

Why market a hospital-based radiology group?



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MEET YOUR NEW COMPETITIVE REALITY

As a radiology group, you've already started to face financial pressures—declining reimbursement, the trend toward new payment models, increasing service demands by the hospital and bundling, to name a few. But these pale in comparison to the new competitive pressures that have only just begun to emerge and promise to give you agita the years to come.

It used to be that you knew who your competitors were. You knew their strengths and weaknesses. Pardon the pun, but you were aware of their skeletons, and they were aware of yours. It made the competitive environment somewhat predictable.

Those days are over.

According to Jonathan Berlin MD, associate professor of radiology at Northwestern University's Feinburg School of Medicine, teleradiology companies—once an ally in delivering service and improving coverage—are now stealing hospital contracts away from local radiology practices. Their sales pitch? We can deliver the same high quality interpretations at reduced cost. “Although shifting night reads initially seemed like a good idea, corporate teleradiology companies are now expanding beyond nighthawk work.”

In addition to finding ways to bring night reads back into your practice, Berlin recommends improving your relationships with key hospital personnel. One of the ways he believes this can be accomplished is to participate in a hospital's strategic planning or marketing efforts in order to demonstrate that your radiologists add value. In addition, he recommends building relationships directly with referring physicians.

WHY A STRATEGIC MARKETING PLAN MAKES SENSE – NOW

You may not even know the competitive threat exists... until it's too late. Long-standing radiology contracts are in danger of termination for a number of reasons, many of which are based on perceptions (correct or incorrect) of poor or unresponsive service, excessive compensation and the belief by hospital administration that remotely stationed radiologists can perform as well as or better than a local doctor.

Woody Allen once said, "Eighty percent of success is showing up." If that's still true, then technology is making it easier for out-of-state competitors to show up right in your back yard. In other words, your proximity advantage is becoming more and more insignificant.

What's more, formidable teleradiology groups are clever, and they know that by strategically placing a few of their radiologists in the hospital to perform certain studies (e.g. barium) as well as interventional procedures gives the impression of service that is equivalent to a local group, while having the majority of imaging studies read remotely.

Some local groups feel protected by Rao and Levin's assertion* that hospitals are better served by local radiology groups. The authors of that study identified six categories of value-added services that they believe could be better performed locally:

1. Patient safety
2. Image quality
3. Quality of interpretation
4. Service to patients and referring physicians
5. Cost containment
6. Helping build the hospital's business

If concerns about the first three categories could be neutralized—and you can bet that teleradiology companies have either accomplished this or are working on it—then that leaves three remaining categories that are, at best, highly subjective. You must ask yourself if your radiology group is not only doing all it can to address these concerns, but are referring doctors and hospital administrators aware of your efforts?

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WHAT CAN MARKETING REALLY ACCOMPLISH?

A West Coast radiology group of 20 subspecialty trained doctors noticed a disturbing trend with their largest hospital client. Physician surveys told the group they were losing ground in key performance categories, including timeliness of reports, availability of procedures, availability of radiologists for consultation and communication with physicians. The group initiated changes to improve performance, but these went largely unnoticed by referring physicians.

Feeling that more was needed, the radiology group hired my marketing firm to do a better job of informing physicians about the positive changes that were taking place with the organization. This resulted in an intensive six-month marketing communications campaign that included a series of letters, brochures, newsletter and other information that was sent directly to hospital physicians.

The effects of the campaign were felt almost immediately, and the subsequent survey showed favorability ratings jump an average of 25% across the board. The campaign was continued and expanded to the group's other hospital clients, and the following year, another increase in favorability was recorded. All told, over a two-year period:

- "Convenience of contacting radiologists to discuss reports" went from 38.3% favorable to 79.5% favorable
- "Timeliness of reports went from 23.8% favorable to 49.7% favorable
- "Communication with physicians" went from 41.4% favorable to 63.6% favorable
- "Availability of procedures" went from 20.1% favorable to 54.1% favorable.

Also during this period, the group decided to use marketing to promote its newly expanded interventional radiology services offering. By doing so, it logged an impressive 30% increase in IR procedure volume.

BUT WHAT WILL IT COST MAN, WHAT WILL IT COST???

As with any professional services business, the costs associated with retaining a client pale in comparison with the costs associated with finding a new one. If a client is valuable, the simple question to ask yourself is: how much of a check would you be willing to write to keep that client for another year?

Let that be the starting point to establishing your marketing budget. Fortunately for you, the actual cost is going to be a lot less than the number you had in mind for your hypothetical check...so long as you are proactive at preserving your contracts and don't wait until your client is already in talks with another group.

As far as what your budget is going to buy, think of it as a diagnostic imaging test, where you have a professional component (the interpretation) and a technical component (use of the imaging modality and associated costs). In marketing, the professional component is the expertise needed to create a communication to accomplish an objective and the technical component is the cost of delivering it to the intended audience.

The cost of professional marketing services can vary wildly, depending on how a group decides to tackle the challenge. Hiring internal specialists to manage marketing communications activity is the most expensive and arguably the least effective. Outsourced marketing firms are a better option for radiology groups, because they offer combined expertise and you can avoid permanently adding to your payroll. But even among these firms, their costs and relevant expertise vary.

The cost of printing, mailing lists and mailing services are more or less fixed. The average cost of printing and mailing a communication to a doctor will average about a buck per piece. A letter or postcard would be less than that, and a newsletter or four-page color brochure would be more. Fortunately for radiology groups, the universe of physicians and administrators that they need to reach is small, which means their costs to reach them will be low.

The other variable to determine your budget is the time horizon... an imminent threat requires more frequent communication (two or three times per month), and a normal schedule for success is to reach physicians once per month. Over time, a "maintenance" schedule can be achieved where contact is reduced to six or eight communications per year.

The investment made by the radiology group in the example provided averaged about \$5,000 per month (total for all activity) for the first 12 months, and then was reduced to about \$3,500 per month as the campaign moved into a maintenance phase.

When you consider the value of the hospital contract that was preserved, this investment in marketing could be viewed as trivial.

ABOUT THE AUTHOR

Jim Koehler is president and creative director of Armada Medical Marketing, a firm specialized in radiology marketing for more than 25 years. He is the architect of numerous successful and award-winning radiology marketing campaigns for more than 50 radiology groups, diagnostic imaging centers, vein clinics and interventional radiology practices throughout the United States. Jim is also the author of www.KnowledgelsTheNewPink.com – a resource for women on breast cancer screening and is a volunteer with the Radiology Business Management Association.