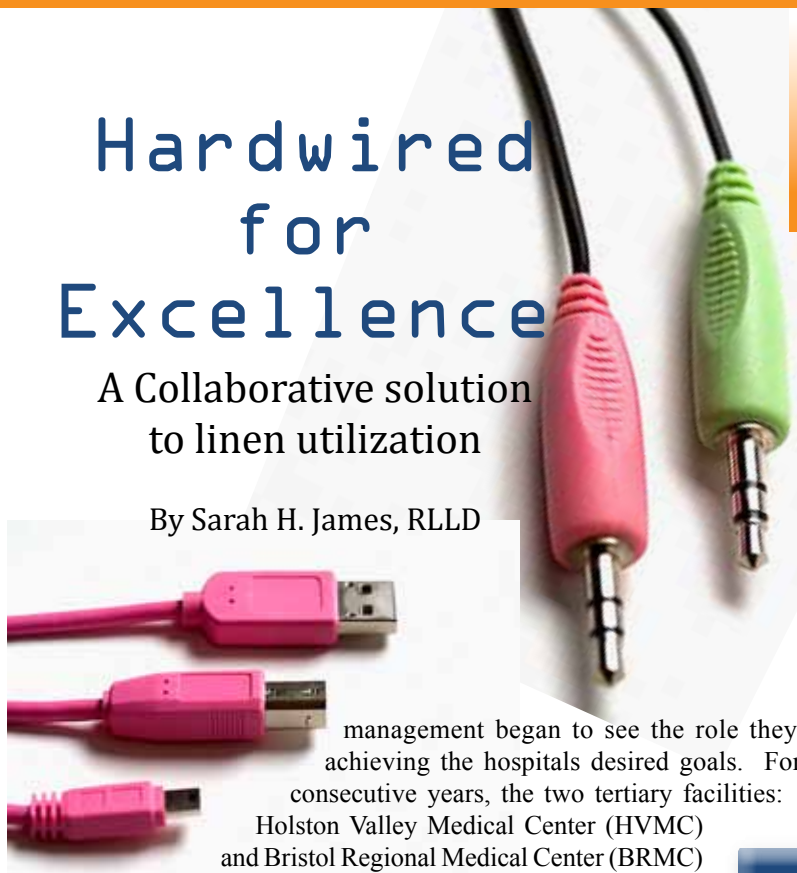
Hardwired for Excellence

A Collaborative solution to linen utilization

By Sarah H. James, RLLD



bench•mark (bĕnch märk) n.

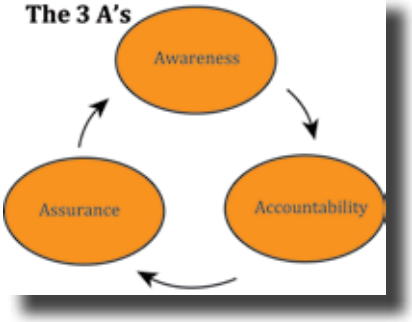
1. The systematic process of comparing an organization's products, services and practices against those of competitor organizations or other industry leaders to determine what it is they do that allows them to achieve high levels of performance. (Society for Human Resources Management).

Enterprising leadership is never satisfied with 'average performance', but continually aspires to performance beyond the status quo. Senior leadership at Wellmont Health System was not satisfied with the "national average" when it came to their laundry services. What follows is an overview of Wellmont's analysis, approach and results having addressed an age-old problem of linen utilization.

THE HISTORY

Following the high expectations of leadership and the current challenges within healthcare, laundry management began to see the role they played in achieving the hospitals desired goals. For three consecutive years, the two tertiary facilities: Holston Valley Medical Center (HVMC) and Bristol Regional Medical Center (BRMC) experienced an increase in pounds of linen per adjusted patient day. In turn, this increased cost to the hospitals for linen expense. The only explanation identified was an increase in linen utilization. Nurses (end users) face many daily challenges and search for ways to reduce time including running linen to patient rooms. If clinicians are not aware of how their behaviors impact cost, how can they control it?

