

Emerging Markets: 'Red Bag' Opportunity?



By Jack Morgan
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As laundry operators and managers gather at this month's TRSA Healthcare Conference in San Diego, it's likely that discussions—both on and off the official agenda—will center on how textile service companies can expand their business in healthcare, either through innovations in textile services or related programs.

One such alternative that's come to our attention centers on a system for on-site management of hazardous "red bag" medical waste from hospitals and/or clinics. Before we attempt to explain this potential market opportunity, let's consider the economic challenges facing hospitals. Most hospitals are confronting a squeeze based on a combination of factors:

First, they expect fewer admissions and shorter stays due to advances in treatments that allow doctors to perform many procedures on an outpatient basis.

Second, cash reimbursements are at risk, given the uncertainties of healthcare reform and continuing fiscal pressures on federal and state governments. It's questionable whether Medicare and Medicaid payouts will keep pace with the rising costs of providing healthcare. And as more patients gain access to care through the

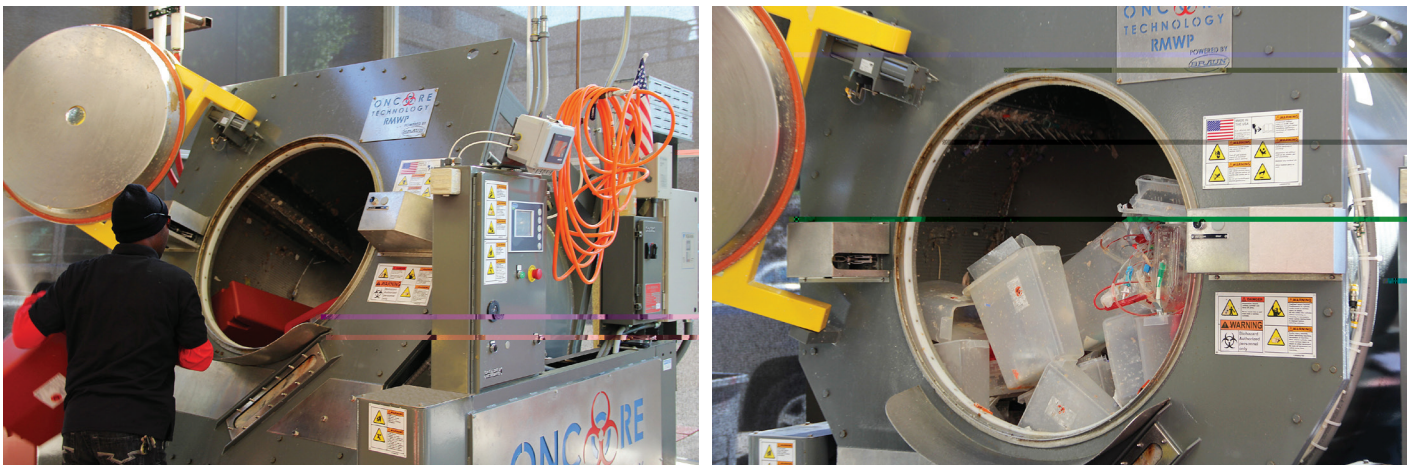
Affordable Care Act—often by accessing these programs—the cost pressures on hospitals are likely to increase.

Third, as hospitals look for ways to save money, the quest for more cost-effective outsourcing of nonessential services such as laundry and waste disposal could draw their interest—not only to lower costs, but in finding ways to enhance sustainability at the same time.

That's where Oncore Technology LLC, Grand Prairie, TX, enters the picture. Founded six years ago, Oncore recently partnered with laundry machinery manufacturer G.A. Braun Inc. on a modified washer/extractor that's designed specifically for processing plastic, nontextile red bag waste, either on-site at hospitals or at a central laundry facility, or possibly at a textile services plant. Mason Bryant, a vice president and co-owner of Oncore, told us how the system works.

For starters, the washer/extractor developed by Braun has blades inside the wash wheel that are designed to tear open the red bags that are dumped into the machine using a cart dumper or by hand by an Oncore technician. As the chamber spins, the items inside the bag come loose. Then a special oxidizing agent is introduced that's capable of neutralizing all known

(l/r) Below, an Oncore technician places red bag waste in a specially designed washer/extractor. The blades in the wash cylinder (visible at upper right) then break up the containers and other plastic items, while washing them in a solution that destroys pathogens. Afterward, these goods can be recycled or discarded as solid waste.



pathogens, including the Ebola virus, he says. At the end of the cycle, another chemical is added to neutralize the wash water to render it safe for disposal via municipal sewer systems, he says. “There’s no residual chemical left in the liquid that’s discharged into wastewater,” Bryant says. “Nor is there anything (i.e., pathogens) left in the waste.”

The treated goods, mainly plastic items, then can be transported as simple solid waste—without the expense and paperwork required for moving hazardous wastes to a landfill, incinerator or other disposal facility. The goods also can be recycled, thus adding a sustainability component to the program that could save hospitals significant dollars. Oncore receives a flat monthly fee for its services. The savings comes from reducing or eliminating the costs of moving hazardous wastes from the hospital to a landfill or disposal site. While charges vary by region volume, Bryant estimates that red-bag waste disposal costs hospitals from 15–50 cents per pound to transport. Some hospitals, such as research institutions, tend

“That’s kind of strange, because typically you’re billed by the pound and that vendor picks it up and takes it to their site, weighs it and then sends a bill. That’s a ‘trust-me’ that I don’t think (hospitals) feel real comfortable with.”

When we ask where textile services companies might fit into this process, Bryant and Braun President Joe Gudenburr respond that laundries could partner with Oncore to encourage hospitals to move to a more sustainable, cost-effective method for handling their red bag wastes. This could be worth considering because most healthcare laundries already are active in hospitals. They oversee the use of exchange carts, train hospital staff on linen conservation, serve on linen committees, etc. If the hospital didn’t have space on-site for the Oncore/Braun machines, a laundry potentially could house them. This wouldn’t entirely eliminate the transportation costs associated with red bag waste, but, depending on the location of the plant or depot, it could significantly reduce those fees, while providing a more environmentally friendly solution than incineration or autoclaving. “It is not unreasonable to think that the hospitals would reach out to the laundries for value-adding ideas to deal with the waste problem, given the link to this patented washing process,” Gudenburr says. “If the processing must be done at the laundry, a discrete processing cell can be established to support this process. The elimination of hazardous transportation and disposal costs at the landfill are still compelling to the hospital group.... In the end, it provides value to the hospital, and gives the laundries a way to strengthen their value proposition for services provided.”

to produce large volumes of medical wastes, while others, such as small rural hospitals, typically generate small amounts of waste. The common practice today is that a hospital will contract with a waste hauler to transport the red bag waste from the hospital to a disposal site. The hauler then weighs it and charges the hospital a per-pound fee for providing that service. “The thing that’s kind of weird about it is they trust the vendor to take it to their site and weigh it,” Bryant says.

While offering hospitals a red-bag waste disposal option is a new area for textile services companies, helping healthcare customers resolve their waste issues in a sustainable and cost-effective fashion could make it easier for laundries to retain contracts, or win new ones. To put it another way, this red bag opportunity strikes us as an idea worth looking at (and perhaps discussing at this month’s conference). Visit bit.ly/RedSave to learn more. TS

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