

## The transformation of the hospital call center

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By: Leigh Page

The hospital call center, once plagued by doubts about its moneymaking capabilities, now shows great unexploited potential as a way to attract new paying patients, serve key marketing needs, and plump the bottom line.

This new, more upbeat view stems in part from a study published in 2003 by Solucient LLC, a healthcare information company based in Evanston, IL. Using data on 1.9 million calls from 807,000 people at 11 hospital call centers nationwide, Solucient researchers analyzed callers' hospital charges in the ensuing months after their call—termed “downstream revenue.”

The study concludes that callers represent a return on investment (ROI) of at least \$3 in downstream revenue for every \$1 the hospital spends on the call center. “This study shows that the call center represents a tremendous opportunity to bring patients into the system,” says Paul Spencer, Solucient’s director of marketing solutions, and author of the report. “Every time the phone rings, there are dollars at stake.”

### Callers generate more revenue than others

The study results contradict “a widespread perception among financial leaders that you could not make money on a call center,” says Kriss Barlow, a consultant with Hudson, WI-based Corporate Health Group, which advises healthcare organizations on ways to improve efficiency.

“Call center managers knew intuitively all along that they earn revenue for the hospital,” Barlow says, but now there are data to back up their claims. Spencer adds that the study addresses a common response to earlier positive findings on downstream revenue from call centers—that the callers would have used hospital services anyway—when it compares callers with hospital patients overall. The report says call center callers generate an average of \$13,848 in hospital charges within 12 months after calling, compared with \$5,524 for hospital patients overall. One in four callers will have an inpatient discharge or outpatient visit within 12 months.

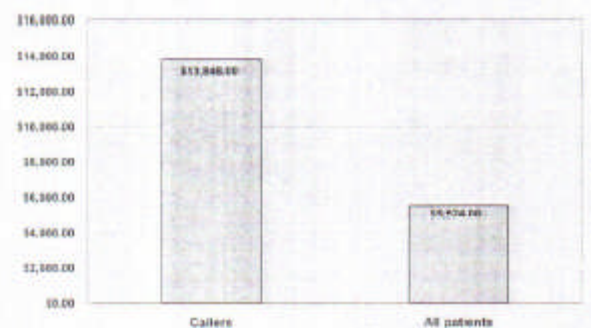
### Callers tend to be paying patients with influence

Barlow, who started a call center in 1983 and has been advising the industry ever since, notes that the study refutes another common complaint about call center callers. “There was a general perception that the people who call perhaps aren’t the best payers,” she says.

On the contrary, the study found that callers’ incomes are 25% higher than those of non-callers, and they are less likely to be on Medicaid.

### Callers generate high clinical revenues

Average hospital charges within 12 months



Source: Solucient

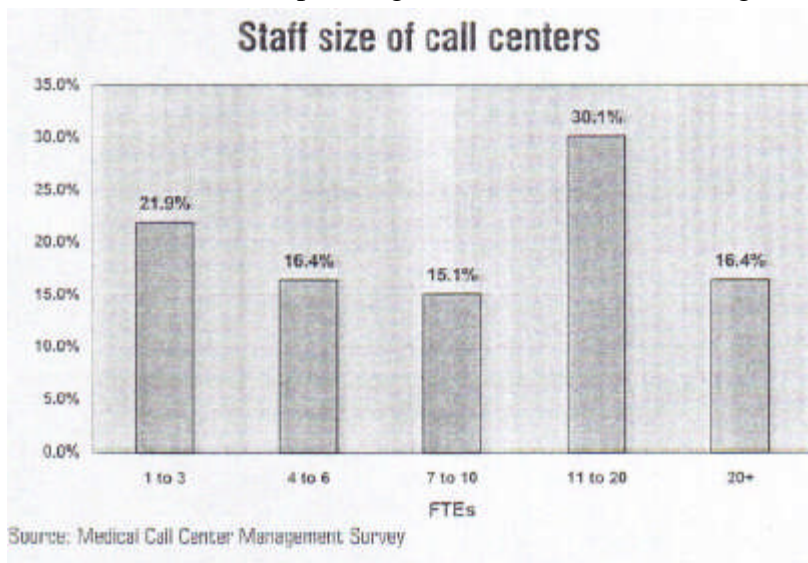
In addition, the demographic groups favored by marketers were highly represented in the caller population. Of all callers, 71% were women and 74% were ages 21 to 45. Seniors represented only about 18% of callers but accounted for one-third of all downstream charges, the study adds.

