



## Healthcare Marketing

### Communications in a Consumer-Driven Healthcare World

As healthcare costs once again resume a double-digit upward spiral, those who pay the bill - employers - are looking for relief from the pain. Concern over healthcare costs is no longer just an HR issue. It has grabbed the attention of the "C" suite and is on the front burner of the corporate agenda. Top CEOs at public companies acknowledge that healthcare benefit increases are such a drag on their bottom lines that they could negatively affect stock prices.

Employer initiatives like the Leapfrog group are addressing quality and safety issues. Purchasing cooperatives are trying - without much success - to negotiate better rates on premiums. Many employers are shifting more of the cost of healthcare coverage to their employees in the form of higher premium contributions and higher co-pays, delicately walking the tightrope between controlling costs and offering attractive enough benefits to recruit and retain valuable employees.

But these tactics may not be enough to solve the problem. For some employers, the choice is either to find a solution or look at dropping the benefit altogether - a move which would only result in more Americans entering the ranks of the uninsured.

A new player has entered this arena - the defined contribution health plan, viewed by many as the new "magic bullet" for the healthcare cost dilemma. In its purest form, defined contribution refers to employers or plan sponsors providing the employee or member with a fixed amount of money - a health savings account, if you will - and giving them the responsibility for managing the use of that money. After the money is gone, the employee is usually responsible for a certain amount of out-of-pocket costs until a high-deductible catastrophic insurance policy kicks in to cover large healthcare expenses.

The belief behind defined contribution is that consumers who are spending "their" money will make more cost conscious decisions. That's why the current movement has also been dubbed "consumer-driven healthcare." In this new world, consumers will make purchasing decisions not once a year when choosing a health plan, or selecting a doctor from their network, but every day. And they will have a universe of options available to them.

Adoption by employers of the pure defined contribution model - which is actually a new type of insurance - has been slow, but the forces driving it are very strong. The trend toward putting consumers in the driver's seat for making their own healthcare decisions is gathering momentum and will be a factor in healthcare communication and marketing for some time. How will the consumer-driven healthcare movement affect public relations and marketing?

Following are 10 predictions of how this fundamental market shift will impact PR and

marketing for healthcare companies.

1. Patients and potential patients will move to the top of the list in terms of priority audiences. When patients - not health plans or physicians - make care decisions, they are the ones to be courted and influenced to build and keep market share.
2. The type of information that consumers will require will include not only information on services but also on quality and price. They want to know what they are buying and why it costs what it does. Healthcare companies will have to communicate value - including quality measures - in meaningful terms. Consumers will take the "Consumer Reports" approach - evaluating rankings and third party endorsements - to making healthcare decisions, as well as to buy a car.
3. Communications channels will become very cluttered, very quickly as companies vie for the attention and the wallets of the newly empowered consumers. Healthcare companies must use creativity in message and media to break through this anticipated cacophony of message "clutter" that will develop as competitors clamor for the attention of the new decision-maker.
4. The Internet will emerge as the most viable and flexible communication channel, with its ability to deliver information 24/7 when and where consumers need it. Healthcare companies must master this distribution channel for communication, for product delivery, and for conducting transactions. Companies must also develop their own portals to accurate, safe and accessible healthcare information. At the same time, marketers must not neglect more traditional media - direct mail, paycheck stuffers, print and broadcast advertising - to reinforce Internet communications and to reach those market segments without Internet access.
5. Companies must find ways to deliver and price products delivered via the Internet. For example, consumers will expect to communicate with their providers by e-mail. What is the price of an e-mail consultation? Who does the consultation? What are the parameters of information and clinical consultation that can be conducted via e-mail?
6. Healthcare firms will form alliances directly with employers to communicate and market to their employees in the workplace. They will also collaborate with employers in educating employees on the process of the new benefit designs, as well as on their own services.
7. Price negotiations with consumers will be part of the healthcare marketplace. With their own money at stake, patients will want to bargain as well as to shop, to get the best deal.
8. Customer service will become an even higher priority as a force for creating customer satisfaction, which in turn influences repeat business and word of mouth. Word of mouth will also become more powerful in directing customers, and will result in companies paying even greater attention to what their first-line marketers - their own employees - have to say about their organizations.
9. Customer relationship management will also assume greater importance as companies fight to keep their customer/patient base and to maximize the profitability of each customer. Such tactics as personalization of communications and Internet portals, and building and nurturing relationships through all life stages will be valuable weapons in the forging of lifelong relationships. Employers, plans and providers must arm service representatives with information at the point of service, in real-time, to effectively communicate and manage the interaction.

10. Companies must find ways to provide the unbiased and detailed information to those who are critically ill or facing major healthcare decisions. Patients in this situation are often making life-and-death decisions; these people must have complete and factual information to make the best choices. Providers and plans that fill this need will truly deliver value to the customer when they really need it.

Some of these trends may sound familiar. Similar predictions were made during the recent e-healthcare boom. And some are already being driven by technology and by consumers' changing lifestyles and needs. However the escalation of a consumer-driven healthcare movement will accelerate the pace of these developments and put the effectiveness of their execution under the microscope of consumer attention. An even clearer relationship between successful communication and marketing and market share will emerge. The ability to persuade the consumer - the patient - will be more important than ever before.

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Scott Public Relations, in Woodland Hills, CA, specializes in healthcare, benefits, insurance and technology public relations. The company can be reached at **818-610-0270**.