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**Session # 47 PD: Health Care Unplugged: Impact
Trends... and What You Need to Do**

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Health Care 2009: Impact Trends And Action Tactics

It's time to kick off another year—strategic business plans are ready for implementation, operating budgets are in place and product fine-tuning is complete. For many, sales goals have already doubled!

Between the competitive rivalries, political change and economic volatility expected throughout 2009, it will be critical to keep a sharp eye on how strategic decisions play out. To achieve growth and profitability goals, smart marketers will have to move quickly to adjust in-market tactics based on what's working—and what's not.

Following are 10 health care impact trends to put on your strategic radar. Use them to gauge short term direction and continue to look ahead. Then, 10 actionable tactics are examined to provide a framework for measuring and, where necessary, recalculating sales and marketing priorities.

Trends to Watch

Economic Woes. *You think!* Lost jobs, foreclosures, Wall Street bailouts, record consumer credit card debt, Iraq war spending...a recession. In health care—decreasing benefits, increasing out-of-pocket obligations, health care stocks cut by half since last year, \$2.1 trillion in health care spending, 48 million people uninsured, 25 million underinsured, and unsustainable government programs (Medicare, Medicaid, Social Security). Yes, it's the economy! This will be the minefield every health care executive (and every consumer) will have to deal with throughout 2009.

Political Pressure. There's a well-

funded effort underway to pressure the nation's leaders to join a bipartisan initiative to enact comprehensive health care reform. A national advocacy coalition, *Divided We Fail*, brings together AARP, Business Roundtable, National Federation of Independent Business, and Service Employees International Union to use the influence of more than 50 million combined members to get out a message of affordable, quality health care for all Americans. While pundits say there's no money left to make health care a top domestic priority given a record budget deficit, don't be fooled. Key Congressional leaders are in active negotiations to turn President Obama's health care plan into first 100-day legislation.

Retail Medicine. More than 800 retail clinics have popped up in pharmacies, supermarkets and big box stores. Projections have these nurse-practitioner-staffed treatment centers reaching 2,500 in three years. In addition, there are 5,000 urgent care centers (staffed by physicians) and 55,000 pharmacies. Blues plans have opened retail stores in malls to sell their health insurance. The Internet has become a health care shopper's paradise, offering durable medical equipment, home testing/monitoring devices and an array of insurance policies at every price point—just a keystroke away.

Medical Travel. It started as "medical tourism"—get a face-lift in Argentina, recover with a fruit smoothie by the pool. Last year, 750,000 Americans traveled out of the country for medical treatment ranging from routine elective procedures to cardiac

and orthopedic surgeries. This is expected to double next year, and by 2018 more than 15 million consumers will make up the medical travel industry. It's estimated that this trend will take \$68 billion in revenues away from U.S. providers. With health care costs straining every employer, particularly self-funded plans, timing may be right for introducing attractive employee incentives to motivate and drive new thinking about international health care.

Medical Home. Chronic conditions account for \$3 out of every \$4 spent on health care. The ability to identify, treat and effectively manage costly chronic care is accelerating acceptance of the "medical home"—an approach to providing patient-centered primary care delivered in a way that is accessible, continuous and family-centric.

Care is coordinated across all components of a patient's health care inner circle: hospitals, specialty physicians, pharmacists, social services, home health, nursing homes and ancillary providers. This "whole person" orientation includes a vision for all life stages and treatments: acute and chronic, wellness and prevention, through end-of-life.

Biotech Innovation. Pharmaceuticals, nutraceuticals and cosmeceuticals represent \$400 billion in revenues. *Enter Genomics.* Americans can now order at-home genetic test kits to learn whether they have genes predisposed for cancer, Alzheimer's, baldness or bipolar disorder. The premise is based on personalizing consumer care, creating predictability in disease and condition management, and being proactive about prevention. The science of decoding DNA has become big business. *Are Americans ready for such a deep dive into their genetic makeup and future health status?*

Information Everywhere. With 265 million cell phones and just as many PCs, Americans are more tethered to colleagues, friends and family than ever before. Social networks such as *Facebook*, *LinkedIn* and *MySpace* are redefining "community" and eliminating geographic boundaries.

