

Communicating in A Managed Care Environment

BY RHODA WEISS

Managed care is not only affecting the way healthcare is delivered, it is also changing the way healthcare organizations communicate. Marketing and public relations staff of organizations offering managed care products are learning this firsthand.

MANAGED CARE IN MICHIGAN

Cathy Smillie, president, Marketing Resources Unlimited, a healthcare marketing firm based in Ann Arbor, MI, received her managed care communications training when she served as director of sales and marketing for MCARE, the managed care organization owned by the University of Michigan (U-M), Ann Arbor. Of her work in managed care, Smillie points out that it "was one of the best trial-by-fire professional experiences I've had. Nothing in 20 years of experience in public relations and marketing prepared me for managed care."

MCARE was developed by the U-M Medical Center as a feeder system to attract patients and guarantee referrals. However, what started as almost an experiment in managed care turned into a masterful planning strategy. "MCARE has become so successful that it is now partnering with the medical center and other hospitals and physician groups to offer healthcare services on a statewide basis," says Smillie.

Smillie believes that "everyone in healthcare needs to understand managed care's content and context. We need to know about the state laws governing insurance, the challenges facing healthcare organizations and physician groups, the healthcare costs burdening employers, and the highly competitive marketplace in which we're selling health maintenance organizations, preferred provider organizations, point-of-service plans, and the like. We also need to understand how we can share this story with our colleagues and constituents to help them prepare for these sweeping changes in the way we do business."

A Whole New World In her medical center marketing communications role, Smillie helped create the



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corporate identity for MCARE, developed advertising campaigns to support open enrollments, and designed sales collateral and member information. This was familiar work, but in marketing for a managed care organization, she had a whole new world to understand.

"I quickly learned that I could not interpret the challenges my hospital and our physicians face unless I understood the environment in which they're operating," Smillie notes. "Whether it's the insurance carrier monitoring cost, physician groups promising quality, or hospital systems grappling with networks of delivery—all are becoming part of a structure for managing care."

The first challenge of working in managed care was "trading in words for numbers," Smillie says. "Managed care is essentially insurance, and as such it's a numbers-driven business—covered lives, rates, costs per member/per month, capitation, risk sharing, and so on. The managed care organization's charge is to deliver healthcare services, but success lies in selling those services at an appropriate rate, then turning around and controlling the costs you have to pay for them," she explains.

Selling was the next challenge for Smillie. "In healthcare marketing, we promote, we don't directly sell," she notes. "In managed care, marketing is sales. It's the complete spectrum—from developing the product to hitting the streets and closing the sale."

Smillie was paid on commissions, just like the staff who reported to her. The direct link between her efforts and her income was the number of contracts she sold each month. And what she earned depended in large part on the efforts of the people she hired and trained.

"Sales people live by numbers," she says. "They appreciate it when advertising campaigns raise awareness in their territories; they need effective marketing tools, and it helps to be selling a first-rate product. But what counts are the numbers: contracts, members, and premiums translated into commissions."

Audiences Physicians—key players in managed care—are a major focus of communication strategies. “Physicians must be recruited to join your physicians panel, undergo a rigorous credentialing process, then maintain quality standards that are constantly monitored,” explains Smillie. “As a marketer, often responsible for developing employer proposals, you must clearly understand how to promote the organizations’ compliance with these standards.”

Employers fashion the kind of healthcare products their employees are offered, in some cases bypassing insurance carriers and contracting directly with providers, creating a complex marketplace in which to sell managed care products.

“To market effectively to employers, you need to understand that they know how to do business,” Smillie says. “Their survival depends on profits and loss, competition, customer service, and quality; and they expect the same from their healthcare colleagues. You can’t just sell to them, or contract with them for services and then go away; an effective relationship must be established.”

A successful component of the sales effort at MCARE is the Group Service Department, which nurtures relationships with existing corporate clients. “This means communicating regularly with them about new products and services, providing cost and utilization data, and keeping their employees satisfied,” adds Smillie.

Focusing on Health Amid growing concern about their inability to control healthcare costs, managed care organizations are undertaking aggressive research to determine the link between health risk and medical claims costs. They are developing programs in risk management, health education, and wellness.

“The studies MCARE looked at indicate that preventable illness accounts for about 70 percent of healthcare costs, and these costs are linked to health habits and health risks,” Smillie says. “Individuals designated as ‘high-risk’—those who smoke, are overweight, don’t exercise, or are under lots of stress—tend to be the ones who cost their employers the most in long-term healthcare.”

This means that managed care plans which offer programs to address the health risk/health cost equation are in a better selling position with employers. “Health management programs are a great marketing tool, as well as a real step toward cost containment,” says Smillie.

ADVICE FROM THE TWIN CITIES

If Mary Alice Czerwonka, director of public relations at Fairview Health System in Minneapolis, learned one thing from her Minneapolis-St. Paul

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managed care experience, it is that marketing’s classic four Ps—product, price, place, promotion—must be expanded to include providers, payers, and patients in partnership.

