



WHO'S SELLING WHO IN B2B HEALTHCARE.

A GUIDE TO UNDERSTANDING THE
ENTIRE HEALTHCARE INDUSTRY.

THIS GUIDE WILL HELP YOU:



Begin your healthcare marketing or sales career; or take it to the next level.



Better understand your company's partners, customers and competitors as well as their customers.



Position your healthcare company for sale to the right buyers.



Secure venture capital funding for your startup.



Understand the big picture around what healthcare organizations are trying to accomplish in today's changing industry.

info@activate-health.com
1-800-516-2881 x101
activate-health.com

ACTIVATE
HEALTH



A GUIDE TO EVERYTHING B2B HEALTHCARE

Most people who work for a larger healthcare company know one segment of healthcare, and they know it very well. Maybe you're a director in charge of B2B healthcare marketing at a specialty pharmacy. Or a finance manager at a Blue Cross Blue Shield plan. Your knowledge of the greater healthcare industry is usually colored by that experience—so you understand your organization inside and out, as well as that of your top competitors, your customers and partners. But what about the world beyond? If you're looking to expand your understanding of the larger healthcare industry, then this is the right place to start. That's because people like us—advertising agencies—work with clients from all walks of life, from all vertical markets. From B2B to B2C and B2P (that's business to providers, for those of you new to industry-speak), we've largely done it all. If you're looking to expand your understanding, we're in the position to give you the type of knowledge you need to advance your career, especially if that career involves marketing something to someone in the name of healthcare in its many forms.

Maybe you've just started out in the B2B healthcare marketing field, fresh out of college or transitioning from another sector altogether. In which case, you're in luck. This guide will tell you everything you need to wow your friends, colleagues and boss right out of the gate. But even if you've been around this business for decades, we bet that there's still more for you to know, because the healthcare universe often feels, well ... infinite. So without further ado, let's get started on this incredible journey.

Who's paying
the bills?

GET TO KNOW HEALTH INSURERS.

The world of health insurance is perhaps one of the most little-understood in healthcare marketing, because it combines two very complicated subjects—healthcare and finance. That being said, even marketers without an MBA can get the basics of this sector without breaking a sweat.

Basically, health insurance companies develop benefit plans through a process called underwriting (where actuaries crunch numbers to predict the future risk for an individual or group), sell plans through a process of either group or individual/Medicare marketing and then try to manage costs through the process of medical management. This generally happens through programs with not-very-original names like care management, utilization management and case management. Health insurers contract with entities like hospitals, labs, imaging centers and physician practices to form networks that are the basis for most of their products. Then they pay each entity an agreed-upon level of reimbursement for services (fee for service) unless they are in one of today's newfangled accountable care models (fee for value).

QUICK FACTS

HEALTH INSURERS

Health insurers are essentially in the business of predicting and managing risk. This process is really the foundation of everything you need to know, and what's below is extra credit.

Aliases

Health insurance companies, payers (but they generally dislike this term), payors (they also dislike this term and it's outdated), health plans (not great because it's confused with their product).

What they're selling

Most health insurance companies are selling group benefit plans (think big national corporations), small groups (big premiums) and individual Exchange plans (big government). Some insurers also sell Medicare plans to seniors like Medicare Advantage (hospital + physician benefits), Part D drug benefits or Supplement Plans ("add-on" plans that cover out-of-pocket costs).

What they're buying

Health insurers spend A LOT of money buying data analytics, proprietary software, disease management services, mobile health and generally spending what's left of your premiums, after paying healthcare claims, on the latest and greatest health technology. That's because these services can be helpful in the all-important area of managing risk.

Why they're misunderstood

Everyone wants to blame the health insurance company for all that ails our industry. But at the end of the day, they're paying some pretty hefty bills for things like expensive medical devices, new cancer drugs and lengthy hospital stays.

QUICK FACTS

Who they love

Health insurance companies used to really like the government—after all, they have been largely unregulated, are paid bonuses for taking on high-risk seniors, and have access to loads of reimbursement via Medicare. But these days some of the bad outweighs the good (see *Who they (secretly) love to hate*). On the other hand, health plans used to have more adversarial relationships with health systems, but thanks to accountable care, these entities are now trying to get along, even selling their partnerships as part of benefit plans to large employer groups.

