MGMA®
Defining Your Profession™

The Medical Practice of the Future: Competitively position your products and services

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You will learn:

1. What drives medical practices? What are they looking for in terms of functionality, quality, quantity, etc. of your products and services.
2. The coming changes that will impact medical practices significantly and create new marketing opportunities and markets for your products and services.
3. The top 10 things marketers need to know about marketing to medical practices.

External factors have significant impact on medical groups. Let's just look at the reaction to the recent economic recession. According to the 2009 Medical Group Management Association (MGMA) study "Medical Practice Today: What Members Have to Say," the economy has been delivered a major blow. Here's what MGMA members say has already occurred in their practices:

- 36.6 percent have postponed capital expenditures
- 34.7 percent are seeing a rise in uninsured patients
- 34.5 percent have frozen staff hiring
- 33.9 percent have cut operating budgets
- 33.3 percent have improved billing and collections processes
- 33.1 percent have witnessed a decrease in revenue

At first glance, you may read these numbers as an excuse for fewer sales, but in fact, these numbers create opportunities for increased sales. [Look at the success of the "Cash for Clunkers" stimulus: Within six days, the government's program to stimulate the auto industry, and general economy, was so successful that it exhausted the allocated funds. The car dealerships made it easy for the buyer to complete the requirements, and that made it easy for the buyer to buy.]

The top three challenges as identified by some 2,000 medical practice managers surveyed regarding the economic downturn remain the same as last year:

1. Dealing with operating costs that rise more rapidly than revenues
2. Maintaining physician compensation levels in an environment of declining reimbursement
3. Selecting and implementing an electronic health records (EHR) system

That translates to a market that is ripe for products and/or services that can help increase revenues and/or reduce costs, resulting in great profitability. Do you sell those products or services? Yes, you do.

- Is your product positioned to save staff or physician time in the practice? That means lower operating costs.
- Does your device present a billable service for the practice? That means increased revenues.
- Does your solution come with a value-add that improves workflow in the practice? Improved efficiencies can translate to increased productivity and/or reduced operating costs.

What you need to know about medical practices:

Managing a medical group practice is like juggling hats. In a small group, the manager may function as the CEO, the CFO, the COO, the CIO, and the HR and marketing director. That means a vendor with a solution that speaks to financial concerns such as budgeting software, advising or managing investments, analyzing third-party payer contracts or reviewing and developing fee schedules will find opportunities in every practice. Or a vendor who provides human resource services, including recruitment and placement, training alternatives, benefits development management, or payroll and tax services or applications has an audience willing to learn how to save money and reduce daily hassles.

The IT functions vary from printer replacement to full-scale system selection and implementation projects. In addition to needing network development and maintenance, infrastructure, software, and implementation and training services, practices need advice and counseling throughout a system search-and-acquisition project. The carrot-and-stick programs to increase the adoption of technology and improve patient care -- such as temporary bonuses for e-prescribing followed by reductions in reimbursement -- create opportunities: Practices want to know what to do and how to do it.

What products and services do medical practices really need?

- Think about a medical practice as you would any business. The practice buys supplies and equipment, bills and collects, builds and/or renovates facilities, manages employees and provides benefits, promotes and markets, recruits and trains, and needs all the everyday services to run the business. Even a small practice manages a multimillion-dollar business. In fact, if you think about how medical practices operate, you'll realize they are high-volume consumers of products and services.
- Every day, a practice's door opens to anywhere from 20 to 50-plus patients per provider (physician or nurse practitioner or physician assistant). If it's winter in the Northeast, it is most likely that the encounter starts with the patient crossing the threshold onto a floor mat provided by a service and replaced weekly. From there you can picture all the amenities that are provided in the reception and waiting room – water and coffee, toys for tots, reading material, educational material specific to the care provided in the practice – not to mention the furnishings and lighting that need to be maintained and replaced frequently because of the traffic.
- Before a patient even walks in, he or she probably reached the practice via telephone or maybe even a practice Web site. Access is critical to a medical practice. If there aren't enough incoming lines, patients can't make appointments and the practice can't generate revenue. Phone services, remote answering services, messaging services, interactive Web services, pagers and cell phones are as essential to a medical practice as turning on the lights every day. Social networking enhances every communication opportunity; for example, young adults prefer text messages to phone calls and want Web access to check test results.
- Office supplies, computer hardware and software, medical supplies and equipment are probably all obvious opportunities, but how can you make it easy for the practice to order those regular office supplies or medical supplies? Think about the online shopping cart. Imagine the internal juggling to manage all the staff needs and the paper lists and catalogs for who sells what. Help your client shop your site online by creating custom shopping carts with default product orders based on previous orders.
- Imagine what you can deliver to the medical practice if you can manage their inventory of vaccines and other medications. The medical practice of the future will simply scan a packet or a vial, and the Web-based inventory control will automatically notify the vendor's automated order and delivery system of the practice's need for replenishment. The future of in-office lab work will automatically transfer results within normal ranges to patient portals and link educational material. That automation saves time, ensures accuracy and improves operational efficiency.
- As technology continues to evolve, medical practices will gravitate to solutions that deliver operational efficiency. A Web site that develops business by linking referring practices or providing answers to patients' health questions and that allows patients to interact with the practice is one example that can reduce incoming phone calls and improve service to the patients. Portal and kiosk services that gather patient histories before the appointment reduce visit cycle time (making patients happier) and save nurse time (lowering operating costs and/or increasing capacity).

