

HOW DATABASE MARKETING CAN

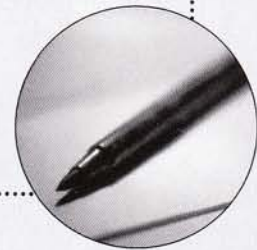
INCREASE

YOUR YEAR-END

PROFITS

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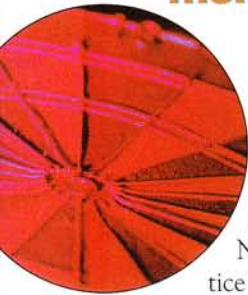
Use these cost-effective approaches to get a program up and running within a few days.



AS YOU APPROACH THE YEAR'S END, many diabetic, glaucoma and cataract patients who need your care are in good financial shape to get it. Why? Because they've already satisfied their medical deductibles, either through Medicare or private insurers.



Compared to print or television advertising, the cost of promoting your practice is nil. It costs five times more to "capture" a new patient than it does to motivate an established patient to use your services.



If you build a database management program to sort out these patients and then mail them customized letters, you can improve their level of care and enrich your year-end bottom line. Not only that, you'll build a reputation as a practice that stresses good follow-up and patient education - two attractive attributes that appeal to managed-care panels. (See "A Practice Much in Demand" below.) After all, you've probably long used the computer to store patient information, bill for exams and surgeries and send out recall notices. But do you realize that your computer — next to a caring and trained staff — can be your biggest practice builder?

Here, I'll discuss some simple, cost-effective approaches you can use to get a database management program up and running within a few days. Even if your practice is already using this type of software, you'll want to read on to make sure you're

A PRACTICE MUCH IN DEMAND

If you can sizably reduce patient use of managed care plans through education and preventive medicine, you'll find yourself courted by the most attractive managed care panels.

These panels like practices that promote wellness by (1) stressing the importance of regular eye health and vision examinations and by (2) briefing patients about the latest in ophthalmic instruments and procedures.

In most areas of the United States, managed care has entered a "Phase II" stage. All of the generally "well" populations have health care coverage. Now health maintenance organizations and preferred provider organizations are seeking to enroll patients with a history of disease. So, let's assume these prestigious panels already like your practice because it encourages a healthy lifestyle. When you demonstrate that you can also care for disease-prone individuals, your stock really goes up.

using the latest techniques that mark you as a "power" rather than "pedestrian" user.

Launching a campaign

If you intend to launch a marketing campaign to build robust year-end revenues, you have to work on strategy, timing and execution. Most of what I'm going to talk about is mapping your marketing strategy. Think of it in terms of the Four T's: target, timing, time and traffic.

■ **Target.** First, you need to carve out target audiences for this end-of-year campaign. They could be:

- ▶ Pseudophakes who've had cataract surgery on only one eye
- ▶ Medicare-age patients 65 and older
- ▶ Glaucoma or glaucoma suspects
- ▶ Diabetics
- ▶ Vision care plan patients who you haven't seen in 2 years.

■ **Timing.** Give patients enough time to respond. Aim for a three-week marketing campaign (more on this in a moment).

■ **Time.** Be sure you have enough time slots in your own schedule to accommodate the responding patients. Don't try to fit in a two-week Caribbean cruise around Thanksgiving or before Christmas.

■ **Traffic.** Don't get overly ambitious and fire off letters to five or six groups of disease-specific patients. You'll wind up overwhelmed. If you orchestrate your time and your resources, you can manage the increased patient flow — without feeling like a burned-out air traffic controller.

Moreover, you might shoot yourself in the wallet if you can't accommodate patient response. It would be cruelly ironic if you raised your patients' awareness about monitoring their health and the year-end financial advantages — but were so busy that they wound up calling another ophthalmologist.

Of course, you can take some steps to handle patient overflow. Add extra surgery days. See patients on Saturdays. Carefully monitor available appointments. Know when to say "enough already." Stop the mailings before patient demand outdistances schedule availability.

