

## Marketing to the Uninsured: Do The Math

**The “mass” in mass media has shifted, has been redefined in a way that is perfectly OK with Chevrolet and McDonalds, but far from perfect in terms of the marketing objectives of a hospital. Print media, broadcasters and mail list services are not out to fix it, because they see nothing wrong.**

Here is the problem: Your hospital has always been there as an institution to serve your community, including the uninsured, long before anyone thought about having such a thing as a hospital marketing department. Serving the community—including those who cannot pay—is the hospital’s mission. Marketing’s mission, however, has to focus on bringing in the paying customers so that the larger mission can survive and thrive. Marketing cannot be spending part of the slender margin to produce a result that reduces that very margin. Find the ROI in that.

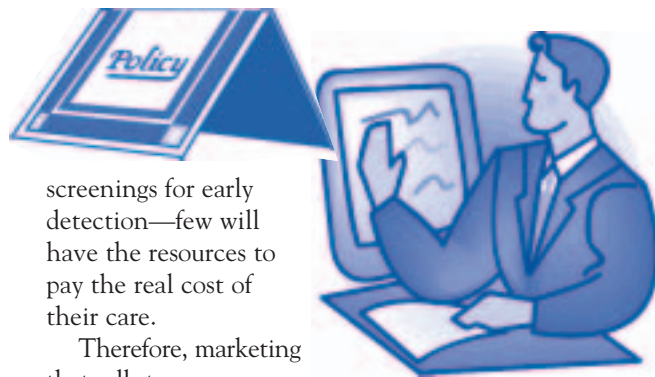
What has changed is that the issue of the uninsured has crept into the middle class, the very demographic mass media targets so well. The zip code lists and TV segments we once bought routinely now include enough uninsured consumers to turn an effective campaign into red ink for your hospital. There is no direct way to separate the demographics available in traditional media into insured versus uninsured. We have always gotten to that with a hop, skip and jump of demographic inference: If they live here, then they are likely to have a certain household income, and with that income goes the health insurance that enables them to pay the bill. But that is no longer true.

The National Academies’ *Portrait of the Uninsured* (<http://nationalacademies.org>) part of a larger study called *Coverage Matters: Insurance and Health Care* (<http://www.nap.edu>) shows that fully 64 percent of the uninsured population is above the federal poverty level. Where the numbers really get surprising is in the upper reaches of this group: 19.8 percent earn three times the poverty wage or more.

Meanwhile, *Coverage Matters* shows that these are people who drive a decent car, live in a nice house and get up every day and go to a pretty good job. But it is a job (sometimes more than one job) with no health insurance or one where these individuals can, and do, opt out because their employer pays so little of the cost that they do not feel they can afford it.

The press release for *Coverage Matters* tackles the mistaken notion that most people who lack health insurance are part of families in which no one works. “On the contrary,” it states, “80 percent of uninsured children and adults under age 65 live in working families. The uninsured population includes heads of families juggling several jobs to make ends meet. Families with two full-time wage earners have a one in 10 chance of lacking coverage.”

For a relatively inexpensive problem, such as stitches for a cut finger, these “private pay” patients can write a check for what the service is really worth, with no discount. But when they are admitted with something more serious—and it is likely to be more serious than average because, without insurance, they are less likely to have received preventative care or



screenings for early detection—few will have the resources to pay the real cost of their care.

Therefore, marketing that sells to a cross-section of your population is likely to be loser financially, even as it’s a winner in the conventional sweepstakes of advertising measurements. Why? Simple math. If things are going well at your hospital, you have a five percent margin. Even at this enviable level, you need 20 paying patients for every non-payer just to break even. But the ratio of insured to uninsured is only seven to one in the national population. In many places it is worse, and most hospitals have lower margins. (You can find out what your state’s uninsured population is by taking a look at the data collected by the Kaiser Foundation at their web site for state-specific information <http://www.statehealthfacts.kff.org>).

In the new reality of CEOs who demand line-item evidence of marketing effectiveness and ROI, filled beds—hard enough as they are to track to a specific marketing effort—could be quickly replaced as the metric by net revenue per patient. And top-of-mind awareness and dominating preference numbers may no longer be linked to net revenue per patient. .

If, as is likely, you are in the position of having a margin under 5 percent and an insured-to-uninsured ratio over 7:1, you need marketing that is highly targeted to a demographic that the media is not set up to identify. Finding a traditional media formula that delivers a 30- or 40-to-one ratio of insured consumers is not on the immediate horizon. Only hospitals want it. This inability of most media and communication strategies to identify and reach the essential insured consumer populations in their initial targeting may render those strategies unusable. Of course, you will still have to find ways to reach out to the growing uninsured population. Such outreach strategies may include shifting utilization from higher-cost to lower-cost settings, developing realistic payment plans and making price adjustments. But at the same time, you will need to find more effective marketing strategies that directly target insured patients.

These financial realities may already be shifting the emphasis of marketing and what comes under its banner. Some targeted marketing strategies are thriving alongside traditional marketing today.

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At St. Vincent's Hospital in Birmingham, AL, business health director Kris Boone's office is in the same suite and just three doors down from marketing director Liz More. The physical proximity is no coincidence; business health services are actually part of the marketing department, with Boone reporting to More. It is an indication of how important services to employers are in the hospital's marketing strategy. In part, this is because employers can be identified and communications can be established based on the insurance plans employers provide their employees. Boone cannot be everywhere at once, so she leverages her relationships with a program, managed by an outside firm, that identifies employers with appropriate health plans in St. Vincent's service area and that creates dialogues with both the employers and their insured employees.

The program draws the consumers into a series of experiences based on health information, using employer-endorsed print, web content and opt-in e-mails that parallel the hospital's service lines. On the employer side, key human resources and benefits contacts are cataloged into a database along with insurance plan information. This group receives regular updates of OSHA (Occupational Safety and Health Administration) regulations, safety and cost-savings tips along with hospital business health news. Each communication is tagged so St. Vincent's is the easiest next step for service or more information via a direct phone number at the end of the article. Mechanisms to send business service inquiries back to Boone allow her to respond to specific needs at an organization she is familiar with from her database, rather than spending her time cold-calling.

Strategies that focus on sales and marketing, occupational health programs and the employer marketplace can also effectively target insured populations by emphasizing a customer-

focused organization, which is often foreign to health and wellness professionals who are oriented and educated to focus more on processes and systems. Employer strategies with sales components can provide measurable outcomes. As Corporate Health Group's CEO Carolyn Merriman points out, "They can be designed to deliver results aligned with the organization's strategic initiatives." Examples include increased referrals, access to insured consumers, pulling services into employee assistance programs, rehabilitation services, wellness, education and screenings, and shifting emergency department load by using occupational health clinics for urgent care.

This enlargement or redirection of marketing has just begun. There is uncharted territory out there in relationships with insurance brokers, the often overlooked linchpin in health plan decisions for small business. As HIPAA becomes clearer, the upside of permission and privacy will emerge as we learn how to open the door for targeted customers to opt-in to personalized relationships that enhance their loyalty after they leave the hospital. And employers will grow as communication partners because they will seek to control costs through a healthier workforce, particularly if defined contribution health plans take off. If every employee suddenly has to make a set of complex choices from an expanded menu of options, employers will welcome expert assistance in how to make those choices.

The good news is that hospitals will be the natural choice to guide all these groups, and marketing will be the resource to create, sustain and continue to adapt the needed channels of communication. 

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