Other findings showed that callers spend more time on healthcare decisions than others, and strongly influence the health behavior of their families, neighbors, and friends. “That shows that the people who call are the thoughtful decisionmakers, the ones who are planning ahead,” Barlow says. “They’re not the last-minute ‘Johnny-come-latelys.’”

“Call center callers are your ‘best customers’ and should be treated as such,” the study concludes. “They should be measured not only by the value they bring to your organization, but also by their ability to sway the loyalty of other customers and prospects.”

### Callers a prime CRM opportunity

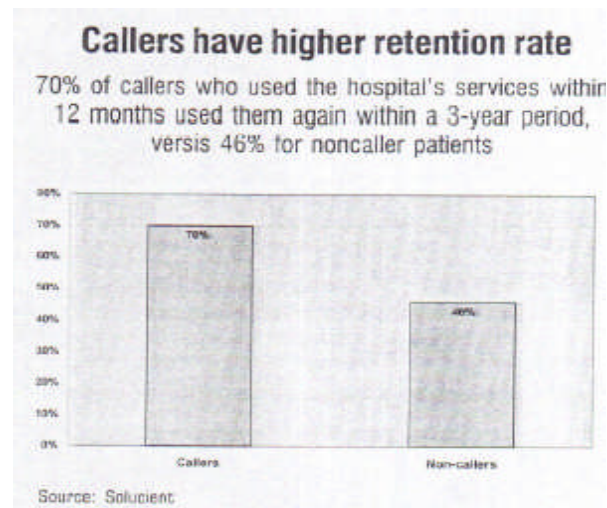
The study also found that 60% of callers are *repeat callers*, making the call an opportunity for customer relationship management (CRM), a marketing strategy that explores ways to *retain customers and improve customer loyalty*.



A major goal of CRM is to “create a lasting relationship with the customer,” says Dan Fell, a partner at Daniel+Douglas+Norcross (ddN), a marketing communications company in Chattanooga, TN.

Hospital call centers can do this in a number of ways, he says. For example, some centers contact patients after discharge and ask them “Is there anything I can do for you?”

This sends a powerful message that can actually change patients’ inpatient experiences. For example, Fell says calls by one hospital call center to former patients of the emergency department dramatically improved patient satisfaction scores for the ED, even as the hospital made no significant changes in the ED.



### Many centers still relegated to hospital “backwater” status

Fell notes, however, that hospital executives are generally reluctant to expand call centers, and some are even cutting them back. “I know of programs that are closing or barely in existence,” he says.

A 2003 poll of call center managers—the Medical Call Center Management Survey—co-

sponsored by ddN, Corporate Health Group, and *Physician Referral and Telephone Triage Times*, found that more than one-quarter of call centers had been started in the past five years. But Fell, who helped compile the survey, points out that many of the new centers are simply the result of hospital mergers, where, in some cases, two old centers became one “new” center.

Meanwhile, many hospitals have never opened call centers.

More than one-third of hospitals did not operate a call center in 2001, according to the latest data available from *Marketing by the Numbers*, a survey published by the Society for Healthcare Strategy and Market Development at the American Hospital Association.

Call centers are particularly unusual in small hospitals. *Marketing by the Numbers* found that while 88% of hospitals with more than 400 beds have a call center, only 37% of hospitals with fewer than 200 beds have one.

