

Provincial Linen Services for Saskatchewan

Frequently Asked Questions

Q1: What do we mean when we talk about provincial linen services?

A1: Six central laundries service 150 end user sites in Saskatchewan (hospitals and other health care facilities). These laundries process approximately 23 million pounds of linen per year which represents 75% of all health care laundry processed in the province. They are currently located in Regina, Prince Albert, Yorkton, Moose Jaw, Weyburn and Calgary (temporarily providing service for Saskatoon).

The linen that is processed at these central laundries includes sheets, towels, soaker pads, and other institutional linen. The central laundries do not process the personal laundry for long-term care residents.

Q2: What about the other 25% of linen service?

A2: There are a number of smaller, on site laundry facilities located across Saskatchewan that do this work. These laundries were not considered within the scope of the work that was done by 3sHealth.

Q3: Why do we need to change the way we provide clean linen to health care facilities?

A3: Several issues have contributed to a very compelling need to change the current system including:

- A safety related incident at the 67 year old Saskatoon central laundry resulted in its permanent closure in November, 2011. Linen services for Saskatoon are now being provided by K-Bro Linen Systems in Calgary, a third party service provider. This is a temporary solution until a permanent system is established.
- In February, 2012 the government announced that it would be closing the Valley View Centre in Moose Jaw, which currently processes linen for the Five Hills Health Region. AS part of the staged closure of Valley View, the shutdown of the laundry will leave a gap in linen service for that region.
- The central laundries in Yorkton and Regina are old, and in need of a replacement. Most of the equipment at these sites is beyond its useful life. This creates potential safety hazards, infection control issues, and increased cost.
- The central laundries in Prince Albert and Weyburn lack the size and scale to be able to provide linen services as efficiently and effectively as a larger, new plant.

Without a solution to the current situation, there is a very real risk of not being able to meet the linen service needs of patients and residents.

Q4: How do linen services impact the patient and resident experience?

A4: High quality linen products, comfort and cleanliness, infection prevention and control and availability are all factors that clients notice and appreciate. Improved linen services will support the province's "patient first" mandate.

Q5: Why do we need a provincial linen service?

A5: Processing linen centrally makes the most sense. New laundry technology is designed to work most efficiently and effectively on a large scale. A provincial linen solution will also create uniform standards for linen, infection prevention and control, and linen processing.

Q6: What will the new Provincial Linen Service look like?

A6: There will be one central laundry located in Regina and two distribution depots located in Saskatoon and Prince Albert. The central laundry in Regina will process all of the soiled linen currently processed by the five existing central laundries. The creation of depots will allow for timely delivery and collection of linen throughout the province.

Q7: How long will it take to implement the new linen service?

A7: It is expected to take approximately two years from the signing of the contract with K-Bro to implement the new linen system. Some key target dates are:

- December, 2013 - Sign contract with K-Bro Linen Systems
- April 1, 2014 - Saskatoon Depot is operational
- June, 2015 – New Regina plant is operational
- December 31, 2015 – All health regions have transitioned to new services

These target dates can be impacted by construction delays for the new plant.

The current central laundries are expected to remain operational unless transition activities dictate earlier closures.

Q8: Who will deliver the Provincial Linen Service?

A8: The service will be delivered by K-Bro Linen Systems Inc. (K-Bro). K-Bro is the largest linen service provider in Canada. It has operations in Ontario, Alberta, Quebec and British Columbia. Its core business is healthcare linen services. K-Bro is a publicly traded company with over 60 years in the linen service industry.

Q9: Who will administer the contract with K-Bro?

A9: Health Shared Services Saskatchewan (3sHealth), our province's shared services organization, will administer the contract. Highlights of the contract include:

- Detailed financial reporting that allows 3sHealth to compare actual costs to industry best practices;
- The new plant design, work processes, and 3rd party testing will ensure that the laundering process meets or exceeds current and future infection prevention and control standards.
- Quality audits, agreed upon service levels and penalties for non-compliance that do not exist in the current system; and
- A menu of services and cost levels will be available to health regions and facilities to meet current and future service requirements.

3sHealth currently manages a number of shared services that support our province's health care system including payroll, employee benefits and group purchasing of health care supplies and equipment. In the past 3 years, shared services initiatives have saved over \$33 million for Saskatchewan's health care system.

Q10: Who is going to pay for this contract?

A10: The regional health authorities and Cancer Agency will pay K-Bro for the services they receive. The cost of the contract will be significantly lower than the cost of providing that service today. The estimated savings over a ten year period are \$97.7 million.

Q11: How did you select K-Bro?

A11: K-Bro was selected as the preferred vendor after concluding a competitive tendering process.

Q12: Who made this decision?

A12: This decision was made by the 3sHealth Board, Regional Health Authority and Cancer Agency leadership and the provincial government.

Q13: Why are we not just upgrading the central laundries that we have?

A13: The central laundries require over \$30 million in capital reinvestment. Even with the investment, upgrading would not result in the most efficient or effective option.

Q14: What are the advantages of contracting out linen services to a third party provider?

