

White Paper

# Business Process Outsourcing: Maximizing the Value of Your Medical Contact Center



## Introduction

Hospitals today are learning that their contact centers are a cost-effective way to increase customer loyalty and boost patient revenue. Yet few healthcare facilities have the skills and tools required to maximize the value of their internally operated contact centers, and most are reluctant to invest in maintaining infrastructure they see as outside of their core business of delivering healthcare. Alternatively, many facilities view the contact center as a specialty service that should be outsourced along with dietary, pharmacy, and clinical support. Industry consultants say that because outsourcers handle such a large volume of calls, they can afford to scale their operations by investing in the technology, staffing, and call analysis that few internal centers can justify. The cost efficiencies of outsourcing can enable a hospital to offer the call center services that can boost it to market-leader status. This paper highlights the importance of methodically analyzing the costs and opportunities related to outsourcing call center services compared to in-house solutions.

## Contact centers deliver value

Changes in market conditions mean that healthcare facilities must continually reevaluate how they connect with their communities. In the late '90s, hospitals believed that managed care drove patients to the facility and reduced their reliance on contact centers and other marketing services. "Today, we realize that patients are coming to facilities because of consumer preference," says Russell Coile, senior strategist at Health Solutions & Strategies Inc., and editor of the monthly newsletter, Russ Coile's Health Trends. "And the drive for consumer-driven demand needs to be marketed via the contact center."

In a 2002 study<sup>1</sup>, healthcare intelligence firm Solucient LLC measured the value of medical contact centers. Data gathered from 25 hospitals during a four-year period indicated four key results. Call centers:

- Drive revenue and profitability.
- Build patient loyalty.
- Attract customers from the hospitals' target markets.
- Support Customer Relationship Management (CRM) initiatives.

In fact, Solucient found that call centers deliver a 3:1 return on investment when used strategically throughout the organization. Yet, many facilities relegate their contact centers to the sidelines. "For most hospitals, the contact center is an afterthought—it doesn't make it to the top of the priority list," says Bill Woodson, director of marketing products for Solucient. "Hospitals need to realize that the contact center can be a huge and powerful way to interact with the community and to bring patients in the door. It is a primary touch point for a hospital."

<sup>1</sup> "The Call Center as a Marketing Channel." Solucient LLC, 2003.



## What a contact center can – and should – be

The goal is for healthcare facilities to stop evaluating the contact center solely on costs, and start envisioning and measuring its ability to be a market differentiator and revenue generator. “If there are two hospitals in town, only one can be number one,” says Coile. “A contact center can be one of the strategic differences that pushes a hospital into the preferred position.”

Up-selling and cross-selling are among the benefits that few internally managed medical contact centers maximize. Hospitals can significantly increase patient loyalty and boost revenues by following the lead of their business-to-business (B-to-B) and business-to-consumer (B-to-C) counterparts. “There are certain up-selling and marketing skills that hospitals aren’t good at, but outsourcers are,” says Matt Stremel, national practice leader for customer service and support at solutions consulting firm, WHITTMANHART. “Outsourcers are more able to recognize a consumer ‘buying signal’ and maximize it to make a referral.”

For example, when patients call to schedule a test or make an appointment, the contact center can recommend a series of awareness seminars or other hospital-sponsored classes linked to the patient’s diagnosis. The contact center can also boost acceptance for ancillary services when nurses scheduling an appointment recommend the patient ask the doctor about certain tests and diagnostic procedures. “By the time the patient sees the doctor, the relationship is accelerated, and the patient is more willing to give the tests a try,” says Coile.

