

Houston Methodist Hospital improves surgical preference card management practices



Implementing data analysis from PrefConnect™ results in immediate cost and labor savings for major hospital group.

Overview

The challenge

Houston Methodist Hospital, ranked the #1 hospital in Texas by U.S. News & World Report¹, was working to manage thousands of surgical preference cards, 3,500 of which had been used in the previous 12 months during 34,000 performed surgeries. With seven independent surgical departments and 80 operating room suites, administrators were struggling to optimize inventory practices in support of a dynamic surgical caseload.

The solution

PrefConnect, a cloud-based surgeon preference card optimization software, was used to analyze Houston Methodist's surgical preference card data. PrefConnect data analysis discovered that a large percentage of surgical supplies were documented as unused, resulting in their supply department having to process a large number of returned supplies at the end of each day. Over a 90-day period, the case study focused on the top 20% of all active preference cards in their system over the previous 12 months (318 surgical procedures). Following thousands of completed transactions (preference card edits), 588 unique products were deleted from rolling inventory, representing 8% of all products routinely purchased for surgeries.

The benefit

Hospital preference card management with PrefConnect resulted in a documented spend reduction of hundreds of thousands of dollars year over year, with an overall 12% improvement in unused surgical inventory.²

Situation analysis

As a leading regional hospital, Houston Methodist Hospital in the Texas Medical Center maintains 907 beds, employs 7,244 staff members, and conducts over 30,000 surgeries annually. Prior to working with PrefConnect, Houston Methodist faced a challenge common to hospitals of all sizes that staff and maintain surgical facilities. With surgical supplies representing 30-40% of a hospital's supply expense³, the inefficient manual system of surgical preference card management represented an unwanted drag on efficiency and bottom line profits.

The problem with preference cards

When polled, 80% of US surgeons express dissatisfaction with surgical preference cards⁴. Additionally, hospital administrators struggle with the knowledge that 40% of supplies pulled for cases go unused by surgeons and often end up wasted⁵. With over \$765 billion in annual supply waste in US hospitals⁶, and an average of \$1 million per hospital overspent due to preference card inaccuracies⁵, the existing problem is well known across the health care industry.

PrefConnect optimizes preference cards

PrefConnect is a cloud-based surgical preference card cleansing software application that interfaces with the hospital's Operating Room Information System (ORIS) to analyze and optimize product utilization as it relates to supplies. PrefConnect logic and algorithms generate recommendations based on the rate of utilization. The user interface presents an easy-to-use workflow that allows users to change quantities, remove unused supplies, or add needed supplies based on real-time data. The result is continuously optimized preference cards that align with utilization patterns and drive significant operational, clinical and financial results. The PrefConnect proprietary dashboard provides an executive summary of cost-saving opportunities based on product and activity costs.

The numbers tell the story⁷

During the course of a 90-day case study with Houston Methodist Hospital, the team behind PrefConnect collected ORIS and MMIS data, and analyzed thousands of surgical preference cards. The focus of the case study was on supplies only, and the analysis took place between December 1, 2016 and February 28, 2017.

Houston Methodist Case Study

| Overview | 90 Day Impact |
|---|---------------|
| Total Beds | 907 |
| OR Suites | 80 |
| Total Pref Cards | 27,000 |
| Active Pref Cards | 3,500 |
| Annual Surgeries | 34,000 |
| Unused Rate of Supplies | HIGH |
| Benefit | 90 Day Impact |
| Procedures Edited | 575 |
| Surgeons Impacted | 318 |
| Supplies Removed | \$793,000 |
| Supplies Moved to "Have Available Status" | \$1,100,000 |
| Unused Improvement | 12% |
| YoY Spend Reduction | \$125,000 |



References: **1.** Best Hospitals in Houston, TX, U.S. News & World Report, <https://health.usnews.com/best-hospitals/area/houston-tx>, accessed January 26, 2024. **2.** Data on file. **3.** Abdulsalam Y, Schneller E. Hospital Supply Expenses: An Important Ingredient in Health Services Research. *Med Care Res Rev.* 2019 Apr;76(2):240-252. doi: 10.1177/1077558717719928. Epub 2017 Jul 24. PMID: 29148349. **4.** Highsted, Barry, Best Practices for Validating and Updating Preference Cards, *Surgical Directions*, May 1, 2018, <https://blog.surgicaldirections.com/best-practice-for-validating-updating-preference-cards>, accessed Jan 23, 2024. **5.** Steve Simco, David DuBose, Found money: How to clean up preference cards to cut inventory spend and boost margins, *Beckers Hospital CFO Report*, March 29th, 2016, <https://www.beckershospitalreview.com/finance/found-money-how-to-clean-up-preference-cards-to-cut-inventory-spend-and-boost-margins>. Accessed Jan 23, 2024. **6.** William H. Shrank, MD, MSHS; Teresa L. Rogstad, MPH; Natasha Parekh, MD, MS, Waste in the US Health Care System Estimated Costs and Potential for Savings, *JAMA* 2019;322(15):1501-1509. doi:10.1001/jama.2019.13978 Published online October 7, 2019. Corrected on February 11, 2020. https://vidcenter.org/wp-content/uploads/2021/10/jama_shrank_2019_sc_190005.pdf. Accessed Jan 23, 2024. **7.** Data on file.

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