Who they (secretly) love to hate

Pretty much every company that sends them a gigantic bill is fair game including drug manufacturers, hospitals and device manufacturers but right now, this list also includes the federal government. That's because our fearless federal leaders have put health plans through the ringer over the past decade with Obamacare stops and starts.



102 level knowledge

If you want to wow your new payer account, or get a new health insurance marketing job, learn more about Star Ratings, Medicare Risk Adjustment and Dual Eligible plans.

Who's selling
the good drugs?

LEARN ABOUT SPECIALTY PHARMACIES.

You probably understand how retail pharmacies work (that's pretty undergrad), so we won't get into that level of detail here. But in terms of the specialty pharmacy world, well now you're talking complexity. And it starts with how complex these drugs are. That's essentially what makes a specialty pharmacy special. These pharmacies dispense high-cost drugs for diseases like cancer and difficult-to-administer injectable drugs for conditions like rheumatoid arthritis (and anything that anyone with a very rare condition takes as part of their treatment regimen!) Why do specialty pharmacies exist? Pharmaceutical manufacturers and health plans may not agree on much, but they both acknowledge that at-risk patients taking these drugs do require more intensive support, like the kind offered by specialty pharmacies.

QUICK FACTS

SPECIALTY PHARMACIES

As part of their efforts to dispense complex medications and provide high-touch patient care, specialty pharmacies work with a variety of stakeholders across the healthcare continuum. If you're looking to sell anything (including yourself!) to one of these pharmacies, below are a few key points you should know.

What they sell

Generally, only the highest-cost, most complex drugs out there, including the newest Hepatitis C drugs, oral oncolytics (targeted cancer therapies), biologics for lupus, rheumatoid arthritis and other autoimmune conditions, as well as medications for fertility, HIV/AIDS and rare conditions like hemophilia.

How they add value

Specialty pharmacies have highly-trained pharmacists and support staff that understand the complexities of these medications and the conditions they treat. As a result, specialty pharmacies are often looked at as a means of providing patient support in between physician visits, especially as they work on improving a very specific driver of health outcomes—medication adherence.

Who they serve

In addition to dealing directly with patients, specialty pharmacies typically have a sales force dedicated to serving physician practices, who have the most influence in where patients fill a drug, as well as health insurers (to be included in the all-important network strategy) and drug manufacturers.

QUICK FACTS

What they buy

Like health plans, specialty pharmacies are also frequently looking for the latest in health technology including data analytics. They are especially interested in vendors that can assist them in improving medication adherence—for example mobile health devices and apps. And, of course, they purchase drugs from wholesalers and contract with drug manufacturers to be included in distribution networks.

How they win

Specialty pharmacies are competing with each other to be part of today's limited distribution networks, which allows them to be among just a handful of pharmacies able to dispense a high-cost or complex drug.



Mixing it up

Some specialty pharmacies also maintain compounding facilities for specialized drugs purchased by hospitals.

These products may include infusion therapies like those used in IVs for pain, infection control and hydration, among others.

Who's peddling
population health?

MEET HEALTHCARE SERVICES COMPANIES.

Given all of the money spent on vendor-supplied services today by organizations like health plans, health systems, pharmacies and pharmacy benefit managers, it's no wonder that there is a growing class of healthcare companies dedicated to these niches. Collectively, they are often referred to as "health services companies" but this can include wellness companies, disease management companies, claims processing organizations and even health technology firms (for the purposes of this paper, we've broken out the growing health IT sector separately). These companies have their own unique attributes, but generally they are experts at selling services related to the "triple aim" of healthcare reform: improving care delivery, reducing costs and improving patient (or member) satisfaction.

In fact, the entire area of population health is one that can be defined in a variety of different ways, but generally allows health plans and other at-risk organizations to outsource important functions that their own medical management team can't do well, or cost-effectively. For example, this may include analyzing data to stratify risk for a health plan's members or performing assessments to identify members with particular diagnoses.

QUICK FACTS

HEALTHCARE SERVICES COMPANIES

What they sell

Anything that can easily be outsourced from a major player in healthcare (insurer, hospital, etc.) which may include wellness services, population health services, claims processing, health assessments, etc.