“The organizational barriers among providers, payers, and patients must be bridged, and who better to build those relationships than communications professionals who’ve made a career of it?” asked Czerwonka in the July-August 1994 issue of the *MPR Exchange* (“Collaboration, Not Competition, New Future,” pp. 6-7), published by the American Society of Health Care Marketing and Public Relations of the American Hospital Association.

Communicating with Physicians At Fairview Health System, Czerwonka’s communications expertise has been translated into helping with physician practice promotion and enhancement, physician recruiting, medical staff education on clinical pathways and practice standards as they are developed and implemented, and patient educations on self-responsibility and appropriate utilization.

Communications becomes even more critical with the creation of physician-hospital organizations (PHOs), a requirement in the Twin Cities as coalitions of employers demand a more integrated, coordinated, outcomes-oriented ap-

Continued on page 71

STRATEGIES FOR MANAGED CARE COMMUNICATORS

Mary Alice Czerwonka of Fairview Health System, Minneapolis, offers the following advice for managed care communicators:

- Learn all you can about capitation from colleagues in insurance companies and health plans and seminars, then communicate the gist—not the jargon—of managed care to all your audiences.
- Share resources and information with others in the healthcare industry. Fairview Chief Executive Officer Richard Norling goes as far as sharing his organization’s strategic plan with others, believing the success is in the execution.
- Educate consumers about the impact of healthy life-style choices. This provides a rationale for your organization’s business decisions as well. The lessened need for inpatient service explains the downsizing and retooling of hospitals that are becoming commonplace. Two 49-bed hospitals in adjacent communities became subsidiaries of Fairview this summer, with plans to convert the buildings for primary care and build a new ambulatory care center with an adjoining 28-bed inpatient facility. This “new math” of healthcare (49 + 49 = 28) begins to make sense to affected and concerned residents in the context of new needs.
- Utilize emerging communications technologies that not only connect organizations and provide nonconfidential information for and about customers, but also allow for the dissemination of that information and its conversion into tools for learning and decision making.

family, genuine commitment, service, competence, and caring energy will likely result—to the ultimate benefit of everyone involved.

REVERENCE AND RESPECT

Proverbs states that every age has its unique or distinct excellence. This is truly evidenced in the individuality and distinct personality of each resident in a nursing home. We must provide our frail elderly not only with sustenance and security but with unqualified reverence and respect.

Institutions are not bad places. In fact, many nursing homes provide high-quality medical, nursing, and rehabilitative care to their residents. Furthermore, most persons desperately want to support their elderly parents and can exhaust themselves physically, emotionally, and even financially in the attempt. Given this, do we not, as staff in a nursing home (and any other healthcare facility), have an obligation to extend to our clients and their families our intense attention, emotional support, and genuine love? The philosophy or mission statement of St. Francis Country House underscores this quotidian obligation: "The care of the residents becomes more purposeful in an atmosphere of Christian charity, compassion, gentleness, and understanding."

During these troubled and frightening times, let us commit to providing our services and interventions in a manner that confers honor and respect on our residents. Let us further commit to going beyond the provision of "high-quality technical care" and infuse our work with spirituality and a Christlike philosophy of caring. We will then be able to share of ourselves in unconditional ways and truly believe that our residents are part of our "extended family." □

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proach from care providers.

"We must reassure independent physicians that they won't have to surrender their practice autonomy to gain market leverage by uniting with our PHO," explains Czerwonka. "We also affect physicians' choice on which PHO to join by communicating our value and ability to reduce costs while maintaining and improving the quality of care."

Fairview also communicates value by collaborating with its physicians on community needs assessments, capacity issues, technology acquisition, work force education on market pressures, political advocacy, joint ventures, and market data applied across a networked community.

Marketing and Communications Marketers and communicators in hospitals and their counterparts at health plans should also collaborate. "We have a lot to offer each other—our experience is in health delivery, theirs is in utilization and cost management," says Czerwonka. "Together we can approach employers to meet needs and capture business by enrolling their employee populations in our network," says Czerwonka. She adds:

We're working together to line everyone up behind the concept of health protection, a more accurate term than prevention. Employers want health services and health information that fit their employee profile, and we're focusing and packaging as much of our health education, health promotion and advertising, and

other traditional communications activities to provide it. In the process, we're creating a more productive work force for the employer, and a healthier population for our healthcare network.

Czerwonka's communication strategies with clients are also shifting to a focus on "motivating our covered populations to make healthy life-style choices, seek early and appropriate primary care, and understand and accept the consequences of their decisions on their health."

Learn from Experience Czerwonka emphasizes the need for communicators to do what they know while they are learning the rest. "Focus on member recruitment and retention, health promotion and protection, and primary care while continuing efforts in media relations, marketing communications, employee communications, issues management, and management counsel. Purchasers are looking for quality, cost management, comprehensiveness, patient satisfaction—the very essence of image building that has worked so well in the past," Czerwonka adds.

"Take advantage of the quality you've built up in your healthcare organization's good name, in the identity with which it's invested in its community and among those it has served," she continues. "The public will never feel the same way about its insurance company as it has about its doctors and its hospitals. We would always do well to remember that." □