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**About Solucient, LLC**

Solucient is the leading source of health care business intelligence. Its mission is to provide comprehensive, results-oriented information to drive business growth, manage costs, and deliver quality care. Solucient's expertise and proven solutions enable providers, payers, employers, and pharmaceutical companies to achieve results and realize value. By bridging the gap between data and information, knowledge and value, Solucient drives intelligent business decisions.

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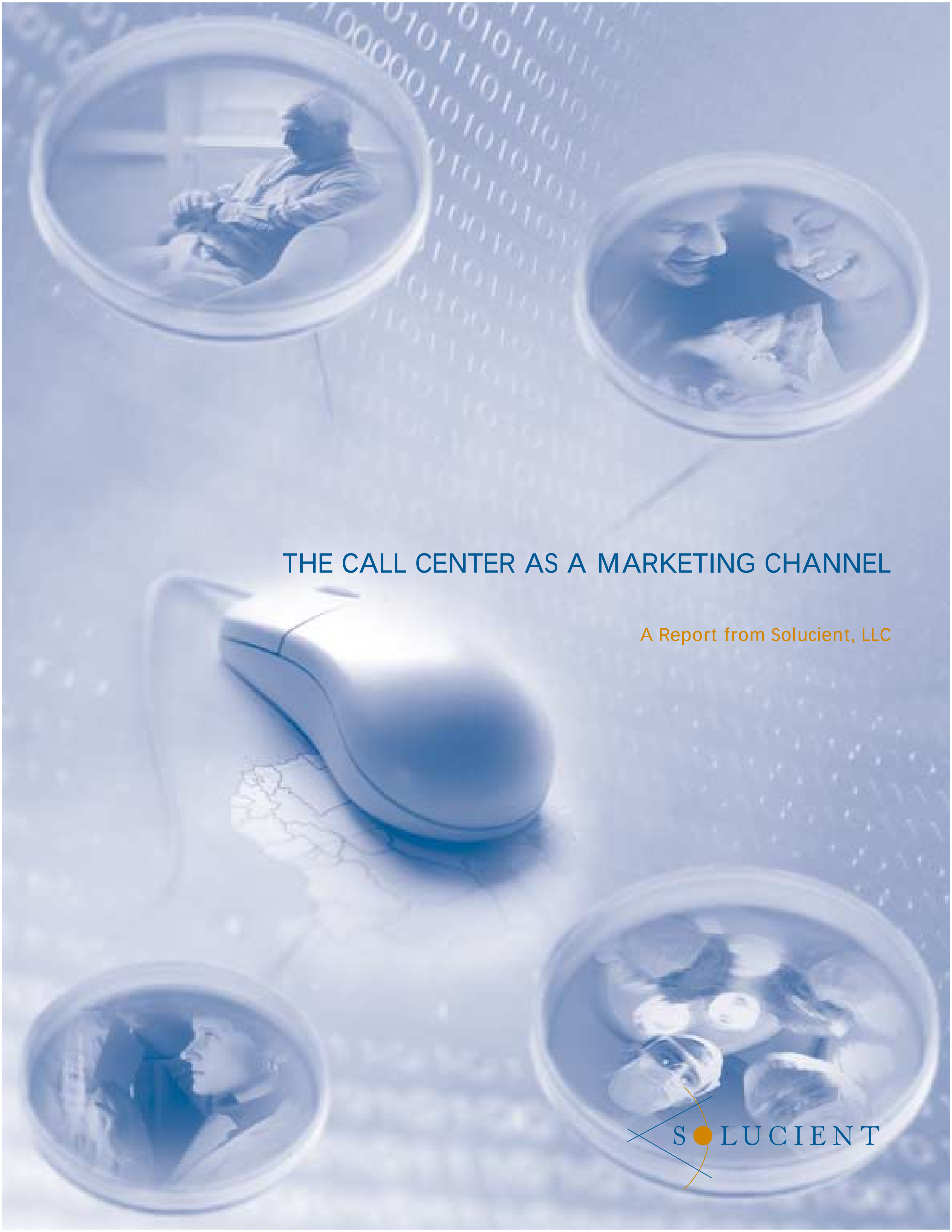

