UPAL Contracting Process and Revenue Structure

UPAL is a group purchasing organization (GPO) that strategically partners with a wide-range of vetted, high-caliber business partners from across the nation to reduce costs and improve quality for its physician members. UPAL helps its member physicians and their medical practices by lowering costs, enhancing revenues and improving quality of care by customizing a set of personal and business performance solutions that deliver quantifiable savings, actionable data and trustworthy business guidance. While providing competitive and diverse contracts is core to what UPAL provides its members, we also offer financial tools and access to critical business alliances to help members achieve their financial and operational goals.

UPAL services include personal and business solutions:

- Financial services (including retirement plans, investment management, estate planning, wealth management, banking and IRA services);
- group purchasing solutions (including insurance products, office supplies, accounting services, med-surg supplies, office equipment and more);
- association management services (including meeting planning, budgeting, personnel supervision and more); and
- managed care contract review services (including analysis of physician contracts utilizing a proprietary review system).

UPAL charges a one-time membership fee. UPAL does not collect dues from its members and thus does not have a built-in, recurring dues revenue stream. UPAL drives its revenues from service fees for the services it provides to members and other associations and from advertising, administrative fees and commissions on sales to its members by business partners.

UPAL is not a Group Purchasing Organization (GPO) in the classic sense, but it does provide access to reduced cost pricing based on analysis of its members’ business needs and by contracting with business partners which can deliver services and products which satisfy its members’ business needs. Members decide whether to purchase or not purchase from a contracted supplier. Generally, members purchase directly from contracted suppliers and not through UPAL. UPAL issues a specific RFP package for each unique business service under review. Suppliers must meet the minimum supplier qualification requirements of that particular RFP and must fully comply with the RFP instructions, in order to be considered for awarding of a contract. UPAL typically awards an exclusive contract, preferring to identify the single best supplier in a space. Knowing that not all suppliers can satisfy all needs, UPAL reserves the right to utilize a dual award strategy in certain instances. For its contracting process and the service of evaluating and negotiating a contract, UPAL may receive a fee. It is acceptable for a supplier
to offer additional incentives beyond the base in return for increased utilization across supplier
divisions and product categories. Contracts may be as short as 12 months and as long as 5
years. All contracts endeavor to provide value-added services. Many include performance
requirements and terminations without cause provisions, enabling UPAL to move its business to
meet its clients’ ever-changing needs. In the case of med-surg supplies, UPAL has a contract
with Henry Schein, Inc. HSI has made a number of GPOs, such as MedAssets/MediGroup,
available to all UPAL member practices for access to GPO pricing, regardless of individual
purchasing volume. HSI pays UPAL a fee equal to 3% or less of payments received on its
accounts. UPAL does not receive soft-dollar services, educational grants or other types of grants
from any vendor. All advertising and GPO fees are used by UPAL to underwrite the costs of
providing the various vendor contracting and related services to members’ medical practices.
UPAL physician leadership – its Board of Directors and Officers – make all final decisions about
which vendor to contract and under what terms and conditions.

If you have any questions about UPAL services or contracts, please contact UPAL at 918/747-
5585.