Can your staff and your computer actually generate such a database-driven abundance of patients? The answer is yes, if you manage your computer resources properly. You can always bring in a computer systems or technical support person to write a special program and walk your staff through the first few mailings. After all, your staff has already input the patient data and it's readily retrievable. (See "How to Mine Your Database" on page 76.)

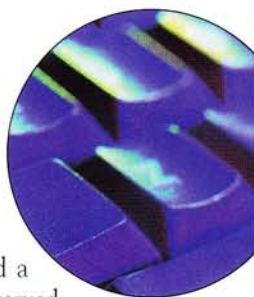
Targeting diabetics

Now let's look at a sample database marketing campaign, using diabetic patients as a target audience. As you probably know, the American Diabetes Association urges diabetics to have their eyes checked every year. Unless your recall system is

100% infallible, chances are you have diabetic patients that haven't followed your suggested schedule of care, including following diet limitations. And, given the systemic nature of the disease, the insured diabetic patient has probably seen other doctors and thus already met his or her 1997 deductible.

Your first step is to generate a list of names and addresses. Here are some typical questions (the computer techies call these "filters") that you can use when compiling this file.

1. Computer, please build a file of names and addresses of all patients with either a primary or secondary diagnosis code of diabetes (for example, International Classification of Diseases [ICD] codes of 250.00, 250.01, 362.01, 362.02).
2. Computer, please exclude all patients who have been seen in calendar year 1997 or were treated for free.
3. Now, computer, further exclude all patients who haven't been seen since 1993.



Congratulations, you've just created a list of active patients who are underserved. Have your assistant type your contact letter. Convert the file to mailing labels and sort the patients by ZIP code before printing one-up pressure-sensitive address labels.

The follow-up call

After the mailing, assign a staff person to make a follow-up call 8 to 10 business days later. A sample script would sound something like this:

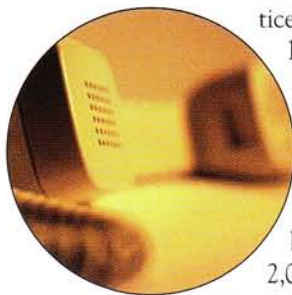
Staff: "Hello Mrs. Sunderland. This is Donna from Bestway Ophthalmology. Did you receive the doctor's letter?"

Patient: "No"/"Yes"

Staff: "Well, the doctor feels that now is a good time for you to have your eyes checked. Your diabetes can permanently damage your sight if it's not monitored. I can make that appointment for you now. Are mornings or afternoons better for you?"

I've found that results vary from practice to practice. A typical positive response is between 15% and 30%. However, some practices get as high as a 60% return, while others that don't bother with a telephone follow-up will book only 1% of the target population.

The impact on your bottom line can be extremely impressive. If 5%, or 100 of 2,000 patients you contact, schedule an appointment at your office (we're not including procedures such as laser surgery), your practice would see \$16,000 in additional billings from exam fees (an average \$160) and visual fields.



IN OR OUT OF THE OFFICE

Is it more cost-effective to contract out a mass mailing, or should your staff do it? Let's look at two approaches to mailing 2,000 letters to, say, patients with intraocular lens implants who might need laser capsulotomy to clear up an "after cataract." We'll compare a lettershop (a company that offers direct mail services) with an in-office operation. In both cases, your office has scripted the appropriate letters.

LETTERSHOP

Letters folded and inserted in envelopes, labels applied, bulk mail permit, paperwork, delivery to post office	\$ 240
Stationery with matching envelopes, Letters and envelopes printed:	\$ 395
Postage: 2,000 letters at 22.6 cents	\$ 452
Labels (practice cost)	\$ 22
TOTAL	\$1,109
COST PER LETTER	55.6¢

YOUR OFFICE STAFF

Now suppose you decide to purchase a one-year bulk mail permit, print the letters on blank stationery, and have your staff stuff, sort and bundle the 2,000 letters. Here's a cost breakdown.