# THE CALL CENTER AS A MARKETING CHANNEL

A Report from Solucient, LLC

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*"Solucient concluded that call centers generate a return on investment of at least 3 to 1 and are an essential driver of hospital revenue, profitability, and patient loyalty."*

## Results Overview

Nearly two out of every three U.S. hospitals operate a customer call center.[1] Handling thousands of calls each day, call centers manage diverse requests—from helping consumers find a new physician to assisting them in signing up for health education classes. While there is little doubt that these services benefit hospital customers, hospital executives have long wondered if call centers represent a sound investment of technology, staff, and time, particularly during a time when many organizations are wrestling with capacity issues and face declining profit margins.

To determine whether call centers are a prudent investment, Solucient conducted an extensive review of hospital call center activity spanning four years. Results from twenty-five hospitals and 807,000 call center callers (representing 1.9 million calls) were analyzed. Each hospital's call center data was linked to its clinical transaction data and caller/patient activity was tracked longitudinally.

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### Here are some of the key findings from Solucient's study:

**1. Call centers drive revenue and profitability.**

- The average call center caller generates $13,848 in hospital charges within twelve months after calling versus $5,524 for patients overall*
- Each call represents over $4,000 in downstream charges (inpatient or outpatient charges that occur within twelve months subsequent to the call center interaction)
- Forty percent of all callers are new callers
- One in four callers contacting the call center will have an inpatient discharge or outpatient visit within the next twelve months
- The services used by call center callers mirror those used by the overall patient population, with the exception of OB services which are utilized at a rate five times higher
- The payer mix for call center callers vs. non-callers varies widely by market but in general, call center callers have more managed care coverage (HMO and PPO) and less Medicaid coverage than non-callers. Call center callers are twice as likely to be self-pay than non-callers

*Footnote: To use as much client data as possible, charges were used since not all hospitals submit reimbursement data. For most clients, actual reimbursement is between 40 and 50 percent of total charges.

*"Previous call center callers respond to marketing campaigns at a rate twice that of non-callers."*

*Marketing Implication*

While the call center is usually recognized as an important customer service function within most organizations, it should also be viewed as a powerful revenue/profit center. Each call is an opportunity to acquire a new customer or to direct an existing customer to a profitable service line.

The impression that is made during call center calls will shape the each consumer's overall opinion of your organization. How your staff interacts with callers will affect your brand as well as your bottom line.

**2. Call centers support patient loyalty**

- Sixty percent of callers are repeat callers
- Twenty percent of all hospital customers will call your call center in a given year
- Repeat callers use more hospital services than one-time callers. In general, the more often people call, the more services they consume
- The retention rate of call center callers over three years is 70 percent, compared to 46 percent for non-callers. (Retention rate was computed by taking the number of individuals who had an inpatient or outpatient encounter in 1999 and then a subsequent encounter(s) in 2000 or 2001 and dividing that number by the number of individuals who had an inpatient or outpatient encounter in 1999)
- Previous call center callers respond to marketing campaigns at a rate twice that of non-callers

*Marketing Implication*

When a patient repeatedly calls your center, he or she is demonstrating customer loyalty. These consumers are the most likely to choose your hospital when they need health care services and are predisposed to using your affiliated physicians, outpatient centers, and other care options. Providers should recognize and reward loyal customers through ongoing outbound communication, award programs, and superior service.

**3. Call centers attract customers from groups that hospitals target most often**

- Seventy-one percent of all callers are women and 74 percent of all callers are between the ages of 21-45. Women callers tend to be married and have children

*"Solucient's research findings prove that call centers deliver tangible value to health care organizations."*

- Seniors represent about 18 percent of callers, but account for one third of all downstream charges
- Call center callers have higher incomes than non-call center callers (about 25% higher)
- Call center callers are more engaged consumers. They spend more time making health care decisions; they use the Internet for health care information more than non-callers, and they ask more questions of their doctors[2]
- Call center callers see their primary care physician (PCP) more often than the overall population. Eighty percent of callers see their PCP every year, compared to 66 percent of the population overall[2]

*Marketing Implication*

Call center callers are your "best customers" and should be treated as such. These customers strongly influence the health behavior of their families, their neighbors, and their friends. 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.