### Understanding Contact Center Objectives

Most hospitals offer basic contact center services such as clinical triage and patient referral during limited hours. Yet, healthcare consultants agree that boosting both services and hours of operation enable hospitals to increase patient satisfaction and increase their competitive positioning. Rating the following objectives can help you prioritize goals and determine if you need outsourcing assistance:

(0 = low interest 5 = extremely high interest)

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**Reduce overall costs :**

1 2 3 4 5

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**Boost revenues:**

1 2 3 4 5

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**Increase up-selling/cross-selling opportunities:**

1 2 3 4 5

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**Increase patient base:**

1 2 3 4 5

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**Increase patient loyalty:**

1 2 3 4 5

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**Promote centers of excellence:**

1 2 3 4 5

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**Improve service levels/caller satisfaction:**

1 2 3 4 5

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**Differentiate hospital from other local facilities:**

1 2 3 4 5

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**Offer after-hours/24-7 service:**

1 2 3 4 5

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**Circumvent nursing/labor shortage issues:**

1 2 3 4 5

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**Offer web/Internet-based services:**

1 2 3 4 5

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**Combine clinical and non-clinical centers:**

1 2 3 4 5

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**Consolidate number of call centers:**

1 2 3 4 5

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**Eliminate challenges of training, technology update:**

1 2 3 4 5

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**Initiate phone bank “call to action”:**

1 2 3 4 5



A contact center can use its web site to build relationships with consumers who already use the Internet to research diseases, conditions, and treatment options. A healthcare facility can populate its web page with detailed information about its centers of excellence, medical team, and treatment options, while also providing a way to personalize the relationship. “Every web page should have a button that says ‘I would like to talk to a person about this problem’,” says Coile. “And that button should be linked to the contact center.”

## Internal centers cannot achieve efficiencies of scale

While adding these features intrigues many hospitals, few internal centers generate enough call volume to justify additional investments in hiring and training staff and continually updating computer infrastructure that optimize operations. As a result, in-house centers cannot meet the response times, agent utilization, and profitability achieved by large-call-volume outsourcers.

Managing human resources is extremely challenging for clinical call centers, particularly with the nationwide nursing shortage reaching near-crisis levels. “Staffing a contact center, training, and retaining employees is a big pain in the neck,” says Woodson. Contact centers with more staff and higher call volumes are able to scale to more easily meet other service-level goals, such as answering patient calls quicker. Industry estimates indicate that callers to smaller centers wait longer than those to large-volume centers. It’s also more difficult to achieve effective agent utilization at small centers, with peaks resulting in longer hold times and with valleys resulting in more idle agents than at larger centers.

### Scale in action

*It is true that the faster a call is answered the happier the patient is, but customer satisfaction, based in part on the Average Speed of Answer (ASA), comes at a price. As the following table indicates, larger centers have the advantage of scale and need proportionately fewer agents to answer calls quicker and with less agent down time, measured as “occupancy.”*

Staffing Requirements	Call Volume	Average handle time (seconds)	Average speed to answer (in seconds)	Occupancy Rate
119	575	340	7.8	91%
65	300	340	8.2	87%
45	200	340	8.6	84%
18	70	340	11.1	73%
8	25	340	13.4	59%

Source: Tim Montgomery, Incoming Call Center Management Institute



Advances in technology and software now enable call centers to track call-level metrics that are invaluable in measuring a contact center's return on investment. Reporting capabilities that allow hospitals to track downstream revenues, referral rates, redirection data, and patient satisfaction levels are expensive propositions for an in-house center and can be perceived as non-core investments. "Hospital culture generally doesn't embrace the technology required to run a call center," says Stremel.

Hospital budgeting processes also tend to create fragmented silos of services, making it difficult for internal centers to take advantage of the cost savings and efficiencies of consolidating call center operations across clinical and non-clinical activities.

## Why outsourcing works

Outsourcing works because larger centers can scale their operations to overcome the challenges faced by smaller, internal centers. Hospitals can benefit from outsourcers' focused expertise to gain operational efficiencies, increase cost savings, and expand service offerings. There are a host of reasons why outsourcing the medical contact center makes sense:

■ **Outsourcing eliminates staffing burdens.** Outsourcers have expertise in managing the most difficult and expensive element of the call center—staffing. Some outsource providers have multiple centers which allow them to manage fluctuations in call volume that would require unreasonable staffing levels for an internal call center. They also can insure that appropriate people answer each call. "A large-scale outsourcer can efficiently arrange a tier-one, tier-two model where patients have access to a nurse practitioner without paying to have them answer every call," says Stremel. "That is something that a hospital can't do with any sort of efficiency."

