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| |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | |  | | --- | | and what to do about it. |      |  | | --- | | Default Value, the **dirty secret in the rehab industry** is that many "successful" programs never really knew how to run a good business. They just rode a short wave of sky-high reimbursements, an uneducated consumer, and the fear sparked by the opioid crisis. This is **why Elements, Klean, Morningside, Sovereign, as well as many other smaller programs closed or went bankrupt** and is also why so many programs can’t get above 60% in their census even now.    The entire business model could only work with abnormally high margins. Most practices, especially related to location, marketing, and outreach were totally unsustainable.    Here’s how most rehabs survived in the not too distant past:     * They chased policies. And this is where most programs truly failed.  Rather than building up relationships with referral partners and in key geographic locations, they sent their marketers and their budgets to wherever the “best” policies were. Of course, over time, insurers adjusted these policies and normalized rates to curb this practice. This scattered budgets and scattered focus.  The way any good business lowers marketing cost or cost per admit is by building brand equity over time in targeted geographies and demographics. **As pure direct response (like Adwords and buying calls) has become too costly and unsustainable** due to the higher marketing expenses and lower reimbursements, providers can no longer bear the costs associated with it and go under.  I can tell you for a fact that many programs have paid $10,000 or more per admission for months at a time both a couple years ago and even still today. That’s more than the cost of delivering the clinical program! * They networked with other rehabs. They didn’t have big marketing budgets themselves, but they pooled money and resources with other rehabs to basically trade insurance policies so that groups of rehabs operated as a sort of large network rather than single operators. This doesn’t work anymore because volume is down, so rehabs don’t have anything to trade, not to mention the fact that this practice isn’t putting the patient first. Patients should be referred to the place providing the best care, not one looking for a tit-for-tat exchange prioritizing profit over patient needs. * The sky-high reimbursements allowed rehabs to lower cost barriers for patients. First of all, deductibles were much lower just a couple years ago. But many providers never made the patient pay anyway. They’d even pay for their airfare in. As insurance clawbacks have become a growing reality in the space, that’s no longer an option. For those that didn’t do this, they’d often lose out to competitors who did, making the problem spread across the field.  And, **while most providers won’t tell you this, even when census was high, there were a lot of patients there just basically getting a free ride** because they were never able to collect from insurance. There are large providers today with 25 million dollars in outstanding A/Rs. A high census doesn’t mean much if you’re not getting paid for it. * Adwords. **The reality is that Adwords “success” has always been mostly a lie.** Few programs have ever gotten more than 20% of admissions from Adwords, less than 10% was the norm. Those that did were using tactics like pushing to unbranded websites (though, ironically, if they’d pushed to branded they would have done better).   With admissions coming in for between $5,000 and $10,000, it was only even possible with the sky-high reimbursements that no longer exist. * Call Buys. Because providers didn’t know how to do marketing and weren’t willing to invest the time to actually build their own, they paid third parties for calls, places like Addiction Resource Network (the guy in the blue smock). **These call buys never worked well**, which is why nobody ever stays in contract for more than a month. But, when the executive team tells the marketers to “make the phone ring,” buying junk calls meant they got to keep their job for another month. * Patient brokers. We all know the story here. Markets in places like AZ, FL, and CA were greatly inflated because probably 20-30% of all those in treatment actually didn’t want to be. They were just getting kickbacks or drugs from brokers, or maybe they had good insurance through family so were **using their insurance card like a credit card** to get a nice place to stay. As brokers have thankfully become outlawed and deductibles have climbed, that 20-30% of people stopped going to rehab. * Finally, for many providers, **a full 30% of their census is filled by re-admits**. That doesn’t speak well for the effectiveness of the program, but it helped fill beds.     **None of that works anymore**, as some providers are slowly starting to realize. **A sustainable program is built on the foundation of clinical excellence, brand, reputation, and targeted marketing.** This is where providers are struggling. Because what worked in the past doesn’t work anymore, people don’t know what to do. However, there ARE a ton of options that work. Executing well is the real challenge.    **Here’s what's working for treatment providers now:**   * **Putting the patient first.** Clinical must be at the core of everything in the business and marketing (more on this later). * A strong BD team full of reps that **have been with the same program for 6 months or more**. Ones that have deep relationships and ties to professionals and the community near the centers they serve (within a 125 mile radius is ideal for res, 30 for IOP/OP). This BD team is supported by excellent, branded marketing. A BD team can’t do it alone. They need targeted marketing support across channels. * Strong, localized SEO. **The Google algorithm has changed drastically in the past 2 years.** Trying to rank nationally for high-intent terms like “addiction treatment” is almost impossible. Google cross references your site with your actual business address. If you’re not in New Jersey, it’s highly unlikely you’d ever be able to rank a page for any cities in that state nowadays. This trend will only continue as Google improves the localization aspect of its algorithm.  However, there are only so many people that search for treatment online. **A good SEO strategy will never completely fill a center with 30+ beds. It has to be combined with good BD and multimedia branding campaigns.** * Localized, branded, multimedia marketing. The problems with Adwords, Call Buys, and, even to some extent, SEO is that the people calling don’t know you from Adam. These are often family members in crisis. So they don’t know or trust you, but they’re desperately looking for help. This means that everything depends on the call team, **which is why conversion from call to admission is often less than 1% for most centers**.   Can you imagine calling a car dealership and paying $30,000 for a car over the phone on the first call? It might happen, you know, 1% of the time. This is why big programs spending over a million dollars a month on marketing were generating 50,000+ calls a month, but only getting 250 admissions. That’s a really poor business model. It means you need 60 reps in your call center even though 99% of the calls aren’t a good fit.  Branded campaigns build up trust with the consumer through frequency and value. Why do you think a BD referral converts 50% of the time versus multimedia at around 1%? (see below on how to increase that) A BD referral comes from a trusted provider, usually a doctor, therapist, employer, or family member.   **The purpose of a branded campaign is to build trust that drives down cost per admission over time.** So many providers fail at this. They try to track everything back to a 1-call admission. This almost never happens (well, 1% of the time it does).   When was the last time you saw an ad for a car, Starbucks, or a new pair of shoes and immediately went out and bought that thing? Almost never, right? That’s not how marketing, or business in general, works. Yet, this is what most programs try and do.  We’ll hear silly things like “TV doesn’t work.” Well, of course, if you’re only trying to track a call from that source to an admission, it absolutely won’t work. Who would see a TV ad and then immediately call for treatment? Someone who has no insurance and is looking for free treatment, that’s who.   A savvy consumer would see the same ad, think about it, ask around, check your website and online reviews, find 3 other competitors, and then call all of them.   An inexperienced business owner would track the call from the Google search and think it was SEO that brought in that call. But it was actually the TV campaign that initiated the entire journey, with multiple stops along the way before ending up on your website and clicking the call button.  Moreover, **really good brand marketing does as much to support your BD team as it does to drive calls**. When you run well-developed and well-executed TV, Facebook, and radio campaigns, you’ll see a spike in your BD referrals and admissions. Because good marketing helps get your BD team’s foot in the door by building trust with potential partners.    