Health care counterparts include *DailyStrength*, *HealthcareScoop* and *PatientsLikeMe*. Even user-generated video content, popularized by *YouTube*, has made the

health care crossover at sites such as *ICyou* and the patient education portal *HealthiNation*.

Elsewhere, physician accessibility has opened up with 24/7/365 teleconsultation and e-advisory services. Home telemonitoring, e-prescribing and personal health records are now mainstays in the digitization of U.S. health care.

Customer Value. Whether re-engineering products, designing sales communications, or forecasting sales budgets, you can't do it without customers. Successful customer-centric enterprises have moved away from "all things to all people" strategies. They've built products and services tailored to unique needs and values of each customer niche based on demographics, psychographics and generational factors. Whether Gen X, Millennials, Boomers, GI, or Silent generations, messages must be customized and communicated in ways that mesh with each segment's preferred source of information.

Health Squeeze. "Where, when and how" medical care is delivered is changing. Health benefits and budgeting responsibilities are shifting. The number and complexity of health care choices facing today's consumer are overwhelming, and answers don't come easy. Concierge medicine, HDHP-HSA-HRA-FSA, home care, lifestyle enhancements, hospice, inter-generational care decisions—it's intimidating and confusing. *And all wrapped in massive bureaucratic red tape.*

These personal medical and financial choices leave a big unanswered question: *What do I do now?* There's a health care squeeze, and it promises to get tighter.

Health 3.0. More than 175 million people use the web to gather information and make decisions involving their health care. Three basic tenets characterize what's coming next in Health 3.0—information technology supporting content, community and commerce grounded in web-based connectivity, personalized health care delivered in clinically relevant settings, and financing mechanisms embracing customer-centric business models.

Consumers will be activated and con-

nected. They'll prepare for doctor visits, investigate diagnoses, budget expenses, sign-on for wellness programs, and comparison shop for vaccinations, medications and medical equipment.

These impact trends create a context in which to evaluate strategies and make mid-course adjustments. *Next, ten areas of focus are highlighted to help guide 2009 tactical action plans.*

Actions to Consider

Customer Segmentation. Understanding the purchasing habits and lifestyle attributes of prospects can provide an important competitive edge. Customer data mining, modeling, segmentation, response analysis and profiling are skills of tomorrow's marketers. Statistically sound, real-time consumer data can recognize and track buying patterns and help anticipate (rather than simply react to) customers' needs.

A narrowcasted view of markets will define what messages and vehicles are most effective in reaching profitable prospects—those to continue to spend marketing dollars on...and those you should not. And, with predictive and associative content targeting, segmentation transcends the web—linking prior purchase and browsing patterns with a customer's most likely preferences for future transactions.

Market Intelligence. Overtaking competitors requires an ability to evaluate their best practices, understand vulnerabilities and learn from their strategies. Competitive intelligence is an integral part of any enterprise. However, all too often gathering and analyzing this information becomes a routine exercise comparing only the most basic product and price features.

Learning from the opposition requires dissecting underlying motivations behind a competitor's leadership, brand position, operations, marketing mix and financial structure. It turns information into intelligence in preparation for going head-to-head in the marketplace.

Brand Differentiation. The ability to influence the market through a unique selling proposition that rises above the "sea of sameness" is vital for success. It will take

distinctive messaging to break through the clutter and become a rallying point for brand advocacy.

Articulate the most compelling features of products or services, then link these features to benefits for your customer. Always answering their question—*What's in it for me?*

In an environment of product parity and commoditization, differentiation will come from brands that are both credible to the customer and have competitive muscle. Ultimately, it's the ability to deliver a memorable brand experience that sets a company apart and creates loyal brand advocates.

