

# Customized Laundry Solutions Help Hospitals Wring Out Savings

[Healthcare Purchasing News](#), [Dec, 2004](#) by [Julie E. Williamson](#)

When it comes to linen and laundry management, most hospitals can attest that there's much more to the practice than simply swapping dirty textiles with clean ones and distributing them to their appropriate departments.

Like virtually any other department in healthcare, laundry services is faced with the daunting challenge of increasing efficiency and productivity, and finding creative ways to be come less of a drain on the organization's bottom line.

"The fact is, laundry [services] isn't a revenue generator and it isn't a core function of the hospital. But it is a very real and necessary expense because quality patient care can't be delivered without it," said Christopher Holmes, operations manager for supply and distribution services, Lehigh Valley Hospital and Healthcare Network, Allentown, PA. "Still, given the cost constraints, healthcare facilities are being forced to seek out ways that can at least reduce some of the associated costs."

In some cases, that means maintaining on-premise laundry facilities and incorporating innovative equipment that can help staff do the job more efficiently and effectively. In other cases, that means outsourcing the function to contract laundry service companies and firms that can provide either on- or off-site management. Regardless of the route facilities take, sources agreed that the decision is generally rooted in the organization's desire to continue doing what it does best, which is caring for patients.

"The more efficient and effective a department can be, regardless of its function, the better that is for the hospital and the customer," said Liz Veazey, clinical products coordinator for WellSpan, an integrated delivery network based in York, PA.

## Sorting out equipment options

Hospitals with an on-premise laundry department that are looking to replace outdated equipment with more sophisticated models will be pleased to learn the market is brimming with innovative options.

Today's laundry systems are increasingly advanced, with features that allow greater cycle flexibility, programmability and reliability--all of which goes a long way in promoting better fabric care and cleanability, more efficient use of utilities and chemicals, and better use of laundry personnel's time.

"Labor is the laundry's biggest operating expense, so it's important that systems have higher load capacities and can lower drying and cycle times to make the most of staff's time," explained Kim Shady, national sales manager, Unimac, Ripon, WI.

In regard to utility costs, which represent the second highest expense, sources agreed that requests for machines with higher G-force are picking up speed.

"With gas prices up 60%, higher G-force is becoming more important than ever," Shady added, noting that less water retention speeds drying and can significantly cut utility costs.

Greater cycle range and programming flexibility is also helping stretch valuable resources. According to Craig Dakauskas, national sales manager for Speed Queen, Ripon, WI, such features give laundry attendants better control over the process by allowing them to select the best cycle option for different types of fabric and load weights.

"This can reduce water and gas consumption, cut drying time and reduce the cost of replacing linens [before their time]," he said. Speed Queen's MicroMaster Laundry System offers the flexibility of 30 cycle options that, when programmed, take the guesswork out of the process by providing the same results every time. Speed Queen's 6-speed washer extractors feature a variable frequency drive that allows precise control over motor speeds and direction. A range of extraction speeds (40-140 Gs) can tackle many fabrics and weights, from delicate linens to heavy blankets and rugs.

Ozone technology is also gaining momentum by promising better deodorization, less hot water consumption, shorter cycles and improved sanitation. Ozone also dissolves more quickly than other bleaching agents and has been shown to promote whiter, fluffier linens.

"Ozone laundry systems have been around a while, but are really beginning to catch on in hospitals. Healthcare organizations recognize that dingy, frayed linens are a quality issue--one that is very apparent to patients," explained Jim Konides, president of IndustrOzone Technologies, Raleigh, NC.

"Ozone systems are becoming more popular because they work effectively in cold water, which helps linens look cleaner and brighter, and last longer," he continued, noting that ozone laundry systems have also been shown to reduce laundry water and sewer consumption by 15-25% annually. Since switching to the IndustrOzone Laundry System, Lebanon, TN-based Quality Health Care Center has reported annual savings in excess of \$60,000 in utility bills alone.

Another benefit of ozone systems, according to Konides, is that they don't require healthcare facilities to scrap their current laundry equipment. The systems can be added directly to existing washers, which eliminates capital outlay and allows for "immediate positive cash flow," he said.

Laundry departments can look forward to even more advanced equipment features in the future. Aside from greater programmability and upgraded controls, Dakauskas and Shady predict laundry systems will be able to be linked to a main computer and allow facilities to track cycles, utility consumption and the cost of linen replacement.

Such equipment doesn't have to be cost prohibitive, either. Many equipment vendors are offering creative financing and leasing programs so hospitals don't have to spend all their capital in one place. Dakauskas noted that such programs allow for greater budgeting flexibility and are particularly attractive for facilities looking to expand their on-premise laundry facilities and don't want to be saddled with the expense of owning equipment that won't meet future needs.

For those wishing to purchase new equipment, however, the timing couldn't be better. The Jobs and Growth Tax Relief Reconciliation Act of 2003 offers two key provisions that could have a favorable impact on many laundry owners: increased bonus depreciation and increased small business expense. Under these provisions, a 50% bonus first year depreciation is available on equipment purchases after May 5, 2003--up from the previous 30% enacted in 2002. There is no income or investment limitation on this provision. The law also increases the annual expense limit from \$25,000 to \$100,000.

