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Marketers Find Mass Customized Communications Easy to Implement

by Barbara Long, APR

If you've attended a health care marketing seminar in the last 15 years, you've heard all about customer relationship management. Any presenter will tell you that one-to-one marketing is the best way to motivate customers, fine-tune your marketing efforts, and give the CEO and CFO return-on-investment numbers that justify your continued employment.

All you have to do is get the information technology department to help you convert billing data into a usable marketing tool. The thought of actually doing it kills most CRM ideas long before the seminar is finished.

There are built-in barriers to implementing a CRM strategy at most hospitals and health systems. For example, marketing doesn't typically rank high on the IT department's to-do list. In addition, billing department data is great for sending invoices ... not so good as a marketing resource. Then, there is HIPAA to consider. Finally, in a tight budget environment it is hard to justify spending money on anything – even ways to spend money more effectively.

Some hospital and health system marketers have found a way around these obstacles. They are using new database management and printing technologies to produce HIPAA-compliant individualized newsletters that are created, printed, folded, stuffed, and mailed at the push of a button. Even better, they get ROI results for each article, each issue, and each customer that proves they are controlling cost and bringing revenue into the system.

New technology

These marketers have found the Patient Education Newsletter System, or PENS, an innovative, data-driven application for mass customization of newsletters. Greg Padovani, principal of Padovani Consulting, Ltd., Arlington Heights, IL, pioneered the process during his 12-year tenure as the director of marketing and patient relations for the academic medical group at Northwestern University School of Medicine in Chicago. *continued, page 2*

PENS starts with data pulled from the provider's own computer systems. According to Padovani, the process requires minimal effort by the in-house IT department to load the data into an ASCII file. The data is then sent to a "warehouse" at Customer Database Services, St. Charles, IL, where it is cleaned, standardized, and converted into a usable marketing database.

Data isn't limited to just the billing department. It can include information from the call center, volunteer programs, donor relations, physician groups, managed care systems, medical staff, health clubs, human resources, area employers, or any other database in the provider's system. Once at the warehouse, the data is appended with information from external sources, such as census reports, to build a prospect list.

All individual information from the provider's systems is aggregated into households. At this level, the data shows all the relationships – beyond just patients – that each individual household has with the provider. It identifies donors, volunteers, business leaders, hospital executives, employees, doctors, as well as "blended households" where a health care user resides with non-users.

"When the data comes together, you know a whole lot about all the relationships within a household," Padovani says.

Once the provider's data is in a usable format for marketing purposes, it is merged using PENS to produce newsletters, billing statement stuffers, direct mail pieces, or e-mail newsletters that are unique to the household and created individually for the reader. "There is no one newsletter," Padovani says. "There are thousands of variations. It's laser-beam communication."

Creating publications

The health care provider supplies the masthead, template design, and a library of 30 to 40 articles and images. The marketer controls these elements using Web-based software. Once created, articles and images can be activated or deactivated at the push of a button or used repeatedly. PENS has built-in controls to ensure that information is not sent to the same person twice.

When an article is added to the library, the marketer must supply targeting criteria for specific audiences. Article targeting can be specified by age, sex, insurance, education level, existing health conditions, or service

use. In addition, anyone in the household with a relationship to the provider, such as employees, donors, volunteers, and physicians – down to specialty level – can be targeted to receive the article. The marketer also can set a "must mail" group to always receive the publication.

In addition to determining the best prospect for an article, the targeting criteria specify those who should not receive each article. For example, an article on the facility's labor, delivery, and recovery suites should exclude any woman who has had multiple miscarriages or a hysterectomy. A story about an upcoming cancer screening would exclude cancer patients. Much like the development of a "must mail" group, the marketer can create a "do not mail" group for people who don't want to hear from the organization again.

Based on the article criteria and household-level data, PENS selects a "bundle" of seven articles – each no longer than 250 words – and assembles them into one newsletter for each home.

If this seems a little "too" structured – it is. "Our first newsletter was really hard to do," says Clare O'Sheel, director of public relations and marketing for ProHealth Care in Waukesha, WI. "The staff had a beautiful newsletter that they had developed over the years. They thought [the PENS-generated newsletter] was homely, too simple, and it didn't represent our department as well as it could."

The simplicity is key, according to Jacqueline Stack, PhD, director of communications and marketing for the faculty practice plan at Washington University School of Medicine in St. Louis. "Many creative people turn out beautiful newsletters – works of art – that speak well for their institution. This is not that. This is direct communication with small articles all to a formula. The first paragraph is, 'What is the problem from the patient's perspective?' The second paragraph is, 'How do we solve that problem?' And the third is the call to action, 'What do you need to do to get an appointment?' Simple, simple, simple."

The formula works, according to Padovani. "Patients may love the look of newsletters you're sending, but they're not reading them. People don't have the time, the inclination, or the energy to read long articles. It has to be relevant, brief, and concise. This is about becoming more customer-driven by applying the principles of one-to-one marketing."

