

## Medical Technology: Who is the Customer?

The turn of the 21st century will be remembered as the age of connected communities and real-time communication. The one key sign of such social change is the ease of access to healthcare and medical information. Such empowerment has led patients to embrace healthcare consumerism. Consumers and/or patients are starting to shop for medical care and services. Pharmaceutical and medical technology vendors have noticed the change and already promote / market their products directly to consumers. Most of the time, however, patients are not direct buyers of technology nor do they prescribe them.

So what is the real influence of patients in technology adoption? How do healthcare service providers take consumerism into account in their business and marketing plans? What should medical technology vendors do about increased consumerism? This issue tries to provide some highlights and perspectives on such issues.

## Laws & Regulations: Medical Technology Adoption A Closer Look at the European Union

When it comes to medical technology adoption, nothing is more striking than the many layers of regulatory bodies that exist in the European Union. Unlike the United States where the FDA stands alone, the EU has four distinct decision making layers.

The first layer consists of two committees: Committee on Medical Devices and Committee on Standards and Technical Regulation. The second layer is the Medical Device Expert Group. The third layer consists of seven working groups, plus subcommittees that represent the medical device industry through EUCOMED. The Scientific Committee on Medicinal Products and Medical Devices makes up the fourth layers.

While the FDA oversees market approval for medical devices, the EU's approach is much different. In the EU, there is a combination of private organizations and public domestic agencies to carry out the implementation and monitoring of regulatory policy. The primary agenda setters for approving medical devices and diagnostic products are France, Germany, and UK. For these countries, the greatest challenge against a single European-wide regulatory policy is the cooperation among other member states that have less influence.

### Most Recent US Legislation

In an effort to streamline medical technology adoption, the US Congress is considering H. CON. RES. 311. This particular legislation, introduced in December 2005, is aimed at persuading Japan to eliminate discriminatory price policies and allow greater inflow of US technology. Ultimately, Congress wants to prevent the exploitation of US research and development, accelerate progress in product review times, and increase patient access to innovation.

This Legislation seeks to:

- Call for Japan to reduce regulatory barriers for the approval and adoption of new medical technology.
- Urge Japan to accelerate patient access to safe and beneficial medical technologies.
- Push Japan to either meet or exceed agency performance goals for pre-market approvals. It also asks for Japan to adopt an appropriate risk-based post-market system consistent with global standards.
- Have Japan improve its reimbursement environment.

Sources:

1. Christa Altenstetter. "Bridging European and member state implementation: The case of medical goods, in vitro diagnostics and equipment" in Health Governance in Europe. Edited by Monika Steffen. 2005.
2. <http://thomas.loc.gov>

## CASE STUDY: Next Gen Topical Adhesive

- The Client: A leading multi-national company that manufactures wound closure products and advanced surgical devices.
- The Challenge: To determine which product features and benefits were most valued by each of the primary physician user groups - general surgeons, ER physicians, cardiologists, etc.
- Our Solution: The MarkeTech Group designed a web-enabled survey containing both medical specialty-specific questions and a choice-based conjoint exercise designed to measure preferences for different product attributes in various combinations. In the end, the data sparked the creation of dynamic models which could address multiple product configurations, differentiate and compare the key medical specialties, and ultimately simulate a full range of competitive market scenarios.
- The Impact: The client was able to determine which product features and benefits were the most preferred by each medical specialty.



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# HOT TREND

## of the Quarter: Hospital View - Care, Service and Technology

*Kathy Van Camp, Chief Operating Officer, Somerset Medical Center, NJ*

**Q: What strategies do hospitals employ to market clinical services to referring physicians and patients?**

**A:** Hospital marketing efforts have to reflect the community served and the competitive options available to the patients. We have to offer a wide-array of technology to appeal to such a varied patient mix. Every hospital has similar challenges, so its marketing efforts reflect its local needs.

**Q: Do patients directly request specific equipment?**

**A:** Patients are consumers and increasingly knowledgeable ones. They will call the radiology department and ask for specific vendor equipment. We have to be able to explain our product choice. If we are using equipment that is not as advanced as what they seek, we have to explain the rationale and the clinical consequences of our choice.

**Q: In what ways will patients influence the purchase of specific diagnostic equipment?**

**A:** We have to provide the clinical services so that patients want to come to us. With our close proximity to New York City, patients have a large range of choices. The presence of competitive options directly stimulates our investment in technology. We have to provide a combination of competitive technology and service to keep the patients local.