"Those looking to purchase equipment should act now, though, because equipment must be in place by December 31, 2004," noted Shady.

#### The spin on outsourcing

Despite the innovative equipment options on the market, some healthcare organizations have opted to wash their hands of the linen and laundry service by shifting the responsibility to a qualified outsourcing firm.

Oftentimes, the move is made in an effort to free up valuable space, streamline and standardize the linen and laundry process, and eliminate the need for investing capital into new equipment.

"Many healthcare organizations are wanting to focus more on their core business and are looking to outsource [non-core services] as much as possible," said Paul Anderegg, president of Angelica Textile Services, Atlanta. Angelica's 25 laundries currently serve more than 1,000 large healthcare institutions representing over 170,000 beds nationwide.

"Hospitals are more tuned in to evaluating the true costs of providing services in-house versus the cost of having someone else do it for them," Anderegg continued. "After evaluating these true costs, many realize it is more beneficial to outsource the function and create more revenue-generating opportunities in its place."

Such was the case for WellSpan, which began outsourcing its in-house laundry function three years ago to make room for a 100-bed patient care tower. Although the facility valued the department and its manager, Veazey said WellSpan's overall vision for growth prompted the decision to outsource the function.

"We were also faced with outdated laundry equipment that would have needed replacing if we were to keep the on-premise laundry," she added. "Given WellSpan's vision, it was determined that capital would be better spent elsewhere." And WellSpan hasn't looked back. With the help of a computer-based linen tracking system--sublicensed from its linen and laundry outsourcing partner Hospital Central Services Cooperative Inc. of Allentown, PA--WellSpan can track each piece of linen down to the individual unit level, providing healthcare staff with an accurate snapshot of their current linen usage requirements. Rather than relinquish total control of the linen and laundry service to HCSC, WellSpan has fostered a partnership with the firm and has implemented a Linen Users Group to discuss linen and laundry policies and identify areas of improvement. The multidisciplinary group meets bi-monthly and consists of HCSC representatives, department managers and nursing assistants, among others.

According to Veazey, participation in the group has led to greater accountability and significant cost savings. WellSpan's nursing assistants, for example, discovered that reusable washcloths were being disposed of rather than being sent back to HCSC for laundering. The facility switched to disposable washcloths, which still cost half of what it would to launder them, and saved between \$12,000 and \$15,000 the first year alone.

"Although we were outsourcing the laundry [function], we still remained accountable and found ways to cut costs. When you can save this much money on washcloths that cost just pennies apiece, you can really see the impact that policy evaluation can have on the [bottom line]," Veazey explained. "Outsourcing doesn't have to mean giving up control of the process."

#### Tailor-made solutions

Whether a hospital is looking to revamp an on-premise laundry department or outsource the function entirely, sources agreed that partnering with vendors that understand unique needs and don't follow a one-size-fits-all approach is key to maximizing value.

Dakauskas suggested hospitals work with vendors that will assess their individual needs based on poundage and fabrics, and devise a plan best suited to their current usage requirements. He also warned hospitals against "over-buying" equipment.

"If you only need a 60-pound capacity machine, don't waste your money on an 80-pound machine," he noted, adding that both under- and over utilization of a machine can put stress on bearings and shorten its life.

When choosing an outsourcing partner, facilities should look for firms willing to abandon sacred cows and individually tailor their programs to the needs of the healthcare organization. HCSC touts the benefit of basing usage measurements on cost per patient day rather than the traditional pounds per patient day approach.

"We believe usage per patient day is a far better formula for benchmarking and assessing utilization," said Bill Moyer, vice president of marketing, HCSC. "If a department's usage is 20 pounds per patient day, how do you go to nurses and ask them to get that down to 15 pounds? With usage per patient day, if you're at four items per patient day and you need to get that down to three per day, that figure is much easier to grasp. Customers want something they can get their arms around."

They also want a broader range of service options--and better guarantees. According to Robert Hewett, director of laundry services for ARAMARK Healthcare Management Services, facilities are demanding more from their outsourcing partners by requiring guaranteed, on-time delivery, more product choices, better quality and competitive prices.

"Outsourcing is a process they walk through carefully. It isn't enough just to provide a service. Today's healthcare organizations are tying performance to patient and customer satisfaction," Hewett explained. ARAMARK Healthcare Management Services provides laundry management and linen distribution for large central laundries, share service laundries and on-premise laundries for hospital and senior living facilities.

Wheeling, IL-based Hospital Laundry Services has found many healthcare organizations like having the option of either renting linens or maintaining ownership of their own items. Although the company was "strictly rental" for approximately 30 years, it eventually realized it was missing major opportunities by not expanding in the customer-owned goods market.

"Customers want options and many want control over the fabrics and color of their textiles when they first begin outsourcing. Some will prefer to keep their own goods, while others will gradually move over to rental when they realize our purchasing power can lead to greater savings," explained HLS chief operating officer Bill Jones.

Whether a facility is buying new equipment for an on-premise laundry facility or outsourcing the function entirely, sources agreed that increased productivity' should be the measurement of success.

"If, at the end of the year, a hospital has increased its productivity, then it has been successful," said Jones. "Increased productivity and efficiency can convert even a laundry department to a profit center."