

Step by Step Guide to Building A Physician Referral Base

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Physicians are trained to see patients once they arrive at their office, but medical schools have omitted educating how to build a system of getting patients to come to your practice after you've completed their residencies and fellowships. This step by step guide is intended to provide the background that has led to this need and demonstrate the steps needed to build or refine their patient referral base.

Historically there have been certain changes that have occurred to our healthcare system that changed everything. Some of the well known insurance changes include Medicare and medicaid programs being signed into law in 1965 by President Lyndon B. Johnson (a) as well as the HMO Act of 1973 (b), which began housed in non-profit organizations and have morphed into a dominant for-profit operation into the 1990's. Recently, we are witnessing first hand the next transformation in the Patient Protection and Affordable Care Act (PPACA) signed into law on March 23, 2010 by President Barack Obama. These are the healthcare system changes that make the news, but what about the ones that do not?

One of the changes that has always occurred over time is that of specialization evolution. Family medicine was not a recognized speciality until 1969 and plastic surgery was not recognized until after World War I when Dr. Gillies realized a need to restore disfigured soldiers.(c) While there have been 24 member boards that comprise of the American Board of Medical Specialties since 1991, the number of sub-specialties within has grown exponentially, having 145 recognized specialities and sub-specialties in 2011 (d) (e). The fastest growing specialization in medical history has had a profound impact on the practice dynamic for medical sub-specialists. (f) That specialization is of hospital based medicine or hospitalists.

The benefits and drawbacks of hospitalist usage continues to be debated today. One clear drawback is that it has fractured the traditional referral patterns and relationships that predominantly outpatient physicians such as primary care had with predominately inpatient physicians such as surgeons. Most sub-specialists no longer interact with their primary referral sources on a weekly or monthly basis, and some never interact at all.

In the spirit of improving on healthcare delivery and medical communication, we've compiled five steps to help physicians who receive referrals from other physicians build or refine their referral base much in the same way you would treat a patient. First is the consultation to find out what is the problem. Second is the research based testing to provide for background information. Third is knowing the standards of care for treating a patient that presents with those symptoms. Fourth is weighing all the treatment options based on risk and outcomes. Fifth is performing the treatment and following the patient's recovery.

STEP 1



*Consult the patient
to know why they are seeking your expertise.*

Brainstorming is a very under-appreciated skill in privatized medical settings. The undertone is always to push through, get to the root of the problem and solve it so the next one can be addressed. The skills needed to accomplish this are polar opposites from brainstorming which often lead it to go unaddressed. However, as the bedrock for the system, it is as important as the initial consultation with the patient prior to treatment and should not be overlooked.

When you initially consult with your patient you first ask what their goal is - to be cancer free, to not have acid reflux, or to be able to walk pain free. After that goal has been established you then work backwards to address what has to happen before treatment to achieve this goal - perhaps losing weight, getting blood pressure under control, or simply medical management. In that same style we set our goals and then see what has to occur to accomplish them.

Goals should be as specific as possible. Saying that your goal is to see 20 new patients a day is fine. However, saying that you want to see 20 new cases per clinic day from patients presenting with a specific pathology from 30 new referring physicians that are located within 5 miles of your practice in the next year is even better. In the future these goals can be revamped and tweaked so don't worry about overcommitting yourself.

Good

- 20 new patients a day

Better

- 20 new patients per clinic day
- 30 new referring physicians

Best

- 20 new cases resulting per clinic day
- 30 new referring physicians within 5 miles
- With carotid stenosis
- Within 1 year

STEP 2



Order any necessary testing to gather more information on the patient's symptoms.

We have brainstormed and now have our initial goal. Now we want to apply as much knowledge to our goal from what we can gather. If you are refining your referral base to a certain pathology or are joining a group you'll have an advantage to someone who is completely new to an area. However, even if you are new and on your own, if you begin tracking this information from day one, you'll be leaps and bounds ahead of your competition.

The information that is good to know during the benchmarking step includes both operation metrics as well as market information. Operationally we want to know the breakdown by pathology on the time constraints. Secondly, will we want to look at surgery conversion rates and the metrics that lead to surgery. The market information to look at includes the average number of cases per referring physician, broken out by patient pathology and payor type, as well as the market availability and historical distance from the office for referring physicians.