Fell says call centers were a hot item at trade show seminars back in the mid-1990s, when hospitals were buying software to automate call center operations, but now they are rarely mentioned. And he and others paint a bleak picture of call centers today.

The average call center, they say, is a kind of backwater within the hospital—out of touch with other operations and facing low expectations for how it might help the organization.

The call center concept was conceived about 20 years ago mainly as a community service that was expected to lose money, experts say. The original ones offered physician referrals, nurse triage, and other forms of patient education. And the extent to which they were able to bring in new patients was always a matter of conjecture until about seven years ago, when hospitals began to use sophisticated information tools such as Solucient’s to measure downstream revenue.

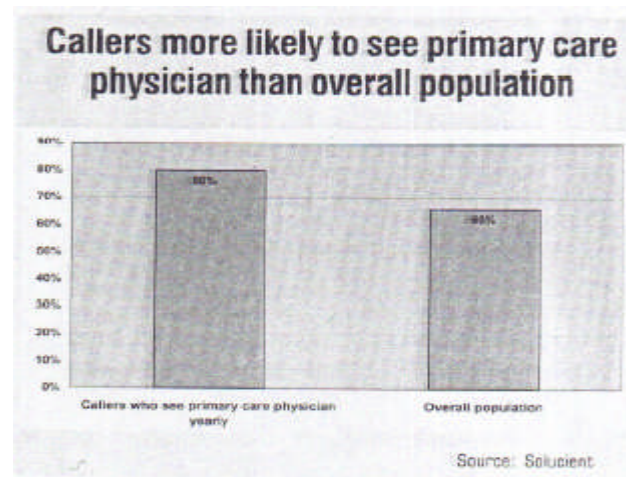
“While there are certainly good examples of successful call centers, the majority are stand-alone islands that are not integrated into what the hospital is doing,” Fell says. They exist in a sort of limbo, often ignored, though “most hospitals see enough value in them that they don’t want to close them down.”

### **Dramatic contrasts in resources, results**

Some centers are very small operations that may not have enough staff to be open during off-hours, the time when many people want to call.

The Medical Call Center Management Survey found that:

- ❑ 20% of all centers had only three or fewer people on staff and 15% handled fewer than 500 calls a month.
- ❑ In contrast, a segment representing 16% of centers had 21 or more employees. And 20% of the sample handled more than 10,000 calls a month.



### **A physician-referral tool**

Some experts argue that the original function of nurse triage doesn’t really fit into a hospital’s mission. While managed care organizations maintain flourishing triage operations because they want to keep members out of the hospital, hospitals obviously don’t share that aim.

Yet, experts say, triage succeeds for hospitals when it operates as an after-hours service for physicians on staff. They agree that physician referral will continue to flourish

because it keeps on-staff doctors pleased, and ultimately brings patients into the hospital.

One hospital, for example, reports that operators now win incentives and prizes for “closing the sale”—convincing a caller to make an appointment with the referred physician during the call.

### **Poised for a resurgence, with a new emphasis on marketing**

With hospitals getting more interested in marketing, Fell predicts that “the call center industry is probably ready to enter a resurgence.”

Other experts like Barlow are still a little skeptical. And despite Solucient’s findings of a potential for favorable ROI from call centers, no one is reporting a surge in hospital planning for new centers.

Still, everyone agrees that the future of the call center is closely connected with hospital marketing, a field that many believe is winning more attention from hospital leaders. “There is a small surge of interest in access—‘How do we get patients into the hospital?’” Barlow says. “The business development people [in the hospital] want to streamline the ease of access.”

Some hospitals already make heavy use of calls to action. For example, St. Louis-based BJC Healthcare, the largest hospital network in its market, reports that it creates well over 80 direct marketing projects per year, and each usually involves a call to action. (See “Portrait of a successful call center.”)