**Q: What role do physicians play in your technology investment plans?**

**A:** A key source of information for the patient comes from consulting with their physician. We have to provide the technology that our specialists view as clinically valuable. We aren't striving to purchase bleeding edge technology, but we will invest to support best practices. Our clinicians actively help guide the hospital through the equipment labyrinth.

**Q: Are physicians the spokespersons for patient preference on technology?**

**A:** Physicians act as the patients' advocate more than as their spokesperson. They seek the diagnostic technology that effectively guides therapeutic decisions. They seek therapeutic technology that provides the best outcomes. Physicians will repeat patient concerns relative to service (i.e. long waiting lines, poor surgical experiences, etc.). Patients and their physicians will express interest in specific diagnostic services. For example, breast cancer is a key concern among our patients. Our purchase of the 3T MRI reflects the joint patient and physician desire for more sensitive and specific testing.

**Q: How important is the technology investment choice to patients?**

**A:** From our patients' perspective, a high service level trumps technology. An institution with the latest technology but with long waiting lines or uncomfortable rooms will have lower patient satisfaction than one with superior service and moderate technology. Many community hospitals recognize this challenge of balancing technology with service. Only in the most advanced national institutions are patients willing to put up with lackluster service in exchange for access to the latest technology.

*For more information on Somerset Medical Center, please visit: [www.somersetmedicalcenter.com](http://www.somersetmedicalcenter.com)*

*Long version of this interview: [www.themarketgroup.com/minute/tmtg-min16-Camp.pdf](http://www.themarketgroup.com/minute/tmtg-min16-Camp.pdf)*

## ON THE HORIZON: Information Age Health Care

### HIGHLIGHTS

- The Health Information National Trends Survey (HINTS)<sup>1</sup> results showed that 63% of adult respondents have used the internet and of these, 64% had looked there for some type of health or medical information.
- The three major drivers that influence the amount of healthcare information online are: a) increasing consumerism; b) the economic imperative to restrain healthcare costs; c) major changes in communication technology and utilization of the internet.
- The primary barriers to the transformation of the physician-patient relationship include: a) equitable access to health information; b) imbalance between patient health literacy and the information provided; c) extreme variability in the quality of the content; d) potential for commercial interests to influence content; e) uncertain preservation of personal privacy.

### AT STAKE

- A major issue is trust – what is the quality and reliability of electronically sourced health information and is this information secure and private for both physicians and patients.
- There has been strong speculation that when patients explore health information online, they do not consult with their physicians beforehand – the jury is still out.

### SO WHAT?

- The AMA has developed guidelines for websites which addresses principles for: a) content; b) advertising and sponsorship; c) website privacy and confidentiality; d) e-commerce.
- The AMA has also provided guidelines for physician-patient email including: a) communication guidelines; b) medico-legal and administrative guidelines; c) ethics policy.

## THE ASSOCIATE CORNER: High Tech Direct to Patients

**D**o patients influence what medical technology hospitals buy? According to hospital administrators, no! Administrators receive input on new technology from physicians, professional journals, vendors, Healthcare Advisory Board, and MD Buyline. Any (indirect) patient influence on hospital administrators comes through the hospital's physicians.

Is it then plausible to think that marketing high tech equipment directly to the patient can be an effective strategy? No, not nearly as effective as marketing to the appropriate physicians, technical personnel and administrative personnel. However, it is also important to recognize that manufacturers want patient flow for their equipment users. For unique technologies, the best way to influence the patient is with online information and through advocacy groups. This is potentially helpful for guiding patients to the appropriate hospitals and physicians when you consider diagnostic technology and/or therapeutic treatment.

In addition to proven effectiveness, the availability of technical and professional reimbursement is the single largest factor in getting hospitals and physicians to buy new medical technology today. Instead of allocating money for marketing the technology to patients, it may be best to focus on acquiring the appropriate reimbursement for the technology.

--Ric Grome

*Mr. Grome is a TMTG associate and founder of The Heritage Group, a consulting firm specializing in large capital equipment decisions for hospitals and physicians. For more information, please visit: [http://www.themarketgroup.com/meet\\_grome.php](http://www.themarketgroup.com/meet_grome.php)*

<sup>1</sup> This survey was conducted from 10/2002 – 4/2003 and consisted of 6369 respondents. Sources: AMA Association, Harvard Public Health, Medscape/WebMD, Internet Healthcare Coalition, Journal of Medical Internet Research (JIMR), Telemedicine Information Exchange (TIE)