After performing this exercise we can know that the average referring physician has 25 cases of carotid stenosis to send in a year, which is one fourth of their total vascular referral volume. The average case, including consultation and follow up, takes one and a half hours, which meets our capacity requirements, and we know that 60% of all referrals are appropriate surgical cases. Lastly, we'll also know that the average referral comes from within 5 miles of the office and within that space there are 200 potential referring physicians. Given the constraints we'll have to increase the number of doctors from 30 to around 135 to achieve our goal.

$$\text{Goal Equation} = 20 \text{ cases} \times 2 \text{ days} \times 50 \text{ weeks within 5 miles} = 2000 \text{ cases}$$

$$\text{Benchmark Equation} = 200 \text{ potential drs} \times 25 \text{ cases} \times .60 \text{ conversion} = 3000 \text{ cases}$$

Operational Metrics		Marketing Metrics			
Benchmarks	Time Needed Per Case by Pathology	Case Conversion Rate by Pathology	Average Number of Referral Cases	Number of Potential Referring Physicians	Distance Constraints for Referrals
	Prescreening Consult Treatment Follow Up	With or Without Prescreening and Consult Requirements	By Referral Type Pathology Payor Mix	By Distance Specialization Group Size	By Historical Average and Competition

STEP 3

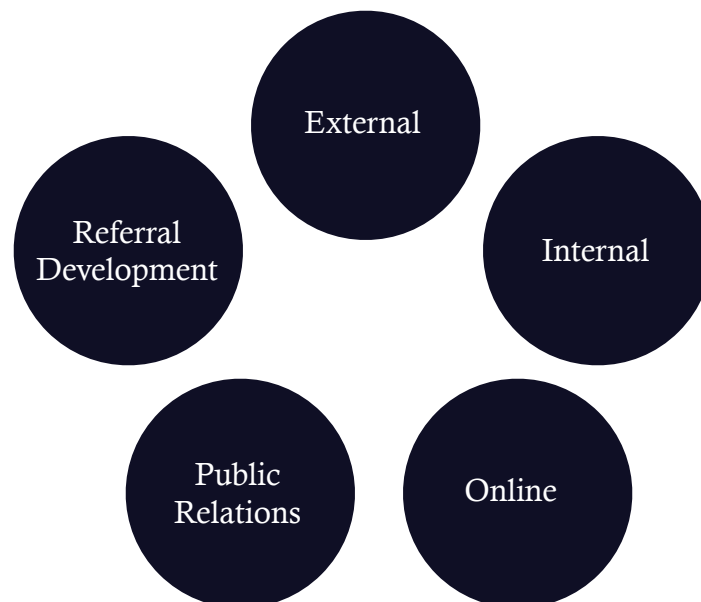


Know the standards of care for patients who present with those symptoms.

At this point we have our goal and we have the background information needed to make an educated decision. We have revamped our goals based off of our research and are ready to choose the appropriate techniques to use. We can utilize external marketing, internal marketing, online marketing, public relations, professional referral development strategies or a combination of all five.

To give a brief overview, external marketing strategies tend to be large in scale and they are geared towards strengthening your brand directly to new patients. This includes billboards, mailing information to potential patients' homes, online marketing, and magazine advertisements. Internal marketing strategies are structured around word of mouth because it utilizes and markets to your existing patient base. Online marketing encompasses promoting your website through ads, search engine optimization strategies, as well as social media usage through outlets such as Facebook and Twitter. Public relations strategies involve being a news and radio correspondent, issuing press releases regarding breakthrough cases, and addressing negative online comments left by patients while encouraging positive ones. Professional referral development strategies pull from the previous four strategies and utilize them for the sole purpose of communicating to referring physicians and their offices. It also includes doing physician lunches and dinners, having a practice representative, advertising in medical publications, and creating opportunities for referring physicians to get to know you and what you can offer their patients.

Marketing Strategies



STEP 4



Weigh all treatment options based on risk and outcomes.

Goals, benchmarks, and marketing options have now been laid out and action plans are considered. Action plans are the culmination of what we have put together under the constraints of being a value - with value defined as outcome divided by cost. The right strategies around which to develop action plans tend to be specialty as well as market specific. Here are some general points to consider about each strategy when developing your action plans.