Hospitals that cannot afford to set up in-house call centers can contract with one of several outsourcing companies that provide services 24 hours a day, seven days a week. One such firm, The Beryl Companies, based in Bedford, TX, reports business is growing. It says that even some large institutions, like Cedars-Sinai Health System in Los Angeles, and New York-Presbyterian Healthcare System in New York City, outsource their call centers to the company.

While call centers often began as clinical operations, an emphasis on marketing now seems to be a better fit. The Medical Call Center Management Survey shows that half of surveyed

**The Medical Call Center Management Survey indicates half of surveyed centers report to marketing, compared with the next largest category, the nursing department, at 10%.**

centers report to the hospital marketing department, compared with the next largest category, the nursing department, at 10%.

### **Collecting information as well as supplying it**

Rather than just supplying information to callers, call centers now routinely collect information from them. Operators enter names, addresses, and other particulars into a computer file that can help the hospital pinpoint callers’ healthcare needs and perceptions of the hospital. Convincing callers to provide personal information requires special training for operators. Centers report that an 80% “capture rate” for caller information is considered very good.

The hard work pays off. The hospital creates a valuable dataset—on callers with higher incomes, greater loyalty to the hospital, and greater likelihood of making healthcare decisions for others—to name just a few of the Solucient findings

“The call center is probably one of the most trackable marketing opportunities that exist.”

Fell says. “There are few other marketing opportunities or tools that allow that level of information.

Call center data are also considered far superior to the usual mailing lists that many hospitals still buy for direct mailing marketing, containing every household in a ZIP code broken down by age, gender, and income.

Fell and other experts say these lists are a shotgun approach; mass mailings that don’t get much of a response.

## Portrait of a successful call center

Some hospital call centers are already blooming as marketing operations. One example is BJC Healthcare, the St. Louis-based hospital network.

Tess Niehaus, director of communications and marketing at BJC’s corporate offices, oversees BJC’s single, corporate-wide call center, serving all 13 BJC hospitals, including 887-bed Barnes Jewish Hospital.

Niehaus says BJC ties its call center very closely to marketing operations. For example, a call center representative generally attends the scheduled marketing staff meetings at each BJC hospital.

When calls to action pour in from a new marketing campaign, the center has to be prepared for higher call volume, and needs to understand what it is all about, she says.

A confused or overwhelmed call center creates a bad impression of the hospital.

With good communication, “the call center knows what issues the marketing team is trying to handle,” Niehaus says. “But if a caller asks about the Easter egg brunch, let’s say, and the call center doesn’t know about it, it’s a lose-lose situation.”

BJC also collects data from callers and puts it into a Web-based database—the master customer information file (MCIF), which also houses charge information and other hospital-based data.

Solucient has maintained the organization’s MCIF since 1999. Information in the MCIF is updated quarterly, and mail lists are created for each marketing initiative, based on the client’s needs.

To complement information on existing customers with prospects, Niehaus says BJC also has access to a “master prospect list” of virtually every mail address in the St. Louis area. “This allows BJC maximum flexibility to target customers, prospects, or any combination of the two.” She says, but adds that the MCIF is “a much richer file.”

Using a segmentation system, BJC can break data down into many segments. For example, if a patient had a cardiac procedure, the system “allows us to track that information and let them know about other heart-related events or services,” she says.

As current customers keep responding to more calls to action through the call center, the MCIF “just gets richer and richer,” Niehaus says. With richer data, BJC can create smaller mailings with higher response rates, which means that mail, printing, and advertising costs can be kept in check.

