

# Marketing Your Radiation Oncology Center

## How to Grow Your Business

by **Alison Cherney**

The number of freestanding radiation centers continues to rise, and many institutions are evaluating which healthcare model—a hospital-based program or a freestanding facility—will provide their institution with the best “bottom line” in revenue services. (See article on page 32.) In addition to a fluctuating reimbursement climate, radiation oncology centers continue to experience the pressure of offering new and expensive technologies and treatments.

So, what can your radiation center do to survive in the current economic climate? Differentiating a radiation center from its competition is one way to help grow a program, and the first step is to create an individualized marketing strategy. While “marketing” is often confused with “selling,” marketing is actually much more complex. Developing a marketing strategy means setting the course for the business; “selling” is merely a part of the promotional strategies developed. Four key elements appear in any successful marketing plan:

- Target market
- Service line
- Distribution
- Promotion.

Once developed, the results of the marketing plan need to be recorded and shared with all staff so that everybody is aware of the focus of the “business.” Marketing strategies need to be reviewed at least yearly and adjusted where needed to make sure that growth continues.

### *Step 1—Know Your Target Market*

Start by conducting an analysis of your radiation center’s net revenue. If possible, look at the net revenue by general type of referral source (e.g., ENTs, urologists, medical oncologists, HMOs); by individual referral sources; and by reimbursement mix (e.g., Medicare, Medicaid, HMO, PPO). An analysis of net revenue over the prior two years will show where your business has been derived.

The marketing field has a saying, “80 percent of the business generally comes from 20 percent of customers.” It

has been our experience that radiation oncologists have a few large referral sources in limited medical specialty areas.

Relying on a limited number of referral sources can be risky. Take, for example, Radiation Center A, which derives 70 percent of its business from a single urologist. Radiation Center A’s business drops significantly when the referring urologist goes on vacation. And what would happen to Radiation Center A if the urologist moved his or her practice or when the physician retires?

Tying a radiation center too closely to one specialty can also be risky. Consider a stock portfolio that is solely invested in one stock. If that one stock declines, your savings could be in jeopardy. This scenario is similar to that of a radiation center that relies on only a few referral sources. The most successful radiation centers reach into all different types of medical specialties within a geographical area.

Table 1 is an analysis of Radiation Center B that was overly reliant on referrals from one specialty. During a three-year period, Radiation Center B experienced a steady rise in referrals from urologists, which was offset by a steady decline in referrals from medical oncologists. Marketing and operations staff at the center were not aware of the situation. After conducting a revenue analysis, the radiation center decided to change its referral sources and focus on four other specialties. This move was expected to bring Radiation Center B more into balance and reduce its risk.

Radiation Center B made the decision to focus on medical oncology, ENT, family practice, and surgery as new medical specialty areas. These were relatively new customers, and the radiation center needed to learn how to better service these medical specialties.

The administrator at Radiation Center B met with representatives from these specialties and asked specific questions to learn more about their particular interest in radiation oncology. The administrator found that these other specialties had different interests than the urologists the center served. For example, medical oncologists were interested in the timing of radiation oncology with their

**Table 1: A Three-Year Revenue Analysis of Radiation Center B**

Medical Specialty	2002, Percentage of Patient Mix	2003, Percentage of Patient Mix	2004, Percentage of Patient Mix	Goals for 2005, Percentage of Patient Mix
Urology	60%	65%	80%	65%
Medical Oncology	25%	15%	5%	10%
ENT	10%	10%	15%	15%
Family Practice	5%	5%	0%	5%
Surgery	0%	0%	0%	5%

chemotherapy regimens. The family practice physicians expressed an interest in referring patients once they understood the types of cases the center could accept directly.

The findings went into developing a market analysis, which serves as the basis for the center's 2005 marketing strategy. Radiation Center B set a goal to make significant shifts in its referral source patterns (see Table 1). While the center wanted the business to continue its growth pattern of 15 percent per year, the focus for 2005 is to decrease the percentage of the total net revenue generated by urology referrals and increase the percentage of the total net revenue generated by other referral source types.

### *Step 2: Develop Radiation Service Line Strategies*

Once your radiation center has defined its target customers, the next step is to develop a radiation service line strategy. The radiation oncology business has a number of large service line strategies (e.g., traditional external beam therapy, IMRT, HDR, brachytherapy). Your radiation center may decide to offer all or just a few of these services.

In addition to the major services listed above, the radiation oncology service line includes the process by which radiation therapy is delivered. In simple terms, radiation oncology is delivered in a six-step process:

1. Intake of referral
2. Insurance verification
3. Patient assessment/evaluation
4. Patient treatment plan
5. Treatment
6. Discharge from service.

Each area of the delivery process can be changed to accommodate specific types of physicians and their referral staff. When considering a service line strategy, think about how well your business's services accommodate your customers. Rather than just have patients evaluate how well the service is perceived, get regular updates from your referring physicians. This additional feedback will allow your radiation center to make any necessary adjustments to the way it delivers its services.

### *Step 3: Develop Distribution Strategies*

In its basic definition, distribution means how your services are delivered to your customers. Most radiation therapy can be delivered in a freestanding radiation oncology center; however, some treatments, such as brachytherapy, require that the service be delivered in a surgical suite.

Location is an important element of any distribution strategy. For example, is your radiation center in a good location that is easily accessible by patients? If it isn't, adding a transportation service or opening a satellite center may be a necessary part of your marketing strategy. Consider the location of the radiation center with respect to your patient demographics, the proximity of competitors, and how easy it is to access the services in your own center. Make changes to the distribution strategy where it is not competitive in your market.

### *Step 4: Promote Your Radiation Center*


Typically when a freestanding radiation center starts up, the radiation oncologists will bring in business (e.g., patients) by making contact with referral sources (e.g., other physicians) in their geographical area. This strategy generally works well until the radiation oncologists become so busy seeing and treating patients that they do not have the time to spend regularly contacting referral sources.

A busy radiation center may then consider a direct selling effort. A direct selling effort can be done in-house through a trained administrator or marketing manager who then "sells" the service to referral sources. In addition, the intake or front office staff needs to be well trained on how to answer the phone and handle referrals. These staff members can perform internal marketing through regular contacts with customers. A direct mailing effort can also be managed by an outside organization, such as a mail distribution center.

If the radiation center is located in a market with heavy managed care penetration, managed care organizations will need to be added to the center's target market strategy. Gaining managed care contracts can be a complex and time-consuming process. A radiation center can choose to train a staff member on how to generate and negotiate contracts, or the radiation center may consider using an outside oncology consulting firm.

Another promotional strategy your radiation center may use is to schedule speaking engagements for your physicians to address referring physicians, payers, and consumers (patients). It is always a good idea to have your physicians remain active and showing an interest in the community.

When a specific patient population is identified, a radiation center may choose to do direct-to-patient advertising. One caveat: consumer advertising can be costly, so consider the objectives of your campaign and then measure the results of the campaign on a regular basis. Any advertising campaign your center conducts—whether it is direct to patient marketing or a mailing to referring physicians—should have a demonstrable return on investment.

In the end, most radiation centers use a combination of the promotional strategies discussed above. 

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