One-year bulk mail permit	\$ 120
Stationery and envelopes	\$ 395
Postage: 2,000 @ 22.6 cents	\$ 452
Labels	\$ 22
Labor	\$19,534
TOTAL	\$20,523
COST PER LETTER	\$ 10.26

As you see, this estimate matches that in the "From 9 to 5" newsletter produced by Darnell Publishing, which estimates that taking staff away from regular duties to perform a manual mass mailing will cost you an average of \$10.20 per letter.

Buy mailing lists

All well and good, you say, for established practices. But suppose your practice is young, without a large patient population and database. Well then, you can supplement your files by buying mailing lists of people who fit the disease profile.

For example, you may want to see more glaucoma patients. You can build a database of patient files by purchasing a resident list from the top five zip codes in your practice area.

With that in hand, have your staff extract the names of African-American women over 35. This is a good example of a patient population to target because African Americans are at higher risk for glaucoma and women in general make most of their families' health care decisions. Instead of a letter, mail a glaucoma newsletter to these prospective patients this year and three times in 1998.

HOW TO MINE YOUR DATABASE

Your current database may be a huge repository of patient information, but it's largely "static statistics" unless you define and refine it to produce patient demographic and disease profiles. Here's where you use your computer to "massage" information.

Each entry — called a field — contains a fragment of information (e.g. refractive error, intraocular pressure reading). When you assemble various fields for a particular patient, you have a record. Once you've input all of your patient records into a relational database, you can systematically organize, update and create marketing information.

At this point, you can energize the versatility of database marketing in targeting disease-specific and age-specific patients and then in designing specific messages to promote the special strengths of your practice to these populations.

These strengths could include the caliber of your staff, the broad-scope of services you offer or the accessibility of your office. These messages can help current patients remember and explain the details of the practice's service to family, friends and other medical personnel. Mailings are also an educational reinforcement for patients who have common medical conditions or who need information on preventive care.



Setting up your operation

Although I've been talking about executing a fourth-quarter marketing scenario, you have to realize your planning effort is year-round. These are the bases you need to cover:

- ▶ Map out 12 months of database marketing activities with your administrator and your computer operator.
- ▶ Decide on the content, timing and dimensions of patient exposure in your message.
- ▶ Bring in a technical support expert who can help you execute a good plan, if needed.
- ▶ Don't frustrate yourself and your staff with mailings that your computer can't handle or can execute only with extreme difficulty.
- ▶ Publish — depending on the thrust of your practice — patient newsletters or brochures according to age, diagnosis, date of last visit and Current Procedural Terminology (CPT) codes. For instance, if you dispense, consider mailings to myopic patients who have never had a contact lens examination. You may stimulate interest in unexplored options.
- ▶ Explore your system's ability to create customized letters. Some systems have sophisticated text-merge features that can knit together:
 - the patient's name and address
 - a personal greeting
 - a paragraph about your diagnosis

- the last examination date.

Ensure that patients and family members receive some type of mail from your office five times a year. Such consistent, professionally written mailings stimulate recall, promote practice loyalty, and encourage word-of-mouth referrals.

It's not junk mail

And please don't think that unsolicited mail from a doctor is junk mail. Actually, patients typically feel flattered that you're encouraging them to schedule a year-end visit, especially one that can be financially advantageous to them. Don't forget to remind them that their insurance may be picking up most of the charges.

Depending on the thrust of your practice, you can publish patient newsletters or brochures according to age, diagnosis and CPT codes.

And add this postscript: "If you have insurance, your deductible may not carry over to 1998. When insurance isn't used, it's lost."

Using another database marketing feature, you can also track your response rates, enabling you to note which patient populations respond to which messages. You can break down responses by:

- telephone inquiries
- appointments made
- procedures performed
- revenue generated.

Stick with established patients

If you haven't already added database marketing to your practice development tactics, I strongly recommend you do so before the end of the year. Compared to print or television advertising, the cost of promoting your practice is nil. In fact, it costs five times more to "capture" a new patient than it does to motivate an established patient to use your services.

By implementing the database marketing suggestions I've discussed, you'll establish a sound, cost-effective way to add to your year-end profits. And you'll be meeting your patients' needs better as well. **OM**

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