Efforts began by communicating historical linen usage data to senior leadership in the form of pounds and cost per adjusted patient day. It was quickly understood the hospitals were looking at activity based on adjusted discharges because this is what drives reimbursement costs. Adapting the laundry processing information to their expectations generated positive results and created the framework for collaborative efforts to contain laundry costs without negatively affecting patient care. Although the historical data was in line with national benchmarks, it was evident that there was the potential to decrease costs based on the increase seen in utilization over the past three years. The information shared at this point offered a very high level overview of the hospitals' linen usage. Before utilization could be driven to what management considered an appropriate level, everyone needed to understand linen consumption.



How to Achieve The Results

- A reliable tracking method
- Sound historical data
- Create buy-in
  - Administrative
  - Nursing
- The Three A's
  - Assurance
  - Awareness
  - Accountability

Prior to October 2008, Wellmont only tracked linen usage per facility and did not have an accurate account of linen used in by each department within the hospital. Each hospital's linen cost was charged to one laundry cost center. Implementing and effectively utilizing linen software designed to track utilization specific to each department provided detailed documentation necessary to analyze linen usage and make recommendations for improvement. Tracking linen usage per department helped to understand the factors that drive linen consumption; how, when and where linen is used in the hospital. Sharing these results with leadership and end users in the organization began the process of improving linen utilization and reducing linen costs for the hospitals.

By analyzing the data and trending of cost increases, the question became, "how can we control utilization and the costs of linens?" It was determined that ultimately the consumption of linens was in the hand of the end users and the cost associated with each departments usage should ultimately be their responsibility. Using the historical data, buy-in from administration was not difficult, but everyone needs to understand how and what must be accomplished in order to achieve optimal results. However, it was also determined that departmental billing alone was

not enough. Clear communication, education and support were necessary for each department to fully understand the cost associated with linen consumption, effective utilization techniques and ultimately cost containment. There are three main components required for success: Assurance, Awareness, and Accountability; referred to as the 3 A's.

ASSURANCE is the foundation to any collaborative effort. Fostering an environment of a high level of customer service, ensuring validity in all data communicated, and aligning goals of laundry services with the hospital goals are key drivers in gaining assurance with all efforts. Linen is a necessary component of patient care and can create high levels of anxiety if the correct amounts of products are not available when they are needed. Having the right amounts of the right products available at the right time and right location will ensure anxieties are reduced. This will also establish a high level of trust with the end users when working toward appropriate consumption of linen. Before buy-in from any level of the organization is going to be obtained, Administration through the end-users must be assured there is validity in the data being communicated. If there are discrepancies in data, these must be addressed in a timely manner to ensure the integrity of the data is not compromised. Conveying a team player attitude and communicating the same goals as the hospital indicates everyone is working toward the same goal and will ensure efforts are understood and accepted. One of the best assurance activities is the formation of a linen committee. Creating a team of hospital staff charged with the task of re-evaluating and creating policies and best practices allows the hospital and laundry services to collaborate and ensure everyone is working together.

AWARENESS: Using valid data to communicate current linen costs and utilization to create awareness will help everyone involved understand the scope of the cost and how the actions of individual departments drive the overall consumption of linen. Breaking usage down by departmental statistics (i.e. patient days) will give individual departments a look at how each piece of linen is utilized. Comparing each department's usage against national averages of like departments is a good starting point in understanding how and why linen is used. From here, it is best to begin benchmarking from like departments within the individual hospital. This creates healthy competition and allows each facility to adopt their own best practices for linen utilization that align to the hospitals overall goals. When creating awareness of linen practices and opportunities for improvement, it is imperative laundry management take an active role in communicating the data, and make general recommendations for improvement. Sharing this information and making the end user aware will spark an interest in improvement, but while linen is necessary to provide effective patient care, it is not the top priority for clinical staff. In order to gain the most effective results, laundry management must remove the "guess work" from effective utilization. Communicating general recommendations and what other departments are finding successful will help alleviate anxieties. From there, departments can adapt the recommendations to what will work in their area and achieve the desired results. When communicating this information, it is best to utilize standing department and leadership meetings already in place. This will allow laundry to be an agenda item rather than a meeting topic and will ensure attendance is not an issue.