## Putting Your Call Center To Work

Solucient's research findings prove that call centers deliver tangible value to health care organizations. And while most provider executives would say that they appreciate the importance of call centers in basic customer communications, few take advantage of the wealth of customer information captured during call center calls and fewer still use that information to measure and improve the return on investment (ROI) of their marketing initiatives.

The remainder of this paper will outline ways to use the call center as a strategic and tactical marketing tool and will address ways that data from the call center can improve an organization's marketing efforts.

### Putting The Call Center In Context: Customer Relationship Management (CRM)

As market share gains in the most profitable service lines have become more and more elusive, providers have begun to implement customer relationship management (CRM) initiatives to grow and retain business. CRM has many definitions, but at its core is the idea that organizations should use customer information to deliver better products, more responsive service, and more relevant information. The rewards of implementing CRM effectively include lower customer turnover, increased sales, lower transaction costs, and stronger brand equity.

Implementing a successful CRM program ultimately requires an organization to integrate information from many customer touch points into a central repository of customer information. Integrating the data streams from these touch points creates a comprehensive profile of each customer that can be used to target marketing efforts and services more effectively. Because the call center often serves as the first customer contact point for hospitals, it is a critical piece of a customer information repository and a larger CRM program.

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## Real Time Integration: An Elusive Goal

In other industries like financial services, customers can contact a call center and an operator or analyst can pull up a complete customer transaction history on a computer screen and advise an individual about service issues or new products. All transactions and caller information are maintained in real time.

Now imagine integrating your hospital call center with your clinical and financial information systems in real time. If this were the case, a call center operator could pull up the registration information and clinical history for any caller and have it available for review during the call. A call center employee could be prompted to ask a patient about her pap smear results, her child's asthma, the low score she provided on a recent patient satisfaction survey and her interest in attending a seminar on alternative medicine. In theory, this would allow the operator to have a more educated, therefore more valuable, interaction with the customer.

While this type of system is technically possible and might improve service and patient care, it remains impractical for most hospitals for several reasons. First, using the customer information effectively would require clinical expertise well beyond the scope (and cost) of the nurse triage programs that many hospital call centers provide today. Secondly, making clinical information available to call centers in real time would expose organizations to a minefield of patient privacy and other legal issues. Finally, the economic benefits to patients and providers are not yet clear. It would be hard for a hospital executive to justify a six or seven figure investment of this nature with other more pressing capital investment needs.

Still, the absence of real time integration with clinical information systems in no way diminishes the value of the call center as a marketing tool. Quite the contrary —the call center database offers a valuable source of marketing data because it contains names and addresses of thousands of customers who have demonstrated a willingness to communicate by picking up the phone. (Note: Increasingly, call centers databases are also capturing information from those who register at hospital Web sites).

Call centers are the logical place to direct people who respond to hospital marketing campaigns, and thus house valuable information on the effectiveness of those campaigns. More importantly, call center data can be integrated with clinical data on a monthly, quarterly, or annual basis to measure how callers use clinical services and to compute a marketing return on investment.

## Mining Your Call Center And Tracking Downstream Revenue

To make the best use of call center data, Solucient recommends that providers periodically review how they collect caller information. During a call, an operator should attempt to find out if the caller has called before and then either update or obtain as much information as possible on the caller's demographics, call reason, current relationship with the organization, and call outcome. Call center staff should be aware of all active marketing campaigns and should ask whether a caller is responding to a specific direct mail, mass media, Internet, or other appeal. Operators should also ask permission to send additional information to callers or to sign them up for a hospital newsletter. Most importantly, call center staff must be trained to enter information consistently and accurately over time. These relatively simple steps will enable an organization to recontact callers with relevant information and to measure incremental revenue created through marketing and call center activities.

