



# DELIVERING THE MESSAGE

**W**ith one of the largest hotel-bed bases in the world, metropolitan Orlando, FL, is home to thousands of people who work in the tourist business. As the hotel industry grew, however, there was an explosion in back problems being treated by Orlando healthcare providers. The reason? Employees didn't know how to make beds and do other work that requires lifting and stretching without incurring severe back strain. The result: Employers were swamped with workers' compensation claims that pushed their annual premiums into the stratosphere.

The University of Florida Medical System responded by developing a program to treat these back injuries. Payers were initially reluctant to foot the bill for the comprehensive Spinal Treatment and Rehabilitation (STAR) program. The university system, however, was able to demonstrate through effective communications that, in the long run, it was far cheaper to put injured employees through the STAR program and get them back to work than to have them remain on workers' compensation, according to Steve Sloate, associate vice chancellor for health affairs at Duke university.<sup>1</sup>

Similarly, Duke University has developed 50 "care maps" of the entire treatment procedure for common ailments, publicizing the cost-effectiveness of good treatment for them. Conveying that information to payers is a powerful market-

## *Communications Is a Vital Link In the Strategic Chain*

BY KAREN JONES

ing tool, reports Sloate. "That kind of information is very marketable to insurance companies and self-insured employers."

In the reform era, hospitals will be required to make equally innovative efforts to communicate with their existing and potential customers. And they will have to do it within the context of shrinking budgets. But there has never been a greater need for hospitals to market themselves than now, as they adjust to the economic realities of managed care and governmental reform. Hospitals have to

**Summary** Healthcare providers often treat communications as an afterthought when it comes to strategic planning. But that is a mistake in the 1990s. As providers adapt to the new managed care environment, marketing will be more important than ever.

In recent years, providers have tended to devote much of their marketing budgets to advertising. The need to advertise will continue, but hospitals are increasingly using communications skills to educate consumers about changes in the health-care system, the services available, and ways to get access to them.

Hospitals are also marketing their staffs of associated physicians. They are launching community outreach efforts, both in city neighborhoods and in affluent suburbs. Realizing that women make most family healthcare decisions, hospitals are putting healthcare information booths in local shopping malls.

Providers also need to keep in mind the changing nature of their "customers." Frequently, customers are not individuals but employers, insurers, and health maintenance organizations. To remain competitive, providers must demonstrate their cost-effectiveness to such payers through skillful communications.



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inform physicians, insurers, employers, consumers, and the communities they serve about who they are, where they are headed, and how this will affect various segments of society.

Developing and communicating innovative programs can be both popular and profitable. But it must be more closely tied to strategic planning, the competitive environment, shifting consumer preferences, and community needs.

The changing healthcare environment requires that hospitals reinvent themselves, often within a capitated or managed care environment. "The biggest challenge that hospitals face is recognizing that a managed care strategy is a new business and not simply an extension of their existing business," says consultant Nathan Kaufman, who heads the San Diego-based Kaufman Group.<sup>2</sup>

With this brave new world of capitated care comes an entirely new set of challenges—and the need for a new kind of communications program. To meet these challenges, it is essential for the hospital to include communications in its overall strategic planning. The hospital's intent should be clearly and effectively communicated to different "audiences": within the hospital; among other elements of the healthcare community, such as doctors and nurses; and to the general public.

Communications is often an afterthought when it comes to strategic planning. But because the healthcare market is increasingly complex and rapidly changing, a hospital can no longer devise a strategic plan, implement it—and only then think about how to communicate various elements of that plan to the appropriate audiences. To convey the right message to these audiences at the right time, communications has to be part of the strategic plan from the very beginning. Communications experts should be part of the creation of the plan from the beginning as well.

### EDUCATING, NOT JUST ADVERTISING

Traditionally, marketing has encompassed "the four P's": price, product, place, and promotion. But, in recent years, hospitals have often tended to forget the first three P's and concentrated merely on promotion, often in the form of expensive advertising that is sometimes of questionable value.