All of this **needs to be localized** as well. This does two things: 1) it lowers the budget needed. Trying to reach 300 million people across the US is a hell of a lot more expensive than reaching the 6 million in the metropolitan area around your program and 2) The focused spend allows one to build up brand and reputation in an area, thereby lowering cost per admission over time (though, initially, the cost per admission is higher). * All of the campaigns are integrated. **A sustainable business has diversified and integrated marketing**. When you have 4 or more primary channels working well, it’s easy to re-allocate spend towards what’s working better in any given quarter. It also ensures that, if one underperforms, you got 3 others still bringing in inquiries and admissions.  But every channel takes time to ramp up and build a base. **Starting from scratch is difficult and expensive. This is why good programs never completely cut off a spend.** Not to mention the fact that multiple channels support each other. Running two channels, such as Facebook or Adwords, together will produce 10% more calls than either channel would alone. * Call center and business development rep training. Did you know that a well-trained call team will convert at over 10%? That’s right, given the same number and quality of inquiries, **a good team converts 10 times better than an untrained team**! That means, with only 1,000 calls a month, you could fill a 100-bed center; whereas most programs need 10,000 calls a month to do the same. * **Call centers are following up on inquiries for weeks and even months after the initial call.** They’re put into email nurture sequences and retargeting campaigns. Most people don’t make a call to inquire about surgery or chemo treatments and then show up the next day. They research several providers and take time to make a decision. The opioid crisis changed this a bit. Many family members were scared of an overdose killing their loved one any day now, so they made decisions faster. But even this has changed.   Addiction treatment is increasingly little different from the rest of healthcare in terms of the patient decision-making process. Again, that small 1% might make a fast decision if they’re in crisis, but most won’t. So if you want to convert 10% of inquiries into admissions, a systematic follow-up process with every call is essential.   The reality is that the addiction treatment industry is still immature. Most people got in when reimbursements were abnormally high, there was no regulation similar to what most of the rest of healthcare has, and consumers were largely uneducated about the space or even addiction in general. As the industry matures, **in-network becomes necessary for survival,** regulations increase, customers become more educated, and providers have to move towards a normalized business model.    It requires very strategic, targeted marketing, lean operations, and a stellar reputation **driven by a patient-first culture**.    This is why my team and I spend so much time consulting with providers big and small about their entire program, setting in place a long-term vision and sustainable business operations. **Because if the foundations of your business are faulty, all the marketing in the world can’t save it.** Marketing must work together with clinical and strong backend business operations to succeed.    Implementing these multifaceted strategies with our clients is what has allowed us to help turn around failing centers and grow successful ones, whether they're just spending $3,000 a month on marketing or $300,000.    Interested in learning about ways we can help drive inquiries, train your BD or Call Team, and set you up for long-term success and growth? Schedule a call with us: [https://calendly.com/circlesocialinc/60min](http://url9367.circlesocialinc.co/wf/click?upn=o5MwTpEvg8x95hYc3JH1izs0RGMiKwtB-2Fx1Qh4k5ZUnt9j0JYdzTMkHo7uJkdXv2dYzshMJEqOrjNpDW-2BLotJg-3D-3D_cFr3cVzY3BfdfSI25Yz3C3hqBBFKe3-2FI-2BF-2FW1ui2jj4IVLxL2khPhL7gvmJsMIHnArWmFyRnCND5pdNEvDBJoiBR48QKSHAsC4Iya81OsX9KEHmBUxJpnafF1XBeXplPxldrWwp6CWtCFUC61k157nZXT-2FInWuFxW9NdoYRYk37mWUjy4zW03FtOeY9SL2-2F39Y-2Bhw2VKJ-2FYyLRPqcGeywW-2BLQNx5pNChZdopkG696XvYLGHH9FHcr-2FSuQFMu-2BVWQ8o5T92gkUmGAxIuSHPuTRcMyv2yFeKug2B-2BYn9YQMWcCyCU0zFgI5Rx0GlOt2vV2om6xnfG4mv4WrYgrrgzrO1BMO9s8dAV1rvKxq-2B6MAp9pQc1RRUohECOyApvd-2Ba9-2BdGYb3L6-2FkbfQO9ajOoxCdHIixkJPpbKQRXM5r9y8pxK8XJL9YiMjCsbRizkU5xZLcQup3SPSqi-2Br-2BER-2B0U1Jbw-3D-3D) |      |  | | --- | |  |      |  | | --- | |  |      |  |  | | --- | --- | | |  | | --- | |  | |      |  | | --- | | **Patients Must Come First**    This is everything in healthcare. **We have a responsibility to ensure patients get absolutely the best care possible.** A patient-first mentality has to be ingrained into the culture of any provider.    