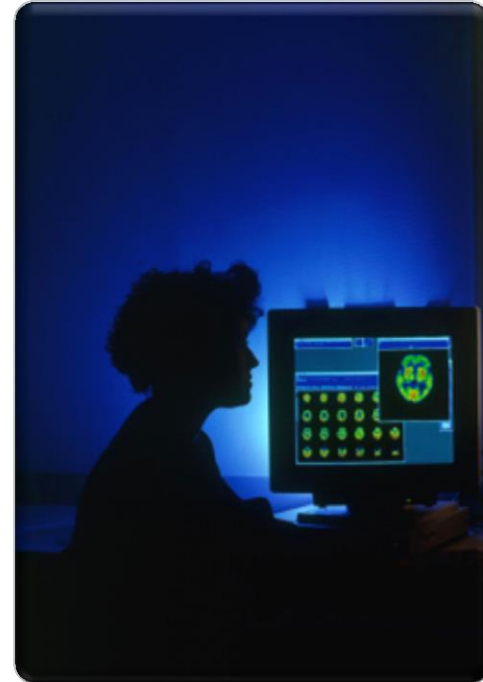
September 2015

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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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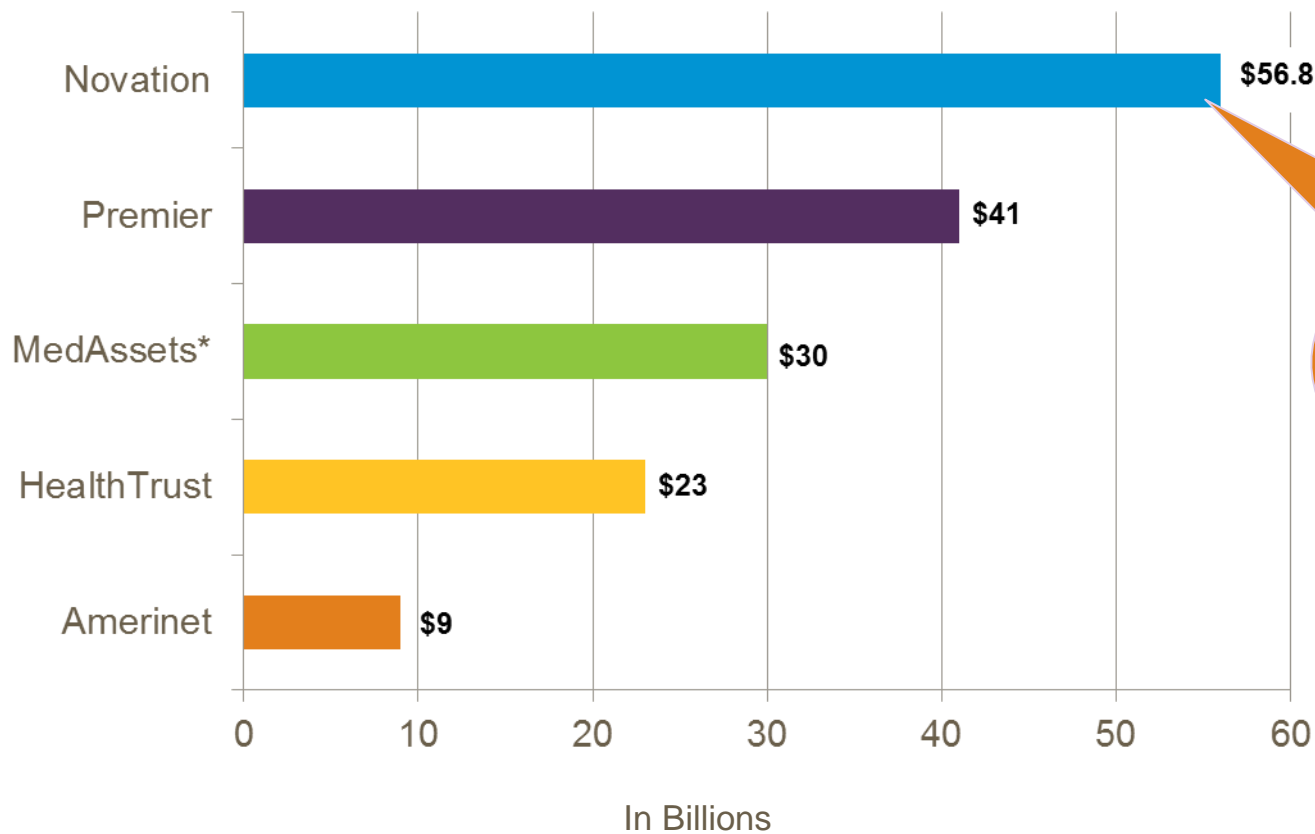
Novation as a Key Stakeholder