More importantly, outsourcers have an edge in recruitment because they can offer very attractive scheduling options to referral specialists and nurses. "If you can tap into nurses' schedules, and offer them 20 to 30 hours a week answering calls from their own homes, that is a good benefit to the nurse, to the hospital, and to the patient," says Stremel. Teleworking also boosts the contact center's efficiency—an AT&T survey found that teleworkers gained an extra hour of productive time each day by avoiding commuting.

■ **Outsourcing frees up space.** With every square inch of hospital space in demand for clinical facilities, maintaining an internal contact center can be an inappropriate use of space. It's difficult for in-house centers to use their workspace efficiently. According to the International Telework Assoc. and Council, up to 70 percent of all office space is unoccupied during normal working hours. In a healthcare facility, underutilized contact center space is particularly wasteful.

■ **Outsourcers are better at finding efficiencies that lower costs.** Many hospitals have multiple call centers to handle physician referrals, class registration, triage, outpatient procedure scheduling, and administrative calls. While each center



## Evaluating Outsourcing: Steps to Take

Many factors can complicate the decision whether to maintain your medical contact center with an internal team or to outsource it to a contact center specialist. According to Matt Stremel of WHITTMANHART, the most effective way to sort out the issues is to follow these two steps:

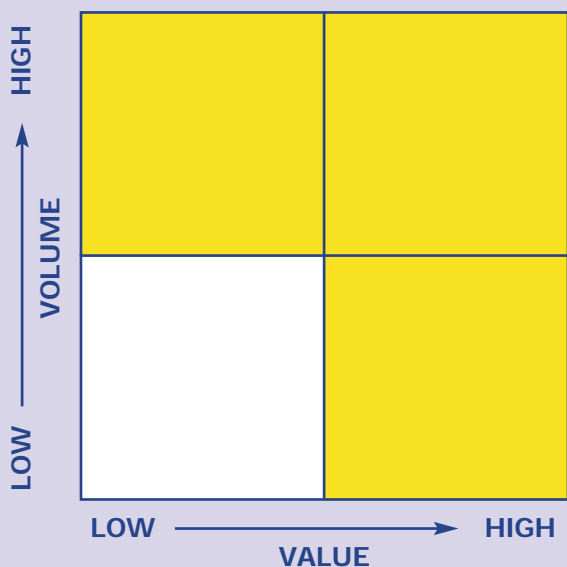
**1. Find out who is calling you and why.** While this step seems intuitive, many hospitals don't always count all of the calls they actually receive, instead measuring only traditional calls such as clinical triage and class registration. "There are a ton of other call center functions that people don't always think of when they evaluate their facilities," says Stremel. The safest bet? Get a list of every telephone number published by the hospital, and track the calls received, from the emergency room, to the radiology department, to the patient information desk. Figure out how many calls come in, by whom, and for what reason.

**2. Rank existing calls on a volume/value axis to find the outsourcing "sweet spot."** Volume of incoming calls is one of the measures most widely used by contact centers considering outsourcing—generally speaking, the more calls a facility receives, the more economies of scale an outsourcer can deliver. But call value is an important factor that centers need to measure. Pairing the two together on one graph can help a hospital more easily determine if outsourcing is an option.

"Measure volume of calls on one axis and the perceived value of the calls on the other," says Stremel, including factors such as the ability to build loyalty, to drive future business, to build relationships, and increase competitive positioning. If the volume or value is low, it may not make sense to outsource. But if volume is increasing, a strong outsource provider can provide a more cost-effective solution. When call value is high, "it makes more and more sense to let a professional firm whose competencies are in call center delivery to take them on," says Stremel. "The outsource vendor can help the hospital build on other opportunities like cross-selling and relationship building."