- More physicians are joining larger groups, as seen in the table below. Logically, economies of scale and contracting are two of the reasons why doctors are joining larger groups. Another reason is the opportunity for larger groups to guarantee salaries for new doctors and pay a market wage while the doctor establishes a practice.

	1996-97	1998-99	2000-01	2004-05
Solo/2-Physician Practices	**40.7%**	**37.4%**	**35.2%**	**32.5%***
3-5 Physician Practices	**12.2**	**9.6**	**11.7**	**9.8***
6-50 Physician Practices	**13.1**	**14.2**	**15.8**	**17.6***
>50 Physician Practices	**2.9**	**3.5**	**2.7**	**4.2***
Medical School	**7.3**	**7.7**	**8.4**	**9.3***
HMO	**5.0**	**4.6**	**3.8**	**4.5**
Hospital1	**10.7**	**12.6**	**12.0**	**12.0**
Other2	**8.3**	**10.5**	**10.4**	**10.1***

* Change from 1996-97 is statistically significant at p<.05.

1. Includes physicians employed in hospitals and office-based practices owned by hospitals. Forty percent of physicians in this category were in office-based practices in 2004-05.

2. Includes physicians practicing in community health centers, freestanding clinics and other settings, as well as independent contractors.

Source: HSC Community Tracking Study Physician Survey

- As the population ages, the demand for healthcare services will increase as the boomer population of physicians begins to retire, reducing availability in the market place. Medical practices will be faced with opportunities to expand their businesses, but they will need to do so with greater efficiency of operations because of declining reimbursements.

What is the impact for selling your product or service?

For some, size matters because costs can be spread across more buyers. In some cases, large medical group practices are disbursed over a large geographic area with many small offices, each needing the same products and services, but your cost of sales may decrease because you can sell to one buyer.

Developing relationships with physicians and senior administration is a vital basic of Sales 101. As you think about the changes facing medical practices, changes that emphasize technology and outcomes, analyze how you can:

- Identify the healthcare organization's needs;
- Educate yourself and the healthcare organization of its needs;
- Successfully meet the healthcare organization's needs; and
- Meet your needs after (and by) meeting the healthcare organization's needs.

Help with a *LEAN* slant

Medical practices that understand marketing look to optimize the patient experience, and many healthcare organizations are starting to apply lean principles as an effective method of improving the quality and efficiency of service delivery. There are many case studies demonstrating that healthcare organizations adopting lean principles have reduced wait times, increased patient satisfaction and care, and improved employee morale. How can your company assist medical practices with workflow and process improvement? Do you have products or services that reduce cycle time? Can you help the practice monitor patient satisfaction?

A key element in the transformation of healthcare is a fundamental shift in the mode and manner of care delivery. The transition to ICD-10 diagnosis coding will require tools and training and preparation. Medical practices will need help as they expand their current focus from episodic, acute care to the management of chronic diseases and prevention of illness. Physicians will encourage and require patients to take personal responsibility for their health; this is necessary in order for all parties to maximize the value received from a transformed healthcare system. How does your product or service support these initiatives? The model for managing patient care in a medical home requires new tools and skills, and that translates to more sales opportunities.

Vendors must work collaboratively with providers and patients to produce products that improve outcomes or provide equivalent outcomes at lower costs.

Patients are seeking care in new settings, such as retail stores, their workplaces and their homes. The goal is to realize lower prices and a more convenient and effective delivery method. The Internet and social networking provide care information that enables the treatment of non-urgent acute conditions such as strep throat and sinusitis at the patient's home via the use of telemedicine or at retail settings that provide low cost, good quality and convenience. Can you help today's medical practice provide this level of service to support or compete with the alternative markets?

