

# UTAH MEDICAL PRODUCTS, INC.



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## PRESS RELEASE

### Utah Medical Applauds Justice Department Investigation Into Hospital Purchasing Guidelines

#### Antitrust Review Will Explore Barriers to Medical Technology

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Salt Lake City, Utah... The Senate antitrust subcommittee's decision yesterday to seek an investigation into hospital purchasing guidelines is a crucial first step in scrutinizing questionable activities by Group Purchasing Organizations (GPOs) that effectively prevent many vital medical technologies from reaching patients and their health care providers.

Sen. Herb Kohl (D-WI), Chairman of the Senate Judiciary Subcommittee on Antitrust, Business Rights and Competition, announced at a hearing on April 30 that he and Ranking Minority member Mike DeWine (R-OH) jointly have asked the Department of Justice to investigate the decade-old antitrust exemption granted to GPOs in exchange for their commitment to reduce health care costs. The hearing was titled: "Hospital Group Purchasing: Lowering Costs at the Expense of Patient Health and Medical Innovation?"

The underlying issue of the investigation is critical to the survival of Utah Medical Products, Inc. (NASDAQ: UTMD) and other similar small medical device companies. These companies historically have been the primary source of technological innovation and improvement in the medical device industry. But the issue also is important to the quality of care provided patients in U.S. hospitals.

GPOs are at the nerve center of our health care system. They represent more than 74% of the nation's hospital beds, and as such are a powerful gatekeeper that can cut off competition and squeeze out innovation, putatively in the name of cost containment. Gaining a GPO contract is essential for any medical equipment supplier, and, as Sen. Kohl pointed out at the hearing, "too often GPOs have failed to serve as honest brokers seeking to serve the best interest of the hospitals and patients."

Senator Orrin Hatch (R-UT) echoed this concern in his statement before Tuesday's hearing, stating that he is "deeply disturbed by allegations that GPOs may prevent superior technologies and products from being adopted by the hospitals they serve." UTMD commends the leadership of Senator Orrin Hatch, the Ranking Republican member of the Judiciary Committee. Senator Hatch has taken a particular interest in the struggle of Utah medical device companies and smaller manufacturers across the country; his statement notes his concern about "certain practices that may limit competition among medical device manufacturers, leading to decreased competition and innovation."

UTMD is a medical device developer and manufacturer with a particular interest in health care for women and their babies. The Company's well-recognized product brand names include Intran®,

CMI®, Gesco®, UtahLoop™, Finesse®, Epitome® EndoCurette™, and Liberty®, among others, backed by a portfolio of 45 patents. Despite a long track record of development of successful proprietary Ob/Gyn and neonatal products which often are the first choice of physicians, UTMD is greatly hampered in its ability to realize its full market potential and reach health professionals and their patients because of arcane, complex, and restrictive long-term contracting arrangements dictated by the GPOs.

For more information about Utah Medical Products, Inc., visit UTMD's website at [www.utahmed.com](http://www.utahmed.com).