What they buy

Outside of the general support services purchased by any company, not much. These organizations are generally the ones selling to healthcare, and not doing a lot of the buying. However, those backed by venture capital may actually be acquiring smaller healthcare organizations and looking to make it big by being acquired themselves via a large healthcare entity.

Who they love

These firms are all competing for a very small pool of lucrative contracts from some of the biggest health plans (e.g. Blue Cross and other national plans) and health systems around the country.

Who they love to hate

Anyone who gets in the way of this success, namely their direct competitors.



How they get noticed

Given their competitive environment, marketing definitely matters to these organizations. As a result, they'll be at large industry tradeshows (AHIP, etc.), and securing earned media in major industry publications (Becker's Hospital Review, Healthcare Payer News, etc.).

CONNECT WITH HEALTH TECH FIRMS.

Who's got
blockchain
on the brain?

While specialty pharmacies are relatively young when compared to many healthcare organizations, the real baby boom over the past decade has come from health technology companies. Much of this started with federal legislation—for instance, laws that dictated the exchange of health information like the HITECH Act of 2009. The reason for all this legislation is simple—health information had existed in silos (and worse yet, on paper and in faxes) for far too long. As a result, the government decided to “encourage” healthcare to get with the program.

Many aspects of healthcare reform also drove interest in new technology thanks to the requirements related to accountable care and other models for advanced clinical data sharing, risk prediction and quality tracking. This need meant big money for health tech companies able to address the disparate data sources across the industry and help organizations manage big data or volumes of information too large to process with traditional methods. Many of these efforts are made possible today through systems such as electronic medical records (EMR), health information exchange (HIE) solutions, machine learning and advanced analytics solutions. While the world of health technology is highly complex and evolving all the time, following are some must-have insights for anyone looking for a good foundation of knowledge.

QUICK FACTS

HEALTH TECHNOLOGY COMPANIES

Who they serve

There are health tech solutions for every entity across the entire industry, from health systems and health insurers to independent physician practices.

What they sell

Again, this is all over the map. Some firms specialize in data analytics and analysis—helping health insurers and health systems identify high-risk individuals and even predict future health issues. Others market EMR systems and practice management and billing software to physicians (systems that streamline the clinical and operational workflow of these practices).

What's so meaningful about Meaningful Use

All public and private healthcare providers and other eligible professionals were required to adopt and demonstrate “Meaningful Use” of EMR by 2014 in order to maintain their existing Medicaid and Medicare reimbursement. There are different levels of Meaningful Use that were rolled out over time, but basically these levels show that providers are adopting this technology and actually using it to improve care delivery—like sharing these health records securely with patients.

Get hip to HIPAA

The roots of information security in healthcare go back even further to 2006, with the Health Insurance Portability and Accountability Act or HIPAA. HIPAA's Privacy Rule describes what information is protected and how this information can be used and disclosed. It's Security Rule details who is covered by the HIPAA privacy protections and which safeguards must be in place to ensure appropriate safeguarding of protected health information (PHI).

QUICK FACTS

Learn more about machine learning

A lot of what is possible today in health technology is being accelerated by machine learning—the ability to apply algorithms that help a system learn from its mistakes and become more accurate. It is a form of artificial intelligence (AI) that reduces the amount of programming necessary for a system to complete certain tasks. This is extremely useful in the analysis of “big data” where volumes of information would overwhelm human-designed systems.

Other cool stuff

Some of today’s health tech companies are designing some really innovative technologies that technically straddle the line with biotech. For example, organizations help physicians and pharmacies track whether patients are taking their medications correctly by embedding tracking within “smart pills.” Virtual reality (VR) is also transforming healthcare, improving the training of healthcare professionals and even helping clinicians treat patients with autism, addiction disorders or chronic pain.



Health IT's next big thing

Mobile health was one of the biggest buzzwords in health technology just a few years ago. Now, a lot of that hype is taking place around blockchain, a technology that originated in the world of bitcoin, or digital currency. It's used to maintain the integrity of information, while still allowing this information to be shared.

Who's ER &
OR drive ROI?

GET IN BED WITH HEALTH SYSTEMS.

