

## Marketing: Not On Your Radar, But it Should Be

Anthony Cirillo, for HealthLeaders Media, June 23, 2008

In the back rooms of your hospital, phone and spreadsheet at hand, lies the PR and marketing department you may not think about very often. Yes, the finance department, particularly accounts receivable, is and will continue to be a new public face of the hospital going forward, because a storm of issues is converging that needs addressing. Is your finance department really aware of the marketing and public relations implications of what they do on a day-to-day basis? And more importantly, is the real marketing and PR department in touch with these issues and talking with the CFO about them? CFO and CMO communications being what they are, they probably have not been speaking a whole lot. So let's look at some of the issues.

### MedFICO

A new FICO (short for Fair Isaac Corp.) score is emerging called Med FICO. It is designed so hospitals can see how likely people are to have the means to pay their bill. In concept it is a retrospective tool in that the score will not be looked at until after treatment is rendered. And my guess is that it will then be used to help determine whether to write off a bill, reduce it, send it to collections and, in short, to determine the aggressiveness of collection attempts. In theory, it is not supposed to affect access to care, but perception being everything, that notion is going to be a hard one to sell.

Consumer advocates will not leave this one alone. The CNN anchor who announced this story in early January was up in arms himself. So how familiar are you with this new score? Will you use it? How will you use it? How will the people working in AR explain it to people when asked?

Yes, this will be an issue for your actual PR department and they will have to explain it, but the media is fickle and the story will peak and die—in the media, that is. However, it will be a story that is active on a daily basis through individual patient encounters and how they are handled will fuel positive or negative word-of-mouth about the hospital.

### Consumer-directed health plans

Many are brushing off consumer-directed health care plans as a fad that will fade. Think again. They are gaining momentum. And a new phenomenon is growing—healthcare insurance aimed at individuals. These people could be students not covered by mom and dad anymore, but they are just as likely to be mom and dad themselves.

As people in their 50s opt for early retirement, they are facing a dilemma. Medicare will not kick in for 10 or more years, and retiree medical coverage is a dinosaur for many. So these boomers are looking at individual health plans with higher and higher deductibles. Which means more of the hospital bill will fall into their responsibility, and it will be the consumer—not the insurance company—from whom your AR department will be calling to collect. Are they trained in customer service skills to deal with this vocal population?

### Price packaging

Medical tourism is a phenomenon that does not seem to be fading. But there are lessons to be learned locally. Price packaging—primarily low-price packaging—is what drives this growing industry.

A boomer facing a deductible that might reach \$7,500-\$10,000 (and aching hips and knees that need replacement) is going to be very open to "shopping around" first on quality but with price never far from their radar screens. But medical tourism doesn't have to take place overseas. Packaging services to this population could be an attraction and could draw people outside of their traditional service area.

While healthcare is said to be local, market forces are changing that. To compete in this arena, the finance department has to be bold. We have heard all the arguments about why this can't be done. Why not? Especially in systems where the majority of physicians are employed?

### Tag team

In other industries, marketing and finance work in tandem. When the price of the iPhone was lowered by Apple, the departments of marketing and finance were behind it. The price cut was meant to drive sales while meeting revenue target. Marketing and finance do not work together in hospitals. Two things need to happen to start fostering more interaction. Financial leaders need to understand that they, in many ways, affect marketing and public relations, and the CFO needs to be open to making the first approach. But hospitals have a dilemma. The skill sets to connect the finance and marketing dots are probably not there.

The market is moving with you or without you. Recognize that there are opportunities to be seized by looking at the organization and seeing the possibilities.

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