How Novation Can Support
New Market Initiatives



2014 GPO Purchase Volume

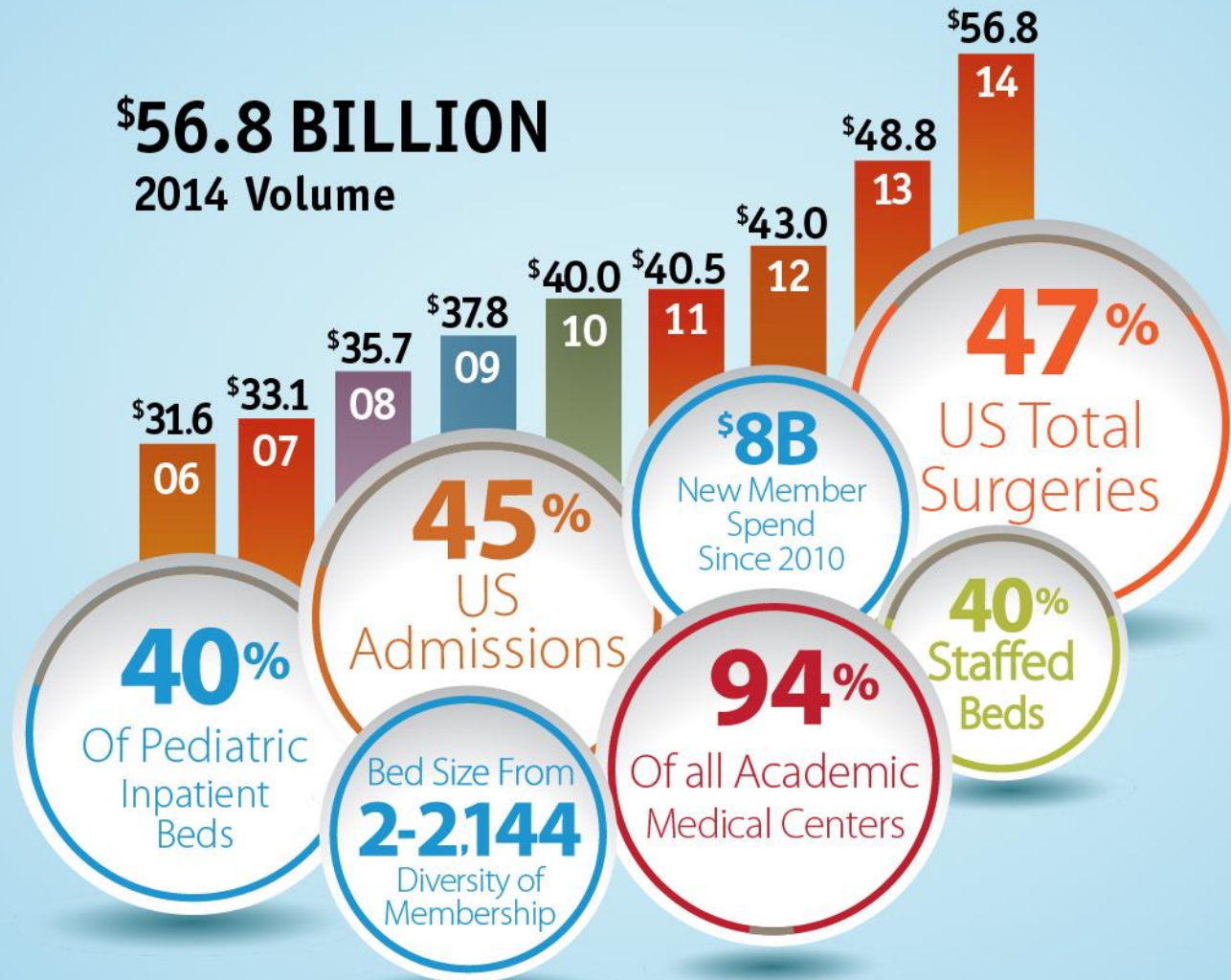
Novation Represents the Largest Member Spend in the Industry