ACCOUNTABILITY: Laundry services must be accountable to provide the appropriate amounts of linen and valid data to the end users, but ultimately the end users are responsible for the success or failure of any utilization efforts. It is not enough to provide good customer service, valid data and create awareness. In order for effective utilization to be optimized, the end users must ultimately be accountable for the linen utilized in their departments. It is up to laundry management to communicate and educate, but it is up to the clinical leader to ensure these practices are adopted in their area. By allocating cost to the

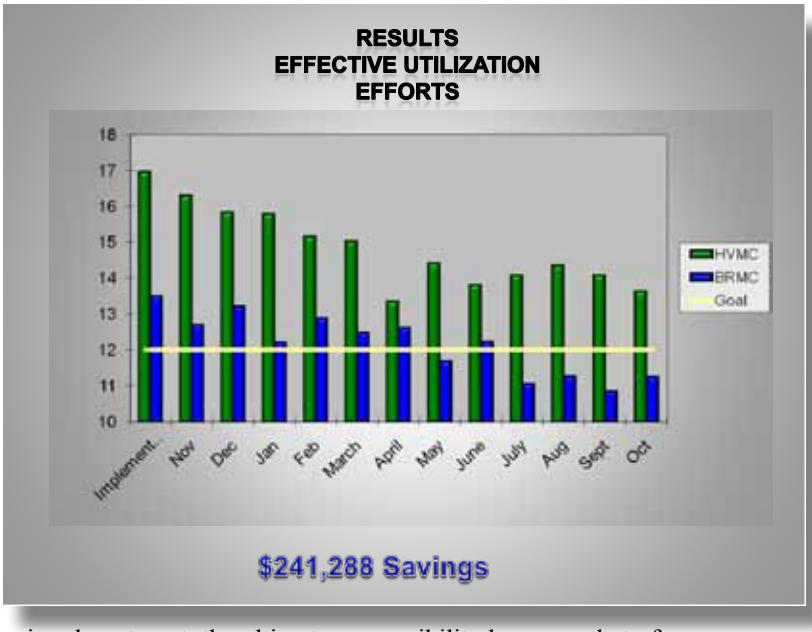
We want to know….

It seems as though this change was very simple to implement, was it really that simple?

"The changes in both the state of the economy and in CMS (Centers for Medicare & Medicaid Services) made everyone in the health system aware of the necessity for change. To that end everyone was onboard with the changes necessary to offset potential reimbursement challenges. Proactive measures between laundry and clinical services were taken, the information was transparent and it was a true partnership to reach a common goal." Sarah James, RLLD

Had your facility ever attempted "Departmental Linen Budgeting" before this? If so, what happened; how can we learn from your experience?

"We have tried to implement Departmental Linen Budgeting for the past five years. We were unable to overcome a number of challenges including IT incompatibility, lack of structure in the previous program design, and what we felt was inadequate support to achieve our goals within our timeframe. A change in our vendor partner secured both the clinical and technical assistance needed to be effective. This is not an effort achieved alone and requires good communication and effectual effort from all involved." Sarah James, RLLD



using department, the ultimate responsibility becomes that of the department and not laundry services. Transferring this responsibility holds individual departments accountable for their part in effective utilization.

Based on the individual consumption patterns at the two facilities, a goal of 12 pounds per adjusted patient day was established. Currently, the pounds per adjusted patient day are 11 at BRMC which is below the established goal. HVMC is approaching the goal and currently stands at 13.5. While the target has not been met, they are actively working to achieve their goal. Most of all, the hospitals are working together with laundry services to decrease un-necessary costs without compromising patient care. Utilizing the 3 A's listed above, the hospitals have experienced a cumulative cost savings of $240,000. These efforts were only possible because of the collaborative efforts between administration, the end users and laundry services.