A14: There are several advantages in partnering with K-Bro:

- K-Bro has extensive experience in healthcare linen services. This is K-Bro's core business. Allowing third parties to focus on their core business allows the health system to focus on its core business of providing care to patients and residents;
- Reduced capital investment on the part of the province;
- Reduced operating costs; and
- Contingency services are available out of K-Bro's Calgary and Edmonton plants in the event of a major event like a flood or fire.

Q15: Isn't this just a first step in privatizing healthcare?

A15: Contracting out linen services is part of the health system's commitment to improve quality for patients while maintaining a sustainable, publicly funded health care system.

Q16: Doesn't the private sector pay lower wages to its employees?

A16: Wage rates will be determined by K-Bro. However, we believe that K-Bro will need to pay competitive market rates to attract and retain a qualified workforce.

Q17: What criteria were used to locate the plant in Regina?

A17: K-Bro proposed to locate the plant in Regina because the majority of linen processed in the province is used in the areas closest to Regina.

Q18: Isn't this decision going to have a negative impact on some rural communities?

A18: This decision is about ensuring quality, cost effective service is available to Saskatchewan patients, families and residents in both rural and urban Saskatchewan. Rural communities can expect to receive the same standard of quality linen service as is expected in urban Saskatchewan.

Q19: Does it make sense to decommission North Sask Laundry in Prince Albert? Didn't it recently add a new tunnel washer and other equipment?

A19: The North Sask Laundry did undergo an upgrade with the purchase of new equipment. Utilizing that laundry, and/or expanding it to take on more linen volumes were considered as part of 3sHealth's review. However, the K-Bro option was deemed more effective and efficient. The new equipment can be sold and the space where the laundry is currently located can be used by the Victoria Hospital for other purposes without the need for extensive capital costs.

Q20: With the price of fuel as high as it is, does it really make financial sense to ship all of this linen across the Province?

A20: Yes. Having more linen processed at one plant reduces the costs to wash the linen, and significantly reduces the capital costs required for more plants and equipment. These efficiencies more than make up for the increased transportation costs.

Q21: What happens if there is a snow storm and the trucks can't get through?

A21: It is common practice to hold some inventory at sites in case these circumstances come up. Even within our current system we transport a lot of linen across the province. Our current distribution network has been transporting linen successfully for many years.

Q22: What about the environmental impacts of having more trucks on the road?

A22: In our current central laundry system, routes are not coordinated between the six central laundries. As a result, sometimes trucks are operating less efficiently than they could be. By delivering the linen service provincially, we can optimize the distribution networks and mitigate this impact. In addition, the new plant will use the latest technology designed to reduce energy and water consumption and the use of chemicals. For example, we estimate that we will reduce water consumption by over 20 million gallons annually.

Q23: What will happen to the current laundry workers when these facilities close?

A23: The health regions and 3sHealth will work together with employees and unions to find ways to mitigate the impacts on staff. In the meantime, we will be counting on our current complement of laundry workers to continue the excellent work they are doing until the new system is in place.

Q24: How many people are currently employed in the central laundries?

A24:

Central Laundry	Approximate Number of Employees	Approximate Number of Full Time Equivalent (FTE) Positions
Regina	98	79
Saskatoon Distribution Centre	31	22
Weyburn	26	13
Yorkton	35	21
North Sask Laundry	75	52
Valley View (Moose Jaw)	89	34

Q25: Local distribution companies currently provide service to the central laundries. Will these companies lose this business?

A25: K-Bro will be looking for partners to ensure the distribution network is well managed. These companies can negotiate with K-Bro about providing the service.

Q26: How does the 3sHealth contract with K-Bro impact the contract that currently exists between K-Bro and the Saskatoon Health Region?

A26: The Saskatoon Health Region (SHR) contracted with K-Bro to process its linen when its laundry plant was closed in November, 2011 due to a structural failure. Since that time, SHR's department of linen services has been working with K-Bro to provide linen processing and delivery to its clients. As part of the reorganization of linen services in the region, SHR has signed an interim contract with K-Bro to ensure the continuous provision of linen services within the region until the transition to the new linen services is complete. In Saskatoon, K-Bro will assume all processing and distribution on linen in April, 2014.

Q27: How will the new service incorporate Saskatchewan's commitment to continuous improvement principles?

A27: Lean methodology will be used to plan workflow, and manage performance. This will ensure the system is efficient, safe for both workers and patients, and that it provides top quality service to patients.

Several Lean events called Rapid Process Improvement Workshops (RPIWs) have been held to improve efficiencies at the end user sites. The information gained from these events will help us to implement standard work in the area of linen use across the province.

Q28: How do other provinces deliver healthcare linen services?

A28: In most other provinces linen services are delivered by a combination of private service providers and public organizations. They also have a combination of central and local laundries. The new Saskatchewan Provincial Linen Service is consistent with what is happening in other provinces. In fact, K-Bro is the primary service provider in Alberta and also provides service in Ontario, Quebec and British Columbia.

Q29: Why has the original estimated savings of \$93 million increased to an estimated savings of \$97 million?

A29: During the contract negotiation period 3sHealth was able to capture additional savings due to the following:

- Increase in current costs (e.g. North Sask Laundry rate increase to \$1.10/lb)
- An adjustment to the cost calculation for the Sun Country laundry in Weyburn
- Addition of volumes from Lloydminster and the new long facility in Maple Creek