Hospitals and health systems (groups of hospitals and their care providers), represent the largest area of spending in the entire healthcare industry, making up more than one-third of this total.¹ That fact makes them a prime target for the cost control efforts of payers—both private health insurers as well as Medicare and Medicaid. As these entities look to manage rising costs, they have been laser-focused on a few key areas. These include preventing hospital readmissions, steering patients away from the emergency room for non-emergencies and promoting alternatives to in-hospital procedures through ambulatory surgery centers and outpatient clinics. All of those efforts collectively have a dramatic impact on hospital revenue, which is tightening year over year.

Some health systems are looking at innovative ways to overcome these reimbursement obstacles, by collaborating with insurers or even attempting to beat them at their own game. First and foremost, accountable care means more collaboration between hospitals and insurers, as well as the potential for health systems to earn additional revenue if outcomes and quality metrics are achieved. Some large health systems have even entered into the health insurance game directly, forming integrated delivery systems. These organizations offer and market insurance products featuring the health system's own hospitals and physicians as part of the benefit plan's network.

QUICK FACTS

HOSPITALS & HEALTH SYSTEMS

What they sell

Health system revenue comes from a variety of sources including inpatient stays, ER utilization and increasingly, outpatient procedures and physician office visits. But overall, surgeries are big business for these entities and certain clinical specialties, like cardiology, tend to be much more profitable than others.

How they get paid

Beyond traditional “fee for volume” reimbursement, most hospitals also participate in a variety of distinct programs with health insurers. These include everything from formal accountable care initiatives to bundled payments. The latter involves grouping the billing of multiple services for a particular health issue together and then charging a consolidated fee.

What keeps them up at night

Medical errors are a huge area of “low hanging fruit” that can help reduce healthcare costs overall. But for hospitals, these errors also lead to sky-high malpractice and legal costs. Many organizations are now instituting official programs designed to reduce errors and improve safety, which often involve developing new processes and technology that aim to improve communication and collaboration between care providers.

What *also* keeps them up at night

For all payers, prevention of hospital readmissions is top of mind. Most are using a stick and not a carrot, penalizing hospitals that aren't taking steps to reduce these avoidable health events. As a result, hospitals are putting all types of measures in place to promote better transitions of care. This might include improving communication with the patient's own physician, ensuring patients understand discharge instructions and supporting high-risk individuals likely to return to the hospital.

QUICK FACTS

Why they want to keep patients happy

While it sounds like an altruistic mission, there is more to the patient satisfaction trend than what meets the eye. Hospitals are instituting patient satisfaction programs in large part because payers like Medicare are forcing the issue. For example, Medicare has instituted a survey called the Hospital Consumer Assessment of Healthcare Providers and Service (HCAHPS) into its inpatient prospective payment system.

How they win

As consolidation increases across this sector, a few large health systems are becoming the giants of the industry. For example, Catholic Health Initiatives (the fifth largest health system nationwide) generated \$13.9 billion in revenue in 2013 and is #202 on the Fortune 500 list, making it larger than CBS, Campbell Soup and even VISA!²



Health systems are big business

As health systems look for ways to improve revenue and reimbursement, growth and consolidation has also become big business...literally. Mergers and acquisitions among health systems and hospitals are happening all over the nation.

1. <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf>

2. <https://www.compassphs.com/blog/healthcare-trends/healthcare-fast-facts-top-30-largest-hospital-systems-in-america/>



WHERE TO GO FROM HERE.

Hopefully this guide has given you enough knowledge to be dangerous in the world of healthcare marketing—helping you prepare for interviews, better understand your customers or prepare to enter new markets. To take your organization’s B2B healthcare marketing to the next level, you’ll want to turn to an agency with decades of experience in this space, one that gives you access to individuals with highly specific knowledge of every niche in healthcare.

That’s where Activate Health comes in. We’ve assembled a team of marketing leaders from across the industry including former CMOs, CEOs, in-house creative directors, digital marketing specialists and content marketing gurus. From the latest in virtual reality tools to tried-and-true branding strategies, we’ll help you deliver the kind of results that get noticed at all levels of your organization.

Get started by contacting us today at info@activate-health.com

ACTIVATE
HEALTH