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Type: Managers' Reports

Request for Decision

Linen and Laundry Contract for Paramedic Services

Resolution

THAT the City of Greater Sudbury approves Paramedic Services to contract the purchase of linen and laundry services, including the purchase of replacement linens with Mohawk Shared Services Inc., Hospital Linen Service located in Hamilton, Ontario for a three-year period, with two optional one-year extensions;

AND THAT the General Manager, Community Safety be authorized to negotiate, enter into and execute any agreements to secure the services with Mohawk Shared Services Inc. (MSSI) for the purchase and delivery of linen and laundry services.

Finance Implications

Funding for the procurement of linen laundry services is covered by the Paramedic Service operating budget, with \$140,903 budgeted for 2017. A cost comparison between Mohawk Shared Services Incorporated and Sudbury Hospital Services has been attached as Appendix B.

Signed By

Report Prepared By

Joseph Nicholls
Deputy Chief of Emergency Services
Digitally Signed Feb 14, 17

Recommended by the Department

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Recommended by the C.A.O.

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Executive Summary

On April 1, 2017, Health Sciences North (HSN) will contract with Mohawk Shared Services Incorporated of Hamilton for the provision of linen laundering services. This will end the Hospital's contract with Sudbury Hospital Services (SHS). The City of Greater Sudbury Paramedic Services has obtained linen laundering services from the same provider as the hospital for more than 20 years. This is a best practice for paramedic service providers across Ontario; in fact, out of surveyed municipalities, only three paramedic services held laundering contracts separate from their local health care facility. A summary of linen arrangements at selected Ontario Paramedic Services may be found in Appendix A.

There is no cost-effective or operationally efficient way for Paramedic Services to manage linen and laundry requirements separately from HSN. Given HSN's decision, the City is recommending that Council approve a linen laundering contract with Mohawk Shared Services Incorporated for a three-year period with two optional one-year extensions.

During a recent meeting with the current service provider, SHS, we were advised that a decision by Paramedic Services to also move to Mohawk Shared Services Incorporated has no impact at all on laundry staff having been laid off as a result of the loss of the HSN contract. We were also advised that SHS has secured the transportation contract for moving soiled and clean linen from Health Science North to Hamilton and return seven days a week.

The current long standing practice between HSN and the City's Paramedic Services using the same laundry service provider results in significant operational benefits: without this coordinated service approach, Paramedics would need to attempt to recover used linen from patients' beds or stretchers before leaving to attend a new call; and Paramedic linen would need to be sorted and transported separately from hospital linen which would require additional staff.

Mohawk Shared Services Incorporated has demonstrated consistently high service in the provision of laundering services for the health care sector for many years and has committed to providing linen laundering services at \$1.62/kg for the next three years, a savings of \$2.36/kg over our current vendor pricing effective April 1, a cost comparison may be found in Appendix B.

Background

The transportation of patients between pick-up and destination locations requires the use of a significant quantity of linen (thermal blankets, sheets, pillowcases, and towels) to provide our patients with privacy and comfort while protecting them from the elements. The Provincial Equipment Standards for Ontario Ambulances Ver. 2.1 requires specific quantities of linen (blankets, sheets, pillowcases, and towels) to be carried on each ambulance for use when transporting patients. Soiled linen must be collected after every use, then safely transported, cleaned, and restocked to be available for Paramedic crews to replenish immediately after each call. Consistent, reliable linen supply is essential around the clock, 365 days a year.

Paramedic Services utilizes coloured linens (orange thermal blankets, peach sheets and pillowcases) that are also stamped with our service crest to distinguish our linen from the hospital's or other clients using the same linen service. We know from experience to ensure a steady supply of clean linen requires a 4:1 ratio for each piece of linen to ensure a sufficient weekly supply of linen is available. This means for each clean blanket in the ambulance, three additional blankets are circulating at various stages of the laundering process, the service requires nearly 40,000 kg of laundered linen annually. Each year, the Service bulk purchases (approx. cost of \$15,000 annually) replacement linen to maintain supply levels. The linen laundry service vendor is expected to make these purchases on our behalf at competitive pricing.