Consider the accessibility. If you have a focus on self-pay services you are more accessible than someone who is predominately contracting with HMO's where referrals are required from a primary care physician.

Consider the diagnosing ability. If it is something that can be self diagnosed such as allergies or impotence you'll have greater success with direct to patient strategies.

Consider the cost. If your goal is to generate 100 cases that will return \$1,000 per case you may not want to spend 50% of your projected income on billboards.

Consider the investment. Professional referral development and online marketing outlets have long term investment potential where internal, external, and public relations make an impact only once.

Most Valuable Marketing Strategies by Specialty



STEP 5



*Perform the treatment
and follow the patient's recovery*

For the final step we build on the goals, benchmarks, strategies, and budget based action plans through execution. The best execution strategies involve both a structured roll out as well as a tracking report. The roll out should be predominately focused on dates while the tracking report should be focused on results. As always, more detail is preferable when listing out the individual pieces.

Sample Roll Out Report

Strategy Type	Action	Details	Owner	Date
External	Mailer	Sent to 5,000 people in the surrounding 3 zip codes	Christine	July 2011
Internal	Email Campaign	Send quarterly email with practice updates	Jim	Quarterly October 2011
Public Relations	Talk Radio	Physician on monthly Ask the Doctor radio program	Dr. Bob	Monthly June 2011
Referral Development	Office Lunches	MA to set up weekly lunches with referring offices	Jill	Weekly May 2011

Sample Tracking Report

Strategy Type	Action	Goals	Results
External	Mailer	5% inquiry, 2% consultation, 1% case conversion	273 inquired (5.5%), 92 consulted (1.8%), 34 treated (.7%)
Internal	Email Campaign	2000 email addresses and 250 patient referrals yearly	As of 12/1/11 822 Emails, 34 referrals
Public Relations	Talk Radio	Branding and to generate 40 consults per month	Consults (June, 23) (July, 38) (August, 45)
Referral Development	Office Lunches	3 new consults from 1 new referral source weekly	As of 12/1/11 14 new referrers, 29 consults

Summary and Overview

We have reviewed the five steps of defining and setting goals, tracking measurements and benchmarking, strategizing marketing approaches, generating budgets to develop action plans, and how to execute and improve based on roll out and tracking reports. The key to building any great referral base to begin, take the first step, and continuously evolve and learn from the process.



Source List:

- (a) "Overview." CMS Oral Histories. Centers for Medicare and Medicaid Services, n.d. Web. 12 Apr. 2011. <<https://www.cms.gov/History/>>.
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- (d) "Health Care USA: Understanding Its Organization and Delivery" Harry A. Sultz, Kristina M. Young, Jones & Bartlett Learning, 2010 - [Medical](#) - pgs 156-161
- (e) "Approved ABMS Member Board General and Subspecialty Certificates." American Board of Medical Specialties, n.d. Web. 12 Apr. 2011. <http://www.abms.org/who_we_help/physicians/specialties.aspx>.
- (f) "The emerging role of 'hospitalists' in the American health care system." Wachter RM, Goldman L. N Engl J Med 1996; 335:514-7. <<http://content.nejm.org/cgi/content/extract/335/7/514>>

About MD Practice Consulting, Inc.

We are more than marketers, we are healthcare executives focused on bettering the field of medical marketing. MD Practice Consulting was founded to provide assistance to physicians who are desiring growth and refinement in their medical practices through marketing, advertising, referral development and operational analysis. More than marketers, we are healthcare executives focused on bettering the field of medical marketing who recognize the need for greater business practices to be applied to medical organizations. By utilizing physician practice assessments and providing customized organizational plans that include a clear vision and a referral revenue based system, we allow physicians to concentrate on what truly matters, their patients.

Offering more than 25 years of combined experience in the health care industry, MD Practice Consulting provides their clients with expert guidance in the service areas of sales and physician representation, operations management and performance improvement, business development and strategic planning, marketing and advertising, and professional referral development. By collaborating and applying their knowledge, this exceptional team combines the business of professionalism with compassion of healthcare.

Our partners at MD Practice Consulting are here for you. Whether it be discussing a marketing concern, an operational tracking issue, professional referral development strategies, or any other potential areas of opportunities for us to work together, we are ready to help take your healthcare organization to the next level.

For a free medical practice assessment and consultation call us today at (877) 972-6372.