Quality Initiatives – A New Practice Model

The emerging healthcare environment is transitioning to one that is oriented to results and an evidenced-based reimbursement model. Providers must change their approach to comply. They are responsible for a population's health, which requires them to use disease management and preventive screening programs. Disease management registries will help providers monitor and improve clinical care using standardized electronic tools. Listed below are some examples of quality initiatives that will be undertaken by successful healthcare organizations:

- Designing a new service
- Flowcharting a process
- Collecting and analyzing data about performance measures or patient outcomes
- Comparing the organization's performance measures to that of other organizations
- Selecting areas for priority attention
- Experimenting with new ways of carrying out a function:
    - Health promotion
    - Case management on site
    - Disease management education
    - Patient-customized intervention plans
    - Remote monitoring
    - Pharmaceutical management

As you can see, this change requires that physicians find ways to engage their patients; they must determine ways to increase patient motivation and participation. Resources and tasks are co-managed by the practice and the patient. How can your organization help with patient education and feedback; telemonitoring and reporting; plug-and-play implementation and ongoing support; developing ROI and value statements for change?

Online communication between patients and physicians is also growing in response to increasing payer coverage of care delivered in this way and because patients are willing to pay for this type of access. Three quarters of Americans (75 percent) are Internet users and 61 percent of adults look online for health information.[1] A static Web site is not attractive to patients today; many have expressed a strong interest in establishing an electronic link with their physician. Interactive communication is a valuable and successful method to interface with patients. One option is via a secure Web portal that could be associated with the electronic medical record software or through an independent patient portal.

As you research this opportunity, you may want to review the *AMA's Guidelines for Physician-Patient Electronic Communications*.[2] Keep in mind these are guidelines, not legal requirements.

Going Green

The growing awareness of environmental issues and the popular groundswell toward going green presents an opportunity for healthcare organizations to contribute positively not just to the health and well-being of patients, staff and caregivers, but to the environment as well.

There are several organizations that advocate transforming the healthcare sector worldwide without compromising patient safety or care. They want markets and policies to be environmentally safe.

Do your homework, and research organizations such as Health Care Without Harm at http://www.noharm.org/goingGreen and The Green Guide for Healthcare at http://www.gghc.org/.

How can you help with these healthcare organizational challenges?

- Server virtualization
- Web conferencing, messaging and collaboration software to hold virtual employee meetings
- Site planning and development
- Energy efficiency and renewable energy
- Indoor environmental quality:
  - Refrigerant management system (to reduce ozone depletion);
  - Low-emitting materials, adhesives and sealants; paints and coatings; carpet systems; composite wood products; systems furniture and seating;
  - High-performance, energy-saver glass and frames at curtain walls and ribbon windows;
  - Low-energy consumption LED lighting; and
  - Local lighting controls using multiple lighting scenes to reduce energy consumption and provide varying lighting effects for evening, overnight and daytime conditions .

MGMA members make purchase decisions daily. The MGMA member market represents the most important decision makers in a medical practice who purchase more than $135 billion in products and services annually. Each successful manager evaluates opportunities based on profitability and delivering bottom-line results. If you've got a story with a profitable, happy ending, you'll have the ears and eyes of your buyer.

TOP 10 things every marketer needs to know about marketing to medical practices:

1. Know the issues
2. Understand that relationships matter
3. Pay attention to declining service reimbursement
4. Don't be overwhelmed by technology solutions
5. Reporting on quality initiatives can position the practice to improve reimbursement
6. Look for efficiencies to reduce operating costs
7. Make transitions to your products/services easy
8. Understand that practices have multiple decision makers to sell to
9. Reduce risk in decision making to close the sale
10. Improve profitability and win the deal

For more information about ideally positioning your product and services to meet the medical group market need, contact a Medical Group Management Group (MGMA) account manager at 877.275.6462, ext. 1266 or visit mgmamarketing.com.

1. The Social Life of Health Information by Susannah Fox, Sydney Jones June 11, 2009 http://www.pewinternet.org/Reports/2009/8-The-Social-Life-of-Health-Information.aspx
2. AMA Guidelines for Physician-Patient Electronic Communications http://www.ama-assn.org/ama/pub/about-ama/our-people/member-groups-sections/young-physicians-section/advocacy-resources/guidelines-physician-patient-electronic-communications.shtml