Calls that fall in the three outermost quadrants of the grid are good candidates for outsourcing, says Stremel. There are enough calls to take advantage of the efficiencies of an outsource provider to insure cost savings, and they provide enough value to the hospital to justify the dollars spent.

### Volume vs. Value



*By measuring the volume of calls with their perceived value, a hospital can more effectively determine if outsourcing is a wise choice. Calls that fall in the yellow grids represent high volume, high value, or a combination of the two, which makes them good candidates for outsourcing.*



views its procedures as distinct and unique, the types of questions that consumers need answered by the call centers and the caller communities often are remarkably similar.

“That is the piece that the hospital often misses—they focus on the medical differences, but don’t realize that the desired outcome from the call and the audience for the call is the same,” says Stremel. Professional outsourcing firms have expertise in focusing on the “use case” of each call, which opens up opportunities for consolidation and resulting cost savings.

The same concept applies for expanding services to the web. Outsourcers can repurpose the information and processes used for phone interactions and cost-effectively deliver it to the web. In addition, they provide the staff and technology required to keep it up-to-date.

■ **Outsourcers can partner with internal centers.** Many hospitals perceive that an external call center can’t understand their service offerings better than their own team, and are therefore reluctant to give up their internal call centers. “The concept that no outsourcer can deliver knowledge as effectively as a local team is simply not true. There just aren’t that many variables from market to market,” says Stremel.

When local control is important, internal call centers can partner with an outsourcer to share the operational burdens and expand service offerings. For example, hospitals can rely on outsourcers to help manage heavy call volumes and handle overnight and weekend coverage or introduce a new service that requires specific skills or operational processes. By working together, many hospitals quickly grow to trust the quality and value of the outsourcing firm.

■ **Outsourcers can invest in technology.** Professional outsourcing firms can justify keeping pace with technological innovations because they are investing for high volumes of calls from multiple facilities. They hire IT experts to support the technology around the clock to insure the security and reliability of the computing infrastructure.

Professional firms can afford software that provides detailed metrics on every call, from call length to outcomes and results. This data provides hard numbers on revenue generated by patient referrals that lead to inpatient admissions as well as costs avoided by inappropriate ER visits, for example. Outsource firms also invest in Quality Assurance programs to insure patient calls are handled appropriately. “Doing all of this is literally too expensive for one hospital to do on its own,” says Coile.

## Maximizing value

The best call centers perform well because they hire capable, customer-friendly people to put on the phone, and offer them extensive, ongoing training. They invest in state-of-the-art software and computer systems that deliver client-specific, updated information to those who answer calls. And they track service-level metrics that keep them focused on results such as boosting patient referrals,



reducing unnecessary ER visits, and expanding the hospital's reputation within the community. "If a call center can do all of these things, there is no question as to whether or not it will pay for itself," says Coile. "But the economics of delivering this type of program have gotten more expensive. You can afford to offer more services when you outsource."

Outsourcers are in an excellent position to offer leading-edge services to hospitals at a competitive price. They bring the mindset required to look for ongoing value, not only to find efficiencies, but also to maximize up-selling and revenue-generating opportunities. Finally, outsourcing the contact center removes the burden of staff hiring, training, and retaining from hospitals, and enables the hospital to focus on healthcare delivery. For many facilities, outsourcing is the right choice to maximize contact center value and lead them to the preferred position in the community.

### **About IntelliCare**

IntelliCare, Inc. provides services and technology for intelligent patient and provider healthcare communications. Founded in 1997 in Portland, Maine, the company provides telephone triage, health information, and marketing services to physician groups, health systems, health plans, employer groups, student health centers, and clinical service providers such as disease management companies. IntelliCare is a wholly owned subsidiary of Medco Health Solutions (NYSE: MHS), a leading pharmacy benefit manager (PBM), with the nation's largest mail order pharmacy operations.

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