## Tracking Downstream Revenue

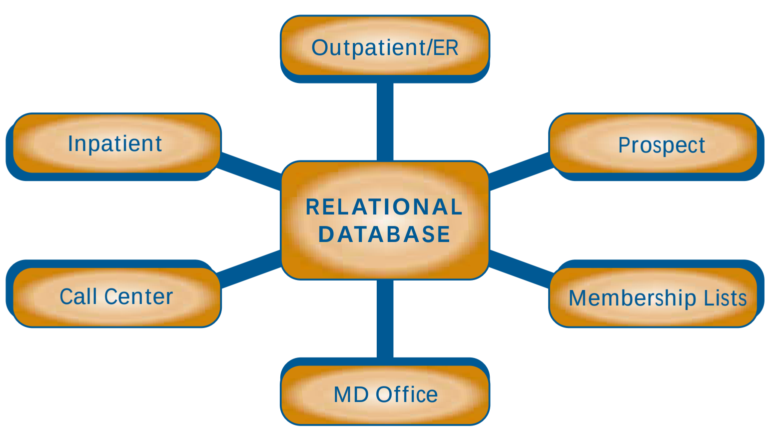
If the right information is captured during the call, tracking this incremental revenue is a matter of comparing callers against an initial campaign list and then reconciling these respondents against hospital inpatient and outpatient transactions. The first step is simple; the second is more challenging, but should be part of any marketing department's annual activities.

For example, let's say a hospital offered a heart screening through an integrated marketing campaign with direct mail, radio, and physician office components. The campaign should direct all respondents to register through the call center. Call center operators should be instructed to ask callers how they heard about the screening. After the screening is completed, a final list of respondents should be compared against an original mailing list to calculate a response rate. Respondents and non-respondents can be compared to identify geographic and demographic trends and to improve the response from future campaigns.

In order to measure the downstream revenue from the screening, the call center data must somehow be linked to the clinical channels within a health system. Integrating call center data with hospital data usually requires a relational database—one that links an individual who called the call center with the same individual who had an outpatient visit, for example. Constructing this database can be difficult because the call center data and outpatient data typically reside in different systems and rarely, if ever, share a common patient identifier. The outpatient data might use a medical record number as the patient identifier, while the call center data generates its own patient identifier number. Individuals must, therefore, be linked using a different matching algorithm, such as name and address.

The chart below illustrates the typical sources that might go into this relational database.

Fig.1: Master Customer information file (MCIF) Date Sources



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Once this database is constructed, the screening campaign's ROI can be computed by tracking the downstream revenue of these respondents. If the heart screening respondents generated $100,000 in cardiac-related profit six months after the screening and the total cost of the screening and campaign was $25,000, then the return on investment for that event is 4:1. By properly setting up a control group at the outset, hospitals can also prove that the additional revenue can be attributed to the campaign.

A control group is a subset of the targeted group that is withheld in order to measure the influence of the marketing communication. These individuals look just like the mailing group, but are different in one way—they do not receive the marketing communication. By measuring the difference in subsequent hospital activity between this group and the group that received the mailing and attended the screening, it is possible to determine if the mailing truly generated incremental downstream revenue.

Ideally, all call center-related events would have control groups associated with them to prove that the downstream revenue was a result of the event. If the targeted group had downstream revenue that was statistically significantly higher than the control group, then it could be stated with certainty that the marketing campaign had a direct impact on generating clinical business.

Solucient's research revealed that few hospitals take this critical step and are missing their best opportunity to both demonstrate the value of their call center as an entry channel into their system and to fully measure the success of their marketing campaigns.[4] This research was conducted as part of a call center survey to 1,328 planning and marketing clients across the country. *The Call Center Survey, Call Center Insights and Metrics, is a separate document and is available from Solucient.*

As previously noted, 25 percent of those who contact the call center come in for a subsequent clinical visit within the next twelve months. Sixty-three percent come in within the first three months[3]. Therefore, it is very likely that hospitals will be able to measure downstream revenue from callers. The intelligence gained from linking the call center to the clinical systems will more than justify the time and resources needed to build the relational database.