In the reform era, advertising will still have a role to play, but its content will change. "Ads will stress 'one-stop shopping' and other messages that underscore institutional attributes," predicts Nancy Hicks, of Hill and Knowlton's health provider practice in Atlanta. "Image will be key to consumer preference in evaluating integrated systems." Public relations, "once the step-child of marketing," will grow in importance, says Hicks, playing "a dominant role as guardian of

the institutional image."<sup>3</sup>

Increasingly, the focus should be on educating consumers about changes in the healthcare system. "It is very important to communicate to people the services available and how to access them," says Leigh Morris, president of the American Hospital Association's Society for HealthCare Planning and Marketing.<sup>4</sup>

This effort takes a variety of forms, often emphasizing community outreach. For example, Greater Southeast Community Hospital in Washington, DC, screens for high blood pressure after Sunday services at 24 churches in the city's African-American community, referring anyone with elevated readings to a physician. "In a community like this," says Chief Executive Officer (CEO) Tom Chapman, "if you sit and wait, the hospital will end up with patients whose conditions have advanced so far that it is impossible to treat them effectively or efficiently."<sup>5</sup>

Community outreach is vital in affluent areas, as well. Baby boomer healthcare consumerism "is really expanding the mission of the hospital from treating inpatients to focusing on the community as a whole," asserts Donald Powell, PhD, a patient education expert and president of the American Institute for Preventive Medicine.<sup>6</sup>

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### INVOLVING PHYSICIANS

One hospital relationship of increasing importance is that with physicians. A hospital's ability to attract—and retain—high-quality doctors who are popular with their patients will have a direct impact on its bottom line.

"Marketing physician practices assumes center stage in the new order of integrated systems," says Hicks. "A marketer's success will be largely determined by how well he or she understands the dynamics of group practices and implements programs that bolster individual physician practices. Tracking consumer demographics will give way to a focus on physician referral patterns."

Better communications with patients is also essential in the movement to capitated care. Patients need to be personally involved in the exploration and negotiation of the healthcare they receive. Author Ken Dychtwald says of the baby boom generation: "Boomers are the best-educated generation yet to arrive, and they have been keenly trained to manage, sort and interpret information. . . . As they begin to suffer the common diseases of aging, they'll increase their demand for information to manage their illnesses and avoid further risks and complications."<sup>7</sup>

There are significant financial incentives for better communications with patients. A study at the New England Medical Center in Boston, for example, found that patients who were better at





talking with care givers had better outcomes—because they took less out of a managed care network's bottom line.<sup>8</sup>

### CASTING A WIDER NET

Women make the healthcare decisions in three-quarters of American households these days. Realizing that, healthcare facilities are targeting female consumers in their outreach efforts. For example, many hospitals now realize that the local shopping mall is an excellent location for a healthcare information booth.

Christine Malcolm, vice president for managed care at the University Health Consortium, offers this advice to hospitals reaching out to individual consumers: "Ask people what they want and give it to them. The organization that develops programs and services that are responsive to the needs of consumers is the organization that will succeed."<sup>9</sup>

### REACHING THE NEW CUSTOMERS

Health systems also need to keep in mind the changing nature of their "customers." Increasingly, a customer is not an individual and her family, but an employer, insurer, or health maintenance organization (HMO). Employers looking to stem rising benefit costs can swing hundreds or even thousands of new patients into a health system. Insurers are also the focus of increased attention because they influence which health practitioners or health systems will be reimbursed, and at what rate and for what services. Another vital customer is the HMO that contracts out specific services.

As concerns about price, product, and place become more important in developing managed care programs, solid research and effective communications will be essential. "Many hospitals are integrating before talking to the payers," Kaufman warns. "They're not doing their market research." As a result, "the payers often aren't interested." These hospitals have made the mistake of developing a structure that gives specialists and primary care physicians an equal role, whereas most insurers want a gatekeeper model that emphasizes the role of primary care doctors over more expensive

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In trying to sell their integrated programs to big payers, Kaufman adds, hospitals often lack the ability to show their cost-effectiveness: "You need to demonstrate that you can keep people healthy and out of the hospital."

Certainly data on outcomes, cost, and efficiency of care are essential. But all the data in the world will not help unless they are effectively conveyed to payers. That is why effective communications programs remain a vital link in the chain. □

### NOTES

1. Steve Sloate, interview with author, November 1993.
2. Nathan Kaufman, interview with author, November 1993.
3. Nancy Hicks, interview with author, November 1993.
4. Leigh Morris, interview with author, November 1993.
5. Tom Chapman, "Profits with a Purpose," *Harvard Business Review*, November-December, 1992, pp. 87-95.
6. Kevin Lumsdon, "Baby Boomers Grow Up," *Hospitals and Health Networks*, September 20, 1993, p. 26.
7. Ken Dychtwald, "Understanding Baby Boomers," *Hospitals and Health Networks*, September 20, 1993, p. 25.
8. Kevin Lumsdon, p. 28.
9. Christine Malcolm, interview with the author, November 1993.



Michael McGuff