The problem is that this too often hasn’t been the case in our field. Instead, it’s been “heads in beds.” Here are some ways that hurts.     * BD reps are paid per admission. Instead of building relationships with professionals and the community, they’re spending a bunch of time bothering the call center about following up on their referral. They also refuse to help out other BD reps because they won’t “get credit” for the admission.  They also get a Medicaid referral from a community partner, but don’t bother to find help for that person because they won’t get credit for the admit. Since they didn’t help out, the next time that community partner does have a referral, this time with insurance, they decide to pass it to a rep from another program who did help them out with a previous Medicaid referral. * The call team does the same. Instead of caring for the person on the phone, they try to get them off the line the second they think they might not have insurance or the means to pay. They don’t even bother trying to find a solution for that person, even if they could find a way to cover costs, because they’re hoping the next call will be “an easy one.” * Bonuses, raises, and company advancement are tied to admissions. So none of the departments work together because they all want credit for the admission. Even though most callers probably saw your Facebook ad, heard about you from someone your BD rep met with, and then Googled to get the phone number and called, only the SEO team got credit for the admission in that case. Now everyone’s upset because they all feel they should get the bonus and a bunch of time is wasted squabbling over attribution. * Most importantly, patients aren’t getting cared for. They become seen as “admits” or dollar signs, which is where the media comes in and writes a horrible story featuring the culture at your center, like [this one from Mother Jones](http://url9367.circlesocialinc.co/wf/click?upn=o5MwTpEvg8x95hYc3JH1i11RID0C5Du0YlZQLdl5-2FYD334Bw-2FoNVVzENChHGUlllAXzw44n79-2F-2BdV2QPF5IkivN9Z0Ig7dJdpFs-2Fjr-2BMjbAPfdzSM3rMh362dFVzsen-2F_cFr3cVzY3BfdfSI25Yz3C3hqBBFKe3-2FI-2BF-2FW1ui2jj4IVLxL2khPhL7gvmJsMIHnArWmFyRnCND5pdNEvDBJoiBR48QKSHAsC4Iya81OsX9KEHmBUxJpnafF1XBeXplPxldrWwp6CWtCFUC61k157nZXT-2FInWuFxW9NdoYRYk37mWUjy4zW03FtOeY9SL2-2F39Y-2Bhw2VKJ-2FYyLRPqcGeywW-2BLQNx5pNChZdopkG696XvYLGHH9FHcr-2FSuQFMu-2BVWQJNE-2FYEqbn8gK-2FD3LRFN97MYJhIAPBUfscB2Ptm9NFc7zkzQNIy5NF2rxJZ-2Bjg0C24G54pxV-2FxDNXcFU6vBLHRVHLi8zt7Lyd31Z7-2FL7VH8G13SCXlAZ2HDFIK7oXiVhg-2BZoprxrMHPDwXNGnf7UNnWXzNFuBVT-2BoFIV0Z1uKWPO1mbpGY3noZbdKGR-2BKdZ3eaDJgH3XMAd8A1UZVxjsL0A-3D-3D).     Your marketing, your business, and everything you do has to put the patient first. I just did a podcast with Andrew Sidoli on this, discussing this topic in regards to clinical protocols. You can listen here: [https://www.circlesocialinc.com/clinical-protocols-that-put-the-patient-first-with-andrew-sidoli/](http://url9367.circlesocialinc.co/wf/click?upn=o5MwTpEvg8x95hYc3JH1i-2FsUu3p4MgaWINv9ofdcjE92BunHIpbRAzXFroXVvD8zfMc5MaKAGKPhpyL7PaLegFOBu6D0qRMyiBA16B5x1np7UzzaQeq2Fa6euvHkGR3G0fEQKpGKNGqKz1-2BLnTJ9GA-3D-3D_cFr3cVzY3BfdfSI25Yz3C3hqBBFKe3-2FI-2BF-2FW1ui2jj4IVLxL2khPhL7gvmJsMIHnArWmFyRnCND5pdNEvDBJoiBR48QKSHAsC4Iya81OsX9KEHmBUxJpnafF1XBeXplPxldrWwp6CWtCFUC61k157nZXT-2FInWuFxW9NdoYRYk37mWUjy4zW03FtOeY9SL2-2F39Y-2Bhw2VKJ-2FYyLRPqcGeywW-2BLQNx5pNChZdopkG696XvYLGHH9FHcr-2FSuQFMu-2BVWQ-2FR8zXMgb1yjIRyScamDuyPRnNaTJXTpWa1Qzy40qarcgccM1fksEiZYez6W7QEyJZcbB-2FjCoe0xG9BDZGg4NFx5UOvy8jaAxoODk9xx9t9tKDbn-2FBzZmM8KwC78WXaPlBmwiST5yx9ZbRuQxO-2Byour9G5C4D4E5v9M5uCZAMRwTEzpQETuCf6MLBek4JVUzdiYQillgBMEqYysk934IP5A-3D-3D)    **When you put the patient first, it drives your business.** As we like to say here at Circle Social “purpose drives profit.” After all, the entire purpose of a business is to add value to the world and there isn’t much that has greater value than saving someone’s life. |      |  | | --- | | [Listen Now](http://url9367.circlesocialinc.co/wf/click?upn=o5MwTpEvg8x95hYc3JH1i-2FsUu3p4MgaWINv9ofdcjE92BunHIpbRAzXFroXVvD8zfMc5MaKAGKPhpyL7PaLegFOBu6D0qRMyiBA16B5x1np7UzzaQeq2Fa6euvHkGR3G0fEQKpGKNGqKz1-2BLnTJ9GA-3D-3D_cFr3cVzY3BfdfSI25Yz3C3hqBBFKe3-2FI-2BF-2FW1ui2jj4IVLxL2khPhL7gvmJsMIHnArWmFyRnCND5pdNEvDBJoiBR48QKSHAsC4Iya81OsX9KEHmBUxJpnafF1XBeXplPxldrWwp6CWtCFUC61k157nZXT-2FInWuFxW9NdoYRYk37mWUjy4zW03FtOeY9SL2-2F39Y-2Bhw2VKJ-2FYyLRPqcGeywW-2BLQNx5pNChZdopkG696XvYLGHH9FHcr-2FSuQFMu-2BVWQPy04pAQC6bgE4ESvZREQW3R-2FtkrKTeJVP6wV5M02umTJqAGya-2FIbRXjJEP2EwG-2FBs404oRycCwanIYlhF4vi2VoWe8TEAFLA-2FRbEUMhX72fmGTa32aKL-2FhJLAVjBdKT5SPPiqomWp5Kmas8Z2ZpgYzDkNP3KShbfZExCL98U5UyxyPrLt-2FcifoaJNc19vsM9xL31DSDUaKiwrSkXZxjm9g-3D-3D) |      |  | | --- | |  | | |