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The Transparency Strategy: Key to Surviving and Thriving under Healthcare Reform

The push for transparency isn't going away. The wisest hospitals will embrace it early and bank on the resulting public trust to weather the uncertainties ahead.

Early one September morning in 1982, 12-year-old Mary Kellerman of Elk Grove Village, Illinois, awoke with cold symptoms. Her parents gave her an Extra-Strength Tylenol and tucked her back in bed. They awoke at 7:00 a.m. to a horror no parent should ever have to endure: their daughter dying on her bedroom floor.

Within two days, Mary and six other young people would be dead, all after taking a Tylenol. Investigators subsequently learned each deadly capsule had

been laced with 65 milligrams of cyanide, about 10,000 times the amount needed to kill the average adult. "They never had a chance," doctors said.

So began the national frenzy known as the Tylenol Scare. Among other things, it flooded hospital switchboards and ERs with people convinced they had been poisoned, and it prompted daily front-page headlines and broadcast news stories on the hunt for the criminal and the dangers of a product once thought to be relatively harmless.

Despite its dramatic repercussions, it turned out the crime wasn't all that difficult to commit. The perpetrator (still at large today) opened the capsules, replaced the Tylenol powder with the poison powder, and reattached the capsules, placing the

bottle on the shelf for purchase by the unfortunate victim. The tampering was undetectable because the capsules were not sold in sealed containers.

No doubt lawyers advised McNeil Consumer Products, the maker of Tylenol, and Johnson & Johnson, the parent company of McNeil, to admit no culpability and to issue public statements defending the company against criticism that the bottles were easy to tamper with. It would have been human nature.

Instead, Johnson & Johnson pioneered a transparent communications approach that still stands as the textbook example of what to do in a public relations crisis. Through words and action, the company admitted they could have done more to prevent the tampering. They immediately removed all bottles of Tylenol from all drugstore shelves and offered refunds to people who had Tylenol in their medicine cabinets—a decision that cost hundreds of millions of

dollars. They ceased manufacturing and inspected all their plants. They eliminated the powdered-capsule formulation altogether and began sealing all bottles. They issued statements explaining how they were making their products less vulnerable to tampering. They were cooperative and open with the media and regulators.

Tylenol ultimately emerged from the scare not only preserving its reputation but actually improving it, earning a new level of public trust and sympathy. In only one year after the crisis, Tylenol market share rebounded to 35 percent. Within several years Tylenol had become the most popular over-the-counter analgesic in the United States. Part of the restoration of Tylenol's image came from a series of prominent and

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The Transparency Strategy

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supportive stories in the media, driven in large part by journalists' respect for the openness Tylenol exhibited throughout the crisis.

Transparency Comes to Healthcare

Fast forward two decades or so, to the dawn of a new age of transparency, catapulted by the 24-hour news cycle, web-based communications, and social media. Transparency is not only the only acceptable strategy for crisis communications, but also the mandatory core element of all ongoing brand communications and marketing for any going concern. Consider online shopping sites like *Amazon.com*, where visitors expect to see customer reviews of each product—often bad reviews. Social media like Facebook and Twitter provide instant feedback and buzz on new products and services, sometimes ensuring the success or failure of a product within a few hours. Manufacturers or publishers have little choice but to subject themselves to public scrutiny or their exposure will be nil, and so will their market share.

Classic advertising or other public relations messaging that paints a uniformly rosy portrait of a product's advantages no longer functions well on the new transparency frontier. An ad from Miracle Whip (Figure 1) reflects this new reality. It urges customers to visit their website (*MiracleWhip.com*) to report whether you “love us” or “can't stand us.” True to form, the website features video testimonials from people who despise Miracle Whip alongside people who love it—and they pull no punches. One testimonial describes Miracle Whip as “sweetened skin lotion, not something you want to eat.” This is a level of transparency unimaginable even a decade ago.

Healthcare is the one sector of our economy that has been largely shielded from this new culture of glaring transparency. But that won't be true for long, particularly for hospitals. Hospitals have been exempt from the demands of transparency for a variety of reasons, including the difficulty of measuring performance and the lack of consumer demand for such information. Consumers who are happy to give Miracle Whip a piece of their mind cannot imagine giving feedback to a hospital or doctor.

All of that will change quickly. Baby boomers will use more health services as they age, and they have grown to expect high levels of transparency to earn their trust. Transparency is hardwired into the Affordable Care Act, with provisions for transparency among health plan performance in the insurance exchanges and elsewhere. The Act requires the Centers for Medicare & Medicaid Services (CMS) to implement value-based purchasing by reducing Medicare payments to hospitals in the lower third nationally on performance standards for certain safety and quality measures, which will necessitate a new level of public reporting to differentiate among hospital performance. Even if Congress succeeds in curtailing aspects of the Affordable Care Act, it is unlikely to change the movement toward transparency. Over the past decade the notion of transparency driving a market-based approach to healthcare has been led and driven by leaders from both parties and is unlikely to be abandoned by either.

