Creating an Income Annuity With A Physician Marketing Program – "By The Numbers".

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There are approximately 260,000 primary care physicians in the USA, who influence 19.0 percent of the gross domestic product which amounts to approximately $2.7 trillion dollars spent per year on health care.[1]

Each busy primary care physician has approximately 2000 patients in his/her practice. Based upon a review of NIH data, published by Johns Hopkins University ENT Department, F. Lin M.D et al [2] estimate that almost 20.1% of Americans age 12 years and over, (48 million) can not pass a 25 db hearing screening in their worse ear using the World Health Organisations standard hearing screening regimen. This hearing loss is severe enough to interfere with daily communication.

Should a hearing healthcare provider establish a defined market of primary care doctors within a five to ten mile radius from his/her practice, say 50 physicians, with 2000 patients per practice, the target market is actually 100,000 patients, of whom 20.1 % have a potentially treatable hearing loss. That amounts to 20,000 patients. Approximately 20 - 25 % have already been treated for hearing loss[3], so 15,000 patients remain for hearing health care specialists to find mutually beneficial ways to partner with the physicians in the comprehensive care of their patients.

Of those 15,000 patients, approximately 15% will be under the age of 12 years of age. This is important to note because Y. Agrawal M.D. et al Johns Hopkins University ENT Department recommends that hearing testing should take place annually for at-risk patient populations from young adulthood onwards. Our target market is now reset to 12,750 patients who will test for loss for every 50 busy primary care physicians.

The next question for physician marketers is which are the patients in high risk categories? Are they easily identifiable? Will the medical professionals listen to my messages without labeling me a “hearing aid salesman”? How can I help these patients access the care they so obviously need? Is this an underserved market, and will I be rewarded for investing my

time and resources in trying to add new patients to my practice with “physician outreach marketing” strategies?

Historically, marketing research[8], and testimonials from hearing health care specalists, support the conclusion that the risk is worth taking, and that you will be adequately rewarded.

Pharmaceutical and audiology industry marketing research shows it takes 5 – 6 calls on a physician to generate a prescription for a new drug, and market research shows it takes the same number of calls to generate a new patient referral for an audiologic evaluation. The number of calls required decreases over time as the relationship of like, respect, and trust evolves.[1]

Currently, the average audiology clinic in the USA generates $400,000.00 - $500,000.00 per year in annual revenue, of which 15% ($60,000 pa) is derived from patients who have been referred by a physician. If one could double this percentage, which is quite attainable based upon valid benchmark studies, and current marketing experience, then total revenue from physicians could be $120,000 pa, of which $60,000 could be new income.

To equal this ROI, you would need to have $1,000,000 invested in the stock market with an annual return of 12%. For those of you who are not high-risk investors, this may not even be

attainable, assuming of course that you have a discretionary one million dollars to give to your stockbroker.

Let's revisit the 12,750 patients who will test with loss, and presume that all are referred to a hearing health care specialist. We will project that the average number of TWL referrals to obtain a binaural fitting is 3, then there are 4,250 patients who will purchase a set of aids. At an average of $5000.00 per set, the total dollar value of the attainable target market is $2,125,000.00.

Again, we must ask the question, "which are those patient types that are in a high-risk category over the age of 12 years, and who should be tested?"

The answer lies with those patients with the presence of co-existing conditions or co-morbidities that contribute to the cause of, and increased incidence of, hearing loss.

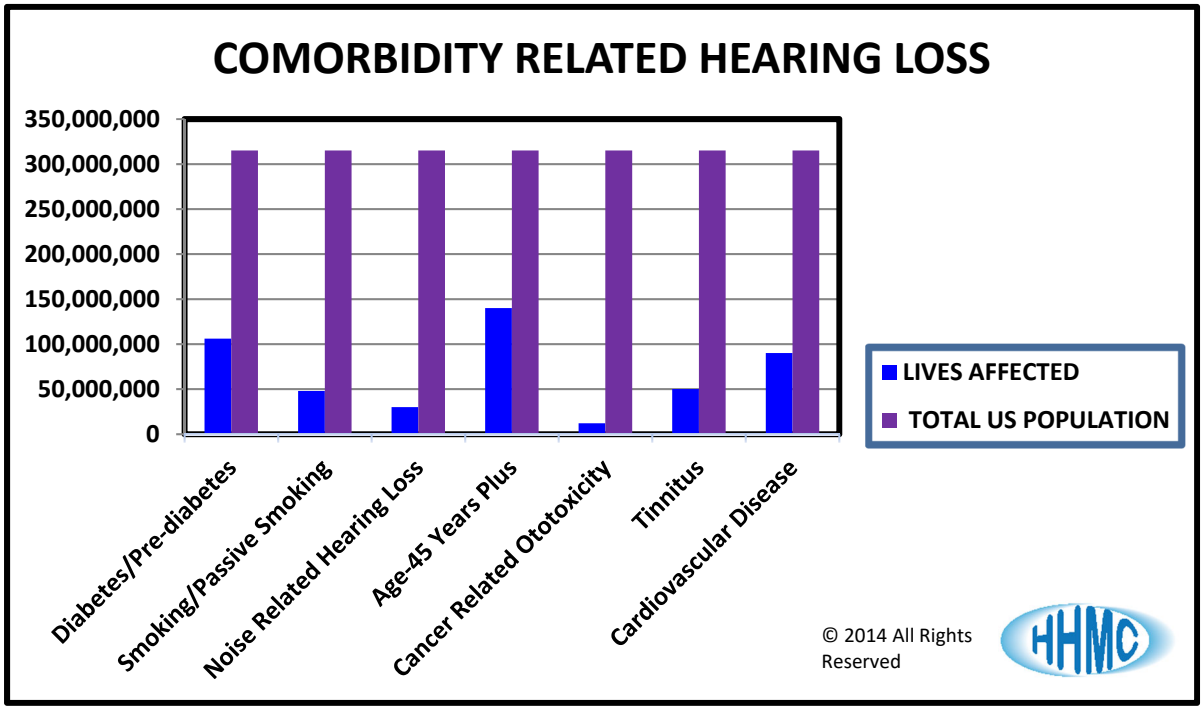
By the numbers they are:

