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## Targeting the Forgotten Customer: Hospitals Vie for Employer Dollars

by Carolyn Merriman

Spending more than half a trillion dollars annually for health coverage, U.S. employers are undoubtedly one of the most crucial customers for hospitals today. Struggling to contain skyrocketing health care costs, with premium hikes averaging 15 percent this year, businesses are eager to partner with providers that can help them decrease their expenses, increase their profits, enhance employee productivity, and bolster their competitive standing.

Market research indicates that employers today want:

- One-stop shopping.
- Easy access to care and services.
- Value-added services.
- Satisfaction with health plans.

Employers typically perceive quality to be consistent among hospitals and physicians. More than ever, they aggressively shop for partners that can help them proactively manage health care costs and get top value for their dollar. They also want long-term savings strategies and disease management programs that can give them a competitive advantage in worker retention and productivity. Finally, employers want to connect with providers that are interested and willing to work with them on both work and group health issues.

These employer expectations, which are even more challenging in a slow economy, are altering traditional thinking about occupational health services. The emerging trend is customer-focused relationship development and an inclusive package of differentiated services. Hospitals and clinics that may not have considered employer needs as a strategy in the past have an opportunity to approach business and industry in a way that says, "You and your employees are important, and we can make health care access easier and more cost-effective for you."

### **Perfect timing for target audience**

Although employers can't continue to fund health care for employees as they did in the past, they can't afford to walk away from some level of coverage for legal, retention, and recruitment reasons. As gatekeepers to a captive audience – employees and their families – employers are a viable target market for the following:

- Workers' compensation and work-related clinical services.
- Rehabilitation services.
- Wellness and screenings.
- Community education.

- Employee assistance programs.
- Behavioral health.
- Home health.
- Fitness.
- Care and/or disease management.
- Direct contracting and/or managed care.

The overall strategy for a health care organization is to develop, build, and manage a long-term relationship with employers. By positioning itself as a partner for all of the company's health care needs, including those of its covered lives, it significantly increases its chances of attracting other health care business.

### **Updating a tested model**

When health care costs rose sharply in the 1980s, some proactive health care organizations started offering an occupational health package of workers' compensation, executive physicals, and employee wellness services. It wasn't perfect, but it was a way to test the model. The providers involved in these programs found they were successful in generating new revenues for their organizations. Better yet, they realized that an extended relationship tied to group health plans led employees and their families to use services throughout the health care organization, resulting in additional referrals and hospital revenues.

However, at the same time, most hospitals embraced a decentralized service-line management and customer approach. Examination of programs nationally indicates this focus was successful in cementing fee-for-service strategies in key centers of excellence. The approach, however, fell short in meeting defined customer needs (one-stop shopping with a single point of contact, easy access, and portfolio or bundled service purchases). In much the same way, today's approach to the employer market demands a shift from a product/service focus (rehabilitation sells to either employers or physicians for referrals) to a customer focus. Attention is on an identified target audience, and a generalist sales person, who represents a portfolio of services and is sensitive to the audience's health care needs and purchasing requirements, is employed to serve this audience.

### **Outside-in thinking**

Hospitals need to think, behave, and deliver based on defined customer needs, instead of what is strategically important or convenient for the provider. Providers that can step outside the box and strategize with employers about customized solutions to address unique health care needs will develop mutually beneficial relationships and be differentiated in the marketplace.

For example, an aging baby boomer work force will present new challenges in the area of work-related injuries. As medical breakthroughs help people live longer and more productive lives, new strategies in packaging occupational health services may have special appeal to employers that want to retain employees who wish or need to continue working at an older age. In addition, boomers have long favored convenience and might be better served in non-traditional ways, such as workplace clinics or on-site urgent care. A provider with a firm understanding of those needs is well positioned to fulfill that group's delivery preferences.

Most hospitals have many elements of occupational health services already in place. It's largely a matter of listening, packaging, and delivering in a customer-focused manner.

## **Approach**

In developing a successful employer/occupational health strategy and program, hospitals will need to go through a process that includes the following steps.

***Get leadership buy-in.*** Senior management commitment to an employer strategy helps to elevate an existing occupational health program to leadership recognition and organizational value. This assists with integration, budget, staffing, and overall growth.