## Yearly Revenue Reconciliation Analysis

To measure downstream revenue more comprehensively, hospital marketers should perform a yearly or semi-annual revenue reconciliation analysis. This analysis measures the volume and type of calls that are coming through the call center. The analysis is aptly named because it associates and reconciles revenue with all of the activities of the call center. This includes activities such as class registration, community education, triage, and physician referral.

Establishing metrics associated with call center activities allows assessment of the success of individual classes and screenings by tying downstream revenue to them. For example, perhaps your cardiac care classes generate, on average, $150,000 in subsequent cardiac-related downstream revenue (70 percent of which is new business), while orthopedic classes generate $100,000 per class in downstream revenue and only 60 percent is new business. This valuable information

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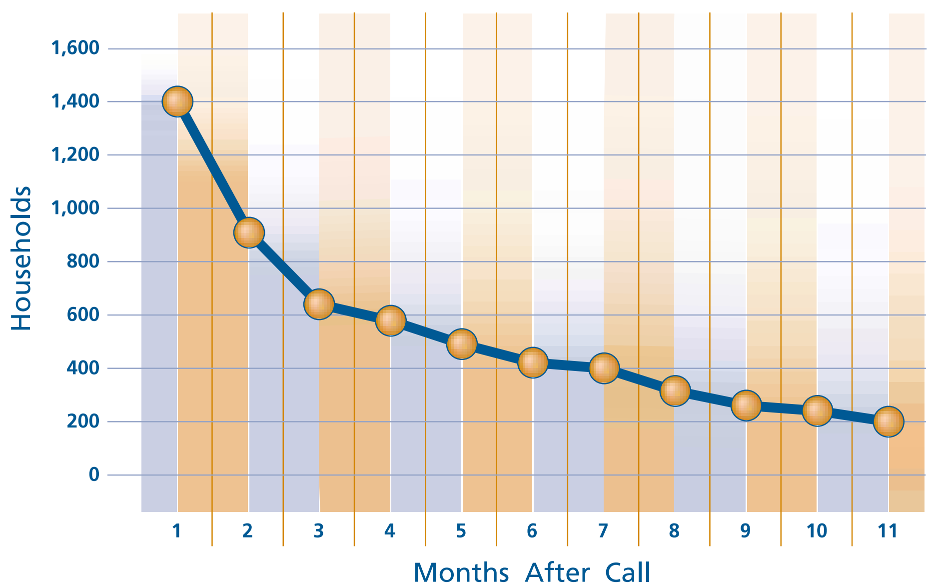
could be used to build pro formas or for resource allocation decisions.

Even without control groups, downstream revenue can be tied to call center activities to prove marketing effectiveness. Figure 2 below shows the average length of time elapsed between the time a person called the call center until he or she came in for downstream activity. Over one third of all callers who came in for a clinical encounter some time within a year after calling the call center did so within the first month.[3]