A best practice normative within Ontario Paramedic Services has been to use the same linen service provider as is used by health care facilities in their catchment area to obtain reliable service while realizing both operational and financial efficiencies. Exceptions result from a few hospitals managing linen in-house or establishing contracts which exclude non-hospital customers; thereby requiring affected Services to make alternative arrangements.

The decision by HSN to move their laundry services to Mohawk has resulted in our service evaluating our options to meet our linen and laundry service needs beyond April 1, 2017, these options are:

Option 1 - Single Source with Mohawk Shared Services Incorporated

Mohawk Shared Services Incorporated (MSSI) is a hospital-owned non-profit co-op corporation that provides linen services to health-care sector organizations including regional hospitals, long-term care homes, and local Paramedic Services. MSSI handles and processes linen in accordance with Public Health Ontario's Best Practices for Environmental Cleaning for Prevention and Control of Infections to ensure that there is no cross-contamination.

Securing linen laundering services from MSSSI would continue a more than 20-year history of using the same vendor as HSN. Our Service has established an excellent co-operative working relationship with our hospital that has yielded significant benefits and is essential for our Service to maintain a constant supply of linen for our patients. The benefits and reasons for following HSN and going with Mohawk are as follows:

- A commitment to provide linen and laundry services at a low rate of \$1.62 for the next three years, a substantive cost savings of 59% from our current vendor. You may find a cost comparison in Appendix B.
- This option could result in \$40,000 in savings that will be used to off-set any EMS year-end budget variance.
- The ability to purchase replacement linen also at significant costs savings from our historical prices.
- Paramedics are able to leave soiled linen with the patient and do not have to wait to recover the linen. The immediate recovery of linen is not practical in emergency settings and could result in additional pain and suffering for our patients; as well as impacting the patient's experience and the professional image of the City of Greater Sudbury's Paramedic Service.
- Used and/or contaminated linen is left in designated containers located in every patient care area of the hospital to be collected by HSN housekeeping staff and moved to a central location in the hospital; this is work not needed to be done by Paramedic Services.
- HSN housekeeping staff monitors and replenishes our clean linen carts 24/7/365 ensuring a constant supply of clean linen for our Paramedics to restock after each call; again, work not needed to be done by Paramedic Services.
- Linen losses are minimized as one laundry service provider handles all soiled and cleaned linen ensuring it is returned to our Service.
- Our Service is able to utilize Mohawk linen as a contingency for short periods.
- Paramedic Services staff are not required to manage, transport or unnecessarily handle soiled linen or potentially hazardous contaminated materials, increasing risk of contamination.
- Due to economies of scale, Mohawk maintains a large quantity of replacement linens on hand, ensuring competitive pricing with short delivery times.

Greater Sudbury Paramedic Services has been in discussions with MSSSI located in Hamilton. During these discussions, Mohawk has committed to delivering our current service level at a \$1.62/kg cost for the next three (3) years. In the City of Greater Sudbury area, MSSSI would provide linen services to HSN and Paramedic Services. Linen used by multiple agencies throughout a wide geographic area is managed through a common system, with specific linen markings facilitating accurate usage-based cost attribution. MSSSI provides daily clean linen supply at the hospital and bi-weekly at Paramedic Services Headquarters, constantly monitoring our usage, recommending we restock our supplies as necessary.

MSSSI understands the relationship between hospitals and Paramedic Services and has provided a consistently high level of service for many years, and offers specialized health-care sector linen services with efficiencies being achieved through economies of scale and a non-profit structure. MSSSI's non-profit structure, buying power and economy of scale will provide sustained service efficiency and cost effectiveness for our Service.