- 129,000,000 people in the USA who are either Type 2 diabetic, (twice the incidence) or pre-diabetic (30 % increase in the incidence) or Type 1 diabetic, who have up to two times the incidence of hearing loss versus those who do not have diabetes, pre-diabetes, or Type 1 diabetes.[4]

- 48,000,000 Americans smoke cigarettes. Smokers have two times the incidence of hearing loss versus non-smokers, and second-hand smokers have a 1.7 times the incidence of hearing loss versus non second-hand smokers.[6]
- 30,000,000 of the U.S. working population are exposed to on-the-job toxic noise levels above the OSHA standard of 85 decibels every single day.[9]
- 140,000,000 Americans are above the age of 45 years of age, with 10,000 per day turning 65 every day. Over 30% of the plus 65 group have a treatable loss, and this number increases with advancing age.[7]
- 12,000,000 people in the U.S. currently have cancer, and over 50 percent will be treated with chemotherapy which may include cisplatin based derivative chemotherapeutic drugs, and almost 100 percent will suffer high frequency hearing loss post cessation of chemotherapy.[4]
- 50,000,000 – 60,000,000 people suffer from tinnitus, and approximately 97 percent have concomitant hearing loss.[3]
- 80,000,000 suffer from cardiovascular disease and it's many complications that include patients who have three times the incidence of hearing loss versus the patient who does not have cardiovascular disease. Hypertension,(a sub-category of cardiovascular disease) now the most prevalent treatable chronic disease in the United States

and the world, and is indeed a proven independent risk factor for hearing loss.[5]

Lets look at the numbers[4]:



How long should I market my practice, my services, myself, and my staff in the attempt to add new patients to my practice through physician marketing. If you were a pharmaceutical company, the answer is: “for the remaining patent life of the drug after FDA approval to market it.”

For an audiology clinic and a hearing healthcare specialist’s practice the answer is: “for the ownership life of your clinic/practice.”

How soon will the physicians who are my marketing priority respond to my disease state marketing strategies, that are centered around an “educate to obligate” physician outreach marketing program?[1]

Everett Rogers Technology Adoption Lifecycle model

In the United States, The pharmaceutical industry’s experience, when marketing new medications that are approved by the FDA for introduction to physicians so that they will write prescriptions for the new drugs, closely follows this bell curve.[1]

Physician outreach marketing programs initiated by the audiology industry in the United States, and validated by BHI MarketTrak data, hearing aid manufacturer-sponsored benchmark studies, and Hearing Healthcare Marketing Company marketing trial data, verify the identical experience in generating new patient referrals.

Approximately five to eight percent of physicians are “Innovators” and “Early Adopters”. They will listen, and readily initiate new patient care strategies because of your messaging about which patient types need audiologic care, in the first six

months of your physician outreach marketing program – however there are not enough of these physician types in your target market to make an ROI feasible for the long term.

The real rewards are in the “Early majority” and “Late majority” category of customers. It will take two to three years to get to the top of the bell curve with a consistently implemented physician outreach marketing program. You will have another three to five years of peak sustainable revenue, and increasingly profitable returns on your time and resources invested.

Maintain your market: New hearing health care technological innovations, enlightened joint clinical research by physicians and audiologists, and an expanded range of services that differentiate you and your practice’s patient care capabilities will allow you to maintain a “top of the mind” presence in physician’s clinics, and generating a highly profitable revenue annuity for many years to come.

Now let’s define our marketing challenges, define our target market, define our messages, put together our folders of promotional literature, and boldly begin to make in-person “total office calls” on physicians clinics, so that we develop relationships with the receptionists, referral coordinators, medical assistants and nurses, the physicians and the office managers.

Let's explain that we have "patients in common", (ie existing patients) and "patient types in common", (ie new patient types who should be referred).

Let's "educate to obligate". We must ask our peers in medicine to heed our calls to action, and accept us as part of their patient care team that seeks to minimize impairment and maximize funtion in the deaf and hard of hearing patient.

Let us go forward with grit, and prove that we shall rise together with altruism, collaboration, without greed, with noble actions that serve the greater good.

We are Audiology!

Thank You.

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