Moreover, today we have new tools and experience to foster improved transparency in healthcare, Leapfrog being a prominent example. Thanks to the National Quality Forum (NQF), the National Committee for Quality Assurance (NCQA), and others, enormous progress has been made in building consensus and scientific verification for measures of quality at the provider and plan levels.



Figure 1

Getting Ahead of the Transparency Tsunami

How can hospital strategy leaders get ahead of the coming transparency tsunami in health-care? Start by pushing out your quality data to the public you serve—not just the good data, but also the bad news when your health system lags behind on quality or even fails.

Does that sound counterintuitive as a market-building strategy? Here's an example of how it might work. Let's say your hospital has a rate of central line-associated bloodstream infection (CLABSI) twice the national average—unfortunately, as Leapfrog has observed, not at all unusual. Here's the classic public relations strategy, driven by healthcare culture and human instinct: you bury this information. If the media pesters you, you discuss how your patient population is particularly challenging for a variety of demographic reasons, you assert that the science about how best to reduce infections is still in its infancy, or you speculate how your CLABSI rate is really about average when you look at the full range of statistical probabilities. You might even, as many hospitals do, decline to provide the data publicly, explaining that they do not accurately reflect the high quality of care in your hospital. Or you try another classic obfuscation strategy frequently used by hospitals: you report the CLABSI data but out of context, as a rate per thousand patient days, a nonsensical number to the average consumer unless they see how it compares with the regional or national average.

Let's say you continue the strategy of concealment and defensiveness until 2013, when CMS goes public with its CLABSI rates and your hospital is in the lower third nationally, meaning your payments will be reduced. Will your community and the media react with sympathy to the special challenges your hospital faces that have led to this high infection rate? Or will some in your community react with distrust because you appear to have ignored this serious safety issue for years? At the moment when you are losing money from CMS, will you also risk losing commercial market share as a result of public mistrust or even disdain?

Embracing a Transparency Strategy

As an alternative to this classic public relations strategy, you could try the Tylenol-pioneered

strategy of transparency. In that strategy, starting today, you don't hide anything about your CLABSI rate. You publicly report it on your website, in social media, and in other vehicles designed to be seen and used by the public, including how you compare within your state and nationally—and admit to your public if you performed badly and show them what you are doing to address it. You don't couch the data in PR spin, but report what unbiased sources like the Joint Commission, the Centers for Disease Control and Prevention (CDC), or Leapfrog say to ensure your credibility with the public and the media. You invite and publish public comment and speak candidly to reporters.

This time, if CMS places you in the bottom third in 2013, you should be in a much less hazardous position in the public eye. You have engaged the public on this problem and demonstrated your unflinching commitment to addressing it. You are not forced to scramble to offer explanations that might sound like excuses, and you may even find the media and some community leaders rising to your defense, which offers orders of magnitude more credibility than anything you could say on your own behalf. Most of all, by building public trust over the years through your credible, unwavering commitment to transparency, you showed respect for the public you serve and thus built a base of community, business, and media trust to carry you through the challenges and questions ahead.

I have used the example of CLABSI, but there is a plethora of interesting performance data hospitals could make public as part of a new transparency campaign. Leapfrog-reporting hospitals can use mortality rates, readmissions/length of stay, safe practices, hospital-acquired conditions, technology adoption, and other key indicators designed to be of core concern to consumers. Strategy executives would do well to consult with hospital quality executives to determine other sources of quality data CMS or regional purchasers and payers may demand as the Affordable Care Act is implemented.

Keep in mind that the key to the new transparency is credibility. Data must be reported in a way that is meaningful to consumers, that shows how the hospital compares with others statewide and preferably nationally, and that reveals performance, warts and all. Don't report data that show you to be average on everything or data that

are meaningless to the average consumer. Most hospitals have some performance data they can be proud of and some they are embarrassed by. Report both, and people will remember your candor and clarity long after they forget the numbers.

The transparency strategy is so far afield from mainstream hospital culture that many strategy professionals will encounter internal resistance if they pursue it. But it is worth persisting. Never have the vision and courage of healthcare strategy and communications leaders been more critical to the future of our healthcare system and the future of individual hospitals. Transparency is not going away; the wisest hospitals will embrace it early and bank on the resulting public trust to weather the uncertainties ahead. Most of all, it is the right thing to do for the people who entrust their lives to your hospital's care. ☺

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About the Leapfrog Group

The nonprofit Leapfrog Group fields the annual Leapfrog Hospital Survey. Leapfrog's mission is to mobilize employers' purchasing power to trigger giant leaps forward in the safety, quality, and affordability of healthcare by supporting informed decision making by those who use and pay for healthcare and promoting high-value healthcare through incentives and rewards.

Leapfrog got its start in 1998, when a group of large employers came together to discuss how they could work together to use the way they purchased healthcare to have an influence on its quality and affordability. The Leapfrog Group was officially launched in November 2000 with funding from the Business Roundtable. Leapfrog is now supported by its members and others.