“In the first issue, every article was prioritized to go to everybody,” O’Sheel says. “Now we look at stories under a microscope. Who should get the story? Who is going to act on this information? Now [the staff is] getting really good at saying, ‘I want everyone to know about this, but they need to know about it in different ways,’ and [staff members] are writing four different stories targeted to different audiences.”

In addition to audience targeting, the PENS software can run simulations of different newsletter scenarios before publication, so the marketer will know if the database is selecting more households than the mailing budget affords. The simulation scores the households, allowing the marketer to select those with the highest potential for maximum return. The marketer also sets the number of English, Spanish, or other versions needed, in addition to the mix of the “must mail” group with existing patients and new prospects.

Tracking

Once the newsletter is sent, tracking occurs on multiple levels. Customer Database Services measures “cause and effect” both by individual articles and the entire newsletter and provides hard data reports of household counts, ROI, payer mix, and so on. The company also runs an analysis that compares hospital use by PENS-generated newsletter recipients and control groups based on services used, customer status, and financial class.

According to Padovani, the resulting information enables more precise targeting with each successive campaign. “It is a deep, rich data source. You can use it for market research and to conduct other analyses for financial, operational, or clinical planning. The database can become the hospital’s ROI source,” he says.

At Washington University School of Medicine, Stack reconciles PENS data with the billing department after every issue. Any prospective patient that received a PENS-produced newsletter and enters the system within six months is considered new income generated by the marketing department. After the first year of PENS use, the faculty practice tracked an ROI of \$62 in income for every dollar spent. The second year generated \$88 for each \$1. “It is obvious to faculty and leadership that new or additional patient visits have been added and that new practices are being developed,” Stack says.

An additional bonus has been the effect on payer mix. PENS-generated visits produce greater collected cash

as a percentage of gross revenues – 47.1 percent. Non-PENS patients remain at 43.6 percent. “A shift in payer mix of 1 percent can have a huge revenue impact,” Stack says.

Saving money and FTEs

The ultimate attraction for PENS is that it operates within the existing budget and with less staff oversight than a four-color, glossy newsletter. ProHealth Care was spending \$400,000 for four staff members to write, design, print, and mail 17 separate newsletters to 100,000 individuals. Now, it publishes one newsletter, with 5,000 different versions, that goes to all external and internal groups. The present cost is \$255,000, which includes one freelance writer.

“We pass information to a freelance writer and don’t think about it again until it comes back for editing. The staff is now free to do what it needs to be doing, which are other things besides writing newsletters,” O’Sheel says. The new system “has enabled our targeting to become more sophisticated and our communications more tactical and strategic.” As a bonus, ProHealth Care has \$145,000 extra in the budget to spend on advertising.

At the faculty practice, Stack writes the articles for the newsletter, gets approvals, and tracks the data herself. The only other staff member in her department designs the newsletter, which is published once or twice a month and includes four articles per version. The effort consumes about two days a month. “This is so low cost you won’t believe it,” she says. “It goes out with the billing statements, so there’s no envelope cost, no postage. It is the most powerful marketing tool for the least cost I’ve ever encountered.”

Stack also likes the rapid response offered by the system. “We got our new ratings from *U.S. News & World Report* on a Thursday. I wrote the article on Friday and it went out in Monday’s mail.”

Results

Results also are immediate. ProHealth Care tracked 388 new customers and \$468,000 of revenue from its first PENS-produced issue. In addition, its foundation received more donor calls after one issue than it received annually using the previous publication. O’Sheel attributes this success to targeting donors with specific opportunities based on their medical history.

But how does PENS stack up against other media? Evanston Northwestern Healthcare in suburban

Chicago used a LASIK campaign in 2002 to find out. It determined that with PENS, a lead cost \$55, and each procedure performed cost \$200. In contrast, the cost per lead from a newspaper ad was \$275, and the cost per procedure performed was \$1,500. Direct mail cost per lead was \$180, and cost per procedure performed was \$600.

Northwestern Medical Faculty Foundation also found PENS to be an extremely effective tool for clinical trial recruitment. It used PENS to fill a study with rheumatoid arthritis patients who did not have cancer, hypertension, or diabetes. Only 33 patients were targeted to receive the recruitment article, which generated 17 calls. All the calls were from qualified candidates, and the study was filled at a cost of \$100. A traditional recruitment drive using classified newspaper advertising

would have cost \$3,000 in addition to wasting the nurse coordinator's time fielding calls from ineligible volunteers.

The PENS method seems to solve a lot of CRM's inherent problems for hospital marketers. It leapfrogs the IT department, builds a database just for marketing purposes, and proves the effectiveness of marketing efforts in a way that CEOs and CFOs can understand. It also reduces production costs and staff time. Thanks to new technologies, the impossible may be more attainable for marketers.

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The Patient Education Newsletter System (PENS)

is provided by

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