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Introducing a New Service

In order to remain competitive within the market, an ophthalmology practice might try to introduce a new service or procedure. However, most ophthalmology practices simply decide to add a new service or procedure by getting additional training, and then hope that patients that requiring the new service will show up. However, the business of medicine has gotten more complicated than that, and merely introducing a new service will not guarantee success. Profit margins remain thin, competition is tough, and practice goals are harder to reach.

A smart practice will incorporate a strategic plan into the introduction of a new service or procedure. The ophthalmologist should first decide whether there is a need for the service, determine the feasibility of introducing the service, and then develop a focused marketing plan.

Feasibility Considerations

When looking at the possibility of introducing a new service, ophthalmologists need to determine if there are sufficient numbers of potential patients within the practice's area to justify developing the new service. Consider the type of patient to require the service. Secondly, determine the demographics of the catchment area. This information may be obtained from various Internet sites, such as www.census.gov and [www.state.\(your state\).us](http://www.state.(your state).us). Consider also the patients you currently have and if they might benefit from the new service. Think about your referrals out. You should track how often patients are referred to other providers for this procedure. This number might show a need for the new service in your practice.

Competition

Once you have determined that the demographics of your practice area will support the introduction of a new procedure, assess the potential competition and market share. If you are able to determine which professional competitors are already offering this service or may do so in the future, you can construct a plan for initiating the service appropriate to the level of market saturation that has already happened.

Statistics show that when introducing a new technology or service, it typically takes the same amount of time to penetrate the first ten percent of the user market as it will take to go from ten percent to ninety percent penetration.

In a perfect world, you are the first to offer the new service in your ophthalmology practice, letting you control 100% of the market, at least initially. You also become the authority on the procedure and the leader to whom patients will turn. This needs to be reinforced through marketing.

If you find yourself second or third to offer the service, then some of that advantage is lost. However, you may be able to reap the benefits of those who began the service first. Potential patients may already be aware of the procedure due to the marketing efforts of the pioneer practice. In some cases there may be more demand than the first practice can handle, and you can pull from the overflow.

Marketing efforts are critical as more ophthalmologists offer the service. You will need to assess your patient mix as well as the demographic features of the local area. You must also identify all competitors who already offer the procedure or who might do so in the future.

Cost-Benefit Analysis

It is important to realize that the feasibility of introducing a new service or procedure into an ophthalmology practice depends on the results of a cost-benefit analysis. While difficult, you need to determine if the benefits of a new service will outweigh the costs when taking into account the time and

effort used in developing the new service and the potential share of the market. However, there are some factors that are common to all practices, such as the cost of new equipment, if required. You must also determine if more space is needed and if this needs to be custom built or designed. The less upfront investment, the less financial risk to the practice.

Consider also the impact on overhead. There are certain costs that are fixed, but other costs are variable and increase in proportion to the number of patients seen. Most of the overhead costs, though, are "stepped", increasing not proportionally, but in steps. Staff costs are one example of this: a number of staff members can handle increases in patient load until a certain threshold is reached. A new staff member is then added. An estimate of profits will vary, depending on how close a practice is to reaching this threshold.

Reimbursement is another crucial factor in introducing a new service or procedure. Find out if Medicare, HMOs, and PPOs will cover the service. Perhaps the fee will be absorbed solely by the patient.

Ease of Introduction

Significant changes may be necessary when adding a new procedure or service, while some services need little or no changes to the practice. The level of financial investment required, the time involved in planning, and the need for specially trained staff all need to be considered. There might also be certain operational issues to consider, such as upgrading to a new computer system to handle the increased workload, or expanding the telephone system for additional calls.

Marketing

The above feasibility and operational factors can determine whether an ophthalmology practice has the right combination of elements for a successful introduction of a new service or procedure. If these factors are correctly in place, then the next step is to market the service to the identified audience. "Package" the service to the interests and concerns of the subgroups that might be found in the target audience. If older people are your focus, they might be reached through the American Association of Retired Persons. You may be able to reach potential patients through referral sources as well.

Market the new service to appear as attractive and convenient as possible. Convey a message, such as "*You need this service, and here is why...*" Make sure your message is brief and concise.

In order to effectively promote your message to the right audience, take advantage of print, radio, and television media. Press releases are inexpensive and may lead to interviews and related stories. Direct mail is also an effective method if the mailings are targeted to a specific audience. Highlight the service in your practice newsletter, or use inserts in your current patient invoices.

Keep in mind that you are ultimately responsible for fulfilling any claims you make. Word of mouth may be the simplest marketing tool of all. As the saying goes, "*A satisfied patient may tell 10 people, but a dissatisfied patient may tell 100*".

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