Option 2 – Public Competitive Bid Process

In considering a public competitive bid process, it was determined there is no cost effective or operationally efficient way that Paramedic Services could manage our linen and laundry requirements separate from HSN. To utilize a different linen service from our destination hospital would require us to establish a separate parallel linen system at HSN to collect and move our soiled linen to a centralized collection point at HSN for pick up by the vendor. Such a duplicate system with a separate vendor is not recommended by Paramedic Services or HSN as it is not an efficient operational model and will result in system challenges and additional costs that include:

- A separate vendor from the hospital would require Paramedics and HSN clinical staff to remove Paramedic linen from patients and ensure they are deposited into “service specific” soiled linen hampers. There is no way to manage compliance with this essential operational requirement across such a large facility, involving hundreds of Paramedic and HSN staff. This alone will result in a significant amount of our linen being mixed into the hospital's laundry service and being shipped to Mohawk. In order to recover these linens, we will need to pay Mohawk for the cleaning and processing of these linens.
- Paramedic Services could not provide a sufficient number of hampers to be conveniently located in all patient care areas throughout the hospital. In discussions with HSN, they voiced concerns regarding the lack of sufficient space to accommodate additional hampers in clinical areas further complicating compliance with proper utilization of service-specific hampers.
- A separate vendor requiring the separation of service and hospital linen will result in the loss of HSN staff supporting the collection of soiled linen and stocking of our clean linens at HSN. In discussions with HSN, they did not think they could successfully manage two separated streams of linen utilizing HSN staff. They also suggested success of a duplicate system is unlikely as much of our linen will end up mixed in with hospital linen.
- This key issue of not being able to keep our service linen separate from HSN's resulting in it being sent to Mohawk necessitating us to regularly pay for its return has been identified by all as a challenge that we would unlikely be able to overcome.
- It is estimated the collection of soiled linen and stocking of cleaned linen by Paramedic Services would require 8-12 hours a day requiring two to three FTEs at an estimated cost of \$107,102 to \$170,854 annually.
- The introduction of new service costs for the ongoing purchase of water-soluble soiled linen bags is \$500 annually. The number of new hampers that would be required is unknown; therefore, we have no cost estimate at this time.
- The service or potential vendor would need to develop a transportation system to move linen between the hospital and a separate laundry vendor, the location of any potential vendor would impact the costs of this system.
- Ambulances are not designed for the safe storage and transport of soiled linen, considering introduction of this requirement would result in health and safety concerns as a result of infection control/contamination issues for patients and staff.

Going out to a public tender process to secure a different vendor would result in a duplicate system to manage linen and laundry within the hospital resulting in the need for additional logistical staff. Increased service costs would result in significant operational challenges with little prospect of being able to successfully manage the identified issues make this an option that cannot be recommended.

Option 3 – Remain with Sudbury Hospital Services

During our meeting with SHS, they disclosed that laundry staff will be laid off. When evaluating our options, SHS was asked if they could continue to provide laundry services, they indicated that decision would need to be made by their board of directors. In addition, they also stated if they were to continue to provide linen and laundry services, they could not do so at the current cost and we should expect a substantive price increase.

On February 3, 2017, we were advised by SHS that their board approved the continuation of linen and laundry services, but that would come with a significant price increase from the current \$3.14 to \$3.98/kg. to support this activity a cost comparison can be found in Appendix B. In reviewing costs and based upon our discussions with SHS, remaining with them would result in many of the same outcomes as described in Option 1, which includes:

- The costs to remain with SHS will exceed the 2017 linen laundry budget and require a budget increase of \$35,000 for 2018.
- The requirement for Paramedic Services to take on the management of our soiled linen in the hospital would require additional support staff and an increase in our budget. It is estimated the collection of soiled linen and stocking of cleaned linen would require 8-12 hours a day requiring two to three FTEs at an estimated cost of \$107,102 to \$170,854 annually.
- Our laundry would continue to find its way into the hospital laundry ending up at Mohawk resulting in our need to pay them to recover our linen, dividing our operational budget between both Mohawk and SHS.
- SHS pricing for replacement linen is over 70% more than Mohawk pricing; in addition, delivery historically takes three to six months.

Remaining with SHS carries with it significant cost increases that could exceed \$140K over the current budget for both laundering and new staffing to support a duplicate linen system within the HSN facility. Such a model will introduce significant operational challenges including continual migration of our linen into the hospital's, ending up with us expensing a portion of our budget to Mohawk to recover our linen. These substantial costs and operational challenges make this an option that cannot be recommended.