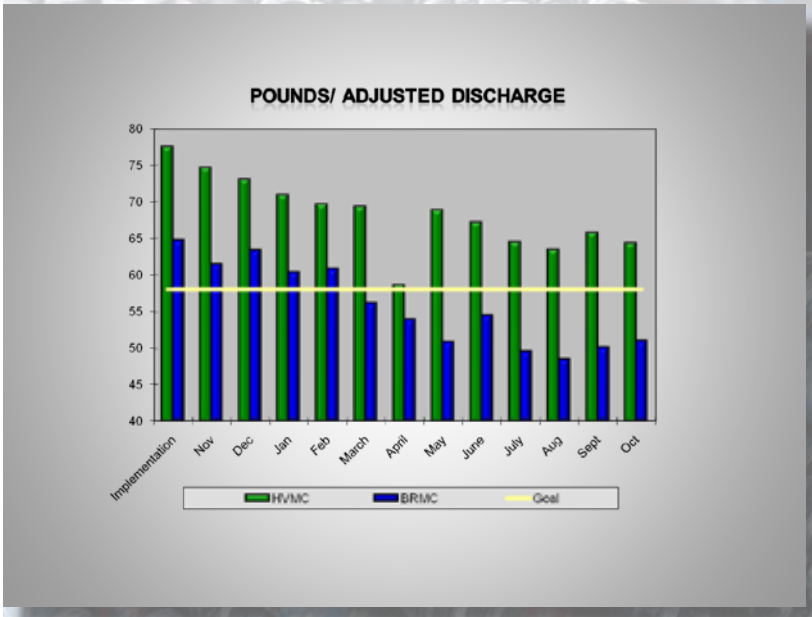
Another vital piece to the success of departmental billing and reduction of linen consumption is laundry services understanding the customer and their needs. Medical Laundry of the Tri Cities continues to use the 3 A's to ensure the processes are hardwired for both laundry services and the hospitals. Below are remarks from the CFO and VP of Nursing Services at Holston Valley Medical Center

DEPARTMENTAL BILLING OF LINEN… FROM THE CFO'S DESK

"The examination of hospital processes can prove to be quite beneficial for those not satisfied with the status quo. Quality, operational performance, patient satisfaction and financial impacts are just a few of the benefits that stand to be realized. Yet, so few hospitals have taken advantage of challenging their old systems to change what is, for sure, an unsustainable situation.

This unsustainable environment was the catalyst for change at Wellmont Health System in reviewing our linen costs. After seeing cost increases exceeding 25% in usage over the last three years we knew had to inflect a different approach. The dilemma was multi-factorial with no front line accountability, measurement benchmarks were outdated and cost of clinical inefficiency was not taken into account.

In order to get every end user's attention we had to hold them accountable for their use. This was accomplished by taking the historical lump-sum linen expense and decentralize that to every department. Budgeted expectations were established and each manager knew the goals. Secondly, we assessed the utilization of patient days as a benchmark. This measurement tool is flawed in many ways, mainly due to the fact that many patient days are avoidable and therefore driving up unnecessary (linen) costs. We introduced measurement against discharges or adjusted discharges to eliminate the flaw in patient days or more specifically avoidable patient days. Thirdly, we began to break down where and how clinical efficiencies could occur and how the linen consumption could be improved as a by-product of these processes. Every department understood that they had direct responsibility, and this meant much more ownership, control and buy in to improve the situations.



Note: Clinician educational program began in October; reporting of linen usage and related costs began in January and February; and the changes in linen utilization that were implemented following the reporting period are realized as early as March and April.

The result of this process has been extraordinary. We have seen improvements resulting in an annualized savings $240,000. This is not the work of one person, but a collaborative effort on the part of many players that support each other in success and ultimately providing improved patient outcomes at a lower cost of services. This effort has initiated a number of similar projects that are continuing to drive process improvement which again are positively affecting all aspects of care.

-Brad Price, Chief Financial Officer,
Holston Valley Medical Center

DEPARTMENTAL BILLING OF LINEN… FROM A CLINICAL PERSPECTIVE

When first approached by linen management about departmental billing for linen use, reactions ranged from a degree of lukewarm enthusiasm to angst among the clinical management staff. Initial thoughts ranged from: "another opportunity" to "yet another thing to be responsible for". This initial reaction was soon left behind and the clinical areas embraced the new challenge.

Ownership clearly became an outcome of the process. With ownership came accountability and creativity. The clinical staff, frontline and leaders alike, were now aware that linen expense was within their venue to lead, manage, control and improve. Some very creative ideas sprang from this realization. One medical-surgical unit developed a performance improvement initiative that saved $1,000 per month in linen costs. Clinicians could not identify a benefit to the long-standing practice of arbitrarily providing a new patient gown and/or bed linens for patients transferred onto their unit from the Emergency Department or post-anesthesia care unit; and the practice was discontinued. This initiative was so successful that it was replicated on the remaining medical surgical units and in a sister facility within the system.

