While the final design of American’s healthcare system remains a question mark, and battles have ensued in attempts to squelch funding mechanisms, several key elements are already in place that have significantly changed the healthcare business model. It is important for healthcare decision makers to understand these changes in order to make the best choices for the future of their facilities.

Three major issues will now impact the majority of procurement decisions: cost, quality and patient outcomes. Gone are the days when hospitals were willing to pay for volume over value, making it vital for the vendor -- such as laundry processors or linen distribution personnel -- to understand what decision-makers at such facilities now expect.

“Attention and focus on cost, quality and patient outcomes are here to stay with the Affordable Care Act or some form thereof,” said John Willi, Senior Director of Supply Chain Management at Dana-Farber Cancer Institute in Boston.

Esther Zunker is a staff writer for The Blood-Horse magazine, a Thoroughbred racing and breeding publication. Her work has also appeared in the Lexington, Ky.-based Chevy Chaser/Southsider Magazines, BG Lexington, The Lane Report, and Delta SkyMiles Magazine, among others.
Mass. “No longer will the government pay for patient volume transactions. Instead hospitals will be evaluated and reimbursed based upon a new set of criteria related to cost, quality and patient outcome performance metrics that each hospital will have to report on.”

Evidence-based value analysis is what will help drive improved cost, quality and patient outcomes. This concept entails the use of data mining information related to servicing the patient population. In other words, evidence-based value analysis translates scientific data into information that can be easily integrated into technology planning and management.

“It supports a sustainable cost savings through the integration of evidence into technology decision-making processes,” explained Dee Donatelli, senior vice president at Hayes, Inc. in Newton, Kansas. Donatelli said evidence-based value analysis additionally enables the decision maker to take a traditional value analysis approach to the next level beyond contracting and standardization.

...EVIDENCE-BASED VALUE ANALYSIS MEANS WORKING COLLABORATIVELY WITH CLINICIANS (DOCTORS AND NURSES/TECHNICIANS) TO UNDERSTAND THEIR OBJECTIVE NEEDS.

“[In light of the new healthcare system],” Willi said, “supply chain organizations will need to further engage the clinical community to drive better procedure outcomes by sharing data on various supplies and equipment that could lead to improved patient quality and outcomes.”

He added that patient wellness programs should be emphasized to ensure a hospital is managing the health of its patients and avoiding re-admissions that will invoke penalties by the government. Support organizations other than clinical services can contribute to the success of healthcare facilities by reviewing and analyzing the way they conduct business and how they can contribute to improved cost, quality and outcomes that they directly influence.

“For example, if a hospital is outsourcing the cleaning of their linen, the supplier providing the service -- along with the hospital [department] overseeing their services -- directly impacts the patient experience,” Willi said. “If the patient visually sees or comes in contact with soiled linen versus having clean linen upon a visit, the patient will most likely provide negative feedback on his or her experience which directly affects the hospital’s quality metrics and hospital reimbursement rate.

“If the patient comes away with a positive experience with linen, most likely the patient will provide a higher satisfaction rating and the hospital and supplier will be reimbursed accordingly. All outside clinical service organizations that come in contact directly or indirectly with a patient have the ability to influence a positive patient experience.”

Laundry processors have attempted for some time to show hospital decision-makers that they typically get what they pay for. While the quality of service from vendors is still very important, in light of the changing healthcare reimbursement model, that quality must now be balanced with cost, as well as patient outcomes. Vendor contract decisions should also be driven by a combination of cost, quality and patient outcome variables. All three elements are essential to drive a better patient experience, results and stronger reimbursement levels for the hospital. The clinical community, the supply chain organization and the supplier all have the ability to influence these elements for the patient.
“Purchasing and utilizing the most expensive supply does not necessarily guarantee better patient outcomes or quality for that matter,” Willi explained. “One needs to analyze and determine through evidence-based value analysis by a cross-functional team what the appropriate supply might be to produce superior patient and hospital results.”

“I believe the new healthcare model will continue to drive for highest qualities at the lowest costs,” said Donatelli. “The evidence-based value analysis approach takes into consideration all elements of decision making. The clinicians and managers I have worked with try to look at the big picture, and that includes, ‘You get what you pay for’ instances like linen management and selection.”

With the new healthcare system will also come a changing payment structure, especially that which is related to a “fee for service” environment. Current payment is based on the services provided for a patient. Profit is driven by doing more for the patient, and the act of healthcare providers improving margins for what they offer is typically called “fee for service.”

**IN THE NEW ACCOUNTABLE CARE ORGANIZATION STRUCTURE, THE HOSPITAL WILL GET PAID A LUMP SUM OF MONEY AND EVERY SERVICE THE FACILITY PROVIDES TO A PATIENT WILL BE A COST.**

“This model dramatically changes what and how you manage,” said Richard Bagley, director of Strategic Sourcing Supply Chain Organization at Intermountain Healthcare in Salt Lake City, Utah. “Hospitals are now cost centers versus revenue centers. This change in reimbursement model will push a breadth of services that need to be covered by an Accountable Care Organization. You will see more pharmacy, home health and outpatient work to help manage costs. The hope is to push patients to the appropriate care setting.”

When examining how the new payment structure will affect laundry service within hospitals, Bagley believes the move to keep the patient closer to home and manage wellness will result in less hospital visits, and thus reduce the need for linens.

“The [current] force pushing to increase utilization of hospitals is the thousands of uninsured folks being added,” said Bagley. “Most executives I have spoken to believe the increase in patients being insured will not dramatically impact the softening of volumes happening in the acute care setting. Therefore, cost pressures will continue to push laundry and other similar services targeted at the inpatient setting to be reduced.”

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