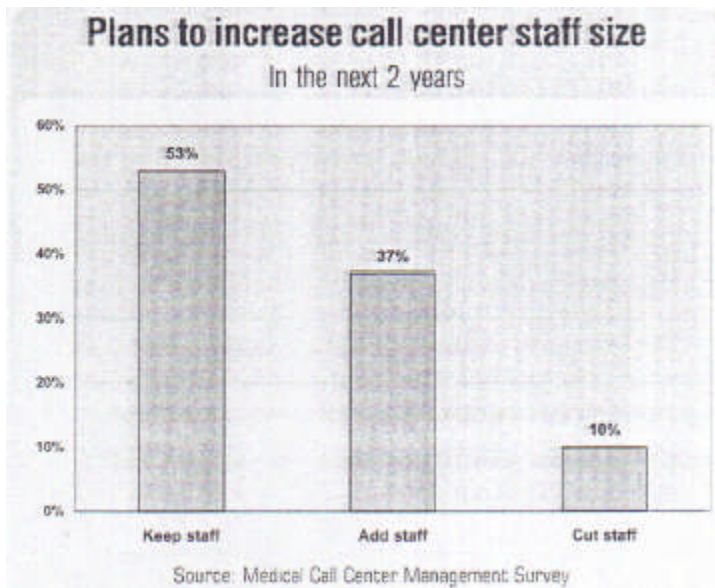
“We have steadily increased the hospital revenues that have resulted from our marketing, *without* an increase in marketing budgets,” Niehaus says.

She notes that BJC’s studies reveal marketing campaigns with markedly different ROIs. Using this feedback, they can make adjustments such as changing the offer, changing the method of promotion, or discontinuing it altogether.

Measuring ROI is now common, though the techniques used vary in sophistication, according to industry sources. Solucient’s 2003 hospital call center survey found that 72% of centers measured ROI.

Direct mail campaigns also focus on current customers, using names from hospital charge data, which can then be segmented by the nature of the patient encounter and used for campaigns featuring a particular hospital service.

By contrast, says Fell, call center data are even more valuable than charge data. Not only do callers tend to be more desirable patients, but data on them tends to be more “forward-looking.”



That is, many callers are preparing for future care, while charge data represents care that has already been given.

### **Eyes to the future: A matter of connections**

Despite some remarkable advances in hospital data management capabilities, Solucient's Spencer reports that hospital call centers still lag well behind similar operations in the financial services industry.

Taking a page from financial services, he envisions a time when the hospital might be able to access real-time data on the caller from clinical

and financial databases within the organization. So "a patient could call the call center to inquire about her lab results or her child's asthma, and the operator could have information in front of her to facilitate a meaningful discussion."

But Spencer concedes it would be hard for hospitals to leap quickly into this sort of arrangement. Operators would have to be well trained in clinical care, patient privacy issues would need to be resolved, and a skeptical hospital management would have to be convinced that the six- or seven-figure investment is worthwhile, he says.

Other industry insiders tend to see the call center as "the face of the hospital," and want it to take over operations of other, non-clinical functions within the organization that interact with customers. For example, hospital switchboards almost always operate separately from call centers, fielding questions on such matters as finding a patient's room and getting directions to the hospital.

Pennie Graham, director of the call center for Children's Healthcare of Atlanta, a pediatric healthcare system with two hospitals and 430 licensed beds, reports that her organization is now physically moving its switchboard into the call center. And their switchboard operators will receive the kind of customer relations training that call center personnel get.

ddN's Fell proposes that billing inquiries also be handled by the call center. He reports that billing personnel often receive inadequate customer relations training and can undo all the advances in CRM achieved in other parts of the hospital.

For example, because their overriding aim is making sure bills are paid, they often overlook the possibility of mix-ups that are common in healthcare coverage, such as a change of insurers, he says.

Fell proposes that the call center handle billing inquiries "not as an accounts receivable function, but as a customer service function. You want to have an internal customer advocate to help you navigate through a large and confusing hospital organization."

As hospital management becomes aware of all the ways in which call centers can improve customer relations, the centers may eventually grow and become an integral part of operations, as some industry experts predict. ■■■

For more information on Solucient, visit <http://www.solucient.com>. Please direct inquiries to Paul Spencer, director of marketing solutions, at 847/440-9688, or [pspencer@solucient.com](mailto:pspencer@solucient.com)