It is important to note SHS has secured the transportation contract for moving soiled and clean linens from HSN to Mohawk in Hamilton on a daily basis and have committed to ensuring space on the truck for Paramedic Services linen. However, our cost for this transportation will increase from \$0.12 to \$0.31 per kilogram with an estimated annual cost of \$12,400 paid to SHS.

Recommendation

It is recommended that the City of Greater Sudbury approves Option 1 – Single Source with Mohawk Shared Services Inc. of Hamilton for the purchase of linen laundry services, including the purchase of replacement linens for a three-year period, with two optional one-year extensions.

Continuing to use the same laundry service between HSN and the City's Paramedic Services is the best option resulting in significant cost-effectiveness and operational benefits essential for our Service to maintain a constant supply of linen for our patients. This move will continue to align our laundry services with that of our hospital system, ensuring continued operational efficiencies.

Appendix A

Linen and Laundry Contract for Paramedic Services

| SERVICE | Same Laundry Service as Hospitals | Laundry Provider | Patients Transported |
|-------------------------|-----------------------------------|--|----------------------|
| Brant | YES | Hospital non-profit co-op (MSSI) | 10,181 |
| Niagara | YES | Hospital non-profit co-op (MSSI) | 34,309 |
| Halton | YES | Hospital non-profit co-op (MSSI) | 26,373 |
| Hamilton | YES | Hospital non-profit co-op (MSSI) | 44,317 |
| Renfrew | YES | Hospital supplied | 4,935 |
| Perth | NO | Commercial vendor | 6,210 |
| Frontenac | YES | Hospital non-profit co-op (Kingston General) | 14,261 |
| Lambton | NO | Commercial vendor | 10,112 |
| Peterborough | YES | Hospital | 18,000 |
| Peel | YES | Hospital non-profit co-op (Booth Centennial) | 100,000 |
| Simcoe | YES | Hospital non-profit co-op (Booth Centennial) | 37,356 |
| Kawartha Lakes | YES | Hospital supplied | 13,000 |
| Durham | NO | Commercial vendor | 41,156 |
| City of Greater Sudbury | YES | Hospital non-profit | 25,800 |

Appendix B

Linen and Laundry Contract for Paramedic Services

Cost Comparison

| Cost Description | OPTION 1 (Mohawk) | | OPTION 3 (SHS) | |
|--|-------------------|--------------------|----------------|------------------|
| | Item cost | Total Cost | Item cost | Total Cost |
| Annual kg./yr. | 40,000 kg. | | 40,000 kg. | |
| Cost per kg. | \$1.62 | \$64,800 | \$3.98** | \$159,200 |
| Transportation / kg. | \$.31* | \$12,400* | Incl. | |
| Soiled linen bags (1000) | 0 | 0 | | |
| City Staffing costs to manage linen at HSN. (Based on 8 hrs./day EVT rate + benefits of 30%) | 0 | 0 | \$33.40 | \$107,102 |
| | | | | |
| Sub Total: | | \$77,200 | | \$266,302 |
| Replacement Linen | | | | |
| Sheets (500) | \$6.00 | \$3,000 | \$12.75 | \$6,375 |
| Thermal Blankets (500) | \$9.85 | \$4,925 | \$15.40 | \$7,700 |
| | | | | |
| Sub-Total: | | \$7,925 | | \$14,075 |
| | | | | |
| | | | | |
| TOTAL ANNUAL COST: | | \$85,125*** | | \$280,377 |

Notes:

*Option 1 transportation costs are paid directly to Sudbury Hospital Services as they have the transportation contract with HSN and have committed to serving Paramedic Services as well.

** Increase April 1, 2017 from current \$3.14 per kg.

***This option could result in \$40,000 in savings that will be used to offset any EMS year-end budget variance.

No cost estimates have been obtained for a public competitive bid as this option would have the same operational characteristics of Option 3.