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

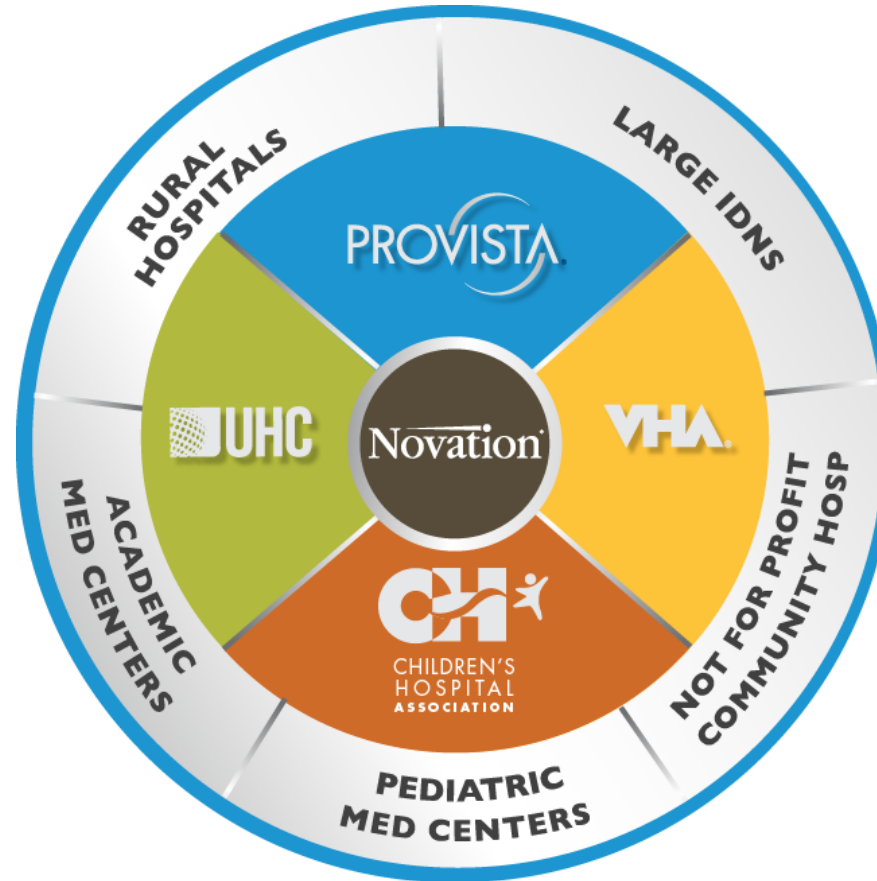
About Us

Our Customers Represent the Industry's Most Diverse Membership



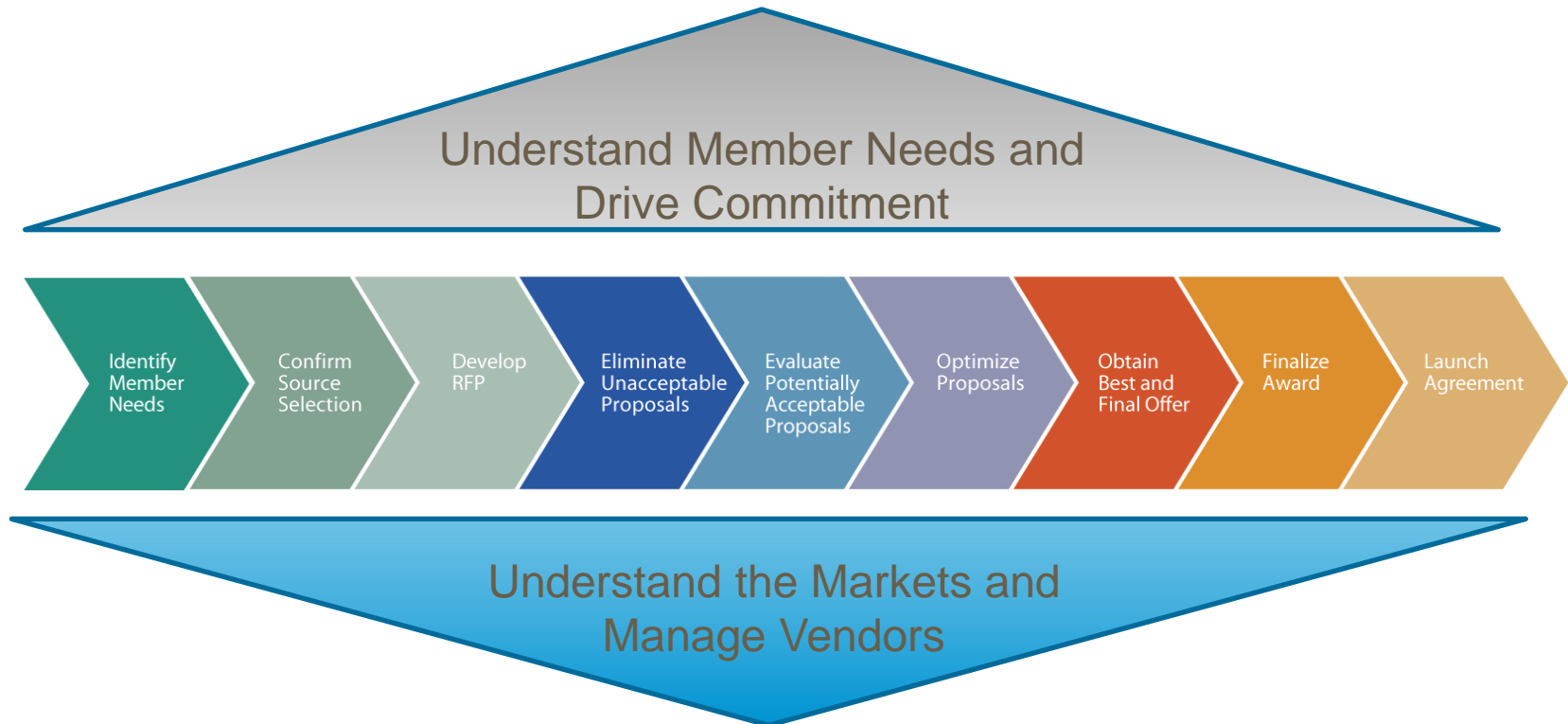
About Us

Serving a Broad Range of Customers



Novation's Unique Contracting Process

9-step process





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

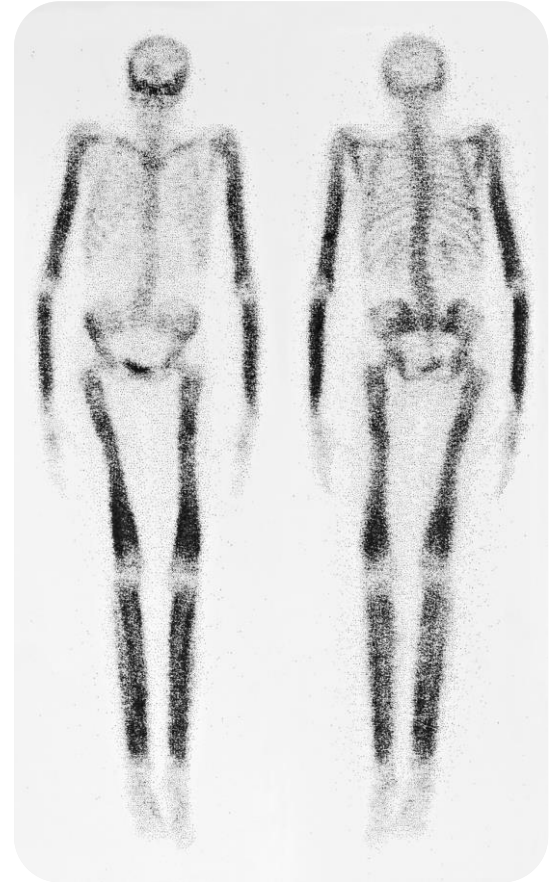
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Novation as a Key Stakeholder

How Novation Can Support New Market Initiatives

Why Novation is a Key Stakeholder

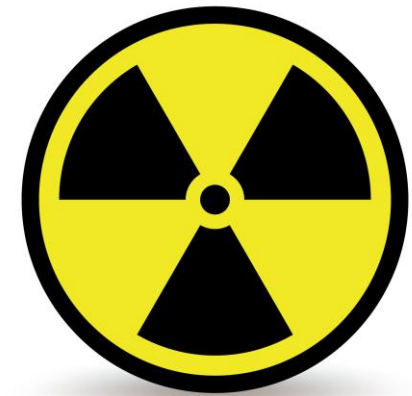
- GPO representing the largest segment of hospitals and non-acute providers in the U.S. market
- Largest member-owned, member-driven GPO
- Voice of the customer – unified voice
- Reach into the complex supply chain
- Clinical expertise to help drive adoption



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



NUCLEAR

Thank you!

