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## Press release

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### **Premier to require bar coding for hospital pharmaceutical products offered under its group purchasing contracts**

**Leading alliance moves ahead of government recommendation in interest of patient safety and supply chain efficiency**

*CHICAGO, IL* (Dec. 20, 2001)—Premier, Inc., which operates one of the nation's largest group purchasing organizations serving hospitals, will require in its group contracts that covered medications and biological products have consistent product numbers and unit-of-use bar codes.

"By requiring scannable bar codes for hospital pharmaceutical products, quite like those used on grocery items, we are convinced that medication errors in hospitals will be reduced with more assurance that patients get the right medicine at the right time in the right dosage. We also believe that, by taking this step, we will ultimately reduce costs in the hospital supply process," said Howard E. Sanders, Premier executive with responsibilities for group purchasing. Premier will implement the new requirement for product numbering and bar coding as current group contracts for existing pharmaceutical products expire, Sanders added.

A leading alliance owned by not-for-profit health systems, Premier provides group purchasing services for approximately 1,600 hospitals. Premier members purchase over \$14 billion a year in supplies and equipment through Premier group contracts, including over \$6 billion a year in pharmacy products. Premier has approximately 150 group contracts in place for pharmaceuticals, covering over 12,000 items.

The U.S. Department of Health and Human Services (DHHS) announced earlier this month that it expects to propose a rule next year requiring the bar-code labeling of hospital-administered medications and biological products. "Premier's decision to move in advance of any regulation was made out of a commitment to patient safety," Sanders said. "We know this technology can save lives, and we won't wait to see if a regulation is approved to make sure it is available to our hospitals and the patients they care for."

Premier will make its support of unit-of-use bar coding clear to the companies that supply pharmaceuticals to its members, and it will urge those companies to become early adopters of this technology. Starting in 2003, when the bulk of current contracts expire for existing products, Premier will make implementation of unit-of-use bar coding a requirement of all new and renewed contracts. Sanders said Premier also expects to move toward requiring bar codes for medical devices and medical-surgical supplies in the future. No timetable has been set for group contracts in these areas, since their contracting periods vary.

"We understand that implementing unit-of-use bar coding will not be a simple task," Sanders said. "For companies that have not undertaken such approaches, implementation may necessitate process changes in both the clinical and manufacturing settings, perhaps even the re-tooling of internal and external information and manufacturing systems. Although some manufacturers and suppliers have concerns regarding such an investment, we believe the lives saved and ultimate supply chain savings clearly outweigh any initial investment. We'll work closely with our business partners to facilitate implementation," Sanders added, "and will also support streamlining of Food and Drug Administration (FDA) approvals related to labeling changes."

"In addition to improving safety and cutting costs, the use of UPN bar coding would improve the ability of individual hospitals to track their data to improve the quality of patient care over time," said Bert Patterson, vice president of the Premier Contracting Center of Excellence and a clinical pharmacist. Many Premier member hospitals pool clinical, financial, and operational data in the alliance's large *Perspective* databases, and hospitals compare performance indicators to identify areas for improvement. Complementary medication-level data could help hospitals drill even deeper into the practices that result in higher quality, lower costs, and increased safety for patients and workers.

"Hospitals and health systems will need to make changes to take advantage of bar coding technologies," Patterson added, "since few are fully geared to do so. Premier is providing a number of supportive resources, ranging from advice and contracts for the selection of information technologies to expertise in redesigning clinical and supply chain processes."

Safety is a key focus of the Premier alliance. Through such means as the Premier Safety Institute, technology breakthrough process, and engagement of clinicians on contract review committees, Premier makes safety a continuous part of the alliance's contracting, education and performance improvement efforts. More information about Premier's focus on safety is available at <https://www.premierinc.com/safety>.

## **About Premier**

Premier, Inc. is one of the nation's largest healthcare alliances. It is owned by more than 200 of the nation's leading not-for-profit healthcare systems, which operate or are affiliated with approximately 1,600 hospitals. Premier maintains major offices in Charlotte, NC; Chicago, IL; San Diego, CA; and Washington, D.C.

Group purchasing of supplies, pharmaceuticals, and equipment is one of the major programs Premier operates to support its owners' and affiliates' efforts to hold down healthcare costs, improve quality, and stay ahead of advances in clinical knowledge, technology, and market changes such as e-commerce. In addition to using Premier as a vehicle for joint ventures that yield economies of scale, Premier's owners and affiliates use the alliance to transfer best practices, share experience to support performance improvements, and evaluate new and emerging healthcare technologies.

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