Another program developed was an ED/EMS linen exchange system for maintaining linen products in the EMS arena without exhausting supplies. This was accomplished with an individualized EMS "cubby" by which the pre-hospital services could replace linens used, self-serve style and without delay. Both parties have been satisfied with this arrangement.

The communication to stakeholders that linen would be budgeted to individual departments occurred several months prior to initiating the change. This was likely one of the keys to success, in that this preemptive communication provided a planning period and an opportunity to get the word out to staff. Communication venues included hospital leadership meetings and specifically nursing leadership meetings, at which the manager for linen services could speak directly to clinical leaders and clinical managers. Another piece of effective communication was the publishing of linen volume used and cost of linen per department. This transparency in utilization was a reality focus for department leaders, and it fostered some healthy competition among departments which served as additional motivation to reduce linen expenses. Departments could benchmark their progress against another like-size, like-service department as well as trend their own success over time.

Successes surrounding linen expense savings have also been communicated. The performance improvement project mentioned above was presented at a hospital-wide Performance Improvement council meeting. A recognition breakfast was held on the unit to distinguish the two patient care technicians who developed the cost savings initiative for admitted patients.

A Change in Methodology
Adjusted Patient Days to Adjusted Discharge

"Adjusted Patient Days" is a calculation long-used in healthcare to account for both inpatient days and outpatient services. This calculation takes into account the linen used/processed as opposed to an accounting based on the number of occupied beds at the facility. This calculation method was the result of payer reimbursement changes designed to reduce inpatient stays for care that was deemed not "reasonable and necessary" in lieu of an increase in services provided as an outpatient.

Recent reimbursement changes implemented to curtail continued rising healthcare costs include a reduction in hospital reimbursement related to healthcare acquired infections (HAI) or a protracted clinical response resulting in additional days of stay. Example: A hospital may not be paid for all 14 days the patient was actually hospitalized, but only the 9 days designated "reasonable and necessary" had complications/situations not developed.

The change in calculating costs (including, but not limited to linen costs) based on the "Adjusted Discharge" is a mechanism utilized now by all healthcare service areas. This approach provides guidance for departments/cost centers to bring cost in-line with actual reimbursement.

We have not experienced negative patient or staff satisfaction feedback, nor have we identified any safety or infection control concerns. Linen supplies and par levels have proven to be adequate.

The process is now hardwired. The departmental budgeting for linen is anticipated and is a part of expected departmental responsibility. This has fostered ownership. This experience gives credence to the adage: "if you can measure, you can manage it".

- Rhonda Morgan, Vice President of Nursing Services, Holston Valley Medical Center

Wellmont Health System is a premier provider of healthcare services for Northeast Tennessee and Southwest Virginia, delivering top-quality, comprehensive healthcare and wellness services.

The Wellmont System was formed in July 1996 with the merger of Holston Valley Medical Center in Kingsport, TN, and Bristol Regional Medical Center in Bristol, TN. Over the past decade Wellmont has grown to include eight full-service hospitals. Wellmont hospitals offer a broad scope of services ranging from community-based acute care to highly specialized tertiary services including neonatal intensive care and two trauma centers. Recognized as a Top 100 performer in heart care, intensive care and performance improvement, Wellmont was the 2007 recipient of the Tennessee Excellence Award.

Medical Laundry of the Tri Cities, Inc. is a co-operative laundry, owned and operated by Wellmont Health System serving the regions of Southwest Virginia and Northeast Tennessee. Medical Laundry is very involved with its owner hospitals with a commitment to providing a comprehensive approach to linen services, bringing optimal value to the healthcare system. The Laundry Director for Medical Laundry of the Tri Cities is Sarah James, RLLD.

"A quality Laundry Processor is best typified by providing hygienic textile products and a commitment to their hospital customer through partnerships whereby the hospital can recognize savings while maintaining optimal patient outcomes. Today's Laundry Processor must be knowledgeable of issues beyond the walls of their laundry operation; (i.e., their customer's issues and challenges) and be willing to work with them to an equitable solution. Participation in educational based organizations, such as ALM is critical in light of today's rapidly changing healthcare system."

Sarah H. James, RLLD
Director, Laundry Services
Wellmont Health System