Holistic Consumerism. The "big idea" behind consumer directed health care is increased awareness and accountability about cost and quality of health care. Rather than shielding consumers, these plans engage people directly, empowering them to take an active role in decisions around benefit dollars and medical care choices. As you ask consumers to drive up-front financial decisions and stay involved throughout care delivery, they need to be educated and prepared to make choices about services they want and their willingness to pay. Only then will holistic health care truly be consumer directed, changing behavior, improving outcomes and lowering costs.

Lifestyle Management. The statistics are alarming: 64 percent of the population is overweight or obese, 20 percent smoke, and 70 percent don't exercise enough. The billions in extra costs are staggering. As a result, employers are embracing wellness and prevention programs, many incorporating lifestyle reward programs that provide members incentives for getting (and staying) healthy.

At the other end of the care continuum is chronic disease. Eighty percent of seniors have at least one chronic condition, as do 60 percent of boomers. We're seeing rapid expansion of sophisticated care manage-

ment around select diagnosis and chronic conditions.

Technology Advances. From "cybercondriacs" to genomics and *Wikipedia* to *WebMD*, health care technology is a remarkable force. Innovations in treatment, such as implantables, polypills and bionics boggle the mind. Advances in gene-based disease detection continue to fuel the stem cell research debate. Remote wireless technology makes monitoring patient care and compliance just a click away. Benefit card technology integrating eligibility, account tracking and personal health records promises a new era of administrative efficiency and care coordination.

New Media. Communication is smaller, faster and easier. Customers are making demands about where, when and how they want information. Search engines are changing sales cycles, re-engineering customer service and redefining brands. Marketing has gone beyond traditional one-way communication to a focus on building a relationship with the digital consumer.

Enter the blogosphere and social networking. Suddenly every web-savvy customer has the ability to leverage content and provide an opinion in any debate, including rating a company's products and performance. Consumers now trust each other more than brands.

Momentum has shifted from institutions to individuals. Marketing and advertising has moved from monologue to dialogue.

Lead Generation. In über-competitive markets, growth relies on a robust new business pipeline. One of the most predictable prospecting methods is direct response, where results are immediate...leads, leads, leads!

Execution must be laser-focused and grounded in core direct response principles. Customer data must be segmented for maximum targeting. Messaging must extract an emotional response, be persuasive and have a compelling call to action. Media

must blend a range of tactics specific to your target audience. Tracking must accurately measure marketing return on investment. There is no greater sales opportunity than a qualified lead looking for answers.

Distribution Outlets. Availability of detailed customer information is making single source distribution obsolete. The opportunity to act on these information gems requires multiple sales channels to extend a company's market reach. By using data-driven marketing, companies can accelerate product awareness and establish a one-on-one customer relationship that only you control. By casting a wide net, business acquisition costs are lowered, retention increases and profitability improves.

Reverse Mentoring. Are terms like *Twitter*, *Defriend*, *Second Life*, *Wikis*, and *Hulu* familiar? Or are you so far out of the loop you can't even see the loop? Maybe you suffer from "fogeism," an adherence to old-fashioned ideas and intolerance of change.

Try reverse mentoring—the coaching of senior staff by younger people in the organization in areas such as information technology, social networking and mobile communications. For years, forward-thinking companies have used mentoring as a way to pass experience downward. Today's technology revolution often has Gen X or Y with a better grasp on the "latest and greatest" techno features than their managers. *Reverse mentoring is a way to share that knowledge—upward.*

Everyone agrees 2009 will be a challenging and, at times, uncontrolled year. Health care marketing and sales executives will be hard-pressed to meet customer acquisition and member retention expectations. Especially when competitors are working extra hard to steal your customers. By keeping a close eye on big trends impacting your business and taking a proactive, tactical approach to managing change, you can increase opportunities for success. 🌐