***Undertake an internal assessment.*** Start by assessing all hospital departments and services that would interface or contribute to the success of an employer/occupational health delivery model. These can include:

- Rehabilitation.
- Disease management.
- Prevention and screenings.
- Laboratory.
- Pharmacy.
- Radiology.
- Surgical services.
- Employee health and wellness.
- Employee assistance.
- Community education.
- Urgent care.

In this assessment, you'll want to identify operational strengths and opportunities, targeting those areas that require specific changes to increase efficiency and customer service. How well do current services meet the needs of the employer customer? Is there seamless delivery of those services? Are your offerings competitive and distinctive?

***Complete an external assessment.*** Learn where your business originates. Examine market need and revenue potential. Are there employers in the community with certain needs that aren't being met now? Analyze employer data, and sort companies by type of industry, injury classification and rate, employee size, and location. What is the competition doing? Do significant competitive barriers or existence of other market needs make the development of the service line undesirable at this time? If so, should the organization change selected occupational health service offerings to better meet specific marketplace needs? Whenever possible, use satisfaction surveys, focus groups, and other market research to ensure an accurate picture.

***Write a business plan.*** After the assessment, develop a business plan with concrete financials. Consider strategic goals. Will occupational health serve as a feeder for revenue-generating service lines or should it be self-sufficient as a program/department? Use employer-defined needs to consider the level of investment required. Is investment in on-site services an option? Will you utilize a 24/7 model, offering services at occupational health clinics and urgent care

sites? How will your emergency department be integrated into the service continuum and quality of delivery? In the plan and financials, make sure to reflect direct and indirect revenues and referral volumes as well as downstream opportunities generated from the employer relationship.

***Fill gaps to design services and the delivery model.*** As the business plan comes together, management should consider both employer and organizational needs. Are there service gaps within the organization that have to be filled? Processes that need to be changed? Provider gaps that offer opportunity and a means for differentiating services in the customer's mind? A delivery model focused on unique customer needs will differentiate the hospital in the marketplace.

***Create value-added services.*** Help employers keep abreast of Occupational Safety and Health Administration, Department of Transportation, and Americans with Disabilities Act regulations. Offering a Web-based resource for compliance with workplace rules and laws is just one example of a value-added service.

### **Model implementation**

The following provides brief insight into critical elements of implementing an employer strategy.

***Dedicate a sales staff.*** Sales is an essential component of an employer strategy. The number and type of representatives required will depend on the organization's level of commitment, scope of the targeted employer market, desired responsibilities and outcomes, and other factors.

***Develop a two-tier approach.*** One way to differentiate an organization from its competitors is to develop and implement a two-tier sales and marketing strategy. The first tier consists of employers; the second, employees and families, and in some cases, retirees. The idea is to have an ongoing relationship with both tiers. Consider a formal marketing communications plan, tying in internal communication opportunities, a coordinated health calendar, and educational and screening events. Activities should coincide or be integrated with care management, nurse triage, urgent care, and other programs and services that could also be made available to the community. The most successful plans are easy to implement, promote seamless delivery, and provide programs as value-added services, whose costs are included in the overall employer offering.

***Optimize the business relationship.*** The provider organization needs to consider how it will manage accounts and cross- or up-sell employers on new or enhanced health care solutions. Be prepared to deliver quarterly reports that demonstrate improved health outcomes and a solid return on investment.

You should also measure satisfaction from employer, patient, employee, and health plan perspectives. Use positive feedback in sales efforts, advertising and publications, and for third-party case studies and testimonials. Negative comments can help in identifying and solving problems at an early stage.

***Track and measure.*** How do employers and their covered lives access the organization? Is it through the emergency department, outpatient services, or physical and occupational therapy?

Are points of access coded and tracked by DRG, employer name, or in some other fashion? The challenge is for hospitals to fine-tune their internal systems to better capture data when employers or employees access the organization. Good information is essential to complete financial analyses that are meaningful to both the organization and its employer customers.

### **Proactive strategy**

Hospitals that take the lead in executing a customer-focused, sales-oriented strategy will generate greater employer loyalty, more patient volume, and a healthier bottom line. A differentiated product and service model that keeps costs in line and employees healthy and on the job will also help ensure a long-lasting relationship with a very important customer group.

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