**Fig. 2: Time After Call Before Downstream Clinical Activity**

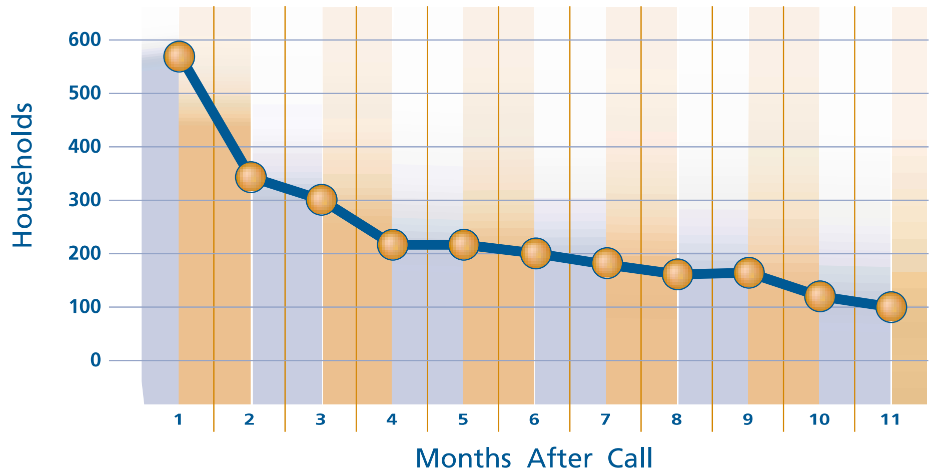



If contacting the call center had no impact on someone coming in for subsequent hospital clinical activity, one would expect this line to be flat. The fact that it slopes severely downward with 35 percent of the downstream encounters coming within the first month shows that call center use is often a precursor to clinical activity.

Not only do call center callers generally come to the hospital shortly after their call, they also have a much higher overall retention rate than non-callers. Solucient computed the retention rate of call center callers versus non-callers and found the retention rate of callers to be significantly higher than that of non-callers. (The retention rate was computed by analyzing three years of data for the 25 hospitals in the call center study. Individuals who came in for a clinical encounter in 1999 and returned for a subsequent clinical encounter in 2000 or 2001 were identified.) The retention rate of callers was 70 percent versus 46 percent for non-callers.[3]

Figure 3, on the next page, shows the average elapsed time between first contact for a physician referral through the call center and a subsequent physician office visit.

## Fig. 3: Time After Call Before Downstream Physician Office Visit




Once again, 35 percent of all callers who came in for a physician office visit some time within a year after calling the call center did so within the first month.[3]

### The Finer Points of Analysis

In order to avoid counting downstream revenue more than once, Solucient recommends that these analyses assign all of the downstream revenue to one call, even though someone may call several times for different reasons. The simplest method is to attribute all downstream revenue to the first call. For example, suppose over the last year an individual phoned the call center three times, the first time was for a physician referral, the second time was to register for a class, and the third was for more information about the orthopedic services available at the hospital. Six weeks after the last phone call, he came to your hospital for an inpatient stay. All of this downstream revenue should be associated with the first call that was for a physician referral.

One might argue that this methodology has its limitations in that not all call types receive appropriate credit for this downstream revenue. Perhaps it was not really the call for physician referral that prompted the inpatient stay, but rather the class the individual attended on hip replacement that caused him to decide to get the operation at your hospital. It is impossible to state conclusively. You are ultimately left with the choice of either arbitrarily giving all of this downstream revenue to one call type, such as the first call, or assigning the downstream revenue to every call type, resulting in an overstatement of revenue. When it comes to looking at specific classes or events, it might be worthwhile to allow overcounting to take place to be sure that each class or event receives credit for the downstream revenue.

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## Conclusion

The call center is not simply a transaction system that matches consumers with classes and physicians; it establishes, serves and describes a set of relationships that are vital to the success of a health care organization. Buried within the information that is collected every day is business intelligence that exists nowhere else. Call centers can tell CEOs what they must know in order to succeed:

- Who are my best and most loyal customers? Where do they live? What do they look like? How do they behave?
- How and why do people in my community establish relationships with my health system? What type of relationships do they want?
- Are my marketing efforts succeeding or failing? Who responds? Who does not? What is the ROI of my marketing programs?
- How much revenue do direct mail, television, radio, and the Internet drive to my organization?
- What products, services, and consumers deserve greater attention and investment?

Answering these questions through disciplined response and reconciliation analysis and reflection puts an organization on the path toward satisfying its customers and building relationships that will last over time. Failing to answer these questions renders a provider vulnerable to limited success in marketing efforts, patient attrition, and competitive intrusion.

[1] *Society for Healthcare Strategy and Marketing Development of the American Hospital Association, Marketing by the Numbers: Healthcare Marketing—Communications and Planning—Budgets, Staffing and Structure, March 2002*

[2] Solucient's HealthPlus National Survey (85,000 respondents nationwide)

[3] Analysis of inpatient, outpatient, and call center data from 25 hospitals across the country

[4] Solucient customized client call center survey, Fall 2002